

# **CARBON STEEL WIRE ROD FROM BRAZIL, BELGIUM, FRANCE, AND VENEZUELA**

**Determinations of the Commission  
in Investigations Nos. 701-TA-148  
701-TA-149, and 701-TA-150  
(Preliminary) Under Section  
703(a) of the Tariff Act of 1930,  
and Investigation  
No. 731-TA-88 (Preliminary)  
Under Section 733(a) of the  
Tariff Act of 1930**

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**UNITED STATES INTERNATIONAL TRADE COMMISSION**

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Note.--Data which would disclose confidential operations of individual concerns may not be published and, therefore, have been deleted from this report. Deletions are indicated by asterisks.



UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, D.C.

Investigations Nos. 701-TA-148 through 150 (Preliminary) and  
731-TA-88 (Preliminary)

CARBON STEEL WIRE ROD FROM BRAZIL, BELGIUM, FRANCE, AND VENEZUELA

Determinations

On the basis of the record 1/ developed in its countervailing duty investigations on carbon steel wire rod from Brazil, Belgium, and France, the Commission determines, 2/ pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 3/ 4/ by reason of imports of carbon steel wire rod, provided for in item 607.17 of the Tariff Schedules of the United States (TSUS), which are alleged to be subsidized by the Governments of Brazil, Belgium, and France, respectively.

On the basis of the record developed in its antidumping investigation on carbon steel wire rod from Venezuela, the Commission determines, 2/ 5/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 6/ 7/ by reason of imports of carbon steel wire rod, provided for in item 607.17 of the TSUS, from Venezuela which are alleged to be sold in the United States at less than fair value.

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1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (47 F.R. 6190, Feb. 10, 1982).

2/ Commissioner Haggart was sworn in subsequent to the vote.

3/ Chairman Alberger finds threat of material injury only in the investigation involving Brazil and present material injury only in the investigations involving Belgium and France.

4/ Commissioner Frank finds present material injury in all three investigations.

5/ Vice Chairman Calhoun dissenting.

6/ Chairman Alberger and Commissioner Eckes find threat of material injury only.

7/ Commissioner Frank finds present material injury only.

## Background

On February 8, 1982, a petition was filed by counsel on behalf of Atlantic Steel Corp., Georgetown Steel Corp., Georgetown Texas Steel Corp., Keystone Consolidated, Inc., Korf Industries, Inc., Penn-Dixie Steel Corp., and Raritan River Steel Co. with the U.S. International Trade Commission and with the Department of Commerce alleging 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 imports from Brazil, Belgium, and France of carbon steel wire rod upon which bounties or grants are alleged to be paid and by reason of imports from Venezuela of carbon steel wire rod which are allegedly being sold at less than fair value. Accordingly, the Commission instituted preliminary investigations under sections 701(a) and 733(a), respectively, of the Tariff Act of 1930 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 importation of such merchandise into the United States.

Notices of the institution of the Commission's investigations and of a conference to be held in connection therewith were given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notices in the Federal Register on February 17, 1982 (47 F.R. 7346 and 7347). The conference was held in Washington, D.C. on March 3, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

## VIEWS OF THE COMMISSION

After considering the record, we conclude: (1) there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of allegedly subsidized imports of carbon steel wire rod from Brazil; 1/ (2) there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of allegedly subsidized imports of carbon steel wire rod from Belgium; 2/ (3) there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of allegedly subsidized imports of carbon steel wire rod from France; 2/ (4) there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of carbon steel wire rod from Venezuela allegedly sold at less than fair value (LTFV). 3/ 4/

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1/ Vice Chairman Calhoun determines that there is a reasonable indication that an industry is materially injured or threatened with material injury by reason of allegedly subsidized imports of carbon steel wire rod from Brazil, Belgium and France. Commissioner Frank determines that there is a reasonable indication that an industry is materially injured by reason of allegedly subsidized imports of carbon steel wire rod from Brazil, Belgium and France. Commissioner Frank also, having found a reasonable indication of material injury, does not reach the issue of threat of material injury. Chairman Alberger determines that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of allegedly subsidized imports of carbon steel wire rod from Brazil.

2/ Chairman Alberger, having found a reasonable indication of material injury with respect to imports from Belgium and France, does not reach the issue of threat in either of those two investigations.

3/ Chairman Alberger and Commissioner Eckes determine that there is a reasonable indication that an industry is threatened with material injury by reason of imports of carbon steel wire rod from Venezuela allegedly sold at  
(Footnote continued)

In the following analysis, we will first define the domestic industry. We will then examine the state of the domestic industry in terms of the relevant economic indicators. Finally, we will examine the causal relationship between the state of the domestic industry and the dumped or subsidized imports on a country by country basis.

#### Domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "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." Section 771(10) defines "like product" as a product which is like, or in the absence of like, most similar in characteristics and uses with the article under investigation.

Carbon steel wire rod is a hot-rolled, semifinished, coiled product of solid, round cross section, not under 0.20 inch nor over 0.74 inch in diameter. Carbon steel wire rod can differ in its chemistry (carbon content) and the process by which it is manufactured (continuous cast or rimmed steel rod). It is produced in a variety of different grades, sizes and qualities.

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#### (Footnote continued)

less than fair value. Vice Chairman Calhoun determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of carbon steel wire rod from Venezuela allegedly sold at less than fair value. Commissioner Frank determines that there is a reasonable indication that an industry is materially injured by reason of allegedly dumped imports of carbon steel wire rod from Venezuela and therefore does not reach the issue of threat of material injury.

<sup>4</sup>/ Commissioner Frank notes that the statute and legislative history require the Commission in its preliminary determinations in both antidumping and countervailing duty investigations to exercise only a low threshold test based upon the best information available to it at the time of such determination that the facts reasonably indicate that an industry in the United States could possibly be suffering injury, threat thereof or material retardation. H.R. Rep. No. 96-317, 96th Cong., 1st Sess. 52 (1979).

The subject imports of carbon steel wire rod are believed to include all of these grades, sizes and qualities. Domestic producers make the same grades, sizes and qualities of carbon steel wire rod as are imported. On the information that we have at this time, there appear to be no clear dividing lines based on the characteristics and uses of different grades, sizes and qualities of carbon steel wire rod. Accordingly, for the purposes of this preliminary investigation, the like product is carbon steel wire rod and the domestic industry is composed of the producers of carbon steel wire rod.

#### Condition of the domestic industry

It is clear that the domestic industry as a whole is experiencing problems. The industry's financial performance, capacity utilization, and employment levels all declined during 1979-81.

Since 1979, the U.S. carbon steel wire rod industry has undergone a significant change. The newer, more efficient mini mills have gained an increasing share of U.S. production. The share held by the integrated producers has declined significantly from 62 percent in 1979 to 46 percent in 1981. In general, the mini mills were more profitable than the integrated operations during the period under consideration. However, their performance did not lift aggregate industry statistics to satisfactory levels for any of the three years covered by this investigation. 5/

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5/ Commissioner Frank notes that the oft-cited efficiency of mini-mills is contingent upon a number of economic factors including location, availability of adequate scrap at attractive prices, and energy cost considerations. In fact, it is known that a number of mini-mills are currently suffering economic and financial distress. Also, certain integrated producers' wire rod operations can approach, if not reach, productive efficiencies of mini-mills if, all other factors being equal (e.g. prices), such integrated operations attain favorable capacity utilization levels.

The domestic industry showed a slight profit in 1979, but was unprofitable in 1980 and 1981. Together, the 10 reporting firms earned an operating profit of \$14 million in 1979, which represented 1.2 percent of net sales that year. However, the industry sustained losses of \$55 million (5 percent of net sales) and \$27 million (2.2 percent of net sales), respectively, in 1980 and 1981. Five firms sustained operating losses in 1979, seven firms sustained such losses in 1980, and six in 1981.

The ratio of cost of goods sold to net sales rose from 96 percent in 1979 to 101 percent in 1980, indicating that, in the aggregate, the 10 reporting firms sold their carbon steel wire rod at less than the cost of production in 1980. In 1981, this ratio declined slightly to 98 percent. However, integrated producers generally continued to sell rod below the cost of production.

Carbon steel wire rod production decreased from 1979 to 1980, but turned slightly upward in 1981. Commercial shipments followed the same pattern, but then started another decline after March 1981.

Capacity utilization in the wire rod mills declined during this period from 88 percent in 1979 to 77 percent in 1981. <sup>6/</sup> Employment of production and related workers for carbon steel wire rod decreased each year during the period under consideration, declining from 9,376 in 1979 to 6,880 in 1981, or by 27 percent; however, some of this decline appears to be the result of industry changes increasing productivity. The hours worked also fell from 19 million in 1979 to less than 14 million in 1981, or by 29 percent.

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<sup>6/</sup> Commissioner Stern notes that there is no information on the record which indicates any bottlenecks in the availability of steel scrap or raw steel for the carbon steel wire rod mills.



Reasonable Indication of Material Injury By Reason of Imports

Section 771(7)(B) directs the Commission in making its material injury determinations, to consider among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of such merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products.

Cumulation

Chairman Alberger and Commissioners Stern and Eckes have made their determinations on a case-by-case basis. Should any of the preliminary cases return for final determinations, they do not preclude cumulation when the record, as developed, shows it is appropriate. For cumulation to be appropriate, we believe that it must be demonstrated that "the factors and conditions of trade in the particular case show its relevance to the determination of injury". 7/ There are preliminary indications that many of these factors may be present. 8/ Should any of these cases return for final

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7/ S. Rep. No. 93-1298, 93d Cong., 2d Sess. 180 (1974). There are no specific references to cumulation in the Trade Agreements Act of 1979 or its legislative history. A general reference to the "conditions of trade and competition" is found in S. Rep. 96-249, 96th Cong., 1st Sess., 74 (1979). For a further description of these factors and conditions of trade, See Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, The Netherlands, Romania, The United Kingdom, and West Germany, Inv. Nos. 701-TA-86-144, 146 and 147 (Preliminary) and 731-TA-53-86 (Preliminary), USITC Publication 1221, Views of Chairman Alberger, Vice Chairman Calhoun, and Commissioners Stern and Eckes, at 16 and 17.

8/ Chairman Alberger and Commissioner Stern note that while there is not yet sufficient information available to them to determine whether cumulation is appropriate in any of these investigations, they have voted to continue certain cases which may merit cumulative treatment in a final investigation where an isolated analysis might otherwise call for a negative determination at the preliminary stage.

determinations, we invite further comment on this issue. 9/

Vice Chairman Calhoun, using the data discussed in this opinion and on the record, cumulated the impact of the subsidized imports from Brazil, Belgium and France. He found that the factors and conditions of trade well demonstrated the relevance of cumulation in these investigations. In his view, it is in their collective, rather than through their individual presence in the U.S. marketplace that imports are affecting the domestic industry. Some of the factors and conditions of trade which make cumulation appropriate here are, first, the condition of the domestic industry, as demonstrated in the discussion above, is not strong, making it especially vulnerable to the impact of imports. Second, the imports and the like product are fungible, they compete in the same market for the same end users, and imports appear to have a simultaneous impact in the market. In addition, the domestic industry holds the dominant share of domestic apparent consumption while the individual countries importing the carbon steel wire rod under investigation have very low levels of penetration. This particular circumstance of high domestic market share and very low individualized penetration makes it difficult to establish with confidence a direct relationship between imports from a particular country and the material injury or threat which exists. But in view of the other factors observed, he finds a reasonable indication that the required nexus exists between material injury or threat and the cumulative impact of the imports. 10/

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9/ Chairman Alberger and Commissioner Stern invite in particular further argument on whether subsidized imports can be cumulated with imports sold at less than fair value.

10/ For additional reasoning by the Vice Chairman on cumulation, See Certain Steel Products from Belgium, France, Italy, Luxembourg, The Netherlands, Romania, The United Kingdom, and West Germany, . . ., Additional Views of Vice Chairman Michael J. Calhoun, at 98-104.

Commissioner Frank made his determinations in these cases by aggregating the impact of those allegedly unfairly traded imports from Brazil, Belgium, France and Venezuela as well as those from Argentina and the Republic of South Africa. Therefore, he does not join his colleagues in their affirmative determinations as reached on a country-by-country basis and the discussion and reasoning therein. 11/

Prices 12/

In analyzing data on pricing in each of these investigations, the Commission has been confronted with an apparent contradiction. On the one hand, questionnaire data gathered by the Commission indicate that imported carbon steel wire rod from all of the subject countries has been selling at prices above those for domestically produced wire rod. On the other hand, domestic purchasers have confirmed lost sales to importers from all but one of the four subject countries. Most of the carbon steel wire rod being imported into the country is standard quality low-carbon wire rod and pricing data was limited to that type of rod. Imported standard quality rod is fungible with domestically produced standard quality rod. Thus, price is generally a principal factor in purchase decisions. Most foreign producers enter U.S. markets by selling at low prices, particularly when dealing in fungible commodities.

Representatives of 9 purchasers of carbon steel wire rod confirmed that the three primary considerations in their purchasing decisions were price, quality, and their relationship with suppliers. Price was generally acknowledged to be the primary factor, although quality was considered by some to be equally important. Because of these facts, the meaning and reliability

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11/ See also Commissioner Frank's Additional Views.

12/ See Commissioner Frank's Additional views.

of the data on pricing are open to question. If these investigations return to the Commission for a final determination, we will examine pricing in greater depth. <sup>13/</sup>

Petitioners allege that the carbon steel wire rod market is extremely price sensitive. The announcement of low prices for carbon steel wire rod can have a ripple effect throughout the entire industry, forcing wire rod prices down. This is especially true for domestic producers because, unlike foreign producers, domestic producers' orders can be cancelled up to the time of delivery. Thus, their prices are subject to renegotiation in the downward direction.

In the final quarter of 1981, net realized prices to U.S. customers, f.o.b. producers' mill, were only one percent above the level that prevailed almost three years earlier in the first quarter of 1979, demonstrating that domestic producers are clearly suffering from price suppression. The data discussed earlier showing domestic sales below the cost of production provide further indication of such price suppression.

#### 1. CARBON STEEL WIRE ROD FROM BRAZIL

##### Introduction

We determine that there is a reasonable indication that allegedly

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<sup>13/</sup> Vice Chairman Calhoun and Commissioner Stern note that the attention paid to pricing results from its importance as a measure of material injury and as a possible factor linking imports to the harm suffered by the domestic producers. In their view, in light of the contradictory pricing information thus far collected, it must be kept in mind that the causal connection between subsidized imports and material injury or the threat thereof may manifest itself in ways other than price. These alternative ways include, but are not limited to, the ability of a foreign producer to supply the U.S. market on a regular basis, advertising, specialized service, inducements, and stronger balance sheets assisting in attracting capital.

subsidized Brazilian imports have caused or threaten to cause 14/ material injury to the domestic carbon steel wire rod industry. Our decision is based, among other factors, on the sharp increase in imports from Brazil in 1981, a contract between a large Brazilian producer and a foreign party related to a U.S. importer which calls for large increases of carbon steel wire rod exports to the United States, and the very large capacity to produce carbon steel wire rod in Brazil.

#### Volume of imports

In 1979, Brazil only exported 33 tons of carbon steel wire rod to the United States. U.S. imports of Brazilian rod went from 0 in 1980 to 32,579 tons in 1981, totalling 0.6 percent of consumption. This indicates Brazil's ability to quickly enter the U.S. market.

#### Price

Although available data on prices indicate that carbon steel wire rod from Brazil was higher priced than the domestic product, the prices of Brazilian rod were lower than those for any other subject country. The Commission also confirmed a number of lost sales, more than from any other subject country. More sales were also allegedly lost to Brazil than any other subject country.

There are preliminary indications that imports from Brazil, by virtue of a competitive advantage allegedly derived from government subsidization, are taking sales away from domestic manufacturers and may be materially suppressing or depressing prices in the U.S. market.

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14/ See Footnote 1, at p. 1.

Threat of material injury

A very large producer of carbon steel wire rod in Brazil has entered into a long term contract with a foreign company related to a large importer.

Under the terms of the contract, this producer will export to the U.S. market large quantities of carbon steel wire rod. The quantities will be much larger than the amounts previously exported to the United States.

Brazil also has the capacity to produce roughly 2 million tons of carbon steel wire rod. In 1981, a significant portion of that capacity was unused. With a sizeable share of the total exports from Brazil in 1981 directed to the United States, much of that unused capacity could be directed at the United States market.

Hence, the Brazilian steel industry appears to have the capacity and the financial incentive to increase its shipments to the United States over present levels. Such shipments could further impact a domestic industry that is already weakened.

## 2. CARBON STEEL WIRE ROD FROM BELGIUM

Introduction

We conclude that there is a reasonable indication that the domestic industry has suffered or is threatened with 15/ material injury by reason of allegedly subsidized imports of carbon steel wire rod from Belgium. Our determination is based, among other things, on the continued significant volume of Belgian imports, confirmed lost sales, and low capacity utilization in Belgium.

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15/ See Footnote 2 at p. 1.

Volume of imports

Imports of carbon steel wire rod from Belgium declined from 30,697 tons in 1979 to 20,012 tons in 1980. Imports then increased to 21,547 tons in 1981. Although, imports from Belgium were 0 in the first quarter of 1981, imports increased significantly during the last three quarters. Imports of carbon steel wire rod from Belgium accounted for 3 percent of total imports in both 1980 and 1981.

Prices

Although data indicate that Belgian wire rod is selling at prices above those for domestically made carbon steel wire rod, the Commission was able to confirm lost sales to wire rod from Belgium.

Threat of material injury 16/

Although production of carbon steel wire rod in Belgium declined by 10 percent from 1979 to 1981, Belgian capacity to produce carbon steel wire rod increased. Thus, the capacity utilization of producers in Belgium declined to very low levels in 1981. At the same time, total exports of carbon steel wire rod from Belgium accounted for an nearly 40 percent of production, indicating that this significant unused capacity could be directed at the United States in the future.

We conclude that the low capacity utilization and the strong export orientation of the Belgian steel industry establish a reasonable indication of threat of material injury by reason of imports of carbon steel wire rod from Belgium.

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16/ See Footnote 2 at p. 1.

## 3. CARBON STEEL WIRE ROD FROM FRANCE

Introduction

We conclude that there is a reasonable indication that the domestic industry has suffered or is threatened with 17/ material injury by reason of allegedly subsidized imports of carbon steel wire rod from France. Our determination is based, among other things, on the continued significant volume of French imports which has slowly been increasing, on confirmed lost sales, and on the relatively low capacity utilization of French mills.

Volume of imports

France has continued its position as the third largest exporter of carbon steel wire rod to the United States increasing its share of total U.S. imports from 12 percent in 1979 to 13 percent in 1981. Imports of carbon steel wire rod from France dipped slightly from 98,267 tons in 1979 to 93,738 tons in 1980 and then in 1981 increased by nine percent to 101,921 tons.

Prices

From the data gathered, French wire rod, like Brazilian and Belgian wire rod, appears to be selling at prices above those for domestically produced rod. However, one-third of the confirmed lost sales were to carbon steel wire rod from France.

Threat of material injury 18/

Although production and capacity declined slightly from 1979 to 1981, exports of carbon steel wire rod accounted for about 40 percent of production

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17/ See Footnote 2, at p. 1.

18/ See Footnote 2, at p. 1.



in France. Furthermore, capacity utilization was at a relatively low level in 1981, indicating that additional exports of carbon steel wire rod could be directed from France to the United States. We conclude that the export orientation and the relatively low capacity utilization of the French steel industry establish a reasonable indication of threat of material injury by reason of imports of carbon steel wire rod from France.

#### 4. STEEL WIRE ROD FROM VENEZUELA 19/

##### Introduction

Our determination that there is a reasonable indication that allegedly dumped carbon steel wire rod from Venezuela has caused or threatens to cause 20/ material injury to the domestic industry is based principally on the quick entrance of Venezuelan imports and on the extremely low capacity utilization rate in Venezuela.

##### Volume of imports

In 1979, Venezuelan imports to the United States were 0. In 1980 imports increased to 4,461 tons. In 1981, imports jumped 6 times to 25,443 tons. Imports from Venezuela accounted for 0.6 percent of total U.S. imports in 1980 and 3.3 percent in 1981 which indicates Venezuela's ability to penetrate the U.S. market rapidly.

##### Prices

Venezuela's prices appear to be higher than the domestic prices. However, although there were no confirmed lost sales to Venezuelan wire rod,

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19/ See Additional Views of Vice Chairman Michael J. Calhoun.

20/ See Footnote 3, at p. 2.

the Commission's staff was able to trace a sizable sale of Venezuelan rod to a major domestic user which also buys from domestic sources. Since Venezuela is a very new entrant to the U.S. market, the Commission believes that price probably was the primary reason for buying the Venezuelan rod. It is unlikely that a new supplier could establish a position in the U.S. market without underselling established domestic producers. These matters clearly warrant further investigation.

#### Threat of material injury

Venezuela's production has steadily increased during 1979 to 1981. Capacity utilization is still at a very low level and, although Venezuela's total exports have declined, its exports to the United States have increased significantly. Furthermore, Venezuela's large unused capacity could easily be directed to increasing its share of the U.S. market.

We conclude that the low capacity utilization and the significant increase in imports from Venezuela establish a reasonable indication of threat of material injury by reason of imports of carbon steel wire rod from Venezuela.

## Additional Views of Vice Chairman Calhoun

Based on the information gathered in this preliminary investigation, I have determined that there is no reasonable indication that imports of Venezuelan carbon steel wire rod are causing material injury nor is there a reasonable indication that these imports are a threat thereof. As I observed in the majority views, in circumstances in which the domestic industry dominates the market place with a market share of approximately 85 percent and the imports under investigation occupy such a very small share of total U.S. consumption, there is, for me, great difficulty in establishing the requisite nexus to material injury. Finding such a connection between imports and material injury in this circumstance requires identification and examination of the particularities in the market which would demonstrate the causal relationship.

In the case of Venezuelan imports, their involvement in this market appears, from one perspective, to be the same as that of imports from Brazil, Belgium and France. The Venezuelan share of the U.S. market is very small. Imports first appeared in the United States market in 1980 with a 0.1 percent market share and had a 0.5 percent market share in 1981. For the reasons I cite in the majority opinion regarding cumulation, it would be my view that the impact of these imports ought to be felt in aggregate with the imports from Brazil, Belgium and France rather than individually.

From another perspective, however, one which focuses upon some particular features attending Venezuela's wire rod presence in this market, the extent to which these imports contribute to even a

cumulative adverse impact is, to me, greatly in doubt. First, Venezuelan wire rod has no historical presence in the United States market. Our information indicates that the only shipments into the U.S. began in the last part of 1980 and ended in the third quarter of 1981. It further reveals that these shipments were part of a one time sale resulting from an isolated anomaly in the Venezuelan market. 1/ There is no information even suggesting possible future sales. Indeed, information supplied by Sidor, the Venezuelan producer, indicates its belief that the imports were a one time phenomenon unlikely to recur. Sidor plainly expressed its intention that in the foreseeable future sales would not recur. 2/

Second, while there is some question about Sidor's capacity and capacity utilization, several things are clear: Sidor is the only producer of carbon steel wire rod in Venezuela; Venezuela remains a net importer of carbon steel wire rod; and the most generous calculation of capacity in the next several years demonstrates that Sidor's production represents about 80 percent 3/ of Venezuelan requirements. Such a circumstance strongly argues against rather than in support of the proposition that Venezuelan rod is a factor or will be a factor in the United States wire rod market.

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1/ See Brief Filed on behalf of CVG-Siderurgica del Orinoco, C.A. p.2, Letter from CVG-Siderurgica del Orinoco, C.A. to Chairman William Alberger, March 2, 1982 (Conference Exhibit #9).

2/ Id.

3/ Id.

Moreover, this investigation failed to confirm any instance of lost sales to imports from Venezuela. What our investigation found, in this regard, is that the isolated sales of these imports were to importers who are long time users of both imports and domestic wire rod. Thus, failure to confirm an instance of a lost sale could well be explained by the fact that the very small volume of these imports supplanted other foreign rather than domestic carbon steel wire rod. Although the failure by staff to document actual lost sales is, alone, of limited significance especially in preliminary investigations, it is valuable here as one of several factors which together uniformly demonstrate Venezuelan rod as having a very limited impact in our market.

Finally, while I fully support the analysis and conclusion of the majority regarding our pricing data, I, nevertheless, cannot completely ignore the fact that the only pricing data we have for Venezuelan rod reveals the transaction price was nearly 25% higher than the domestic price at the time. It was also one of the highest transaction prices in all the transactions for which we have data. Despite our reservations regarding the extent to which market behavior comports with our pricing data, this price information is supported by the other factors associated with the behavior of the Venezuelan imports under investigation.

For all of these reasons, I cannot find a reasonable indication of material injury or threat by these imports either in the aggregate or individually. The data thus far collected seem to me to demonstrate quite well that Venezuelan rod is an irrelevant, at best marginal, factor in the United States carbon steel wire rod market.

As a last point, I wish to make clear that nothing in this analysis nor in my analysis in the prior steel cases 4/ should be construed as an endorsement of the view that our assessment of the impact of imports on the domestic industry can be undertaken by cumulating the impact of subsidized imports with that of imports sold at less than fair value. My reference here to Venezuelan imports in the aggregate is by way of covering all foreseeable formats in which they might have an impact in the market.

I am in full agreement with Commissioner Stern in her invitation to parties to address this question in the final investigation. The question of cumulating the impact of what might well be completely separate causes of action is a very troublesome question of law. I am not prepared to resolve it unless it arises in a way making resolution unavoidable or until we have had an adequate opportunity to receive legal briefs from interested parties.

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1/ See Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, The Netherlands, Romania, The United Kingdom, and West Germany, Inv. Nos. 701-TA-86-144, 146 and 147 (Preliminary) and 731-TA-53-86 (Preliminary), USITC Pub. 1221.

## ADDITIONAL VIEWS OF COMMISSIONER PAULA STERN

Data Problems

In previous preliminary antidumping and countervailing duty cases, I have often noted that, "I must base my determination as much on what information the Commission has not been able to gather (but has expectations of developing in a full scale investigation) as on the information I have before me." <sup>1/</sup> In the case before us now, Certain Steel Wire Rods, the pricing and, in the case of Venezuela, lost sales data remain insufficiently developed. The possibility cannot be precluded that the subject goods are causing material injury through underselling and/or price depression made possible by subsidies or dumping. Should any of these cases return, I would expect to base any final determination on more complete demand information, comparable pricing data, analysis of the extent and impact of any subsidies or margins of dumping, and a better examination of any other factors affecting the U.S. steel industry.

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<sup>1/</sup> See Certain Carbon Steel Products from Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands and the United Kingdom, Inv. Nos. 731-TA-18-24 (Prel.), USITC Pub. 1064 (May 1980), "Statement of Reasons of Commissioner Paula Stern" at 41. Also see "Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany," Inv. No. 701-TA-86-144, 146 and 147 (Prel.) and Inv. No. 731-TA-53-86 (Prel.), USITC Pub. 1221, Vol. 1 (January 1982), "Additional Views of Commissioner Paula Stern" at 119-20.

Causality Analysis under the Trade Agreements Act of 1979

In Certain Steel Wire Nails from the Republic of Korea (March 1982) 1/, the issue arose as to what the Commission should look at in determining causation in countervailing duty cases. In the present set of cases, that concern is broadened to antidumping cases as well. These situations are parallel, and both will be dealt with here. Because the subject is so important and because the record already contains allegations that certain subsidies do not affect exported products 2/, I shall expand the argument found in my "Additional Views" in that case and then dispel some misinterpretations of those views. Discussion has focused on two interpretations of the phrases, "the effects of the subsidized imports" 3/ and "by reason of imports" 4/: (1) judging the full impact of the subject imports, which happen to benefit from a subsidy or are being sold at less than fair value, or (2) judging the impact of the subject imports in connection with the subsidy or margin of dumping in causing the injury. I believe that the language of the Trade Agreements Act 5/ on this subject is not intuitively clear on its face and therefore merits careful examination.

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1/ Certain Steel Wire Nails from the Republic of Korea, Inv. No. 701-TA-145 (Prel.), USITC Pub. No. 1223 (March 1982). See "Additional Views of Commissioner Paula Stern" at 11-14.

2/ E.g., Post-Conference Brief of Saccilor at 13.

3/ E.g., section 771(4)(D) uses this phrase.

4/ E.g., section 701(a), 703(a) and 705(b) -- which deal with the countervailing duty determinations of the Commission -- employ such a phrase. The same phrase is found in sections 731(a), 733(a), and 735(b) which concern antidumping determinations.

5/ 19 U.S.C. § 1671(b).



The conceptual difference between these two approaches cannot be underestimated. The first alternative would attach no weight to whether, for instance, a subsidy was 0.5 percent or 50 percent. Any imports benefitting from a subsidy -- no matter how insignificant -- would be equally tainted for purposes of causality analysis under the first formulation. By contrast, the second formulation would require the causality analysis to trace, to whatever extent possible, the role of the subsidy in the imports' impact on the domestic industry.

The statute in section 771(C)(ii) mandates that the Commission consider certain factors in "evaluating the effect of imports of such merchandise." But how these factors should be evaluated to determine causality is not explicit in this phrase. I believe that the statute, the legislative history, and the relevant international agreements taken together clearly demonstrate that the second alternative is the proper basis for assessing causality in the Commission's countervailing duty and antidumping investigations and is true to the intended meaning of the phrases "the effects of the subsidized imports" and "by reason of imports."

The Senate Finance Committee's "Report on the Trade Agreements Act" (Senate Report) directs the Commission to continue its practice of looking to the effects of the net subsidy in its countervailing duty determinations:

In determining whether injury is "by reason of" subsidized imports, the ITC now looks at the effects of such imports on the domestic industry. The ITC investigates the conditions of trade and competition and the general condition and structure of the relevant industry. It also considers, among other factors, the quantity, nature, and rate of importation of the

imports subject to the investigation, and how the effects of the net bounty or grant relate to the injury, if any, to the domestic industry. Current ITC practice with respect to which imports will be considered in determining the impact on the U.S. industry is continued under the bill. (Emphasis added.) 1/

The Senate Report employs the identical language in directing the Commission with regard to antidumping deliberations, replacing only the phrase "net bounty or grant" with "margin of dumping." 2/ The "by reason of imports" language of the Trade Agreements Act tracks similar language in the Antidumping Act, 1921. The statutory repetition of this causality language in the absence of any criticism of the Commission's prior practice constitutes implicit approval by Congress of the Commission's causality methodology.

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1/ Senate Comm. on Finance, Trade Agreements Act of 1979, S. Rept. No. 96-249, 96th Cong., 1st Sess. (1979) at 57.

A review of the drafting of the Subsidies and Antidumping Codes contains background on what should be used to determine causation of material the codes on the effects language,

[t]he language finally agreed upon provided that:  
 "[i]t must be demonstrated that subsidized imports are, through the effects of the subsidy, causing injury within the meaning of this Agreement."

Richard Rivers and John Greenwald:  
 The Negotiation of a Code on Subsidies  
 and Countervailing Measures: Bridging  
 Fundamental Policy Differences,  
 11 L. & Pol'y Int'l Bus. 1447, 1457 (1979).

The Director-General of GATT in April of 1979 described the negotiations at the Tokyo Round on this same issue:

Many participants took the firm position that . . .  
 [t]he existence of a significant material injury  
 must be proven and the causal link between injury  
 and the particular subsidy established.

Director-General of GATT, The Tokyo Round  
 of Multilateral Trade Negotiations, 59.

See also U.S. Office of Special Trade Representative, Background Papers on MTN, Subsidies and Countervailing Duties (May 2, 1979).

2/ Ibid., at 74.

The Commission's longstanding practice under the 1921 Act was to link the dumping margin to the injury. This precedent was repeated in its first countervailing duty investigation conducted by the Commission under section 303(b) of the Tariff Act, Certain Zoris from the Republic of China (1976). The Commission noted:

. . . the bounty or grant paid on the subject imports of zoris would amount to only about 1.3 cents per pair. Such a bounty or grant would account for only a fraction of the margin of underselling which the subject imports enjoy over casual footwear produced in the United States. 1/

In a later antidumping case, Welded Stainless Steel Pipe and Tube from Japan (1978), the Commission found in the negative also because the dumping margins accounted for only a small part of the amount by which the imports undersold the U.S. product. 2/ In Certain Fish from Canada (1978), a unanimous

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1/ Certain Zoris from the Republic of China (Taiwan), Inv. No. 303-TA-1, USITC Pub. No. 787 (September 1976) at 7.

2/ Welded Stainless Steel Pipe and Tube from Japan, Inv. No. AA-1921-180, USITC Pub. No. 899 (July 1978). In the majority opinion, Chairman Joseph O. Parker, and Commissioners George M. Moore and Catherine Bedell concluded: ". . . the dumping margin accounted for only a small part of the amount by which the Japanese pipe and tubing undersold any sales that U.S. producers might have lost to Japanese imports or any price suppression that might have been experienced by U.S. producers cannot be attributed to the LTFV margins applicable to the imports from Japan." ("Views" at 7.) In the concurring "Reasons for Negative Determination," Commissioners Bill Alberger and Daniel Minchew adopted similar reasoning and came to an identical conclusion. ("Reasons" at 11-12.)

Commission found in the negative. It concluded that there was no likelihood of injury due to the subject imports because those subsidies not scheduled for immediate elimination "are not likely to have any injurious impact on the U.S. industry." 1/

In Unlasted Leather Footwear Uppers from India (1980) 2/, the first countervailing duty case decided after the Trade Agreements Act of 1979 took effect, the Commission majority relied in large part on the "inconsequential" size of the subsidy in coming to a negative determination. In our "Statement of Reasons," Chairman Bedell and Commissioners Moore and I noted:

. . . the impact of a subsidy of 1.01 percent ad valorem on the price of finished nonrubber footwear is inconsequential . . . . If the Indian subsidies had any effect on U.S. nonrubber footwear prices, it was to make them more competitive with prices of imported footwear, since it is U.S. nonrubber footwear producers which purchase the Indian shoe uppers. 3/

In their concurring views, then Vice Chairman Alberger and Commissioner Calhoun also relied on an analysis of the subsidy in making the Commission's determination unanimous. They observed:

. . . the impact of the 1.01 percent ad valorem Indian subsidy on production costs of nonrubber footwear is also small . . . . In view of these considerations, particularly in combining the low level of market penetration and the low level of the subsidy, the fact of material injury by reason of these subsidized imports cannot be established." 4/

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1/ Certain Fish from Canada, Inv. No. 303-TA-3, USITC Pub. No. 919 (September 1978). "Statement of Reasons of Chairman Joseph O. Parker, Vice Chairman Bill Alberger and Commissioners George M. Moore, Catherine Bedell, and Italo H. Ablondi," at 8.

2/ Unlasted Leather Footwear Uppers from India, Inv. No. 701-TA-1 (Final), USITC Pub. No. 1045 (March 1980).

3/ Ibid., "Statement of Reasons of Chairman Catherine Bedell, Commissioners George Moore and Paula Stern" at 6.

4/ Ibid., "Views of Commissioners Alberger and Calhoun" at 14.

In Certain Iron-Metal Castings from India (1980) 1/, the Commission again returned to the issue of the impact of a subsidy on the domestic industry. I noted in my views, "My analysis shows that subject imports caused price suppression as a result of the subsidies despite the fact that margins of underselling were larger than the levels of subsidy." 2/ Chairman Alberger also observed: "The margin of underselling by the importers' product was more than twice the amount of the subsidy . . . ." 3/ Though we reached different conclusions, both Chairman Alberger and I recognized the importance of analyzing the effect of the subsidy.

In a subsequent preliminary antidumping case, Certain Iron-Metal Castings from India (1981), Vice Chairman Calhoun and Commissioners Moore and Bedell spoke of a reasonable indication of material injury "beyond, and entirely separate from, any injury caused by the export subsidies already found to exist on Indian castings." 4/ In my concurring opinion and in Chairman Alberger's dissenting opinion, we both referred to the LTFV margins and the countervailing duty in examining causation. 5/

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1/ Certain Iron-Metal Castings from India, Inv. No. 303-TA-13 (Final), USITC Pub. No. 1098 (September 1980).

2/ Ibid., "Statement of Reasons of Commissioner Paula Stern" at 24.

3/ Ibid., "Views of Chairman Bill Alberger" at 34.

4/ Certain Iron-Metal Castings from India, Inv. No. 731-TA-37 (Preliminary), USITC No. 1122 (January 1981), "Statement of Reasons for the Affirmative Determination of Vice Chairman Michael J. Calhoun and Commissioners George M. Moore and Catherine Bedell" at 5.

5/ Ibid., "Views of Commissioner Paula Stern" at 9 and "Views of Chairman Bill Alberger" at 10.

Thus, it has been a long and continuous Commission practice in both antidumping and countervailing duty cases to base its analysis of causality in part 1/ on the links between the offending act -- as measured by the size of the subsidy or margin of dumping -- and any impact of the imports on the domestic industry. When the net subsidy or margin of dumping has accounted for only a small portion of the margin of underselling, the Commission has reasoned in general that the injury could not be remedied by a countervailing or antidumping duty and found in the negative.

In preliminary investigations the Commission is usually unable to assess precisely the effects of the subsidy or LTFV margins because at this stage their exact extent is unknown. 2/ Thus, in judging causation in a preliminary case, the focus is of necessity on the subject imports without substantial analysis of the alleged subsidy or margins of dumping. This does not mean that reliable information on subsidies or margins should be ignored in preliminary investigations. A demonstration at any stage that the subsidies or margins of dumping cannot possibly result in material injury would be a powerful argument for a negative determination.

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1/ Analysis of subsidies or margins of dumping has formed only one part of the Commission's considerations of causality. This has always been my position.

2/ The only available information on margins in preliminary cases usually consists of general allegations by the petitioner.

For example, in my preliminary findings in Hot-Rolled Carbon Steel Sheet from France (1982), I noted that such a demonstration had not been made. I analyzed subsidy information in coming to the conclusion that "[t]here is no reasonable basis for denying the potential impact such subsidies could be having . . . ." That case had been initiated by the Department of Commerce (Commerce), which is responsible for determining the extent of subsidies. The information provided by Commerce was more substantial than general allegations by an interested party. 1/ If any of the present cases return for final investigation, the Commission will have the benefit of the final margins from Commerce and, as usual, I will take another look at causation on the basis of the expanded record at that time.

#### Certain Misconceptions

A recent discussion of the problems of causality analysis suffered from a mistaken belief that the "plain language" of the statute is "unambiguous" and that, therefore, reference to the legislative history and the GATT code is "irrelevant." 2/ However, the Senate Report devotes

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1/ Hot-Rolled Carbon Steel Sheet from France, Inv. No. 701-TA-85 (Prel.), USITC Pub. No. 1206 (January 1982), "Views of Commissioner Paula Stern" at 27.

2/ E.g., see "Additional Views of Vice Chairman Michael J. Calhoun" in Certain Steel Wire Nails from the Republic of Korea (1982) at 15-22. All quoted phrases in this section come from this source.

much space to a discussion of this "unambiguous" subject. The Act itself is necessarily streamlined and the entire discussion of the issue by all parties and two of the Commissioners in Certain Steel Wire Nails (1982) testifies to the need for further explication of the statutory language. Of course, the legislative history and the GATT discussion are only of assistance to the extent they explain, rather than contradict, the statute.

It has been suggested that the purpose of the Act would be defeated if it made a remedy "contingent upon a detailed tracking" of the impact of such practices on the domestic industry. This argument apparently applies only to subsidies since dumping by definition is the relatively direct activity of selling at below home-market fair value (however difficult it may be to determine properly fair value). Moreover, if it were an impossible burden to make such a detailed tracing, the Act is surely self-defeating because that is precisely what it requires Commerce to do in preparing its final margins. All information on subsidies and/or dumping is distilled -- quantified -- into simple margins based on prices.



Application of the remedy is absolutely dependent on this "detailed tracing," and the Commission -- at least in final investigations -- benefits from the knowledge Commerce has acquired.

In addition, I do not believe that an affirmative determination critically depends on the most intricate tracing of the incidence of the subsidies and dumping margins on the domestic market. But the information is, to borrow a phrase, a "consideration of the first order" 1/, and we are required to base our determinations on the best available information. The process is not unnecessarily burdensome to the Commission. Indeed, Commerce lightens our task considerably by conducting the examination and determination of the margins. Rather than ignoring the information provided on this subject, the Commission should and does incorporate it into its causality considerations. Indeed, the Commission is also accustomed to "intricate tracing" of market phenomena. In this case the Vice Chairman and I have taken cognizance of some complex phenomena which will be of interest in analyzing the impact of the subject imports should any of these cases return. 2/

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1/ Ibid., It is difficult to reconcile the Vice Chairman's opening observation that ". . . this issue . . . need not necessarily be relevant in reaching a [final] determination" (at 15) with his later statement that "in establishing causality the relation between a particular proscribed practice and material harm ought to be a consideration of the first order." (At 18.)

2/ See footnote 13 of "Views of the Commission" at 10.

Finally, an argument has been made that the very attempt to tie the proscribed practices to the imports creates a de facto double standard for material injury in preliminary and final cases. I believe that this conclusion is unwarranted. I have always been of the view that the concepts of the Act (e.g., material injury, by reason of, industry), have a single meaning common to both preliminary and final cases. Indeed, the definitions of such terms are found in section 771 which applies to preliminary and final antidumping and countervailing duty cases alike. But there is a fundamental, inescapable difference between preliminary and final cases -- the evidentiary standards. In preliminary cases, a reasonable indication must be shown; in final cases, material injury due to subsidized or LTFV imports must be proven. Using information on subsidies or dumping margins in final cases imposes no double standard other than the different evidentiary requirements already stated.

From the above, it is clear that I have concluded that causality is what common sense tells us it ought to be -- connecting unfair practices, LTFV and/or subsidized sales of imports, to the material injury they cause.

## ADDITIONAL VIEWS OF COMMISSIONER FRANK

As noted in the views of the Commission, I aggregated the impact of the alleged unfairly traded imports of carbon steel wire rod from the six countries 1/ cited by the petitioners and therefore do not join my colleagues in their determinations reached on a country-by-country basis. On this cumulated basis, such imports, which declined 5 percent from 142,500 tons in 1979 to 135,253 tons in 1980, increased sharply in 1981 to 220,638 tons, or by 63 percent. Also, monthly data on such imports for 1981 show a significantly increasing trend during July-December 1981, while domestic producers total shipments have declined. 2/ These trends are also manifested by the fact that such imports have comprised a greater presence on a percentage basis with respect to quantities of all U.S. imports of carbon steel wire rod for domestic consumption, increasing from 18.5 percent in 1980 to 29 percent 1981. For all U.S. imports of carbon steel wire rod, which had declined 11 percent in 1980 from 1979 levels, increased 4 percent in 1981, a marked lesser degree of increase than evidenced by imports from respondent countries. 3/

Moreover, on a cumulated basis, imports of carbon steel wire rod from the six cited countries increased in domestic market penetration each year during

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1/ Petitioners also filed cases with the Department of Commerce against South Africa and Argentina. These countries, however, are not entitled to any injury test by the Commission because they are not signatories to the International Subsidy Code. Therefore the Commission did not institute cases on imports from these countries. I believe, however, the imports from these two countries should be cumulated with imports from the other four countries subject to these Commission preliminary investigations. For my reasoning on cumulation, see Certain Steel Products from Belgium . . ., Inv. Nos. 701-TA-86-144, 146, 147 and 731-TA-53-86 (Preliminary), USITC Pub. 1221, February 1982, Views of Commissioner Eugene J. Frank at 127-129.

2/ Report at p. A-38.

3/ Report at pp. A-32 to A-33.

1979-1981 both as a ratio of apparent U.S. consumption (from 2.5 percent in 1979 to 4.3 percent in 1981) and as a ratio of apparent U.S. open-market consumption (from 4.1 percent in 1979 to 6.4 percent in 1981). These trends are in contrast to trends relative to overall market penetration levels of total U.S. imports of carbon steel wire rod which, as a percent of total apparent consumption, increased from 1979 to 1980 but declined in 1981 from 1980 and, as a percent of total apparent open-market consumption, declined each year 1979-1981. 4/

Pricing data obtained by the Commission appears incomplete at this juncture; transactions and purchaser and product/country coverage within the period covered do not appear to be comprehensive or representative; there is a question whether data submitted by U.S. producers is comparable with that submitted by importers; trends in weighted average prices realized by U.S. producers and by importers cited (and that indicating these imported products were selling at premiums over domestically produced products) do not appear to reflect the realities of the depressed market for these fungible, price-sensitive products. For price is the primary factor in the decision to purchase carbon steel wire rod, and its price-sensitivity is even more accentuated in the context of stagnant or declining domestic demand.

Producers have stated that, beginning in 1981 and continuing into 1982, wire rod falling within wide ranges of specifications have been sold for essentially the same price owing to competition, a significant portion of which emanates from the cited countries, for fewer orders in the

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4/ Report at A-34, Table 20 and A-36 to A-37.

marketplace. 5/ Such specifications and possible quality variances do not appear to be covered by price indices and trends thereto cited, in addition to potential increased incidence of freight equalization allowance concessions oftentimes made by domestic producers in periods of slackened demand which can adversely affect gross margins.

The Producer Price Index for low carbon steel wire rod, which since 1979 to January-March 1982 increased about 40 percent, moderated and remained relatively constant from the third quarter 1981 to the first quarter 1982. 6/ Also, limited pricing data cited in the Report representing net realized prices to customers of U.S. producers (f.o.b. producers' mill), while not necessarily comparative to prices of imported products, show evidence at a minimum of suppressive effects (and indeed possible distortions) as such prices in the final quarter of 1981 were only one percent above the level of prices two years earlier the first quarter of 1979 following a highly inflationary period. Such prices also fluctuated considerably during the aforementioned period. 7/ Also, one must note recent adverse gross margins incurred by the domestic industry for these products. 8/

There is also substantial testimony by domestic customers confirming lost sales to imports. Should the Commission undertake final investigations,

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5/ Report at A-37 to A-39.

6/ Report at A-40.

7/ Report at A-40 to A-42.

8/ The vulnerability of domestic producers to competition from alleged unfairly trade imports is perhaps even more exacerbated by domestic purchasing practices which, unlike those applicable to foreign producers, allow for the cancellation of domestic producers' orders up to the time of shipment. This means quoted prices are always subject to downward renegotiation up until the actual delivery is effectuated, the ever-present possibility of which (whether such renegotiation occurs or not) in a stagnant market is in itself a dampening effect on price. See Conference Transcript at pp. 25, 35 and 88.

information on pricing data of a more comprehensive and reliable nature should be available and analysis of such data should be pursued in greater depth. I believe, however, that there is a reasonable indication of possible price suppression possible price depression and possible price distortions by reason of such allegedly unfairly traded imports warranting more comprehensive scrutiny.

In view of the above, and the indications of declining economic health of the domestic industry, I have determined that there is a reasonable indication that the domestic industry has suffered material injury by reason of allegedly subsidized imports of carbon steel wire rod from Brazil, Belgium and France, and by reason of imports of carbon steel wire rod from Venezuela allegedly sold at less than fair value, and that these investigations should continue.

## INFORMATION OBTAINED IN THE INVESTIGATIONS

## Introduction

On February 8, 1982, a petition was filed by counsel on behalf of Atlantic Steel Corp., Georgetown Steel Corp., Georgetown Texas Steel Corp., Keystone Consolidated, Inc., Korf Industries, Inc., Penn-Dixie Steel Corp., and Raritan River Steel Co. with the Commission and with the Department of Commerce alleging 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 imports from Brazil, Belgium, and France of carbon steel wire rod upon which bounties or grants are alleged to be paid and by reason of imports from Venezuela of carbon steel wire rod which is allegedly being sold at less than fair value (LTFV). Accordingly, effective February 10, 1982, the Commission instituted preliminary investigations under sections 701 and 731 of the Tariff Act of 1930 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 importation of such merchandise into the United States. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case by March 25, 1982.

Notices of the institution of the Commission's investigations and of a conference to be held in connection therewith were given by posting copies of the notices in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notices in the Federal Register of February 18, 1982 (47 F.R. 7346). 1/ The conference was held in Washington, D.C. on March 3, 1982. 2/

As shown in its notice, the Department of Commerce also instituted countervailing duty investigations on imports of carbon steel wire rod from Argentina and the Republic of South Africa. The Commission did not institute investigations involving these countries as they have not signed the International Subsidies Code and are, therefore, not entitled to an injury determination.

## Previous Commission Investigations Concerning Wire Rod

A number of antidumping investigations were conducted under the Antidumping Act, 1921, involving steel wire rod. In June of 1963, the Commission issued negative determinations in four investigations, Hot-Rolled Carbon Steel Wire Rods From Belgium, investigation No. AA1921-27 (TC Publication 93); Hot-Rolled Carbon Steel Wire Rods From Luxembourg, investigation No. AA1921-28 (TC Publication 94); Hot-Rolled Carbon Steel Wire

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1/ Copies of the Commission's notices of institution of preliminary countervailing duty investigations and of a preliminary antidumping investigation are presented in app. A. A copy of the Department of Commerce's notices of institution of preliminary investigations is presented in app. B.

2/ A copy of the calendar of the conference is presented in app. C.

Rods From West Germany, investigation No. AA1921-29 (TC Publication 95); and Hot-Rolled Carbon Steel Wire Rods From France, investigation No. AA1921-30 (TC Publication 99). In all four investigations, the Commission found that the hot-rolled carbon steel wire rod industry in the United States was not injured by reason of imports sold at LTFV. In July 1973, the Commission issued an affirmative determination in Stainless Steel Wire Rods From France, investigation No. AA1921-119 (TC Publication 596), finding that the stainless steel wire rod industry in the United States was being injured by imports of stainless steel wire rod from France sold at LTFV.

## The Product

### Description and uses

Carbon steel wire rod is a hot-rolled, semifinished, coiled product of solid, round cross section, not under 0.20 inch nor over 0.74 inch in diameter. For the purposes of these investigations, carbon steel wire rod is defined as a product which has not been tempered, treated, or partly manufactured. Carbon steel wire rod can be differentiated by its chemistry, diameter, and the process by which it is manufactured. It is categorized by grades based on specifications provided by the American Iron and Steel Institute (AISI) in its Steel Products Manual, Wire and Rods of Carbon Steel, published in September 1981. AISI classifies carbon steel wire rod in three groups based on the carbon content. These groups are low-carbon rod (encompassing AISI grades 1006 through 1022 with a maximum carbon content of 0.23 percent), medium-high carbon rod (encompassing AISI grades 1023 to 1040, in which the carbon content varies from 0.21 to 0.44 percent), and high-carbon rod (encompassing AISI grades 1041 through 1085 with a maximum carbon content exceeding 0.44 percent).

Carbon steel wire rod can also be classified according to the process by which it is manufactured. Wire rod which is produced by rolling ingots into blooms which are then rolled into billets which are further rolled into wire rod is known as rimmed rod. This rod is typically produced only by integrated steel producers. The process by which steel scrap is melted and continuously cast into billets which are then rolled into wire rod produces what is known as cast rod. This rod is typically produced by nonintegrated steel producers, or what is generally referred to in the industry as the mini mills which are dedicated to the production of a narrow product line.

Carbon steel wire rod can also be classified by its intended end use. In all phases of production, various practices are employed which determine the characteristics and quality of the finished product. The internal structure, surface quality, and physical properties of wire rod are affected by the method of casting the steel from which the rod is made and by altering the chemical composition of the steel. Thus, carbon steel wire rod can be produced that is particularly suited for drawing into such products as fine wire, tire cord, spring wire, welding electrodes, and into other products requiring less critical quality considerations such as wire for coat hangers, fencing, and mesh for concrete reinforcement.



The diameter of carbon steel wire rod varies within a given range. However, the diameter of standard quality rod is 7/32 inch, or 5.5 millimeters.

#### The imported product

The bulk of the wire rod imported from the countries alleged by the petition to be exporting unfairly subsidized carbon steel wire rod or exporting carbon steel wire rod sold at LTFV is believed to be low-carbon rod. <sup>1/</sup> The producers of carbon steel wire rod in France and Belgium alleged to be receiving bounties or grants are integrated steel producers and produce rimmed rod and cast rod in all grades and of all qualities. Apparently, the product imported from Brazil and Venezuela is a cast rod. These countries have the capability to produce carbon steel wire rod of various grades and qualities, but it is believed that the bulk of their exports to the United States consist of "standard quality" rod. <sup>1/</sup>

#### The domestic product

U.S.-produced carbon steel wire rod (both rimmed and cast) is available in all grades and qualities. However, based on estimates received from 10 major U.S. producers, shipments of carbon steel wire rod were approximately 75 percent low carbon, 5 percent medium-high carbon and 20 percent high-carbon in 1980.

Carbon steel wire rod is produced from billets, a semifinished steel product in the shape of a long bar. Billets are uniformly heated to a rolling temperature of approximately 2,200°-2,400°F. The billet is then rolled in a roughing and intermediate mill and finally a finishing mill at speeds ranging from 4,000 to 18,000 feet per minute. A typical 40-foot long billet will produce approximately 4.5 miles of wire rod of the standard (7/32") diameter. After exiting from the rolling mill, the rod is coiled into rings on an air-cooled conveyer which feeds it into a "tub" that forms a coil. "Controlled cooling," as the latter process is known, produces a metallurgical structure in the wire rod which affects the ease with which the rod can be further fabricated for various end uses.

The type of carbon steel wire rod produced depends in large part on its intended use. Low-carbon rod is used where malleability is required. Typical uses of low-carbon wire are in drawing into wire for wire mesh, refrigerator shelves and racks, shopping carts, bush handles, and chain link fences. Medium-high carbon steel wire rod is used in applications where greater strength and hardness is desired. Major end uses include bolts and screws, snap-tie wire, and high tensile balewire. High-carbon rod is used where greater strength is a desired characteristic. Typical uses include mechanical springs, upholstery springs, tire-bead, tire cord wire, lockwashers, and so forth. Traditionally, high-carbon wire rod has sold at higher prices than medium-high or low-carbon wire rod and to different end users.

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<sup>1/</sup> See transcript of conference, p. 89.

Approximately 35 percent of U.S. production of wire rod is consumed by the manufacturer of the wire rod. These manufacturers process the rod further into wire, nails, staples, and other wire products. The rest of the wire rod is shipped to independent wire fabricators.

#### U.S. tariff treatment

Carbon steel wire rod is classified under items 607.14 and 607.17 of the TSUS. 1/ TSUS item 607.14 provides for wire rod of iron or steel, other than alloy iron and steel, not tempered, not treated, and not partly manufactured, and valued at not over 4 cents per pound. However, because there have been no imports reported for this item during 1979-81, it has been excluded from these investigations. Item 607.17 provides for wire rod of iron or steel, other than alloy iron and steel, not tempered, not treated, and not partly manufactured, and valued at more than 4 cents per pound. As of January 1, 1982, the column 1 (most-favored-nation) rate of duty for item 607.17 is 2.0 percent ad valorem. 2/ As a result of a concession granted in the Tokyo round of the Multilateral Trade Negotiations (MTN), this rate will be reduced on January 1, 1985, to 1.9 percent ad valorem.

The column 2 rate of duty for item 607.17 is 5.5 percent ad valorem. 3/ This item is not eligible for duty-free treatment under the Generalized System of Preferences (GSP); 4/ however, imports from the least developed developing countries (LDDC) are granted preferential treatment at a rate of 1.9 percent ad valorem.

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1/ Prior to Jan. 1, 1980, carbon steel wire rod was classified under TSUS items 608.71 and 608.70.

2/ In 1980 and 1981, the col. 1 rate of duty for item 607.17 was 0.25 cents per pound. The col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

3/ The rate of duty in col. 2 applies to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

4/ The GSP, under title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is expected to remain in effect until January 1985.

## Nature and Extent of Alleged Bounties or Grants

Brazil

The petition alleges that Brazilian wire rod producers benefit from the following direct subsidy programs:

- (1) excessive remission of Federal and State value-added taxes on exports,
- (2) preferential rates for financing working capital corresponding to a percentage of the prior year's exports,
- (3) exemption of export revenues from corporate income taxes,
- (4) capital grants and loans received directly from the Government on noncommercial terms,
- (5) Government financing for the development of rail and port facilities for the benefit primarily of the steel industry, and
- (6) Government subsidization for the development of steel-related infrastructure and the iron ore industry.

Belgium

The petition alleges that S.A. Cockerill-Sambre, the Belgian producer responsible for exports to the United States, and its constituent companies have been directly and indirectly subsidized by the Belgian Government under programs which include the following--

- (1) interest rebates and credits on approved loans for specific types of investment,
- (2) loan guarantees by the State which make possible or facilitate private loans for plant modernization and the restructuring of the steel industry,
- (3) cash grants for specified investments,
- (4) Government acquisition of Cockerill stock which converts debt to equity at inflated prices,
- (5) tax concessions including accelerated depreciation,
- (6) interest-free advances for research and development,
- (7) indirect subsidies to the coal industry which equal approximately half the cost of production of coal, and
- (8) labor subsidies.

It is also alleged that Cockerill-Sambre was authorized by the Commission of the European Communities to obtain 9.3 billion francs in Government aid. It is further alleged that the regional governments of Belgium provide subsidies to steel operations within their jurisdictions, that the Belgian steel industry benefits indirectly from subsidies provided to European coal producers, and that the Belgian steel industry benefits directly from subsidies of the European Coal and Steel Community (ECSC) and the European Investment Bank (EIB).

### France

The petition alleges that subsidized imports of carbon steel wire rod are being exported to the United States by at least three firms--Usinor (Union Siderurgique du Nord et de l'Est de La France), Sacilor (Acieries et Laminoirs de Lorraine), and Normandie (Societe Metallurgique et Navale Dunkerque-Normandie). However, the allegations of subsidies concern all steel producers in France.

The primary form of the alleged subsidies is the concessionary financing provided by the French Government. These programs include loan conversions at nominal interest rates which effectively relieve steel companies of debts. It is also specifically alleged that Usinor and Sacilor were to receive 4.4 billion francs from the French Government with the approval of the EC Commission of the European Communities. Further, it is alleged that the French steel industry benefits indirectly from subsidies provided to European coal producers and directly from ECSC and EIB subsidies.

### Nature and Extent of Alleged Sales at LTFV

The petition alleges that imports of carbon steel wire rod from C.V.G. Siderurgica del Orinoco C.A. (SIDOR) in Venezuela are being sold in the United States at LTFV. The petition compares the U.S. price of the merchandise with the home-market price of the merchandise in Venezuela and arrives at an estimated dumping margin of 60 to 70 percent.

### U.S. Market and Channels of Distribution

Wire rod is a semifinished product the vast majority of which is manufactured into wire. Thus, the U.S. demand for carbon steel wire rod is dependent on the demand for wire products. The U.S. market encompasses over 150,000 products including fine wire, welding wire, fencing, tire cord, wire mesh, pins, needles, nails, tacks, fasteners, coils, springs, strainers, eggbeaters, and toasters. Because of its diversity, the market for wire products is dependent on the overall state of the economy. The U.S. market for carbon steel wire rod is expected to undergo only slow growth (about 2 percent) in the next several years.

Although the U.S. market for wire rod is quite diverse, Raritan River Steel Co., the newest U.S. producer of carbon steel wire rod, has broken the market into the following categories and estimated the shares of domestic shipments, as shown in the following tabulation:

<u>Quality of wire rod</u>	<u>Percent of total U.S. shipments</u>
Standard industrial-----	***
Medium-high and high carbon-----	***
Cold-heading-----	***
Welding-----	***
Cold-finishing-----	***
Fine wire-----	***
Total-----	<u>100</u>

The standard industrial quality rod and fine wire quality rod are low-carbon wire rod. Some of the cold-heading quality, welding quality, and cold-finishing quality rod may also be low-carbon rod. It has been estimated that low-carbon steel wire rod accounts for 65 to 80 percent of the U.S. market for carbon steel wire rod. However, it is the standard industrial quality rod which is the industry's mainstay. Standard industrial quality steel rod is used primarily in the production of wire mesh and the tolerances required of the product are relatively low. Thus, because product differentiation is less significant, standard industrial quality rod is a fungible product, and the market for this product is highly competitive.

U.S. producers use a significant amount of carbon steel wire rod in the captive production of wire products. In 1981, U.S. producers' shipments of carbon steel wire rod to related wire-drawing facilities accounted for 39 percent of their total shipments. Shipments to independent wire drawers accounted for 46 percent of total industry shipments and shipments for other miscellaneous uses including nonelectrical machinery, fasteners, fabricators, and automotive accounted for another 14 percent of total industry shipments. There were no shipments to related dealers or distributors reported. Shipments to independent dealers or distributors accounted for less than 1 percent of U.S. producers' total shipments of carbon steel wire rod.

#### The Domestic Industry

##### U.S. producers

Total U.S. raw steel production in 1981 was 120 million tons. Carbon steel wire rod accounted for 4.9 million tons of this production, or 4.0 percent. There are 17 firms which are known to produce carbon steel wire rod in the United States. The following tabulation was compiled from data submitted in response to questionnaires of the Commission and from "Raritan Commissions Its New Rod Mill," Rod, Wire, & Fastener, (July-August 1980, vol. 1, No. 1), and lists the carbon steel wire rod producers, shows their plant locations, and gives total establishment production capacity in 1981: A-7

	Type <u>1/</u>	Location	Capacity (1,000 tons)
Ameron Corp-----	M	Etiwanda, Calif.	***
Armco, Inc-----	I	Kansas City, Mo.	***
Atlantic Steel Corp-----	M	Atlanta, Ga.	***
Bethlehem Steel Corp-----	I	Johnstown, Pa.	***
		Sparrows Point, Md.	
CF&I Steel Corp-----	I	Pueblo, Colo.	***
Charter Rolling-----	M	Saukville, Wis.	***
Georgetown Steel <u>2/</u> -----	M	Georgetown, S.C.	***
		Beaumont, Tex.	
Jones & Laughlin Steel Inc-----	I	Aliquippa, Pa.	***
Keystone Consolidate Ind. Inc-----	S	Peoria, Ill.	***
Laclede Steel Co-----	S	Alton, Ill.	***
Northwestern Steel & Iron Co-----	S	Sterling, Ill.	***
Penn-Dixie Steel Corp-----	S	Kokomo, Ind.	***
Raritan River Steel Co-----	M	Perth Amboy, N.J.	***
Republic Steel Corp-----	I	S. Chicago, Ill.	***
Roblin Steel Co-----	M	North Tonawanda, N.Y.	***
U.S. Steel Corp-----	I	Cleveland, Ohio	***
		Fairless Hills, Pa.	
		S. Chicago, Ill.	
		Joliet, Ill.	

1/ I=Integrated Steel Producers; S=Specialty Steel Producers; M=Mini Mills.

2/ Includes Georgetown Texas Steel Corp. and Georgetown Steel Corp., both owned by Korf Industries.

In 1981, domestic producers operated approximately 21 establishments in which carbon steel wire rods were produced. These plants are scattered throughout the United States, but are concentrated in the Great Lakes area and in Pennsylvania. Six of the firms are fully integrated producers, four are specialty steel producers, and the remaining companies are mini mills. Of the total U.S. production of carbon steel wire rod in 1981, the integrated steel producers accounted for 43 percent, the mini mills for 38 percent, and the specialty steel producers for 19 percent.

#### U.S. importers

Information provided by the U.S. Customs Service identifies approximately 25 importers of carbon steel wire rod from the countries whose imports are the subject of these investigations. In general, the bulk of exports from the subject countries entered the United States through one or two importers. In the cases of France and Belgium, the major importers were also related to major steel producers in those countries. Some imports of the product were entered by trading companies, which import steel wire rod from a number of sources. \* \* \* is a manufacturer of wire and wire products. Major importers of steel wire rod from the subject countries during October 1979–November 1981 are listed in the following tabulation:

<u>Country</u>	<u>Importing firm</u>
Argentina-----	* * *
Belgium/Luxembourg-----	* * *
	* * *
Brazil-----	* * *
France-----	* * *
	* * *
	* * *
	* * *
	* * *
Venezuela-----	* * *
	* * *
	* * *

#### Foreign Producers

Steel producers in Belgium, France, Brazil, and Venezuela produced 61.2 million tons of raw steel in 1980, or about 8 percent of total world production in that year. Production by country is shown in the following tabulation:

<u>Country</u>	<u>World production 1/</u> <u>(million tons)</u>
Belgium-----	13.6
France-----	25.5
Brazil-----	15.3
Venezuela-----	6.8
Total-----	61.2

1/ Source: Iron and Steel Monthly Bulletin, Eurostat, October 1981, and the "Iron, Steel, and Nonferrous Metals Council - Consider," Annual Report, 1980, table 1.

#### Belgium

The steel industry in Belgium has been characterized by extensive organizational restructuring during the past several years. Included in this restructuring were the mergers of steel producers Hainaut-Sambre and Thy Marcinelle-Providence (TMP) in 1979, and of Cockerill and the reorganized Hainaut-Sambre into Cockerill-Sambre in 1981. It is this company which the petitioners allege is exporting subsidized wire rod to the United States.

Cockerill and Hainaut-Sambre were the major producers of steel wire rods in Belgium. Cockerill makes a broad range of semifinished and finished steel products including wire rod. Cockerill's primary U.S. importer is an affiliated firm, Cockerill-Stinnes Steel Corp. of New York City. 1/

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1/ Annual Report, Cockerill, 1980.

Hainaut-Sambre is a fully integrated steel producer that makes a wide range of steel products including carbon steel wire rod. Hainaut-Sambre's primary U.S. importer is \* \* \*. 1/

### Brazil

The Brazilian steel industry produced 15.3 million tons of raw steel in 1980, ranking tenth in the world in steel production. Although there are reportedly 14 firms in Brazil which produced carbon steel wire rod, 3 companies accounted for the bulk of the wire rod produced in Brazil in 1981. Two of these three companies are Companhia Siderurgica da Guanabara (COSIGUA) and Companhia Siderurgica Belgo-Mineira (Belgo Mineira), with reported steel making capacities of 555,000 and 900,000 tons per year, respectively. The third company producing wire rod is Siderurgica FI-EL S.A. 2/

The Brazilian Government has pursued a long term policy of expansion of the Brazilian steel wire rod industry. Wire rod production in Brazil increased from 1.3 million tons in 1978 to 1.7 million tons in 1980, before declining to 1.4 million tons in 1981. Additional capacity is scheduled to come on stream in 1982. Siderurgica FI-EL is increasing its capacity to 275,000 tons, while an additional 700,000 tons of capacity is expected to be operational in late 1982 with the completion of the Mendes Junior wire rod mill. 3/

### France

France was the third largest producer of raw steel in the European Community (EC) in 1980. In recent years, the French steel industry has undergone consolidation, with the result that two major groups account for about 75 percent of total steel production. The two major steel producers are Usinor and Sacilor. Both groups export carbon steel wire rod to the United States. On November 27, 1981, both Usinor and Sacilor were nationalized by the French Government.

Of the two groups, Usinor is the larger, with an annual raw steel production capacity of about 13 million tons, production of 7.5 million tons, and a total employment of 34,750 in 1980. 4/ Usinor produces a complete line of carbon, alloy, and stainless steel products for domestic consumption and export. Sacilor, with an annual raw steel production capacity of about 7 million tons, production of 3.3 million tons, and total employment of 25,000

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1/ For a discussion of the basic steel industries in Belgium, Brazil, and France see Certain Steel Product from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom and West Germany, . . ., USITC Publication 1221, February 1982.

2/ See petition, p. 16.

3/ Metal Bulletin, Aug. 19, 1980, and Department of Commerce, "Brazil - Government Assistance to Plate Producers," (Nov. 11, 1981), at p. 1. as quoted in the petition.

4/ Directory of Iron and Steel Plants, 1981, Association of Iron and Steel Engineers, 1981.



in 1980, also produces a full range of steel products. Another French firm which manufactures and exports carbon steel wire rod is Normandie. This firm was formed on January 1, 1982, and on June 1, 1982, will become owner of the steel making facilities known as Societe Metallurgique et Navale Dunkerque-Normandie. 1/ Normandie is wholly owned by Usinor (50 percent) and Sacilor (50 percent), and will have an annual raw steel production capacity of 1.3 million tons.

### Venezuela

The Venezuelan steel industry produced 6.8 million tons of raw steel in 1980, which placed it 34th among the world steel-producing countries. The production of carbon steel wire rod has increased substantially over the last several years. It increased from \* \* \* .

The Venezuelan wire rod exported to the United States is manufactured by the State-owned enterprise--SIDOR, which accounted for 84.6 of Venezuela's total finished steel production in 1980 and is the only producer of carbon steel wire rod in Venezuela. 2/ SIDOR's "Plan IV" expansion program has resulted in greatly increased capacity and production for all of its steel products, including wire rod.

The recent capacity expansion is only the start of Venezuela's industrialization program, which is built around a modern steel industry. By the end of the 1980's, the national plan envisages Venezuela as a heavy net exporter of raw steel and semifinished and finished products. 3/ For the present, however, SIDOR's capacity to produce wire rod is no more than 80 percent of Venezuela's requirements. 4/ Venezuela remains a net importer of steel products including carbon steel wire rod. 5/

### The Question of Material Injury

#### U.S. production, capacity, and capacity utilization

U.S. production of carbon steel wire rod declined sharply from 1979 to 1980, but recovered somewhat in 1981 (table 1). U.S. production declined from 4.9 million tons in 1979 to 4.2 million tons in 1980, or by 14 percent. U.S. production then increased to 4.5 million tons in 1981, or by 5 percent.

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1/ Hot-Rolled Carbon Steel Sheet from France, USITC Publication 1206, January 1982, p. A-54.

2/ U.S. Department of State, Industrial Outlook Report: Iron and Steel, (Nov. 10, 1981) at 8, (hereinafter Outlook Report).

3/ Steel Times International, March 1979.

4/ See transcript of conference, p. 149.

5/ Ibid.

Table 1.--Carbon steel wire rod: U.S. production, by firms, 1/ 1979-81

Firm	1979	1980	1981
Quantity (short tons)			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Total-----	4,939,718	4,244,272	4,453,703
Percent of total			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Total-----	100.0	100.0	100.0

1/ Data include responses from 14 firms.

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

The distribution of U.S. production has also changed significantly during the period under consideration. U.S. production of carbon steel wire rod has steadily become less concentrated. In 1979, the three largest producers, \* \* \*, accounted for 53 percent of U.S. production. However, by 1981, that figure had declined to 43 percent. The share of U.S. production accounted for by the integrated steel producers--U.S. Steel, Bethlehem, Armco, Jones & Laughlin, CF&I, and Republic--has also declined significantly over the period. Together, these firms accounted for 62 percent of U.S. production in 1979, but their share declined to 46 percent in 1981. Thus, it is apparent that the newer, more efficient mini mills are continuing to gain an increasing share of U.S. production of carbon steel wire rod.

Despite the closing of the Jones & Laughlin rod mill in October 1981, U.S. capacity to produce carbon steel wire rod has increased over the period under consideration (table 2). It increased from 5.6 million tons in 1979 to 5.8 million tons in 1981, or by 3 percent. Furthermore, from statements made on the Commission's questionnaires, U.S. capacity can be expected to continue to increase, although at a slow rate, over the next several years. However, this projected growth in capacity is based on the assumption that U.S. producers will share in the projected growth in the U.S. market for carbon steel wire rod and carbon steel wire products.

Table 2.--Carbon steel wire rod: U.S. production, production capacity, and capacity utilization, by firms 1/, 1979-81

Firm	1979	1980	1981
Production (short tons)			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Total-----	4,939,718	4,244,272	4,455,793
Production capacity <u>2/</u> (short tons)			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Total-----	5,613,623	5,522,349	5,789,460
Capacity utilization (percent)			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
All other-----	***	***	***
Total-----	88.0	76.9	77.0

1/ Data include responses from 14 firms.

2/ Capacity is defined as the greatest level of output a firm can achieve within the framework of a realistic and sustainable work pattern.

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

The recent increases in U.S. capacity are the result of modernizations and expansions on the part of the mini mills as well as the entry of Raritan, the newest mini mill. The capacity of the integrated producers declined by

more than 400,000 tons during 1979-81 and will decline by at least another \* \* \* tons in 1982, because of the closing of the Jones & Laughlin mill.

The utilization of U.S. producers' capacity to produce carbon steel wire rod declined during the period under consideration. It declined from 88 percent in 1979 to 77 percent in 1981. Capacity was defined as the greatest level of output a firm could achieve within the framework of a realistic and sustainable work pattern. Several firms were able to produce more than their stated capacity in 1979 by reducing the time allowed for maintenance work. However, such a work pattern could not be continued on a sustained basis.

#### U.S. producers' commercial shipments

The most complete and accurate data published on carbon steel wire rod is published by the American Iron and Steel Institute (AISI). AISI reports total shipments after deducting shipments to reporting companies. This figure corresponds to U.S. producers' commercial shipments. The commercial shipments of those producers responding to the Commission's questionnaire are compared with the shipment data reported by AISI in the following tabulation:

Firm	:	1979	:	1980	:	1981
Respondents-----short tons--:	:	2,719,220	:	2,684,992	:	2,732,004
AISI-----do-----:	:	2,767,980	:	2,621,511	:	2,924,599
Ratio of respondents' shipments	:		:		:	
to AISI shipments-----percent--:	:	98.2	:	102.4	:	93.4
	:		:		:	

The general agreement of the data points to the reliability of the Commission's data.

U.S. producers' commercial shipments have remained fairly stable over the period under consideration, varying by 1 percent or less from their 1979 level (table 3). However, this does not reflect a uniform trend among all U.S. producers of carbon steel wire rod. The commercial shipments of the integrated producers totaled 1.8 million tons in 1979 and accounted for 67 percent of all U.S. producers' commercial shipments. However, in 1981, the integrated producers' commercial shipments declined to 1.2 million tons, or by 33 percent, and accounted for 44 percent of all U.S. producers' commercial shipments.

Table 3.--Carbon steel wire rod: U.S. producers' commercial shipments, 1/ by firms, 1979-81

Firm	1979	1980	1981
Quantity (short tons)			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Total-----	2,719,220	2,684,992	2,732,004
Value (1,000 dollars)			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Total-----	917,299	893,000	980,860
Unit value (per 100 pounds)			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Average-----	16.9	16.6	18.0
Percent of total quantity			
Armco-----	***	***	***
Bethlehem-----	***	***	***
Georgetown-----	***	***	***
Georgetown Texas-----	***	***	***
Raritan-----	***	***	***
U.S. Steel-----	***	***	***
All other-----	***	***	***
Total-----	100.0	100.0	100.0

1/ Domestic sales plus exports.

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

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

In contrast to the quantity of U.S. producers' commercial shipments, the value of these shipments has increased, though not substantially, over the period under consideration. The value of U.S. producers' commercial shipments of carbon steel wire rod increased from \$917 million in 1979 to \$981 million in 1981, or by 7 percent. The average unit value of U.S. producers' commercial shipments has increased similarly, from \$17 per 100 pounds in 1979 to \$18 per 100 pounds in 1981, or by 7 percent. The increase in the range of the average unit value of U.S. producers' commercial shipments would suggest a shift in the product mix of some producers. For example, the relatively high average unit value of the commercial shipments of \* \* \* would indicate that these producers are supplying carbon steel wire rod of a higher quality than \* \* \*.

Monthly data on U.S. producers' commercial shipments of carbon steel wire rod for 1980 and 1981 were available from AISI. These data are presented in figure 1. The data show a general decline in U.S. producers' shipments in the last half of 1981.

Data on U.S. producers' exports of carbon steel wire rod are presented in table 4. These data indicate that with the exception of 1980, U.S. producers' exports have not been a significant part of their operations. In 1980, however, U.S. producers' exports totaled 256,491 tons and accounted for 10 percent of U.S. producers' commercial shipments. The average unit value of U.S. producers' exports that year was \$13 per 100 pounds. According to official statistics of the U.S. Department of Commerce, 40 percent of U.S. exports of carbon steel wire rod went to the People's Republic of China in 1980, 20 percent went to Mexico, and 13 percent to Egypt. Both China and Egypt have declined in significance as export markets for wire rod in 1981. Exports to China totaled only 16,580 tons as of October 1981 and exports to Egypt were not reported separately.

Table 4.--Carbon steel wire rod: U.S. producers' exports and total commercial shipments, 1979-81

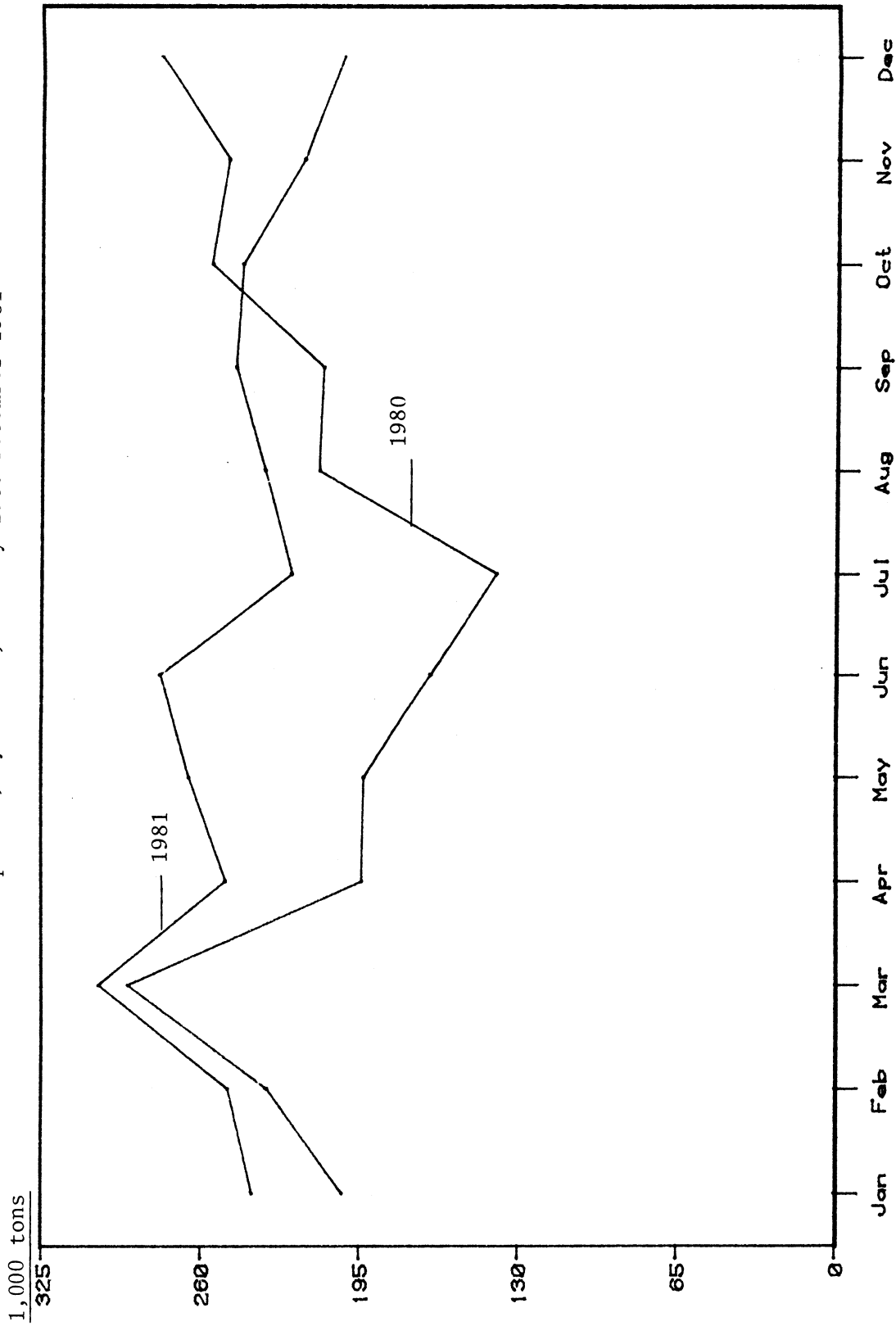
Year	Producers'	Producers'	Ratio of
	exports	shipments	exports to shipments
	Short tons		Percent
1979	29,622	2,719,220	1.1
1980	256,491	2,684,992	9.6
1981	51,748	2,732,004	1.9

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

### Inventories

The quantity of U.S. producers' end-of-period inventories of carbon steel wire rod declined from 1979 to 1980, but increased in 1981 (table 5). Inventories held as of December 31, declined from 156,613 tons in 1979 to 136,480

Figure 1.--Carbon steel wire rod: U.S. producers' commercial shipments, by months, January 1980-December 1981



Domestic Shipments

Source: AISI.

tons in 1980, or by 13 percent. Inventories held as of December 31, 1981 totaled 145,685 tons, representing an increase of 7 percent over the 1980 level. However, U.S. producers' end-of-period inventories of carbon steel wire rod have remained surprisingly stable when taken as a ratio of U.S. producers' total shipments of carbon steel wire rod. The ratio of inventories to shipments was 3.1 percent in 1979, 3.2 percent in 1980, and 3.3 percent in 1981.

Table 5.--Carbon steel wire rod: U.S. producers' inventories held as of Dec. 31, and total shipments, 1/ 1979-81

Year	Producers' inventories	Producers' shipments	Ratio of inventories to shipments
	Short tons	Short tons	Percent
1979-----	156,613	4,982,682	3.1
1980-----	136,480	4,261,841	3.2
1981-----	145,685	4,440,461	3.3

1/ Total shipments include intraplant and intercompany transfers as well as total commercial shipments.

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

Questionnaires were sent to all known importers of carbon steel wire rods. The ratio of the respondents' imports to imports for consumption (as reported by the U.S. Department of Commerce) are shown by specified sources in the following tabulation (in percent):

	<u>1979</u>	<u>1980</u>	<u>1981</u>
Belgium-----	***	***	***
Brazil-----	***	***	***
France-----	***	***	***
Venezuela-----	***	***	***

Responding U.S. importers' inventories are shown in table 6. The data show no inventories of carbon steel wire rod from Belgium, Brazil, or Venezuela for 1979 and 1980. U.S. importers' inventories of carbon steel wire rod from France held as of December 31, declined from 1979 to 1980. In 1981, however, U.S. importers reported significant inventories from all four countries covered by these investigations. These inventories totaled 24,053



Table 6.--Carbon steel wire rod: Inventories of selected firms held as of Dec. 31, and imports by these firms, by specified sources, 1979-81

Source and year	Importers' inventories	Imports	Ratio of inventories to imports
	Short tons		Percent
Belgium:			
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
Brazil:			
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
France:			
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
Venezuela:			
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
Total:			
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***

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

tons and represented 16 percent of the imports reported from these four countries. These inventories also represent 97 percent of the reporting firms' total inventories of carbon steel wire rod from all countries held as of December 31, 1981.

#### Apparent U.S. consumption

Apparent U.S. consumption of carbon steel wire rod, including captive consumption, declined sharply from 1979 to 1980, but then recovered somewhat in 1981 (table 7). Apparent U.S. consumption declined from 5.8 million tons in 1979 to 4.7 million tons in 1980, or by 18 percent. Apparent consumption then increased to 5.1 million tons in 1981, or by 9 percent.

Table 7.--Carbon steel wire rod: U.S. producers' total shipments, imports for consumption, exports, and apparent U.S. consumption, 1979-81

(In short tons)				
Firm	1979	1980	1981	
U.S. producers' shipments-----	4,982,682	4,261,841	4,440,461	
Imports for consumption-----	818,799	729,902	760,734	
Exports-----	29,622	256,491	51,748	
Apparent U.S. consumption-----	5,771,859	4,735,252	5,149,447	

Source: U.S. producers' total shipments and exports compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports for consumption compiled from official statistics of the U.S. Department of Commerce.

Apparent U.S. open-market consumption of carbon steel wire rod has followed the same general trend as total U.S. consumption, but has remained more stable (table 8). It declined from 3.5 million tons in 1979 to 3.2 million tons in 1980, or by 10 percent. In 1981, apparent U.S. open-market consumption increased to 3.4 million tons, or by 9 percent, thus nearly reaching the 1979 level. However, this apparent recovery in the annual data may be somewhat misleading. U.S. producers' commercial shipments account for nearly 80 percent of apparent U.S. open-market consumption, and the monthly data on these shipments (see figure 1 of this report) show a general decline in the last half of 1981. Thus, what may have been a strong market early in 1981, has apparently deteriorated since then.

Table 8.--Carbon steel wire rod: U.S. producers' commercial shipments, imports for consumption, exports, and apparent open-market consumption, 1979-81

(In short tons)				
Firm	1979	1980	1981	
U.S. producers' commercial shipments-----	2,719,220	2,684,992	2,732,004	
Imports for consumption-----	818,799	729,902	760,734	
Exports-----	29,622	256,491	51,748	
Apparent open-market consumption--	3,508,397	3,158,403	3,440,989	

Source: U.S. producers' commercial shipments and exports compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports for consumption compiled from official statistics of the U.S. Department of Commerce.

U.S. employment, wages, and productivity

The average number of all persons employed in U.S. establishments within which carbon steel wire rod is produced declined each year during the period under consideration (table 9). The number declined from 110,129 in 1979 to 88,312 in 1981, or by 20 percent. The largest decline was from 1979 to 1980.

Table 9.--Average number of employees, 1/ total and production and related workers in U.S. establishments producing carbon steel wire rod, and hours worked by, and hourly wages and total compensation 2/ paid to, production and related workers producing carbon steel wire rod, 1979-81

Item	1979	1980	1981
Average employment:			
All persons:			
Number-----	110,129	94,328	88,312
Percentage change-----	<u>3/</u>	(14.3)	(6.4)
Production and related workers			
producing carbon steel			
wire rod:			
Number-----	9,376	7,575	6,880
Percentage change-----	<u>3/</u>	(19.2)	(9.2)
Hours worked by production and			
related workers producing			
carbon steel wire rod:			
Number-----thousands--	19,230	15,314	13,714
Percentage change-----	<u>3/</u>	(20.4)	(10.4)
Hourly wages paid to production			
and related workers producing			
carbon steel wire rod			
1,000 dollars--	215,332	186,009	187,143
Total compensation paid to			
production and related			
workers producing carbon			
wire rod-----1,000 dollars--	277,177	247,751	249,902

1/ Includes data from 13 producers.

2/ Includes hourly wages, contributions to social security, and other employee benefits.

3/ Not available.

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

The average number of production and related workers employed in the production of carbon steel wire rod also declined each year during 1979-81. That number declined from 9,376 in 1979 to 6,880 in 1981, or by 27 percent. Again, the largest decline was from 1979 to 1980.

The hours worked by production and related workers producing carbon steel wire rod followed a trend similar to that for employment, however, the declines were steeper. The hours worked declined from 19 million in 1979 to 14 million in 1981, or by 29 percent.

Hourly wages paid to production and related workers followed a slightly different trend, declining from 1979 to 1980, but increasing slightly in 1981. Such wages declined from \$215 million in 1979 to \$186 million in 1980, or by 14 percent. Hourly wages then increased to \$187 million in 1981, representing an increase of less than 1 percent from the previous year. Hourly wages paid to production and related workers producing carbon steel wire rod accounted for an average of 76 percent of the total compensation paid to such workers. The total compensation paid declined from \$277 million in 1979 to \$248 million in 1980, or by 11 percent, but then increased to \$250 million in 1981, or by less than 1 percent.

The productivity of the production and related workers in the carbon steel wire rod industry varies significantly from producer to producer, however, the trend is clearly upward (table 10). \* \* \*

On an aggregated basis, the productivity of U.S. producers' production and related workers producing carbon steel wire rod increased from 513 pounds per hour in 1979 to 650 pounds per hour in 1981, or by 27 percent. This increase in the productivity of the workers in the aggregate exactly offsets the 27-percent decline in the average number of production and related workers employed by U.S. producers from 1979 to 1981.

The hourly wages paid to production and related workers varied somewhat from producer to producer, but not substantially. The trend in hourly wages over the period was clearly upward. Wages paid on an hourly basis increased from \$11.2 in 1979 to \$13.7 in 1981, or by 22 percent.

The unit cost of labor in the carbon steel wire rod industry varies significantly from producer to producer. However, because of increases in the industry's productivity as a whole, the unit labor cost per ton for the aggregate has remained the same from 1979 to 1981. \* \* \*.

#### Financial experience of U.S. producers

Overall establishment operations.--Ten producers of carbon steel wire rod provided profit-and-loss data relative to the overall operations of the establishments or divisions within which such rod is produced. 1/ Total net sales by these producers declined from \$10.8 billion in 1979 to \$9.6 billion in 1980, or by 11 percent. Net sales then rose by 16 percent to \$11.2 billion in 1981 (table 11). In the aggregate, the 10 firms derived about 11 percent of the revenues of the overall establishment or division from the sale of carbon steel wire rod in each of the years 1978, 1979, and 1980.

---

1/ Raritan River Steel Co., which commenced production of carbon steel wire rod in 1980, was in the development stage until Dec. 31, 1980. Hence, \* \* \*. For this and other reasons, the profit-and-loss data of the firm have been excluded from this section of the report.

Table 10.--Labor productivity, hourly wages, and unit labor costs in the production of carbon steel wire rod, by firms, 1979-81

Firm	1979	1980	1981
Labor productivity:			
Armco-----pounds per hour--:	***	***	***
Bethlehem-----do-----:	***	***	***
Georgetown-----do-----:	***	***	***
Georgetown Texas-----do-----:	***	***	***
Raritan-----do-----:	***	***	***
U.S. Steel-----do-----:	***	***	***
Other-----do-----:	***	***	***
Weighted average-----do-----:	513	554	650
Percentage change-----:	<u>1/</u>	8.0	17.3
Hourly compensation:			
Armco-----:	***	***	***
Bethlehem-----do-----:	***	***	***
Georgetown-----do-----:	***	***	***
Georgetown Texas-----do-----:	***	***	***
Raritan-----do-----:	***	***	***
U.S. Steel-----do-----:	***	***	***
Other-----do-----:	***	***	***
Weighted average-----do-----:	11.2	12.2	13.7
Percentage change-----:	<u>1/</u>	8.9	17.3
Unit labor costs:			
Armco-----per ton--:	***	***	***
Bethlehem-----do-----:	***	***	***
Georgetown-----do-----:	***	***	***
Georgetown Texas-----do-----:	***	***	***
Raritan-----do-----:	<u>1/</u>	***	***
U.S. Steel-----do-----:	***	***	***
Other-----do-----:	***	***	***
Weighted average-----do-----:	57	59	57
Percentage change-----:	<u>1/</u>	3.5	(3.4)

1/ Not available.

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

The 10 firms reported an aggregate operating profit of \$130 million, or 1.2 percent of net sales in 1979. In 1980, they sustained an aggregate operating loss of \$197 million, which represented 2.0 percent of net sales in that year. In 1981, operating profit reached \$350 million and represented 3.1 percent of net sales. One firm reported an operating loss in 1979, three firms reported such losses in 1980, and four firms reported losses in 1981.

\* \* \* \* \*

Table 11.--Profit-and-loss experience of 10 U.S. producers on the overall operations of their establishments or divisions within which carbon steel wire rods is produced, by firms, accounting years 1979-81

Year and firm	Million dollars				Percent		
	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales	Ratio of cost of goods sold to net sales
1979:							
Armco Inc	***	***	***	***	***	***	***
Bethlehem Steel	***	***	***	***	***	***	***
Georgetown Steel	***	***	***	***	***	***	***
Georgetown Texas	***	***	***	***	***	***	***
Jones & Laughlin	***	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total/Average	10,795	10,373	422	292	130	1.2	96.1
1980:							
Armco Inc	***	***	***	***	***	***	***
Bethlehem Steel	***	***	***	***	***	***	***
Georgetown Steel	***	***	***	***	***	***	***
Georgetown Texas	***	***	***	***	***	***	***
Jones & Laughlin	***	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total/Average	9,631	9,535	96	294	(197)	(2.0)	99.0
1981:							
Armco Inc	***	***	***	***	***	***	***
Bethlehem Steel	***	***	***	***	***	***	***
Georgetown Steel	***	***	***	***	***	***	***
Georgetown Texas	***	***	***	***	***	***	***
Jones & Laughlin	***	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***
Total/Average	11,216	10,534	682	333	350	3.1	93.9

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

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

Operations on carbon steel wire rod.--The 10 firms which furnished profit-and-loss data accounted for about 80 percent of total U.S. producers' shipments of carbon steel wire rod in 1981. Their net sales of carbon steel wire rod declined from \$1.2 billion in 1979 to \$1.1 billion in 1980, or by 11 percent (table 12). Net sales then rose by 10 percent, to \$1.2 billion in 1981.

The 10 firms' aggregated operations on carbon steel wire rod were profitable in 1979, but unprofitable in 1980 and 1981. Together, the 10 firms earned an operating profit of \$14 million in 1979, which represented 1.2 percent of net sales that year. These firms sustained operating losses of \$55 million (5.0 percent of net sales) and \$27 million (2.2 percent of net sales), respectively, in 1980 and 1981. Five firms sustained operating losses in 1979, seven firms sustained such losses in 1980, and six in 1981.

The ratio of cost of goods sold to net sales rose from 96 percent in 1979 to 101 percent in 1980, indicating that, in the aggregate, the 10 firms sold a share of their carbon steel wire rod at less than the cost of production during 1980. In 1981, the ratio of cost of goods sold to net sales declined to 98 percent.

As a whole, the carbon steel wire rod operations of the mini mills were more profitable than the integrated operations of the large steel producers.  
\* \* \*

Cash flow from operations.--Cash flow generated from U.S. producers' overall establishment operations and their operations producing carbon steel wire rod are shown in table 13. Cash flow from overall operations ranged from a low of \$48 million in 1980 to a high of \$619 million in 1981. Their operations on carbon steel wire rod generated a positive cash flow of \$41 million and \$6.5 million, respectively, in 1979 and 1981. These operations generated a negative cash flow of \$27 million in 1980.

Investment in productive facilities.--Eight firms supplied data relative to their investment in productive facilities during 1979-81. The eight firms' investment, valued at cost, in facilities used in the production of carbon steel wire rod increased by \$66 million during 1979-81 (table 14). The book value of such assets increased by \$29 million. The relationship of operating profit or loss to investment in productive facilities, whether valued at original cost or book value, generally follows the same trend as the ratio of such profits to net sales, that is, the ratios declined from a high in 1979 to a low in 1980, and recovered somewhat in 1981.

Table 12.--Profit-and-loss experience of 10 U.S. producers on their operations producing carbon steel wire rod, by firms, accounting years 1979-81

Year and firm	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expenses		Net operating profit or (loss)	Ratio of net operating profit or (loss) to net sales	Ratio of cost of goods sold to net sales
				Million dollars	Percent			
1979:								
Armco Inc	***	***	***	***	***	***	***	***
Bethlehem Steel	***	***	***	***	***	***	***	***
Georgetown Steel	***	***	***	***	***	***	***	***
Georgetown Texas	***	***	***	***	***	***	***	***
Jones & Laughlin	***	***	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***	***
Total/Average	1,238	1,180	58	44	14	1.2	96.1	
1980:								
Armco Inc	***	***	***	***	***	***	***	***
Bethlehem Steel	***	***	***	***	***	***	***	***
Georgetown Steel	***	***	***	***	***	***	***	***
Georgetown Texas	***	***	***	***	***	***	***	***
Jones & Laughlin	***	***	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***	***
Total/Average	1,105	1,118	(13)	42	(55)	(5.0)	101.2	
1981:								
Armco Inc	***	***	***	***	***	***	***	***
Bethlehem Steel	***	***	***	***	***	***	***	***
Georgetown Steel	***	***	***	***	***	***	***	***
Georgetown Texas	***	***	***	***	***	***	***	***
Jones & Laughlin	***	***	***	***	***	***	***	***
U.S. Steel	***	***	***	***	***	***	***	***
All other	***	***	***	***	***	***	***	***
Total/Average	1,217	1,199	(18)	45	(27)	(2.2)	98.5	

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



Table 13.--Cash flow from U.S. producers' overall establishment operations and from operations producing carbon steel wire rod, accounting years 1979-81

(In thousands of dollars)				
Item	1979	1980	1981	
Overall operations:				
Net operating profit or (loss)--:	130,000	(197,400)	349,500	
Depreciation and amortization---:	240,600	245,500	269,500	
Cash flow <u>1/</u> -----:	370,600	48,100	619,000	
Carbon steel wire rod:				
Net operating profit or (loss)--:	14,300	(55,200)	(26,900)	
Depreciation and amortization---:	26,500	28,000	33,400	
Cash flow <u>1/</u> -----:	40,800	(27,200)	6,500	

1/ Cash flow is understated to the extent that 1 large producer did not supply depreciation and amortization data.

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

Table 14.--Investment in productive facilities by 8 U.S. producers of carbon steel wire rod, as of the end of accounting years 1979-81

Item	1979	1980	1981	
Original cost-----1,000 dollars--:	379,800	404,200	445,400	
Book value-----do-----:	230,700	247,300	259,600	
Operating profit or (loss)--do-----:	32,300	(20,200)	(7,600)	
Ratio of operating profit or (loss) to--:				
Net sales-----percent--:	4.7	(3.1)	(1.0)	
Original cost-----do-----:	8.5	(5.0)	(1.7)	
Book value-----do-----:	14.0	(8.2)	(2.9)	

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

Capital expenditures.--Nine firms supplied data relative to their expenditures during 1979-81 for land, buildings, machinery, and equipment used in the production of carbon steel wire rod. As shown in the following tabulation, the aggregate capital expenditures rose from \$14 million in 1979 to \$36 million in 1980, but declined slightly, to \$31 million in 1981:

	<u>Capital expenditures</u> <u>(1,000 dollars)</u>
1979-----	14,314
1980-----	36,342
1981-----	31,220

Research and development expenses.--Only four producers reported that they incurred research and development expenses relative to their carbon steel wire rod operations during 1979-81. Such expenses are presented in the following tabulation:

	<u>Research and development</u> <u>expenses</u> <u>(1,000 dollars)</u>
1979-----	***
1980-----	***
1981-----	***

#### The Question of Threat of Material Injury

##### U.S. importers' inventories

In 1981, U.S. importers reported significant yearend inventories of carbon steel wire rod from all four countries covered by these investigations. These inventories along with their ratio to imports of reporting firms, by country, are shown in the following tabulation:

<u>Country</u>	<u>Inventories</u> <u>(short tons)</u>	<u>Ratio of inventories</u> <u>to imports</u> <u>(percent)</u>
Belgium-----	***	***
Brazil-----	***	***
France-----	***	***
Venezuela-----	***	***
Total-----	24,053	15.5

##### Capacity of foreign producers to generate exports and the availability of export markets other than the United States

Belgium.--Production of carbon steel wire rod in Belgium declined throughout 1979-81 (table 15). \* \* \*.

Table 15.--Belgium: Carbon steel wire rod production, capacity, capacity utilization, and exports, 1979-81

Item	1979	1980	1981
Production-----1,000 short tons--	***	***	***
Capacity-----do-----	***	***	***
Capacity utilization-----percent--	***	***	***
Exports to--			
United States-----1,000 short tons--	***	***	***
EC-----do-----	***	***	***
All other countries-----do-----	***	***	***
Total-----do-----	***	***	***

Source: Compiled from data obtained from U.S. Embassy, Brussels.

Brazil.--Production of carbon steel wire rod in Brazil increased significantly in 1980, but declined in 1981 (table 16). \* \* \*

Table 16.--Brazil: Carbon steel wire rod production, capacity, capacity utilization, and exports, 1979-81

Item	1979	1980	1981
Production-----1,000 short tons--	***	***	***
Capacity-----do-----	***	***	***
Capacity utilization-----percent--	***	***	***
Exports to--			
United States-----1,000 short tons--	***	***	***
EC-----do-----	***	***	***
All other countries-----do-----	***	***	***
Total-----do-----	***	***	***

Source: Compiled from data obtained from U.S. Embassy, Rio de Janeiro.

\* \* \* \* \*

France.--Production of carbon steel wire rod in France declined each year during 1979-81 (table 17), \* \* \*.

Table 17.--France: Carbon steel wire rod production, capacity, capacity utilization, and exports, 1979-81

Item	1979	1980	1981
Production-----1,000 short tons--	***	***	***
Capacity-----do-----	***	***	***
Capacity utilization-----percent--	***	***	***
Exports to--			
United States-----1,000 short tons--	***	***	***
EC-----do-----	***	***	***
All other countries-----do-----	***	***	***
Total-----do-----	***	***	***

Source: Compiled from data obtained from U.S. Embassy, Paris.

Venezuela.--The only producer of carbon steel wire rod in Venezuela is SIDOR, which commenced production in 1979. <sup>1/</sup> \* \* \*. In contrast, exports to the United States have increased significantly. However, counsel for SIDOR states that these exports consisted of a "one-time excess inventory disposal created through extraordinary sales by foreign producers into Venezuela" and further that "Sidor has no intention or capability of selling wire rod to any user which may import it into the United States in the range of the foreseeable future." <sup>2/</sup>

Table 18.--Venezuela: Carbon steel wire rod production, capacity, capacity utilization, and exports, 1979-81

Item	1979	1980	1981
Production-----1,000 short tons--	***	***	***
Capacity-----do-----	***	***	***
Capacity utilization-----percent--	***	***	***
Exports to--			
United States-----1,000 short tons--	***	***	***
EC-----do-----	***	***	***
All other countries-----do-----	***	***	***
Total-----do-----	***	***	***

Source: Compiled from data obtained from U.S. Embassy, Caracas.

<sup>1/</sup> See transcript of conference, p. 150.

<sup>2/</sup> See letter addressed to Chairman Alberger dated Mar. 2, 1982.

The Question of the Causal Relationship Between the Allegedly Subsidized Imports and the Imports Allegedly Sold at LTFV and the Alleged Injury

U.S. Imports

The quantity of U.S. imports of carbon steel wire rod from all sources declined from 1979 to 1980, but increased in 1981 (table 19). U.S. imports declined from 818,799 tons in 1979 to 729,902 tons in 1980, or by 11 percent. U.S. imports then increased to 760,734 tons in 1981, or by 4 percent. The value of total U.S. imports followed a similar trend, although the increase in 1981 was greater. The total value of U.S. imports declined from \$260 million in 1979 to \$235 million in 1980, or by 9 percent, and then increased to \$264 million in 1981, or by 12 percent. The average unit value of all imports increased each year during 1979-81. It increased from \$16 per 100 pounds in 1979 to \$17 per 100 pounds in 1981, or by 9 percent.

Imports of carbon steel wire rod from France increased as a share of total U.S. imports from 12 percent in 1979 to 13 percent in 1981. Imports from France declined from 98,267 tons in 1979 to 93,138 tons in 1980, or by 5 percent. Imports from France then increased to 101,921 tons in 1981, or by 9 percent over those of the previous year. The value of these imports followed a similar trend. The average unit value of imports of carbon steel wire rod from France increased by 6 percent from 1979 to 1981.

Only 33 tons of carbon steel wire rod were imported from Brazil in 1979 and no imports were reported in 1980. However, 32,579 tons of wire rod were imported from Brazil in 1981. The average unit value of these imports was \$16 per 100 pounds, or 6 percent higher than the average unit value of imports in 1979. Imports from Brazil accounted for 4 percent of total U.S. imports in 1981.

No imports of carbon steel wire rod were reported from Venezuela in 1979. However, imports from Venezuela increased from 4,461 tons in 1980 to 25,443 tons in 1981. The average unit value of these imports declined by 3 percent from 1980 to 1981. Imports from Venezuela accounted for 0.6 percent of total U.S. imports in 1980 and 3.3 percent in 1981.

Imports of carbon steel wire rod from Belgium declined from 30,697 tons in 1979 to 20,012 tons in 1980, or by 35 percent. Imports then increased to 21,547 tons in 1981, or by 8 percent. The average unit value of imports of carbon steel wire rod from Belgium increased from \$15 per 100 pounds in 1979 to \$16 per 100 pounds in 1981, or by 5 percent. Imports of carbon steel wire rod from Belgium accounted for 3 percent of total imports in both 1980 and 1981.

There were no imports of carbon steel wire rod from Argentina in 1979 or 1980. In 1981, imports from Argentina totaled 21,167 tons and accounted for 3 percent of total U.S. imports. The average unit value of these imports was \$17 per 100 pounds.

Table 19.--Carbon steel wire rod: U.S. imports for consumption, by principal sources, 1979-81

Source	1979	1980	1981
	Quantity (short tons)		
Canada	310,572	355,583	314,599
Japan	264,103	198,055	167,390
France	98,267	93,138	101,921
Brazil	33	0	32,579
United Kingdom	10,678	711	29,089
Venezuela	0	4,461	25,443
Belgium	30,697	20,012	21,547
Argentina	0	0	21,167
Republic of South Africa	13,503	17,642	17,991
All other	90,945	40,300	29,008
Total	818,799	729,902	760,734
	Value (1,000 dollars) <sup>1/</sup>		
Canada	91,191	109,203	102,351
Japan	92,566	71,194	67,668
France	30,525	28,387	33,357
Brazil	10	-	10,553
United Kingdom	3,754	289	11,875
Venezuela	-	1,445	7,986
Belgium	9,141	6,014	6,749
Argentina	-	-	7,063
Republic of South Africa	4,167	5,614	5,959
All other	28,723	13,301	10,003
Total	260,079	235,447	263,564
	Unit value (per 100 pounds)		
Canada	\$14.7	\$15.3	\$16.3
Japan	17.5	18.0	20.2
France	15.5	15.2	16.4
Brazil	15.3	-	16.2
United Kingdom	17.6	20.3	20.4
Venezuela	-	16.2	15.7
Belgium	14.9	15.0	15.7
Argentina	-	-	16.7
Republic of South Africa	15.4	15.9	16.6
All other	15.8	16.5	17.2
Average	15.9	16.1	17.3

See footnotes at end of table.

Table 19.--Carbon steel wire rod: U.S. imports for consumption, by principal sources, 1979-81--Continued

Source	1979	1980	1981
Percent of total quantity			
Canada	37.9	48.7	41.4
Japan	32.3	27.1	22.0
France	12.0	12.8	13.4
Brazil	<sup>2/</sup>	-	4.3
United Kingdom	1.3	0.1	3.8
Venezuela	-	0.6	3.3
Belgium	3.7	2.7	2.8
Argentina	-	-	2.8
Republic of South Africa	1.6	2.4	2.4
All other	11.1	5.5	3.8
Total	100.0	100.0	100.0

<sup>1/</sup> The landed, duty-paid value.

<sup>2/</sup> Less than 0.05 percent.

Source: Official statistics of the U.S. Department of Commerce.

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

Imports of carbon steel wire rod from South Africa increased each year during 1979-81. Imports increased from 13,503 tons in 1979 to 17,991 tons in 1981, or by 33 percent. The average unit value of imports of carbon steel wire rod from South Africa increased from \$15 per 100 pounds in 1979 to \$17 per 100 pounds in 1981, or by 8 percent.

On a cumulated basis, imports from the six countries alleged by the petitioners to be selling subsidized carbon steel wire rod in the United States or selling such merchandise in the United States at LTFV declined from 1979 to 1980, but then increased sharply in 1981 (table 20). Imports from Belgium, Brazil, France, Venezuela, Argentina, and South Africa declined from 142,500 tons in 1979 to 135,253 tons in 1980, or by 5 percent. These imports then increased to 220,648 tons in 1981, or by 63 percent.

Monthly data on imports of carbon steel wire rod are available from the Department of Commerce. The monthly imports for 1981 from Belgium, Brazil, France, and Venezuela have been cumulated and are shown in figure 2 as line 1 (Import 1). In addition to the imports represented in line 1, line 2 (Import 2) includes monthly imports from Argentina and South Africa. Both lines show a generally increasing trend during July-December.

Table 20.--Carbon steel wire rod: U.S. imports for consumption and ratio of imports to apparent U.S. consumption and apparent U.S. open-market consumption, by principal sources, 1979-81

Source	1979	1980	1981
	Quantity (short tons)		
Belgium-----	30,697	20,012	21,547
Brazil-----	33	0	32,579
France-----	98,267	93,138	101,921
Venezuela-----	0	4,461	25,443
Subtotal-----	128,997	117,611	181,490
Argentina-----	0	0	21,167
Republic of South Africa-----	13,503	17,642	17,991
Subtotal-----	142,500	135,253	220,648
All other-----	676,299	594,649	540,085
Total-----	818,799	729,902	760,734
	Ratio of imports to apparent U.S. consumption (percent)		
Belgium-----	0.5	0.4	0.4
Brazil-----	1/	-	0.6
France-----	1.7	2.0	2.0
Venezuela-----	-	0.1	0.5
Subtotal-----	2.2	2.5	3.6
Argentina-----	-	-	0.4
Republic of South Africa-----	0.2	0.4	0.3
Subtotal-----	2.5	2.9	4.3
All other-----	11.7	12.6	10.5
Total-----	14.2	15.4	14.8
	Ratio of imports to apparent U.S. open-market consumption (percent)		
Belgium-----	0.9	0.6	0.6
Brazil-----	1/	-	0.9
France-----	2.8	2.9	3.0
Venezuela-----	-	0.1	0.7
Subtotal-----	3.7	3.7	5.3
Argentina-----	-	-	0.6
Republic of South Africa-----	0.4	0.6	0.5
Subtotal-----	4.1	4.3	6.4
All other-----	19.3	18.8	15.7
Total-----	22.3	23.1	22.1

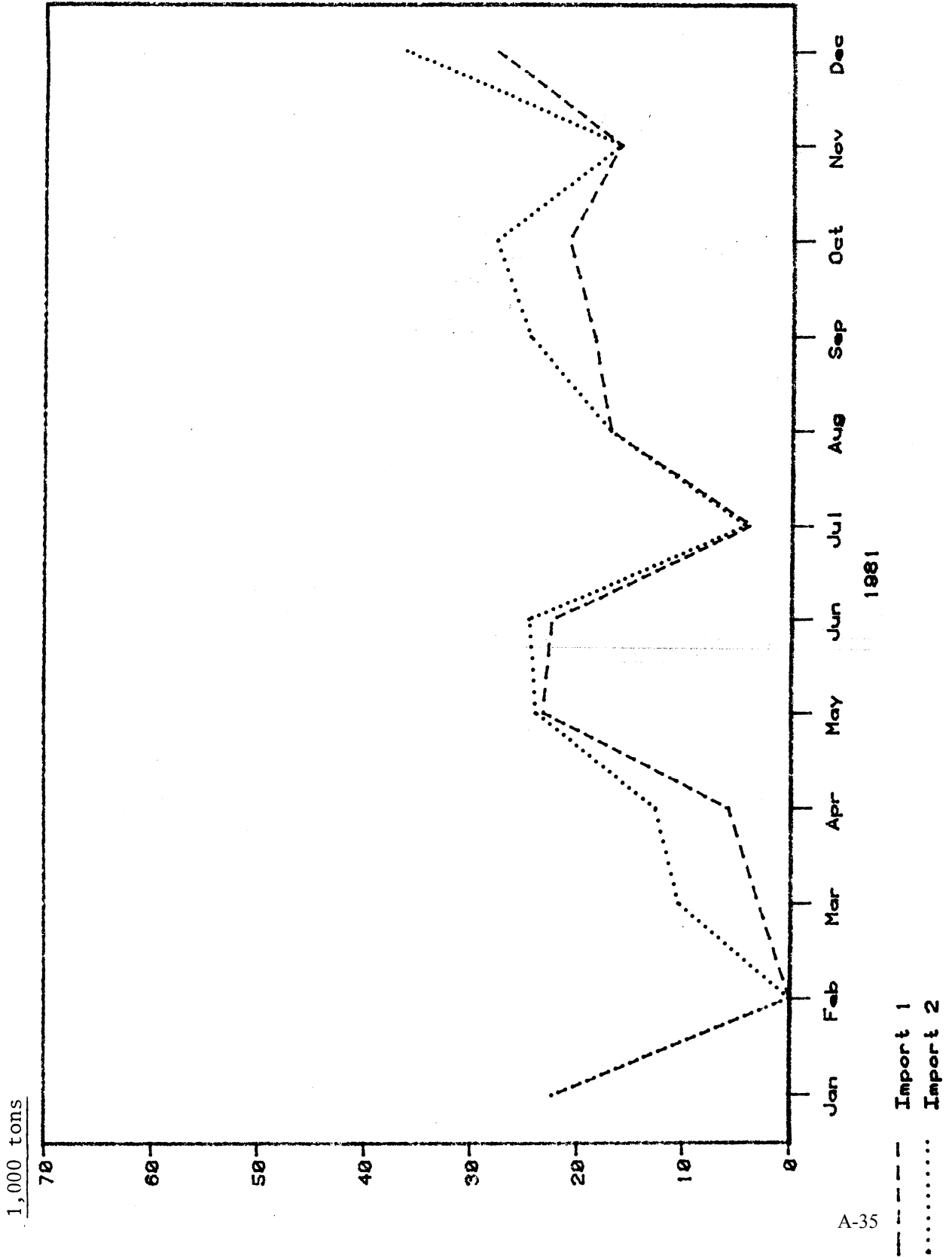
1/ Less than 0.05 percent.

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

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



Figure 2.--Carbon steel wire rod: U.S. imports for consumption from selected sources, by months, January-December 1981



Source: Data compiled from official statistics of the U.S. Department of Commerce.

Market penetration of imports

As a ratio of total apparent U.S. consumption (including captive consumption), total U.S. imports of carbon steel wire rod increased from 1979 to 1980, but then declined in 1981. The ratio increased from 14.2 percent in 1979 to 15.4 percent in 1980 and then declined to 14.8 percent in 1981. As a ratio of apparent U.S. open-market consumption, imports of carbon steel wire rod from all sources declined in each year during 1979-81. The ratio declined from 23.3 percent in 1979 to 22.1 percent in 1981.

Imports of carbon steel wire rod from Belgium declined both as a ratio of apparent U.S. consumption and as a ratio of apparent U.S. open-market consumption during 1979-81. Imports from Belgium accounted for 0.5 percent of U.S. consumption in 1979 and 0.4 percent in 1981. The ratios for apparent open-market consumption were 0.9 percent for 1979 and 0.6 percent for 1981.

Imports of carbon steel wire rod from Brazil were insignificant or nonexistent in 1979 and 1980. In 1981, however, imports from Brazil accounted for 0.6 percent of apparent U.S. consumption and 0.9 percent of apparent U.S. open-market consumption.

Imports of carbon steel wire rod from France increased their share of apparent U.S. consumption and apparent U.S. open-market consumption from 1979 to 1980. However, the respective shares remained the same from 1980 to 1981. As a ratio of apparent U.S. consumption, imports from France increased from 1.7 percent in 1979 to 2.0 percent in 1980 and remained at 2.0 percent in 1981. As a ratio of apparent U.S. open-market consumption, imports from France increased from 2.8 percent in 1979 to 2.9 percent in 1980 and climbed to 3.0 percent in 1981.

Imports of carbon steel wire rod from Venezuela increased as a ratio of both apparent U.S. consumption and apparent U.S. open-market consumption during 1979-81. There were no imports of carbon steel wire rod from Venezuela in 1979. However, as a ratio of apparent U.S. consumption, imports from Venezuela increased from 0.1 percent in 1980 to 0.5 percent in 1981. As a ratio of apparent U.S. open-market consumption, these imports increased from 0.1 percent in 1980 to 0.7 percent in 1981.

There were no imports of carbon steel wire rod from Argentina during 1979 and 1980. However, in 1981, such imports accounted for 0.4 percent of apparent U.S. consumption and 0.6 percent of apparent U.S. open-market consumption.

Imports of carbon steel wire rod from South Africa increased both as a ratio of apparent U.S. consumption and as a ratio of apparent U.S. open-market consumption from 1979 to 1980. However, both of these ratios declined in 1981. The ratio of imports of carbon steel wire rod to apparent U.S. consumption increased from 0.2 percent in 1979 to 0.4 percent in 1980 and then declined to 0.3 percent in 1981. The ratio of such imports to apparent U.S. open-market consumption increased from 0.4 percent in 1979 to 0.6 percent in 1980 and then declined to 0.5 percent in 1981.

On a cumulated basis, imports of carbon steel wire rod from all six countries increased each year during 1979-81, both as a ratio of apparent U.S. consumption and as a ratio of apparent U.S. open-market consumption. As a ratio of apparent U.S. consumption, imports of carbon steel wire rod from Belgium, Brazil, France, Venezuela, Argentina, and South Africa increased from 2.5 percent in 1979 to 4.3 percent in 1981. As a ratio of apparent U.S. open-market consumption, such imports increased from 4.1 percent in 1979 to 6.4 percent in 1981.

The monthly data on U.S. producers' commercial shipments and on U.S. imports from selected sources are presented together in figure 3. Again, line 2 (Import 2) represents the aggregated data of Belgium, Brazil, France, Venezuela, Argentina, and South Africa. Line 1 (Import 1) represents only the data of the first four countries. Figure 3 illustrates that, during July-December, imports from the countries covered by these investigations have increased, while domestic producers' shipments have declined.

### Prices

Demand for carbon steel wire rod is dependent on the demand for wire and wire products drawn or fabricated from the rod. Such products include fencing, wire reinforcing mesh, welding rod, nails, bolts, springs, and other articles used in construction and manufacturing. Demand for many of these articles has been adversely affected by the recessionary period that began in the last half of 1981. It is reported that, although all geographical areas have not suffered either simultaneously or to an equal extent from the recession, even once thriving markets have more recently shown declines in demand for wire rod products. Wire drawers report that their sales have declined since late summer 1981 by as much as 50 percent and that both they and their customers are experiencing increased competition from foreign suppliers of wire and wire products. <sup>1/</sup> Accordingly, there is increased competition for the lower volume of business at all levels of distribution and increasing downward pressure on transaction prices of wire rod.

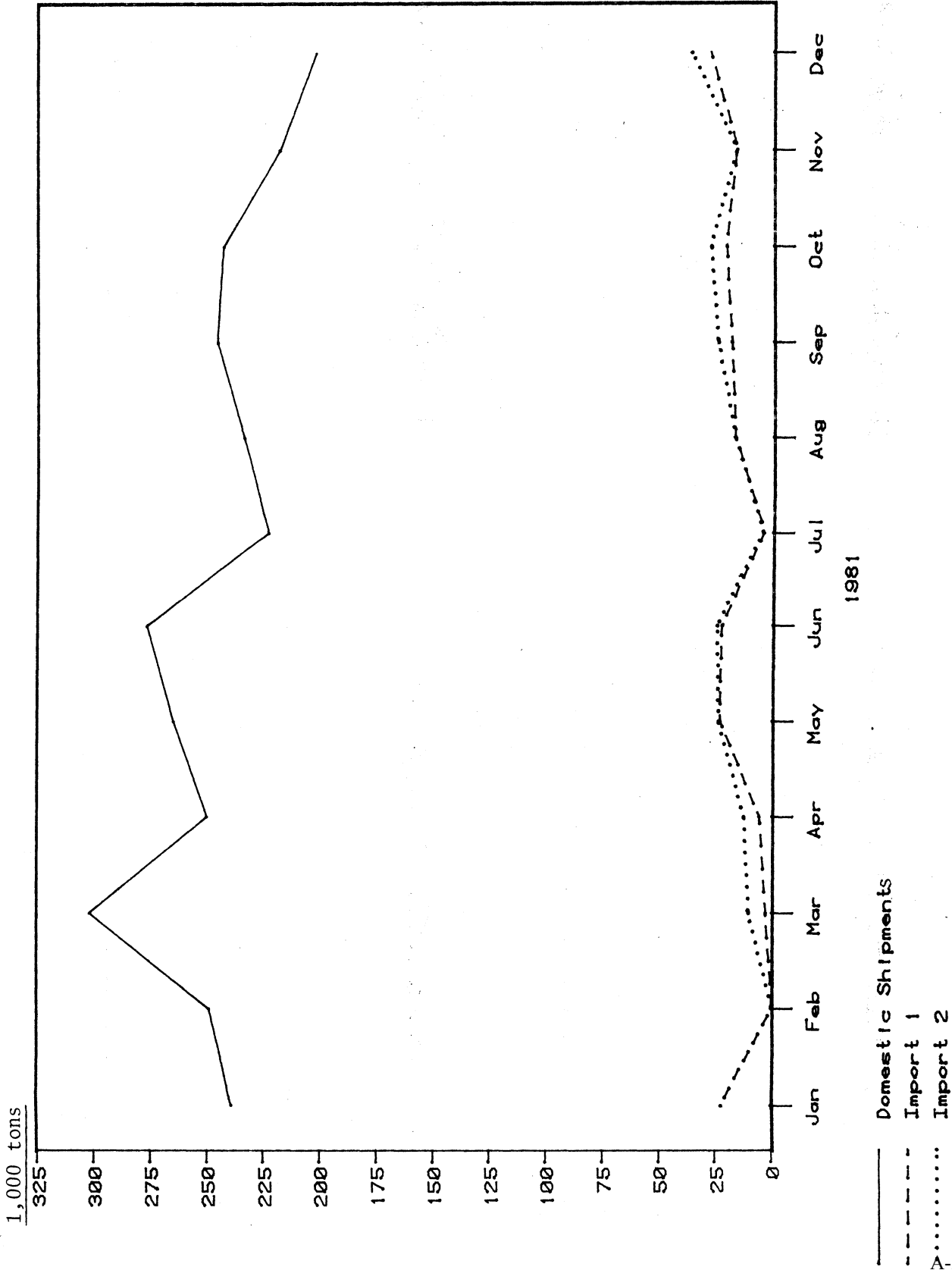
Prices of wire rod are generally quoted by producers based on established list prices. Such prices are calculated from a base price set for a particular standard type and quality rod with additional charges for different carbon content, temper, surface characteristics, impurity level, or other physical and chemical specifications. <sup>2/</sup> Such extra charges are generally based on the cost of producing wire rod to meet customer requirements. It is

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<sup>1/</sup> See Lost sales section of this report.

<sup>2/</sup> Certain of these characteristics are a function of the method by which the steel is produced. Industry sources report that wire rod rolled from continuously cast billets is not as ductile as that produced by the ingot method. Greater ductility is required by some customers owing to processing or equipment limitations. However, it is reported that wire rod from continuously cast billets is about \$1.50 per hundredweight less expensive than the rimmed (ingot method) wire rod. Most integrated producers in both the United States and other countries subject to these investigations produce rimmed rod.

Figure 3.--Carbon steel wire rod: U.S. producers' commercial shipments and imports from selected sources, by months, January-December 1981.



Source: Domestic shipments, AISI; Imports, U.S. Department of Commerce.

reported by producers that in times of more intense competition the premiums attached to the extra processing are often subject to negotiation in any sales arrangement, resulting in downward price adjustment. Producers state that, beginning in late 1981 and continuing into 1982, wire rod falling within wide ranges of specifications has been sold for essentially the same price owing to competition for fewer orders in the marketplace. Producers allege that a significant portion of this competition results from offerings in U.S. markets of wire rod originating in the countries subject to these investigations.

Transaction prices of wire rod are also affected by the relative location of suppliers to their customers. Freight costs are generally charged to the customer's account, or are paid directly by the customer. However, it is common, particularly during periods of slack demand, for producers to offer allowances for certain freight costs. This practice, known as freight equalization, provides that a customer will pay no more for shipping wire rod from his actual supplier than he would for shipping from his closest potential supplier. The difference between the actual freight charges and the equalized charges is absorbed by the supplier. This practice, although not necessarily affecting delivered costs to the customer, may significantly reduce the net return realized by the producer of the wire rod. Accordingly, profits from sales made to a distant customer located close to a competing producer may be small or non-existent. For these reasons, in periods of high demand producers may choose not to seek orders from distant customers, whereas in periods of slack demand such low margin sales may be desirable in order to minimize costs per unit of production or to avoid shutting down a production line.

Since January 1979 the Producer Price Index for low-carbon steel wire rod 1/ has increased by about 40 percent. Although the index shows similar price increases from yearend to yearend, the index remained relatively constant from July 1981 to March 1982, indicating some moderation in increases in list prices coinciding with declining demand during this recent period. During the period January 1979-December 1981 the trigger price applicable to imports of standard quality carbon steel wire rod increased by 22 percent as shown in the following tabulation (January-March 1979=100.0):

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1/ The Producer Price Index of the U.S. Bureau of Labor Statistics is based on reported list prices of standard quality, AISI specification C-1008, hot-rolled carbon steel wire rod, 7/32 inch in diameter, in coils, in quantities of 20 net tons or more, f.o.b. mill to customer.

<u>Period</u>	<u>Producer Price Index</u>	<u>Trigger price index</u>
1979:		
January-March-----	100.0	100
April-June-----	108.3	100
July-September-----	110.1	99
October-December-----	109.7	99
1980:		
January-March-----	114.7	103
April-June-----	118.0	1/
July-September-----	118.7	1/
October-December-----	123.6	116
1981:		
January-March-----	129.8	117
April-June-----	129.6	122
July-September-----	139.0	122
October-December-----	139.2	122
1982: January-March-----	139.6	1/

1/ No trigger price was in effect during this period.

The Commission requested data from U.S. producers and importers on prices paid by principal customers for standard quality low-carbon steel wire rod. Domestic producers provided prices f.o.b. their mill, and net of all shipping or other allowances, while importers provided prices f.o.b. their shipping point (generally the port of entry). 1/ Table 21 presents weighted average prices of such sales for U.S. producers and for importers.

In the final quarter of 1981, net realized prices to customers of U.S. producers, f.o.b. producers' mill, were only 1 percent above the level of prices which existed more than 2 years earlier in January-March 1979. During the 3-year period, however, prices fluctuated considerably. Prices increased by 7.0 percent, from \$14.51 per hundredweight in January-March 1979 to \$15.52 per hundredweight in January-March 1980, but declined again by 7.4 percent to \$14.37 in July-September 1980. Average prices increased again by 8.7 percent to \$15.62 per hundredweight in April-June 1981 before declining by 6.1 percent to \$14.66 in October-December 1981.

During the period under investigation, January-March 1979 to October-December 1981, average importers' prices increased by 3.9 percent. The weighted average price of imports of wire rod from Belgium and France fluctuated in a pattern similar to that for producers' prices, although frequently lagging producers' prices by about one quarter. Prices of imports from France increased steadily from \$15.60 per hundredweight in January-March 1979 to \$17.64 in April-June 1980 (13.1 percent), but declined by 2.1 percent to \$17.27 by October-December of that year. Prices of imports of French rod increased again in January-June 1981 to \$18.75 per hundredweight (8.6 percent), declined slightly in July-September, and declined by 9.5 percent in October-December of that year to \$16.91.

1/ Importers that process wire rod in their own facilities were requested to provide the landed, duty-paid costs of their imports.

Table 21.--Carbon steel wire rod 1/: Weighted average prices realized by U.S. producers and by importers of wire rod from Belgium, Brazil 2/, France, and Venezuela 3/ by quarters, January 1979-December 1981

Period	U.S. Producers	Belgium	France
	-----Per 100 pounds-----		
1979:			
January-March-----	\$14.51	***	\$15.60
April-June-----	15.38	***	16.69
July-September-----	15.39	***	17.01
October-December-----	15.03	***	17.09
1980:			
January-March-----	15.52	***	17.40
April-June-----	15.12	***	17.64
July-September-----	14.37	***	17.46
October-December-----	14.53	***	17.27
1981:			
January-March-----	15.20	***	18.51
April-June-----	15.62	***	18.75
July-September-----	15.18	***	18.69
October-December-----	14.66	***	16.91

1/ Standard quality wire rod, AISI specification C-1006 to C-1008.

2/ Prices were reported for wire rod from Brazil only in the final two quarters of 1981. In July-September 1981, related party transactions were reported at an average price of \* \* \* per hundredweight. In October-December 1981, 3 transactions at an average price of \* \* \* per hundredweight were reported, as was a related party transaction at \* \* \*.

3/ Prices were reported for wire rod from Venezuela only in April-June 1981. The average price at that time was \* \* \* per hundredweight.

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

Prices of imported wire rod from Belgium followed a trend similar to that of rod from France. Such prices increased from \$16.54 per hundredweight in January-March 1979 to \$18.08 in April-June 1980 (9.3 percent), but declined to \$17.50 in October-December 1980 (3.2 percent). No prices were reported for Belgian wire rod in the first half of 1981, and only limited sales in the final half. Those sales, primarily to customers on the west coast, were made at prices above \* \* \* per hundredweight, substantially above the reported prices of other imported wire rod.

There were few sales of Brazilian and Venezuelan wire rod reported by importers. Related party transactions at an average price of \* \* \* per hundredweight were reported for Brazilian wire rod in July-December 1981. Three additional arm's-length sales of Brazilian wire rod were reported in October-December 1981 at prices ranging from \* \* \* per hundredweight. The only reported sales of wire rod from Venezuela occurred in April-June 1981 at an average price of \* \* \* per hundredweight.

Prices presented in the table reflect cost advantages inherent in certain marketing regions and therefore it is possible that the data submitted by U.S. producers are not strictly comparable to those submitted by importers. Most prices reported for imports were for sales to customers located near ports of entry and therefore represent virtually the entire cost of the wire rod to the customer. Although some sales of imported wire rod were reported for inland customers, these were generally in smaller quantities. Sales for which prices were reported by domestic producers, however, were distributed more widely geographically. These prices are indicative of the actual return to the producer but not necessarily the delivered cost to the customer. <sup>1/</sup> If the imported product and the domestic product are of substantially the same quality for the customer's purposes, it is the delivered price which will generally determine who gets the order.

Price data collected in response to the Commission's questionnaires do not indicate underselling by importers of carbon steel wire rod, whereas petitioners provided extensive support for their allegations of underselling in the confidential appendix to the petition, particularly with regard to sales in late 1981 and in 1982. Through most of the period under investigation, only sales of wire rod from France and Belgium were reported by importers. Representatives of several producers in those countries indicated at the investigation conference that these imports generally had not been sold in the United States at less than the applicable trigger price. Responses to the Commission's questionnaire did indicate that imports from Brazil were available in late 1981 at prices substantially below prices of imports from other countries subject to these investigations, and that prices generally declined at that time.

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<sup>1/</sup> For example, the average landed, duty-paid price of imports to a port such as Jacksonville, Fla. may be \$18 per hundredweight in a recent period. A domestic producer located in Houston might offer a price of \$17, f.o.b. mill, with a freight equalization allowance of \$0.50, and the customer would pay additional freight of \$1. Therefore, although the customer would pay a delivered price of \$18 in either case, the domestic producer would receive only \$16.50 per hundredweight, suggesting that domestic producers undersold imports by \$1.50 per hundredweight.



The following tabulation shows indexes for the fluctuation in exchange rates relative to the U.S. dollar for the currencies of the four countries whose wire rod exports are subject to these investigations, (January-March 1979=100.0):

<u>Period</u>	<u>Belgium</u> ( <u>franc</u> )	<u>Brazil</u> ( <u>cruzeiro</u> )	<u>France</u> ( <u>franc</u> )	<u>Venezuela</u> ( <u>bolivar</u> )
1979:				
January-March-----	100.0	100.0	100.0	100.0
April-June-----	96.7	89.4	97.6	100.0
July-September-----	100.6	80.4	100.8	100.0
October-December-----	102.4	64.5	103.1	100.0
1980:				
January-March-----	101.7	48.7	102.9	100.0
April-June-----	100.8	44.0	101.3	100.0
July-September-----	103.0	40.1	103.6	100.0
October-December-----	95.4	35.8	96.5	100.0
1981:				
January-March-----	86.6	31.0	87.8	100.0
April-June-----	78.8	26.2	78.8	100.0
July-September-----	73.6	22.0	73.5	100.0
October-December-----	77.6	18.6	75.5	100.0

With the exception of the Venezuelan bolivar, which maintained its official value relative to the dollar, each of these currencies declined in value against the U.S. dollar. The most severe depreciation occurred with respect to the Brazilian cruzeiro. The cruzeiro declined in value relatively slowly through 1979, but the depreciation accelerated in 1980 and 1981. By the final quarter of 1981, the cruzeiro had declined in value by 81.4 percent. The two European currencies had appreciated relative to the U.S. dollar through the first three quarters of 1980 but reversed this trend by the final quarter. In the final quarter of 1981, the value of the French franc had declined 24.5 percent from its value in early 1979, while the Belgian franc had declined in value by 22.4 percent.

#### Lost sales

In response to the Commission's questionnaire, U.S. producers of carbon steel wire rod provided information concerning sales allegedly lost to imports from countries subject to these investigations. Named were 22 individual firms which were believed by producers to have purchased an estimated 125,000 tons of imported wire rod in recent months. The staff was able to contact representatives of 13 firms named by U.S. producers, of whom 9 provided information dealing with market conditions and their purchases of imported wire rod.

Representatives of the firms contacted generally confirmed that they had purchased wire rod from three of the countries subject to these investigations. Approximately 43,000 tons of such wire rod were accounted for by these firms. Of this quantity, about one-third was produced in France, a small amount in Belgium, and the remainder in Brazil.

The representatives of the nine purchasers of wire rod confirmed that the three primary considerations in their purchasing decisions were price, quality, and their relationship with the suppliers. Price was generally acknowledged to be the primary factor, although quality was considered by some to be equally important. Brazilian wire rod was believed by these firms to be the least expensive wire rod available from the four countries, and from the final 6 months of 1981 until recently, it was priced below that of U.S. producers on a delivered basis. However, since the beginning of 1982, some purchasers have received unsolicited offers from domestic producers which, on a delivered basis, feature prices below that of the imports under investigation.

Customers stated that in general they had reduced the level of their orders of wire rod in response to the effects of the recession which began in July-December 1981. These effects have been greater in the Northeast and in the Midwest than in the Southern States. Wire drawers in the Northeast stated that their business had declined by up to 50 percent in some cases. Wire drawers in other regions have observed similar but less dramatic declines, although their orders from customers related to the construction industry have shown significant declines. Several customers stated that, although they had not reduced their production as yet, they had reduced their orders of wire rod in order to control their inventory of rod.

Purchasers in the Northeast also observed that they had been forced to reduce orders for rod or negotiate lower prices with their suppliers because of increasing competition from wire and wire products from Canada. Imports from Canada are alleged by these purchasers to be the price leaders in the region, and prices have been under increasing downward pressure owing to Canadian competition at all levels of processing. Some firms stated that the availability for imported wire rod from Brazil enabled them to withstand the pressure on their own prices, and assisted them in negotiating lower prices from U.S. rod producers.

Purchasers also noted that the quality of the wire rod is a very important consideration in their decision to buy. Although one purchaser stated that he could see no difference in the quality of domestic and imported wire rod, another stated categorically that the wire rod from two domestic mini mills was unsatisfactory and that the firm was allowing substantial quantities to sit unused in inventory. Several wire drawers stated that they could successfully use only rimmed rod because of the need for greater ductility, while others have adjusted their processing to use cast rod. At least one mini mill, \* \* \*, is generally known to have imported rimmed billets from Spain in order to meet the demand for rimmed wire rod. One user stated that the quality of the rimmed rod was still not satisfactory for his purposes because of surface imperfections. The closing down of the Jones & Laughlin rod mill and \* \* \* encouraged some users to seek other sources. Several users stated that rod from \* \* \* was not satisfactory because of the inability of that firm to meet required tolerances.

Several purchasers stated that their relationships with their suppliers also helped determine the source of their wire rod purchases. Two purchasers named in response to a question on price suppression in the Commission's questionnaire stated that they would not purchase imports because of past difficulties with foreign suppliers. Other purchasers stated that they had been purchasing both imported and domestic wire rod for many years in a predetermined mix despite the fact that imports were often higher priced. These firms stated further that they would continue to purchase imported material in the future, in order to provide more reliable supplies of certain grades of wire rod. A third group of users stated that they purchased imported wire rod after U.S. producers attempted to force price increases on them which they did not feel were justified. These firms stated further that the producers had been unwilling to consider long-term supply contracts.



APPENDIX A

Notices of the Commission's Institution  
of Preliminary Investigations

## INTERNATIONAL TRADE COMMISSION

(Investigations Nos. 701-TA-148, 149, and 150 (Preliminary))

**Carbon Steel Wire Rod From Brazil, Belgium, and France**

**AGENCY:** International Trade Commission.

**ACTION:** Institution of preliminary countervailing duty investigations and the scheduling of a conference to be held in connection with the investigations.

**SUMMARY:** The U.S. International Trade Commission hereby gives notice of the institution of investigations Nos. 701-TA-148, 149, and 150 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(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 retarded, by reason of imports from Brazil, Belgium, and France of carbon steel wire rod. For the purposes of these investigations, carbon steel wire rod is defined as a coiled, semifinished, hot-rolled, carbon steel product of approximately round, solid cross section, not under 0.20 inch nor over 0.74 inch in diameter, not tempered, not treated, and not partly manufactured, and valued over 4 cents per pound. As defined, carbon steel wire rod is provided for in item 607.17 of the Tariff Schedules of the United States.

**EFFECTIVE DATE:** February 10, 1982.

**FOR FURTHER INFORMATION CONTACT:** Ms. Miriam A. Bishop, Office of Investigations, U.S. International Trade Commission, Room 350, 701 E Street, N.W., Washington, D.C. 20436; telephone 202-523-0291.

### SUPPLEMENTARY INFORMATION:

**Background:** These investigations are being instituted in response to a petition filed on February 8, 1982, by counsel on behalf of Atlantic Steel Corp., Georgetown Steel Corp., Georgetown Texas Steel Corp., Keystone Consolidated, Inc., Korf Industries, Inc., Penn-Dixie Steel Corp., and Raritan Steel Co., all of which are U.S. producers of carbon steel wire rod. The

Commission must make its determinations in these investigations within 45 days after the date of the filing of the petition, or by March 25, 1982 (19 CFR 207.17). The investigations will be subject to the provisions of Part 207 of the Commission's rules of practice and procedure (19 CFR 207, 44 FR 76457), and particularly subpart B thereof.

**Written submissions.**—Any person may submit to the Commission a written statement of information pertinent to the subject of these investigations. A signed original and nineteen (19) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street, N.W., Washington, D.C. 20436, on or before March 8, 1982.

Any business information which the submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules of practice and procedure (19 CFR 201.6). All written submissions except for confidential business data will be available for public inspection.

**Conference.**—The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 10 a.m., on Wednesday, March 3, 1982, at the U.S. International Trade Commission Building, 701 E Street, N.W., Washington, D.C. Parties wishing to participate in the conference should contact the investigator for these investigations, Ms. Miriam A. Bishop (202-523-0291) not later than February 26, 1982 to arrange for their appearance. The conference in these investigations will be held concurrently with that for antidumping investigation No. 731-TA-88 (Preliminary), Carbon Steel Wire Rod From Venezuela. It is anticipated that parties in support of the petition for countervailing and antidumping duties and parties opposed to the petition will each be allocated one hour within which to make an oral presentation at the conference.

**Inspection of the petition.**—A copy of the petition filed with the Department of Commerce in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

For further information concerning the conduct of the investigations and rules of general application, consult the Commission's rules of practice and procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts

A through E (19 CFR 201). Further information concerning the conduct of the conference will be provided by Ms. Bishop.

This notice is published pursuant to § 207.12 of the Commission's rules of practice and procedure (19 CFR 207.12).

By order of the Commission.

Issued: February 11, 1982.

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

(FR Doc. 82-4397 Filed 2-17-82; 8:45 am)  
BILLING CODE 7020-02-M

**(Investigation No. 731-TA-88 (Preliminary))****Carbon Steel Wire Rod From Venezuela****AGENCY:** International Trade Commission.**ACTION:** Institution of preliminary antidumping investigation and the scheduling of a conference to be held in connection with the investigation.

**SUMMARY:** The U.S. International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-88 (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 retarded, by reason of imports from Venezuela of carbon steel wire rod. For the purposes of this investigation, carbon steel wire rod is defined as a coiled, semifinished, hot-rolled, carbon steel product of approximately round, solid cross section, not under 0.20 inch or 0.74 inch in diameter, not tempered, not treated, and not partly manufactured, and valued over 4 cents per pound. As defined, carbon steel wire rod is provided for in item 607.17 of the Tariff Schedules of the United States.

**EFFECTIVE DATES:** February 10, 1982.**FOR FURTHER INFORMATION CONTACT:** Ms. Miriam A. Bishop, Office of Investigations, U.S. International Trade Commission, Room 350, 701 E Street, N.W., Washington, D.C. 20436; telephone 202-523-0291.**SUPPLEMENTARY INFORMATION:**

*Background:* This investigation is being instituted in response to a petition filed on February 8, 1982, by counsel on behalf of Atlantic Steel Corp., Georgetown Steel Corp., Georgetown Texas Steel Corp., Keystone Consolidated, Inc., Korf Industries, Inc., Penn-Dixie Steel Corp., and Raritan Steel Co., all of which are U.S.

producers of carbon steel wire rod. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by March 25, 1982 (19 CFR 27.17). The investigation will be subject to the provisions of Part 207 of the Commission's rules of practice and procedure (19 CFR Part 207, 44 FR 76457), and particularly Subpart B thereof.

*Written submission.*—Any person may submit to the Commission a written statement of information pertinent to the subject of the investigation. A signed original and nineteen (19) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436, on or before March 8, 1982.

Any business information which the submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's rules of practice and procedure (19 CFR 201.6). All written submission except for confidential business data will be available for public inspection.

*Conference.*—The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 10 a.m., on Wednesday, March 3, 1982, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the investigator for this investigation, Ms. Miriam A. Bishop (202-523-0291) not later than February 26, 1982 to arrange for their appearance. The conference in this investigation will be held concurrently with those for countervailing duty investigations Nos. 701-TA-148, 149, and 150 (Preliminary), Carbon Steel Wire Rod From Brazil, Belgium, and France. It is anticipated that parties in support of the petition for countervailing and antidumping duties and parties opposed to the petition will each be allocated one hour within which to make and oral presentation at the conference.

*Inspection of the petition.*—A copy of the petition filed with the Department of Commerce in this case is available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

For further information concerning the conduct of the investigation and rules of

general application, consult the Commission's rules of practice and procedures, Part 207, Subpart A and B (19 CFR Part 207), and Part 201, Subpart A through E (19 CFR Part 201). Further information concerning the conduct of the conference will be provided by Ms. Bishop.

This notice is published pursuant to § 207.12 of the Commission's rules of practice and procedure (19 CFR 207.12)

By order of the Commission.

Issued: February 11, 1982.

Kenneth R. Mason,  
Secretary.

[FR Doc. 82-4398 Filed 2-17-82, 8 45 am]  
BILLING CODE 7020-02-M





APPENDIX B

Notices of the Department of Commerce's Institution of  
Preliminary Investigations

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**Initiation of Antidumping Investigation;  
Carbon Steel Wire Rod From  
Venezuela**

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Initiation of antidumping investigation.

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**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping investigation to determine whether carbon steel wire rod from Venezuela is being, or is likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission ("ITC") of this action so that it may determine whether imports of carbon steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before March 25, 1982, and we will make ours on or before July 19, 1982.

**EFFECTIVE DATE:** March 4, 1982.

**FOR FURTHER INFORMATION CONTACT:**

Paul McGarr, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230, (202) 377-1167.

**SUPPLEMENTARY INFORMATION:**

**Petitions**

On February 8, 1982, we received a petition from counsel for Atlantic Steel Corporation, Georgetown Steel Corporation, Georgetown Texas Steel Corporation, Keystone Consolidated, Incorporated, Korf Industries, Incorporated, Penn-Dixie Steel Corporation, and Raritan River Steel Corporation, on behalf of the U.S. industry producing carbon steel wire rod. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of carbon steel wire rod from Venezuela are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the "Act") and that these imports are materially injuring, or threatening to materially injure, a U.S. industry. Critical circumstances have been alleged under section 733(e) of the Act. We will make a determination regarding this issue on or before the date of our preliminary determination, July 19, 1982.

**Initiation of Investigation**

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on carbon steel wire rod, and we have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether carbon steel wire rod from Venezuela is being, or is likely to be, sold at less than fair value. If our investigation proceeds normally, we will make our preliminary determination by July 19, 1982.

**Scope of the Investigation**

For the purpose of this investigation, the term "carbon steel wire rod" covers a coiled, semi-finished, hot-rolled carbon steel product of approximately round solid cross section, not under 0.20 inch nor over 0.74 inch in diameter, not tempered, not treated, not partly manufactured; and valued over 4 cents

per pound, as currently provided for in item 607.17 of the *Tariff Schedules of the United States*.

**Notification to ITC**

Section 732(d) of the Act requires us to notify the U.S. ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

**Preliminary Determination by ITC**

The ITC will determine by March 25, 1982, whether there is a reasonable indication that imports of carbon steel wire rod from Venezuela are materially injuring, or threatening to materially injure, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, it will proceed to conclusion.

Gary N. Horlick,

*Deputy Assistant Secretary for Import Administration.*

March 1, 1982.

[FR Doc. 82-5693 Filed 3-3-82; 8:45 am]

BILLING CODE 3510-25-M

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**Initiation of Countervailing Duty Investigation; Carbon Steel Wire Rod From Argentina**

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Initiation of countervailing duty investigation.

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**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in Argentina of carbon steel wire rod receive benefits which constitute bounties or grants within the meaning of the countervailing duty law. If our investigation proceeds normally, we will make our preliminary determination on or before May 4, 1982.

**EFFECTIVE DATE:** March 4, 1982.

**FOR FURTHER INFORMATION CONTACT:** Paul J. McGarr, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230, (202) 377-1167.

**SUPPLEMENTARY INFORMATION:**

**Petition**

On February 8, 1982, we received a petition from counsel for Atlantic Steel Corporation, Georgetown Steel Corporation, Georgetown Texas Steel Corporation, Keystone Consolidated Incorporated, Korf Industries Incorporated, Penn-Dixie Steel Corporation and Raritan River Steel Corporation, on behalf of the U.S. industry producing carbon steel wire rod. In compliance with the filing requirements of section 355.28 of the Commerce Regulations (19 CFR 355.28) the petition alleges that producers, manufacturers, or exporters in Argentina of carbon steel wire rod receive, directly or indirectly, bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (the "Act"). Critical circumstances also have been alleged.

Since Argentina is not a "country under the Agreement", section 303 of the Act applies to this investigation. In addition, the merchandise is dutiable; therefore, an injury determination is not required.

**Initiation of Investigation**

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on carbon steel wire rod, and we have found that the petition meets these requirements.

Therefore, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in Argentina of carbon steel wire rod receive bounties or grants. If our investigation proceeds normally, we will make our preliminary determination by May 4, 1982.

Since Argentina is not a "country under the Agreement" and this investigation is under section 303 of the Act, the critical circumstances provision is not applicable (see section 303(b)(3)). Accordingly, we will take no further action on the critical circumstances allegation.

**Scope of the Investigation**

For the purpose of this investigation, the term "carbon steel wire rod" covers a coiled, semi-finished, hot-rolled carbon steel product of approximately round solid cross section, not under 0.02 inch nor over 0.74 inch in diameter, not

tempered, not treated, and not partly manufactured, and valued over 4 cents per pound, as currently provided for in item 807.17 of the *Tariff Schedules of the United States*.

**Allegations of Bounties or Grants**

The petition alleges that manufacturers, producers, or exporters of carbon steel wire rod in Argentina receive the following benefits that constitute bounties or grants: overrebates of indirect taxes, preferential export financing, regional development assistance, long-term financing at preferential rates, income tax exemptions, and direct investment subsidies.

Gary N. Horlick,  
*Deputy Assistant Secretary for Import Administration.*

March 1, 1982.

[FR Doc. 82-5889 Filed 3-3-82; 8:45 am]

BILLING CODE 3510-25-M

### Initiation of Countervailing Duty Investigation; Carbon Steel Wire Rod From Belgium

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Initiation of countervailing duty investigation.

**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in Belgium of carbon steel wire rod receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission ("ITC") of this action so that it may determine whether imports of carbon steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry. If the investigation proceeds normally, the ITC will make its preliminary determinations on or before March 25, 1982, and we will make ours on or before May 4, 1982.

**EFFECTIVE DATE:** March 4, 1982.

**FOR FURTHER INFORMATION CONTACT:** Michael J. Altier, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, (202) 377-1785.

**SUPPLEMENTARY INFORMATION:**

#### Petition

On February 8, 1982, we received a petition from counsel for Atlantic Steel Corporation, Georgetown Steel

Corporation, Georgetown Texas Steel Corporation, Keystone Consolidated, Incorporated, Korf Industries, Incorporated, Penn-Dixie Steel Corporation and Raritan River Steel Company, on behalf of the U.S. industry producing carbon steel wire rod. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that producers, manufacturers, or exporters in Belgium of carbon steel wire rod receive subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended (19 U.S.C. 1677(5)) (the "Act") and that imports of carbon steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry. Critical circumstances have been alleged under section 703(e) of the Act. We will make a decision regarding this issue on or before the date of our preliminary determination, May 4, 1982.

Belgium is a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore, title VII of the Act applies to this investigation.

#### Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting these allegations. We have examined the petition on carbon steel wire rod, and we have found that it meets these requirements.

Therefore, in accordance with section 702(c) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Belgium of carbon steel wire rod receive benefits that constitute subsidies within the meaning of section 771(5) of the Act. If our investigation proceeds normally, we will make our preliminary determination by May 4, 1982.

#### Scope of the Investigation

For the purpose of this investigation, the term "carbon steel wire rod" covers a coiled, semi-finished, hot-rolled carbon steel product of approximately round solid cross section, not under 0.20 inch nor over 0.74 inch in diameter, not tempered, not treated, not partly manufactured; and valued over 4 cents per pound, as currently provided for in item 607.17 of the *Tariff Schedules of the United States*.

#### Allegations of Subsidies

The petition alleges that producers, manufacturers, or exporters in Belgium

of carbon steel wire rod receive the following benefits from the Belgian government that constitute subsidies: capital grants; interest rebates; preferential loans and loan guarantees; special government purchases of convertible debentures; debt consolidation, extension, and conversion; tax incentives; labor-related aid; and research and development advances and loans.

The petition also alleges that producers, manufacturers, or exporters in Belgium of carbon steel wire rod benefit from the following European Communities subsidies: preferential loans and loan guarantees, research and development incentives, coal and coke input subsidies, and labor-related aid.

#### Notification of ITC

Section 702(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

#### Preliminary Determination by ITC

The ITC will determine by March 25, 1982, whether there is a reasonable indication that imports of carbon steel wire rod from Belgium are materially injuring, or threatening to materially injure, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, it will proceed to conclusion.

Gary N. Horlick,

*Deputy Assistant Secretary for Import Administration.*

March 1, 1982.

(FR Doc. 82-5694 Filed 3-3-82; 8:45 am)

BILLING CODE 3510-25-M

producers, manufacturers, or exporters in Brazil of carbon steel wire rod receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission ("ITC") of this action so that it may determine whether imports of carbon steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry. If the investigation proceeds normally, the ITC will make its preliminary determination or before March 25, 1982, and we will make ours on or before May 4, 1982.

**EFFECTIVE DATE:** March 4, 1982.

**FOR FURTHER INFORMATION CONTACT:** Paul J. McGarr, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, D.C. 20230, (202) 377-1167.

**SUPPLEMENTARY INFORMATION:**

#### Petitions

On February 8, 1982, we received a petition from counsel for Atlantic Steel Corporation, Georgetown Steel Corporation, Georgetown Texas Steel Corporation, Keystone Consolidated, Incorporated, Korf Industries, Incorporated, Penn-Dixie Steel Corporation and Raritan River Steel Company, on behalf of the U.S. industry producing carbon steel wire rod. In compliance with the filing requirements of section 355.28 of the Commerce Regulations (19 CFR 355.26), the petition alleges that producers, manufacturers, or exporters in Brazil of carbon steel wire rod receive subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended (19 U.S.C. 1677(5)) (the "Act") and that imports of carbon steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry. Critical circumstances have been alleged under section 703(e) of the Act. We will make a decision regarding this issue on or before the date of our preliminary determination.

Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore, title VII of the Act applies to this investigation.

#### Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting these allegations.

We have examined the petition on carbon steel wire rod, and we have found that it meets these requirements.

Therefore, in accordance with section 702(c) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Brazil of carbon steel wire rod receive benefits that constitute subsidies within the meaning of section 771(5) of the Act. If our investigation proceeds normally, we will make our preliminary determination by May 4, 1982.

#### Scope of the Investigation

For the purpose of this investigation, the term "carbon steel wire rod" covers a coiled, semi-finished, hot-rolled carbon steel product of approximately round solid cross section, not under 0.20 inch nor over 0.74 inch in diameter, not tempered, not treated, not partly manufactured; and valued over 4 cents per pound, as currently provided for in items 807.17 of the *Tariff Schedules of the United States*.

#### Allegations of Subsidies

The petition alleges that producers, manufacturers, or exporters in Brazil of carbon steel wire rod benefit from the following subsidies: preferential capital loans, preferential working-capital and export financing loans, tax exemptions, investment subsidies from tax rebates, overrebate of indirect taxes, special depreciation privileges for export-oriented projects, preferential factor pricing and transportation subsidies.

#### Notification of ITC

Section 702(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

#### Preliminary Determination by ITC

The ITC will determine by March 25, 1982, whether there is a reasonable indication that imports of carbon steel wire rod from Brazil are materially injuring, or threatening to materially injure, a U.S. industry. If its determination is negative, this

investigation will terminate; otherwise, it will proceed to conclusion.

Gary N. Horlick,  
Deputy Assistant Secretary for Import Administration.

March 1, 1982.

[FR Doc. 82-5890 Filed 3-3-82; 8:45 am]

BILLING CODE 3510-25-M

#### Initiation of Countervailing Duty Investigation; Carbon Steel Wire Rod From Brazil

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Initiation of countervailing duty investigation.

**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether

### Initiation of Countervailing Duty Investigation; Carbon Steel Wire Rod From France

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Initiation of countervailing duty investigation.

**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in France of carbon steel wire rod receive benefits that constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission ("ITC") of this action so that it may determine whether imports of carbon steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before March 25, 1982, and we will make ours on or before May 4, 1982.

**EFFECTIVE DATE:** March 4, 1982.

**FOR FURTHER INFORMATION CONTACT:** Nicholas C. Tolerico, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, (202) 377-4036.

#### SUPPLEMENTARY INFORMATION:

##### Petition

On February 8, 1982, we received a petition from counsel for Atlantic Steel Corporation, Georgetown Steel Corporation, Georgetown Texas Steel Corporation, Keystone Consolidated Incorporated, Korf Industries Incorporated, Penn-Dixie Steel Corporation, and Raritan River Steel Company, on behalf of the U.S. industry producing carbon steel wire rod. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that producers, manufacturers, or exporters in France of carbon steel wire rod receive subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended (19 U.S.C. 1677(5)) (the

"Act") and that imports of carbon steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry. Critical circumstances have been alleged under section 703(e) of the Act. We will make a decision regarding this issue on or before the date of our preliminary determination, May 4, 1982.

France is a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore, title VII of the Act applies to this investigation.

##### Initiation of Investigation

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting these allegations. We have examined the petition on carbon steel wire rod, and we have found that it meets these requirements.

Therefore, in accordance with section 702(c) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in France of carbon steel wire rod receive benefits that constitute subsidies within the meaning of section 771(5) of the Act. If our investigation proceeds normally, we will make our preliminary determination by May 4, 1982.

##### Scope of the Investigation

For the purpose of this investigation, the term "carbon steel wire rod" covers a coiled, semi-finished, hot-rolled carbon steel product of approximately round solid cross section, not under 0.20 inch or over 0.74 inch in diameter, not tempered, not treated, not partly manufactured, and valued over 4 cents per pound, as currently provided for in item 607.17 of the *Tariff Schedules of the United States*.

##### Allegations of Subsidies

The petition alleges that producers, manufacturers, or exporters in France of carbon steel wire rod receive the following benefits that constitute subsidies: preferential loans and loan guarantees, the recapitalization of the French carbon steel industry under the 1978 Rescue Plan, research and development funding, incentives to supplier industries, preferential export credits, and export insurance.

The petition also alleges that producers, manufacturers, or exporters in France of carbon steel wire rod benefit from the following European Community subsidies: preferential loans and loan guarantees, research and

development incentives, assistance to coal/coke suppliers, and assistance to labor.

##### Notification of ITC

Section 702(d) of the Act requires us to notify the U.S. International Trade Commission of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

##### Preliminary Determination by ITC

The ITC will determine by March 25, 1982 whether there is a reasonable indication that imports of carbon steel wire rod from France are materially injuring, or threatening to materially injure, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, it will proceed to conclusion.

Gary N. Horlick,  
Deputy Assistant Secretary for Import Administration.

March 1, 1982.

[FR Doc. 82-5891 Filed 3-3-82; 8:45 am]

BILLING CODE 3510-25-M

Constitution Avenue, NW., Washington, D.C. 20230, (202) 377-1774.

**SUPPLEMENTARY INFORMATION:**

**Petition**

On February 8, 1982, we received a petition from counsel for Atlantic Steel Corporation, Georgetown Steel Corporation, Georgetown-Texas Steel Corporation, Keystone Consolidated Incorporated, Korf Industries Incorporated, Penn-Dixie Steel Corporation and Raritan River Steel Corporation, on behalf of the U.S. industry producing carbon steel wire rod. In compliance with the filing requirements of section 355.26 of the Commerce Regulations (19 CFR 355.26) the petition alleges that producers, manufacturers, or exporters in South Africa of carbon steel wire rod receive, directly or indirectly, bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended (the "Act"). Critical circumstances also have been alleged.

Since South Africa is not a "country under the Agreement", section 303 of the Act applies to this investigation. In addition, the merchandise is dutiable; therefore, an injury determination is not required.

**Initiation of Investigation**

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of a countervailing duty investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on carbon steel wire rod, and we have found that the petition meets these requirements.

Therefore, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in South Africa of carbon steel wire rod, as listed in the "Scope of the Investigation" section of this notice, receive bounties or grants. If our investigation proceeds normally, we will make our preliminary determination by May 4, 1982.

Since South Africa is not a "country under the Agreement" and this investigation is under section 303 of the Act, the critical circumstances provision is not applicable (see section 303(b)(3)). Accordingly, we will take no further action on the critical circumstances allegation.

**Scope of the Investigation**

For the purpose of this investigation, the term "carbon steel wire rod" covers a coiled, semi-finished, hot-rolled

**Initiation of Countervailing Duty Investigation; Carbon Steel Wire Rod From South Africa**

**AGENCY:** International Trade Administration, Commerce.

**ACTION:** Initiation of countervailing duty investigation.

**SUMMARY:** On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in South Africa of carbon steel wire rod receive benefits which constitute bounties or grants within the meaning of the countervailing duty law. If our investigation proceeds normally, we will make our preliminary determination on or before May 4, 1982.

**EFFECTIVE DATE:** March 4, 1982.

**FOR FURTHER INFORMATION CONTACT:** Joseph A. Black, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and

carbon steel product of approximately round solid cross section, not under 0.02 inch nor over 0.74 inch in diameter, not tempered, not treated, and not partly manufactured, and valued over 4 cents per pound, as currently provided for in item 607.17 of the *Tariff Schedules of the United States*.

**Allegations of Bounties or Grants**

The petition alleges that manufacturers, producers, or exporters of carbon steel wire rod in South Africa receive the following benefits that constitute bounties or grants: reduced transportation rates; refunds of shipping costs; export credit insurance; preferential pre-shipment and post-shipment financing for exports; preferential development loans, direct grants, and preferential loans given to a government-owned steel producer; tax deductions and investment allowances for certain export development expenses, employee training programs, doing business in certain development areas, and beneficiation of base minerals; the steel export incentive scheme; and other export incentives.

Gary N. Horlick,

*Deputy Assistant Secretary for Import Administration.*

March 1, 1982.

[FR Doc. 82-5892 Filed 3-3-82; 8:45 am]

BILLING CODE 3510-25-M





APPENDIX C

Calendar of Public Conference

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-148 through 150 and 731-TA-88

CARBON STEEL WIRE ROD FROM BELGIUM, BRAZIL, FRANCE AND VENEZUELA

Public witnesses

Honorable John L. Napier, United States Representative, South Carolina

In support of the imposition of antidumping  
and/or countervailing duties

Patton, Boggs and Blow--Co-Counsel  
Washington, D.C., and  
Fried, Frank, Harris, Shriver & Kampelman--Co-Counsel  
on behalf of--

Atlantic Steel Corp.  
Georgetown Steel Corp.  
Georgetown Texas Steel Corp.  
Keystone Consolidated, Inc.  
Korf Industries, Inc.  
Penn-Dixie Steel Corp.  
Raritan River Steel Co.

Roger R. Regelbrugge, President, Korf Industries  
Thomas N. Tyrell, Vice President, Raritan River Steel Co.  
John Pisarkiewicz, Jr., Senior Consultant,  
National Economic Research Associates, Inc.  
William O. Riley, President, Atlantic Steel Co.

Charles O. Verrill, Jr.)  
David E. Birenbaum )--OF COUNSEL

In opposition to the imposition of antidumping  
and/or countervailing duties

Windels, Marx, Davies, & Ives--Counsel  
New York, N.Y.  
on behalf of--

Sacilon (Acieries et Laminoirs de Lorraine) (France)

Pierre F. de Ravel d'Esclapon--OF COUNSEL

Law Offices of Robert M. Gottschalk, P.C.--Counsel  
New York, N.Y.  
on behalf of--

Societe Metalwigique et Navale Dunkerque - Normandie (France)  
Societe Metalurgique - Normandie (France)

Robert M. Gottschalk)  
Richard E. Hull )--OF COUNSEL  
Roger L. Levy )

Arent, Fox, Kintner, Plotkin & Kahn--Counsel  
Washington, D.C.  
on behalf of--

Companhia Sideswigica da Guanabara (COSIGUA) (Brazil)

Robert H. Huey )--OF COUNSEL  
Thomas L. Kossel)

Reboul, MacMurray, Hewitt, Maynard & Kristol--Counsel  
New York, N.Y.  
on behalf of--

Companhia Siderurgica Belgo-Mineira (Belgo-Mineira) (Brazil)

Charles E. Dorkey III)--OF COUNSEL

Briger & Associates--Counsel  
New York, N.Y.  
on behalf of--

CVG-Siderurgica del Orinoco, C.A. (Venezuela)

Henry Kannee, General Sales Manager

Peter L. Briger )  
Agdin S. Caginalp) OF COUNSEL





