

STAINLESS CLAD STEEL PLATE FROM JAPAN

Determination of the Commission
in Investigation No. 731-TA-50
(Final) Under Section 735(b) of the
Tariff Act of 1930, Together
With the Information Obtained
in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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C O N T E N T S

	<u>Page</u>
Determination of the Commission-----	1
Views of the Commission-----	3
Information obtained in the investigation:	
Introduction-----	A-1
Description and uses-----	A-2
The imported product-----	A-2
The Japanese producers-----	A-3
U.S. importers-----	A-3
Tariff treatment-----	A-3
The domestic product-----	A-4
U.S. producers-----	A-4
U.S. market and channels of distribution-----	A-5
Nature and extent of sales at LTFV-----	A-6
Consideration of material injury-----	A-6
U.S. production, capacity, and capacity utilization-----	A-7
U.S. producers' domestic shipments-----	A-10
U.S. producers' exports-----	A-12
U.S. producers' inventories-----	A-13
Employment, productivity, and wages-----	A-14
Financial experience of the U.S. producers:	
Clad steel plate-----	A-17
Stainless clad steel plate-----	A-17
Consideration of the threat of material injury-----	A-20
Consideration of the causal relationship between LTFV imports and alleged injury:	
U.S. imports-----	A-20
Market penetration-----	A-22
Bids, prices, and lost sales:	
Bid process-----	A-22
Preference for the domestic product-----	A-23
Prices-----	A-24
Bid competition-----	A-25
Projects won by JSW-----	A-25
Contracts lost by JSW-----	A-28
The question of price suppression/depression-----	A-28
Appendix A. U.S. International Trade Commission's preliminary injury determination-----	A-33
Appendix B. U.S. Department of Commerce's final LTFV determination-----	A-37
Appendix C. U.S. International Trade Commission's notice of investigation-----	A-41
Appendix D. Calendar of the public hearing-----	A-43

Tables

1. Stainless clad steel plate: U.S. production, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-7
2. Clad steel plate: U.S. production, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-8
3. Clad steel plate: Capacity and capacity utilization, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-9

CONTENTS

	<u>Page</u>
4. Stainless clad steel plate: U.S. producers' domestic shipments, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-11
5. Clad steel plate: U.S. producers' domestic shipments, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-12
6. Stainless clad steel plate: U.S. producers' exports, 1979-81, January-March 1981, and January-March 1982-----	A-13
7. Clad steel plate: U.S. producers' exports, 1979-81, January-March 1981, and January-March 1982-----	A-13
8. Clad steel plate: Production and related workers engaged in the production of clad steel plate, hours worked by such workers, and output per hour, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-15
9. Average number of production and related workers engaged in the production of stainless clad steel plate, hours worked by such workers, and output per hour, 1979-81, January-March 1981 and January-March 1982-----	A-15
10. Total compensation paid to production and related workers engaged in the production of clad steel plate, wages paid to such workers excluding fringe benefits, and average hourly wages, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-16
11. Total compensation paid to production and related workers engaged in the production of stainless clad steel plate, wages paid to such workers excluding fringe benefits, and average hourly wages, 1979-81, January-March 1981, and January-March 1982-----	A-16
12. Profit-and-loss data for 3 U.S. producers on their clad steel plate operations, by firms, 1979-81, January-March 1981, and January-March 1982-----	A-18
13. Profit-and-loss data for 2 U.S. producers on their stainless clad steel plate operations, by firms 1979-81, January-March 1981, and January-March 1982-----	A-19
14. Stainless clad steel plate: U.S. imports for consumption, by principal sources, 1979-81, January-March 1981, and January-March 1982-----	A-21
15. Stainless clad steel plate and all clad steel plate: Apparent U.S. consumption and ratio of imports from Japan to apparent consumption, 1979-81, January-March 1981, and January-March 1982-----	A-22
16. Stainless clad steel plate: Total tonnage of largest projects bid on by domestic and foreign firms and tonnage of projects won and lost, 1980, 1981 and January-March 1982-----	A-26
17. Stainless product plate: Contracts awarded to importers for the Japanese product, winning bid and tonnage, unit price, range of competing domestic bids, and importers' margin of underbidding, by awarding companies, 1980, 1981, and January-March 1982-----	A-27
18. Stainless clad steel plate: Contracts lost by importers of the Japanese product, losing and winning bids, scheduled delivery dates, and reasons for lost contract, by awarding fabricators, 1980, 1981, and January-March 1982-----	A-29
19. Stainless clad steel plate: Contracts won by Lukens after reducing an initial bid to meet competition from imported JSW clad plate, by awarding firms, 1980, 1981, and January-March 1982-----	A-30

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-50 (Final)

STAINLESS CLAD STEEL PLATE FROM JAPAN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is materially injured by reason of imports from Japan of stainless clad steel plate, provided for in item 607.94 of the Tariff Schedules of the United States, which are being, or are likely to be, sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective March 22, 1982, following a preliminary determination by the Department of Commerce that stainless clad steel plate from Japan is being sold, or is likely to be sold, in the United States at LTFV. Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on April 7, 1982 (47 F.R. 14985). The hearing was held in Washington, D.C., on June 3, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i), 47 F.R. 6190).

VIEWS OF THE COMMISSION

Introduction

We find that an industry in the United States is materially injured by reason of imports of stainless clad steel plate from Japan which is being sold at less than fair value (LTFV). The rapid increase in imports beginning in 1981 and continuing during the first quarter of 1982 has resulted in material injury to the domestic industry. This material injury has been manifested principally in price depression, lost sales, and declining profitability.

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." 1/ The statute defines "like product" as a product which is like, or in the absence of like, most similar in characteristics and uses with, the article under investigation. 2/

Whether imported or produced domestically, stainless clad steel plate, the article subject to this investigation, is a composite plate consisting of stainless steel integrally bonded to a carbon or alloy steel plate base. Stainless clad steel plate is used because it combines the corrosion-resistant properties of stainless steel with the strength of carbon or alloy steel, thus allowing less of the more expensive stainless material to be used. While

1/ 19 U.S.C. 1677(4)(A).

2/ 19 U.S.C. 1677(10).

other types of clad plate (such as nickel, copper, titanium, or gold) also allow similar cost savings and strength enhancement, they do not provide the specific qualities of stainless steel. Because of these specific qualities, stainless clad steel plate is used in petroleum vessels, petrochemical vessels, ships which carry corrosive chemicals, and in the nuclear power industry.

Japanese producers and domestic producers make stainless clad steel plate to order to meet identical specifications for any specific project. These specifications can vary widely as to the type of clad and backing material (chemical composition) and with respect to thickness and other dimensions of the plate from project to project, depending on the intended use of the vessel or structure. Therefore, Japanese and domestically produced stainless clad steel plate are completely substitutable for each other for any given project. Thus, we find the like product to be all stainless clad steel plate.

Further, we find that the domestic industry consists of the four domestic producers of stainless clad steel plate: Lukens Steel Co., Phoenix Steel Corp., E. I. DuPont de Nemours & Co., Inc., and Explosive Fabricators, Inc.

Material injury by reason of LTFV imports

Section 771(7) of the Tariff Act of 1930 directs the Commission, in making its determination, to consider, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on domestic prices, and (3) the consequent impact on the domestic industry. 3/ In the preliminary investigation, the Commission based its decision on increasing

3/ 19 U.S.C. 1677(7).

imports, declining profits, substantial margins of underselling and indications of price suppression. In this final investigation, the evidence of material injury has become even clearer.

Volume of imports.--Prior to 1981, imports of stainless clad steel plate from Japan were generally very low. They declined from 1979 to 1980. In 1981, however, imports increased substantially both in absolute volume and in relation to U.S. consumption. Imports of stainless clad steel plate from Japan increased from 64,653 pounds in 1980 to 5,245,550 pounds in 1981, all of which entered in the last three quarters of that year. Imports from Japan in the first three months of 1982 amounted to 180,518 pounds, as compared to no imports in the like period of the previous year. The ratio of imports to consumption increased from less than 1 percent in 1980 to more than 15 percent in 1981.

Effect of imports on domestic prices.--The impact of imports from Japan becomes most apparent in their effect on the prices of the domestic product. Stainless clad steel plate is generally sold on a competitive-bid basis. Domestic producers may bid against each other, as well as against importers. The stainless clad steel plate requirements for a particular bid must meet the specifications of the fabricator/purchaser. Therefore, on any given bid inquiry, the product being bid on is identical regardless of whether its source would be a domestic or foreign producer.

Producers, importers, and fabricators of stainless clad steel plate were asked to submit information on the largest tonnage contracts on which they quoted or requested quotes in 1980, 1981, and January-March 1982. This time period includes the period when less-than-fair-value sales occurred. These

data provided a sample of competitive price comparisons. In every instance in which the contract was awarded to a supplier of Japanese stainless clad steel plate, the bid price for the imported Japanese product was below the domestic producers' bid price, often by a substantial margin. Margins of underselling ranged from as low as 2.7 percent to as high as 45.7 percent. This underselling resulted in contracts being lost by the domestic producers. 4/ The substantially lower price of the Japanese stainless clad steel plate was an important factor in most of the contracts awarded to the Japanese producers. 5/

Price suppression and depression were caused, in part, by the LTFV import competition. The bid process is often evolutionary in nature. During the time between the initial submission of a bid and the final award of the contract to supply the stainless clad steel plate for a project, domestic producers and importers have an opportunity to change or lower their bids. 6/ According to information gathered during the course of this investigation, domestic producers were compelled to lower their bid prices on at least six contracts, in one instance by more than 30 percent, due to the competition from stainless clad steel plate imported from Japan.

Impact on the domestic industry. 7/--The industry which produces stainless clad steel plate was in a serious decline from 1979 to 1980.

4/ Staff report at A-28.

5/ Id., at A-24 through 31. During the course of this investigation, it became apparent that in certain instances other factors also caused domestic producers to lose bids to Japanese imports, including both delivery and quality problems.

6/ A complete discussion of the bid process is provided in the report at A-22.

7/ Specific company-related data are confidential and cannot be discussed in this public document.

Production, shipments, capacity utilization, profitability, and employment declined throughout the period. 8/ Imports were also at a very low level in 1979 and 1980, both in absolute numbers and as a percent of total U.S. consumption.

In 1981, however, the market for stainless clad steel plate improved dramatically. Consumption almost doubled from 1980 to 1981. Production and shipments of the domestic producers increased, employment levels rose, and capacity utilization was at its highest level in the period for which we have data. 9/ In 1981, however, there were also massive imports, increasing the Japanese market share from less than 1 percent in 1980 to more than 15 percent in 1981. This quickly emerging import competition added to the problems of an already financially weakened domestic industry.

In the first three months of 1982, as compared to the corresponding period in 1981, domestic production, shipments, and capacity utilization declined. Domestic employment also dropped, to its lowest level in three years.

The profitability of domestic producers declined steadily from 1979 to 1980 and dropped sharply in 1981, in some cases becoming losses, despite the increased shipments in 1981. 10/ These adverse financial conditions continued in the first quarter of 1982. The ratio of cost of goods sold to net sales increased by more than 20 percentage points from 1979 through the first three months of 1982, indicating that firms were unable to pass on their increased

8/ See Staff report, at A-7 through A-20.

9/ Id., at A-6 through A-16.

10/ Id., at A-17 through A-20.

costs on in the prices they charged for their goods, resulting in lowered profitability. 11/

It appears that the strong price competition from the Japanese product is the principal reason producers were unable to raise prices and in some instances had to roll back their prices to make sales. 12/ The result was a decline in both operating profit and net profit before taxes in 1981, a time when shipments had increased and profits reasonably could have been expected to increase as well. Instead, there were confirmed instances of domestic producers losing sales and lowering prices in the face of import competition.

Conclusion

On the basis of the information developed during this investigation, we find that an industry in the United States is materially injured by reason of imports of stainless clad steel plate from Japan which is being sold at less than fair value.

11/ Id., at A-17.

12/ Id., at A-28.

Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. These deletions are marked by asterisks.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On October 6, 1981, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by Lukens Steel Co. alleging that stainless clad steel plate imported from Japan is being, or is likely to be, sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured or threatened with material injury by reason of such imports. Accordingly, effective October 6, 1981, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930. On November 13, 1981, the Commission unanimously determined, on the basis of the information developed during the course of investigation No. 731-TA-50 (Preliminary), that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports from Japan of stainless clad steel plate, provided for in item 607.94 of the Tariff Schedules of the United States (TSUS), which are allegedly being sold in the United States at LTFV. 1/ As a result of the Commission's determination, the Department of Commerce continued its investigation into the question of sales at LTFV.

On March 22, 1982, the Department of Commerce made a preliminary determination that there is a reasonable basis to believe or suspect that imports of stainless clad steel plate from Japan are being, or are likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930. As a result of this preliminary determination by Commerce, the Commission instituted investigation No. 731-TA-50 (Final) to determine whether 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 LTFV imports of stainless clad steel plate from Japan. The final LTFV determination was made by Commerce on May 28, 1982. 2/

Notice of the Commission's institution of investigation No. 731-TA-50 (Final) and of the public hearing to be held in connection therewith was given by posting copies on the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of March 22, 1982 (46 F.R. 12200). 3/ The Commission's hearing was held in Washington, D.C., on June 3, 1982; its vote was held on July 7; and notification of Commerce was made on July 20, 1982.

1/ A copy of the Commission's preliminary determination is presented in app. A.

2/ A copy of Commerce's final LTFV determination is presented in app. B.

3/ A copy of the Commission's notice of investigation is presented in app. C. ^{A-1}

Description and Uses

Stainless clad 1/ steel plate is a finished steel product consisting of a layer of stainless steel 2/ integrally bonded to a carbon- or alloy-steel-plate 3/ base. The thickness of the stainless cladding material can range from 5 to 25 percent of the total thickness of the clad plate. It is produced to order in a range of stainless steel types (types 304L and 410S are the most common) and in a variety of lengths, widths, and thicknesses. Both imported and domestic stainless clad steel plate must meet American Society of Testing Materials (ASTM) specifications.

In general, stainless clad steel plate is used because it combines the corrosion-resistant properties of stainless steel with the strength of carbon or alloy steel, thus allowing less of the more expensive stainless material to be used. Specific applications for the product include the fabrication of petroleum vessels, petrochemical vessels, ships which carry corrosive chemicals, and nuclear power plants.

The imported product

All known U.S. imports of stainless clad steel plate from Japan are produced by Japan Steel Works, Ltd. (JSW), although other Japanese firms also produce such clad plate.

JSW produces clad steel plate using a hot-rolling process in the following manner. The surfaces to be bonded of both the cladding metal and the backing steel are ground and cleaned. They are then nickel-plated to insure metallurgical bond. Two plates of backing material (carbon or alloy steel) with two plates of cladding material between them are placed together with the two cladding metals together. The sides of the cladding metal which are placed together are coated with a parting compound so they can be separated after bonding. The four pieces of metal are matched together to form an assembly or pack and are then welded along the edges to protect the cladding material from contamination during heating before rolling. The assembly is then heated to the proper temperature and mill-rolled to the required thickness. The process metallurgically bonds the backing and cladding material. The assembly is then heat treated and separated into two clad plates to be cut into the appropriate dimensions. They are then subjected to

1/ As applied to metal products, "clad" refers to such products with two or more layers of metal of different colors or natures which have been associated or bonded together by forging, hammering, rolling, or other mechanical or thermic process to insure welding or molecular interpenetration of the surfaces in contact headnote 3(d), pt. 2, schedule 6, of the (Tariff Schedules of the United States Annotated (TSUSA)).

2/ Stainless steel is any alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium (headnote 2(h)(iv), subpt. B, pt. 2, schedule 6, of the TSUSA).

3/ Plates are flat-rolled products, whether or not corrugated or crimped, in coils or cut to length, 0.1875 inch (3/16 inch or 4.76 mm) or more in thickness, and, if not cold-rolled, over 8 inches in width, or if cold-rolled, over 12 inches in width (headnote 3(g), subpt. B, pt. 6, of the TSUSA).

ultrasonic and mechanical tests, and both the clad and backing sides are surface finished to eliminate defects. The plates are then wrapped and shipped.

JSW produces stainless clad steel plate ranging in thickness from 5/16 of an inch to 6 inches, in width from 78 inches to 174 inches, and in length from 160 inches to 510 inches, depending on the specifications set forth in the customers' orders.

The Japanese producers.--There are three known producers of stainless clad steel plate in Japan: JSW, Nippon Steel Corp., and Kawasaki Steel Corp. 1/

JSW, the only Japanese producer known to export this product to the United States, produces approximately * * * metric tons of clad steel plate a year. This includes plate clad with nickel and nickel alloys and copper and copper alloys. Roughly * * * of this is for use in the home market; the rest is exported around the world.

JSW has a subsidiary company in the United States (Japan Steel Works America, Inc.), which provides technical and mechanical assistance to U.S. companies but does not import or sell the clad steel plate directly.

U.S. importers.--Stainless clad steel plate from Japan is imported into the United States by four known importers: * * *. Although * * * imports the product from Japan, it does not sell the material directly to U.S. fabricators. Instead, it distributes its imports through * * *.

Tariff treatment.--Stainless clad steel plate is classified under item 607.94 in the TSUS. 2/ This item includes clad "plates and sheets of iron or steel, not cut, not pressed, and not stamped to non-rectangular shape" (except plates, sheets, and strip of iron or steel, electrolytically coated or plated with base metals other than tin, lead, or zinc, provided for in item 609.17). The column 1 (most-favored-nation) rate of duty for stainless clad steel plate is currently 11.1 percent ad valorem. 3/ As a result of concessions granted in the Tokyo round of the Multilateral Trade Negotiations (MTN), this rate began to undergo a series of successive annual duty reductions on January 1, 1982, which will end on January 1, 1987, when the final column 1 rate of 6.5 percent ad valorem will be reached.

1/ Iron and steel Works of the World, Metal Bulletin Books Ltd. 7th ed., 1978.

2/ Prior to Jan. 1, 1980, stainless clad steel plate was classified in now-deleted item 608.89, which was redesignated as item 607.94 pursuant to Presidential Proclamation No. 4707.

3/ From January 1978 through December 1979, the col. 1 rate of duty for item 608.89 was 12 percent ad valorem. Item 607.94 had a col. 1 rate of duty of 12 percent ad valorem through Dec. 31, 1981. The col. 1 rates are applicable to imported products from all countries except those Communist countries enumerated in general headnote 3(f) of the TSUSA. However, such rates would not apply to products of developing countries which are granted preferential tariff treatment under the Generalized System of Preferences (GSP) or under the least developed developing country (LDDC) rate of duty column.

The column 2 rate of duty for item 607.94 is 30 percent ad valorem. 1/ Imports from least developed developing countries are dutiable at 6.5 percent ad valorem. 2/ Imports under this item are not eligible for duty-free treatment under the GSP. 3/

The domestic product

Stainless clad steel plate is produced in the United States by a roll-bonding process or an explosion-bonding process. The roll-bonding process employed in the United States is basically the same as that used by JSW.

In explosion bonding the plates to be bonded are joined by a high-pressure collision of the metals. Clad and backing plates are placed close together (but not touching) at a slight angle, and a layer of explosive is placed in contact with the outer surface of the cladding material. When the explosive is detonated, the plates collide, and a jet emanates from the collision point, carrying away surface films which would normally prevent bonding. With the films removed, the metals are bonded by the pressure and plastic flow attending the collision. This method is more costly when bonding thin plates, and there is a limitation to the surface area which can be bonded at one time. It is more cost-competitive with thick plates, and can be used to clad with metals, such as titanium, that are not successfully bonded using the roll-bonding method.

U.S. producers

There are four known U.S. producers of stainless clad steel plate. All four produce plate which is clad with stainless steel as well with other materials. 4/ Two of them, Lukens Steel Co. (Lukens), of Coatesville, Pa., the petitioner in this investigation, and Phoenix Steel Corp. (Phoenix), of Claymont, Del., produce clad steel plate using the roll-bonding method. The other two producers, E. I. du Pont de Nemours & Co., Inc. (Du Pont), Coatesville, Pa., and Explosive Fabricators, Inc. (EFI), Louisville, Colo., produce clad steel plate using the explosion-bonding method.

Lukens is an integrated producer of carbon, alloy, and clad steel plate and plate products, with production facilities in Coatesville and Conshohocken.

1/ 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 TSUSA.

2/ The LDDC rate is a preferential rate (reflecting the full U.S. MTN concession rate for a particular item without staging) applicable to products of the LDDC's designated in general headnote 3(d) of the TSUSA which are not granted duty-free treatment under the GSP.

3/ 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.

4/ For example, nickel and nickel alloys, titanium, and copper and copper alloys.

hocken, Pa. The plant in Coatesville has two 150-ton and two 100-ton electric furnaces and an 85-inch single-strand slab caster. The majority of the slabs are produced by the continuous-cast method. Because of the limited capacity of the casting machine, however, a significant share of the firm's plate production is made from ingot. The Coatesville facility is equipped with 120-inch, 140-inch, and 206-inch rolling mills, an electro-slag remelting facility, and departments for flanging, cladding, heat treating, sodium hydride pickling and descaling, welding, and flame cutting. The plant in Conshohocken, acquired by Lukens in 1978 from the now-defunct Alan Wood Steel Co., is equipped with a 4-high, 2-stand, 110-inch plate mill. Lukens produces carbon plate up to 30 inches thick, 195 inches wide, and 1,000 inches in length, and alloy plate up to 18 inches thick, 195 inches wide, and 1,000 inches in length.

Phoenix is a nonintegrated producer of steel plate products and seamless steel tubing, with production facilities in Claymont, Del., and Phoenixville, Pa. The plant in Claymont produces carbon, alloy, and clad plate, flanged and dished heads, and welded pipe. It is equipped with two 150-ton electric furnaces and a 2-strand continuous-slab caster. The majority of Phoenix's slabs are produced by the continuous-casting method, although higher grade slabs are made from bottom-poured ingots. The facility has a 120-inch, 2-high roughing and descaling mill and a 160-inch, 4-high finishing mill. ^{1/} The plant in Phoenixville produces seamless tubing exclusively.

Although Lukens and Phoenix both produce carbon and alloy backing steel, they purchase the stainless steel used in their cladding operations.

Du Pont has been producing clad steel plate using the explosion-bonding method for more than 20 years. The prebonding operations are located in Coatesville, Pa. The explosion bonding itself is done in an underground shooting chamber located in Dunbar, Pa. The clad steel plate is then returned to the Coatesville facility for finishing. In addition to a wide variety of clad steel plate, Du Pont produces clad head and tube sheet. Both are products made from clad steel plate.

The fourth domestic producer of clad steel plate is EFI. This firm also uses the explosion-bonding method of production and produces tube sheet as well as clad plate. Du Pont and EFI purchase both their backing steel and cladding material.

U.S. Market and Channels of Distribution

The U.S. market for clad steel plate consists principally of the shipbuilding, chemical, petroleum, and nuclear power industries. Clad steel plate, and specifically stainless clad steel plate, can be used anywhere its particular qualities of strength and corrosion resistance are required.

^{1/} The largest Phoenix rolling mill is 160 inches wide. Because JSW has a 208-inch mill and Lukens has a 206-inch mill, Phoenix is limited in its ability to compete for jobs requiring large-width plate. A-5

Apparent U.S. consumption of stainless clad steel plate and all clad steel plate is shown in the following tabulation (in thousands of pounds):

<u>Period</u>	<u>Stainless clad steel plate</u>	<u>All clad steel plate</u>
1979-----	***	***
1980-----	***	***
1981-----	***	***
January-March--		
1981-----	***	***
1982-----	***	***

Consumption of stainless clad steel plate decreased from * * * million pounds in 1979 to * * * million pounds in 1980, representing a decline of * * * percent. Consumption then increased in 1981 by * * * million pounds, or * * * percent, over that in 1980. It dropped * * * pounds, or by * * * percent, in January-March 1982 compared with that in January-March 1981.

Stainless clad steel plate is generally sold on a competitive-bid basis to fabricators, which use it in fulfilling the requirements of general contractors or engineers for a particular project. There are often at least two levels of distribution between the clad steel producer and the final user of the product. The bid process at the fabricator and general contractor or engineer levels is discussed in detail in the pricing section of this report.

Nature and Extent of Sales at LTFV

On May 28, 1982, the Department of Commerce made a final determination that stainless clad steel plate from Japan is being sold, or is likely to be sold, in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930. Margins were found on all sales compared and averaged 14 percent. As JSW refused to produce information considered essential for its investigation, Commerce relied on the best information available--i.e., the information submitted by the petitioner (Lukens)--in making its determination.

Consideration of Material Injury

As was discussed earlier, two of the four U.S. producers of stainless clad steel plate use the roll-bonding method, and two use the explosion-bonding method. The explosion-bonding process is not as economical when bonding thin clad plates as the roll-bonding method. Since much of the stainless clad steel plate produced is three inches or less in thickness (typically the product called for in the largest contracts), there is a sizable part of the market in which the two explosion-bonding producers are not competitive with the roll-bonding producers. In addition, the explosion-bonding producers maintain records on their cladding operations in terms of square feet bonded rather than pounds; therefore, their data had to be con-

verted to pounds. ^{1/} For these reasons, much of the economic data presented in this report are shown separately for the roll-bonding producers and the explosion-bonding producers. When available, information is presented on total clad steel plate operations also.

U.S. production, capacity, and capacity utilization

Total U.S. production of stainless clad steel plate declined from 1979 to 1980 and then increased sharply in 1981 (table 1).

Table 1.--Stainless clad steel plate: U.S. production, by firms, 1979-81, January-March 1981, and January-March 1982

Firm	1979	1980	1981	January-March--	
				1981	1982
	Quantity (1,000 pounds)				
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***
	Percent of total				
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

^{1/} One explosion-bonding producer (EFI) was able to provide only partial data, some of which could not be aggregated with those provided by the other producers. Therefore, EFI's data are not included in some of the following discussions. EFI accounted for * * * percent of domestic stainless clad steel plate production in 1980.

Production of stainless clad steel plate by the two firms that use the roll-bonding method of cladding accounted for * * * to * * * percent of total production, with Lukens accounting for roughly * * * percent of that amount, in the period under consideration. Such production * * * by * * * percent from 1979 to 1980 and then * * * by * * * percent from in 1981. Production in January-March 1982 * * * percent, compared with production in January-March 1981.

Production by the explosion-bonding producers * * * from 1979 to 1980 and * * * by another * * * percent in 1981. Production in January-March 1982 * * * by * * * percent compared with that in January-March 1981.

Production of all clad steel plate declined by * * * million pounds, or * * * percent, from 1979 to 1980 and then increased by * * * million pounds, or * * * percent, in 1981 (table 2). In January-March 1982, production again declined, by * * * million pounds, or * * * percent, compared with that in January-March 1981.

Table 2.--Clad steel plate: U.S. production, by firms, 1979-81, January-March 1981, and January-March 1982

(In thousands of pounds)						
Firm	1979	1980	1981	January-March--		
				1981	1982	
Phoenix-----	***	***	***	***	***	***
Lukens-----	***	***	***	***	***	***
Subtotal-----	***	***	***	***	***	***
Du Pont-----	***	***	***	***	***	***
EFI-----	***	***	***	***	***	***
Subtotal-----	***	***	***	***	***	***
Total-----	***	***	***	***	***	***

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

Many of the facilities used in the production of clad steel plate are used in the production of other plate products as well, thus making product-line capacity data difficult to determine. Further, as stainless clad plate and other clad plate are produced on exactly the same equipment, not even estimates of capacity to produce stainless clad plate alone can be made. Nevertheless, all four producers provided estimates of their productive capacity for all clad plate using finishing capability as the basis for the calculation (table 3). While these data are believed to overstate capacity, they are useful in examining trends. Ratios of production of stainless clad steel plate and all clad steel plate to the estimated capacity figure are also shown in table 3. Again, absolute numbers are believed to have less significance than trends. A-8

Table 3.--Clad steel plate: Capacity and capacity utilization, by firms, 1979-81, January-March 1981, and January-March 1982

Firm	1979	1980	1981	January-March--	
				1981	1982
Capacity (1,000 pounds)					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***
Capacity utilization (percent)					
Stainless clad plate:					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***
All clad plate:					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

Capacity of the U.S. producers to produce clad steel plate increased slightly from January 1979 through March 1982. Capacity utilization in the production of stainless clad steel plate for the roll-bonding clad steel plate producers declined from * * * percent in 1979 to * * * percent in 1980 and then increased to * * * percent in 1981. In January-March 1982, however, capacity utilization declined to * * * percent from * * * percent in January-March 1981.

Capacity utilization for roll-bonding producers of all clad steel plate * * * from * * * percent in 1979 to * * * percent in 1980 and then * * * to * * * percent in 1981. In January-March 1982, however, capacity utilization for these producers * * * to * * * percent, * * * percentage points * * * that in January-March 1981.

The explosion-bonding producers showed * * * in capacity utilization for stainless clad steel plate from * * * percent in 1979 to * * * percent in 1980 and 1981. In January-March 1982, their capacity utilization for stainless clad steel plate * * * to * * * percent from * * * percent in January-March 1981.

The explosion-bonding producers' capacity utilization for all clad plate * * * from * * * percent in 1979 to * * * percent in 1981. In January-March 1982, the two firms' capacity utilization * * * to * * * percent from * * * percent in January-March 1981.

Aggregate capacity utilization for all four producers in the production of all clad steel plate dropped from * * * percent in 1979 to * * * percent in 1980 before increasing to * * * percent in 1981. In January-March 1982, capacity utilization in the production of stainless clad plate was * * * percent.

U.S. producers' domestic shipments

Total domestic shipments of stainless clad steel plate declined from * * * million pounds in 1979 to * * * million pounds in 1980 and then increased to * * * million pounds in 1981 (table 4). In January-March 1982, shipments declined by * * * million pounds, or * * * percent, compared with those in January-March 1981. Domestic shipments by the explosive-bonding producers * * * from 1979 to 1981 before * * * in January-March 1982.

The value of total domestic shipments of stainless clad plate increased from * * * million in 1979 to * * * million in 1981, representing an increase of * * * million or * * * percent. In January-March 1982, these shipments dropped to * * * million, declining by * * * million from shipments reported in January-March 1981.

The average unit value of domestic shipments of stainless clad steel plate varied substantially among producers; the greatest differences was generally between the explosive-bonding and the roll-bonding producers. The variance is due principally to the different thicknesses and types of stainless cladding used. Unit values for the explosive-bonding producers * * * by * * * cents from 1979 to 1980, and continued to * * *, by another * * * cents, in 1981. In January-March 1982, the unit value of the explosive-bonding producers * * * by * * * cents * * * the unit value in January-March 1981. The average unit value for the roll-bonding producers * * * by * * * cents in 1980, but then * * * by * * * cents in 1981.

U.S. shipments of all clad steel plate decreased from * * * million pounds in 1979 to * * * million pounds in 1980 and then rose to * * * million pounds in 1981 (table 5). A decline was reported in January-March 1982. The value of domestic shipments of all clad steel plate declined from 1979 to 1980 by * * * million, or * * * percent, but then increased by * * * million, or * * * percent, in 1981. In January-March 1982, however, the value of shipments of all clad steel plate was * * * million, or * * * percent lower than it was in January-March 1981.

Table 4.--Stainless clad steel plate: U.S. producers' domestic shipments, by firms, 1979-81, January-March 1981, and January-March 1982

Firm	1979	1980	1981	January-March--	
				1981	1982
Quantity (1,000 pounds)					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***
Value (1,000 dollars)					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***
Average unit value (per pound)					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Average-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Average-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

Table 5.--Clad steel plate: U.S. producers' domestic shipments, by firms, 1979-81, January-March 1981, and January-March 1982

Firm	1979	1980	1981	January-March--	
	1981	1982			
	Quantity (1,000 pounds)				
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***
	Value (1,000 dollars)				
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
EFI-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Total-----	***	***	***	***	***

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

U.S. producers' exports

Export shipments of stainless clad steel plate increased from 1979 to 1980 by * * * pounds, or * * * percent, and then declined by * * * pounds, or * * * percent, in 1981 (table 6). Exports again increased in January-March 1982 compared with exports in January-March 1981. The value of exports followed the same pattern, although, again due to differences in product mix, unit values fluctuated throughout the period. Exports of stainless clad steel plate as a share of total U.S. producers' shipments of that product increased from * * * percent in 1979 to * * * percent in 1980 and then declined to * * * percent in 1981.

Export shipments of all clad steel plate increased by * * * million pounds from 1979 to 1980, and then dropped by * * * million pounds in 1981. They continued to decline in January-March 1982 compared with exports in January-March 1981. The value of these shipments generally followed the same pattern, but increased in January-March 1982 as average unit values rose sharply (table 7).

Table 6.--Stainless clad steel plate: U.S. producers' exports, 1979-81, January-March 1981, and January-March 1982

Period	Quantity	Value	Unit value
	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>dollars</u>	<u>Per pound</u>
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
January-March--			
1981-----	***	***	***
1982-----	***	***	***

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

Table 7.--Clad steel plate: U.S. producers' exports, 1979-81, January-March 1981, and January-March 1982

Period	Quantity	Value	Unit value
	<u>1,000</u> <u>pounds</u>	<u>1,000</u> <u>dollars</u>	<u>Per pound</u>
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
January-March--			
1981-----	***	***	***
1982-----	***	***	***

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

U.S. producers' inventories

Stainless clad steel plate is a specialty product produced to specification and not generally held in inventory. Only one producer reported any inventories. These developed because clad plate is produced in a pack (i.e., two plates at a time) even if an order requires only one plate. The extra plate produced is inventoried until such time as that particular specification is required again. End-of-period inventories of stainless clad steel plate and clad steel plate other than stainless are shown in the following tabulation (in thousands of pounds):

	<u>Stainless</u>	<u>Other than stainless</u>
1979-----	***	***
1980-----	***	***
1981-----	***	***
January-March--		
1981-----	***	***
1982-----	***	***

Employment, productivity, and wages

The number of production and related workers employed in the production of clad steel plate declined from * * * workers in 1979 to * * * workers in 1981 (table 8). Data for January-March 1982 show a further decline to * * * workers. Hours worked by production and related workers decreased by * * * percent from 1979 to 1980, and then increased by * * * percent in 1981. Hours worked then declined again, by * * * percent, in January-March 1982 compared with hours worked in January-March 1981. Output per hour worked remained fairly stable from 1979 to 1980, at just under * * * pounds. In 1981, however, productivity increased to * * * pounds per hour.

Only two producers (Lukens and Phoenix) were able to estimate employment data for workers engaged only in the production of stainless clad steel plate.

The number of production and related workers involved in the production of stainless clad steel plate for these two firms * * * from * * * in 1979 to * * * in 1980, representing * * * (table 9). In 1981 the number of employees * * * to * * * but then * * * to * * * in January-March 1982. Hours worked by such employees * * * from 1979 to 1980 and then * * * in 1981; They * * * by * * * percent in January-March 1982 compared with hours worked in January-March 1981.

Wages paid to production and related workers engaged in the production of clad steel plate are shown in table 10. Total compensation, including fringe benefits, decreased from 1979 to 1980, and then increased by * * * percent in 1981. In January-March 1982, total compensation declined by * * * percent compared with that in January-March 1981. The increase in 1981 was due mainly to the large increase in the number of hours worked, but it was also attributable to a steadily increasing hourly wage. Average hourly wages increased from * * * in 1979 to * * * in January-March 1982, or by * * * percent. Fringe benefits are significant in this industry, accounting for about * * * of total compensation.

Two producers (Lukens and Phoenix) were able to allocate wages for production and related workers producing stainless clad steel plate. This information is provided in table 11. The trends exhibited in this table are * * *.

Table 8.--Average number of production and related workers engaged in the production of clad steel plate, hours worked by such workers, and output per hour, by firms, 1979-81, January-March 1981, and January-March 1982

Item and firm	1979	1980	1981	January-March--	
				1981	1982
Average number of production and related workers:					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
Total-----	***	***	***	***	***
Hours worked by production and related workers:					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
Total-----	***	***	***	***	***
Output per hour:					
Phoenix-pounds per hour--	***	***	***	***	***
Lukens-----do-----	***	***	***	***	***
Average-----do-----	***	***	***	***	***
Du Pont-----do-----	***	***	***	***	***
Average-----do-----	***	***	***	***	***

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

Table 9.--Average number of production and related workers engaged in the production of stainless clad steel plate, hours worked by such workers, and output per hour, 1979-81, January-March 1981, and January-March 1982

Period	Average number of production and related workers	Hours worked by production and related workers	Output per hour
			Pounds
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
January-March--			
1981-----	***	***	***
1982-----	***	***	***

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

Table 10.--Total compensation paid to production and related workers engaged in the production of clad steel plate, wages paid to such workers excluding fringe benefits, and average hourly wages, by firms, 1979-81, January-March 1981, and January-March 1982

Item and firm	1979	1980	1981	January-March--	
				1981	1982
Total compensation:					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
Total-----	***	***	***	***	***
Wages paid excluding fringe benefits:					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Subtotal-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
Total-----	***	***	***	***	***
Average hourly wage: <u>1/</u>					
Phoenix-----	***	***	***	***	***
Lukens-----	***	***	***	***	***
Average-----	***	***	***	***	***
Du Pont-----	***	***	***	***	***
Average-----	***	***	***	***	***

1/ Based on wages paid excluding fringe benefits.

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

Table 11.--Total compensation paid to production and related workers engaged in the production of stainless clad steel plate, wages paid to such workers excluding fringe benefits, and average hourly wages, 1979-81, January-March 1981, and January-March 1982

Period	Total compensation	Wages paid excluding fringe benefits	Average hourly wage <u>1/</u>
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
January-March--			
1981-----	***	***	***
1982-----	***	***	***

1/ Based on wages paid excluding fringe benefits.

A-16

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

Financial experience of the U.S. producers

Clad steel plate.--Three of the four producers, 1/ representing about * * * percent of total U.S. production, provided profit-and-loss data on their clad steel plate operations.

As shown in table 12, aggregate net sales increased irregularly by * * * percent from * * * million in 1979 to * * * million in 1981. Net sales of the largest producer (Lukens) * * * by * * * percent in 1980, * * *. Aggregate net sales declined by * * * percent to * * * million in January-March 1982 from * * * million in the corresponding period of 1981.

Aggregate gross profit * * * from January 1979 through March 1982, partially due to * * *. Cost of goods sold as a percentage of net sales * * * from * * * percent in 1979 to * * * percent in 1980 and * * * percent in 1981, and from * * * percent in January-March 1981 to * * * percent in the corresponding period of 1982.

Net operating profit on clad steel plate operations * * * from * * * million in 1979 to * * * million in 1980 and to * * * in 1981, despite * * * in 1981. A net operating * * * was reported by * * * in 1981 and by * * * in January-March 1982. Hence the industry showed * * * in January-March 1982 compared with a * * * in the corresponding period of 1981. The ratio of net operating profit to * * * from * * * percent in 1979 to * * * percent in 1980 and to * * * percent in 1981. * * *.

The majority of other expenses reported by Phoenix and Lukens represent * * *; other income reported by * * * comprised * * *. Net profit or loss before taxes and the ratio of net profit or loss before taxes to net sales followed the same trend as did net operating profit or loss.

Stainless clad steel plate.--Profit-and-loss data on stainless clad steel plate operations were received from the two roll-bonding producers, Phoenix and Lukens, which accounted for about * * * percent and * * * percent, respectively, of total U.S. production of stainless clad steel plate in 1981 (table 13).

The financial experience of these operations generally followed trends in net sales, gross profit, net operating profit, and net profit before taxes similar to those previously described for the operations on clad steel plate.

Net sales of stainless clad steel plate by the two producers * * * by * * * percent from * * * million in 1979 to * * * million in 1981. Net sales * * * by * * * percent from * * * million in the first quarter of 1981 to * * * million in the corresponding period of 1982.

Net operating profit or loss * * * from * * * million in 1979 to * * * in 1980 and * * * in 1981. * * *. Cost of goods sold and other expenses generally * * * during these periods. The cost of goods sold as a percentage of net sales * * * from * * * percent in 1979 to * * * percent in 1980 and * * * percent in 1981, and from * * * percent in January-March 1981 to * * *^{A17}

1/ Phoenix, Lukens, and Du Pont.

Table 12.---Profit-and-loss data for 3 U.S. producers on their clad steel plate operations,
by firms, 1979-81, January-March 1981, and January-March 1982

Period and firm	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Net operating profit or (loss) before taxes	Other income or (expense) net of taxes	Ratio of gross profit or (loss) to net sales	Ratio of net operating profit or (loss) to net sales	Ratio of net profit or (loss) before taxes to net sales
							Percent	Percent	Percent
1979:									
Phoenix	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***
Subtotal or average	***	***	***	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***
1980:									
Phoenix	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***
Subtotal or average	***	***	***	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***
1981:									
Phoenix	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***
Subtotal or average	***	***	***	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***
January-March 1981:									
Phoenix	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***
Subtotal or average	***	***	***	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***
January-March 1982:									
Phoenix	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***
Subtotal or average	***	***	***	***	***	***	***	***	***
Du Pont	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***

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

Table 13.--Profit-and-loss data for 2 U.S. producers on their stainless clad steel plate operations,
by firms, 1979-81, January-March 1981, and January-March 1982

Period and firm	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and admin- istrative expenses	Net operating profit or (loss)	Other income or (ex- penses)	Net profit or (loss) before taxes	Ratio of gross profit or (loss) to net sales	Ratio of net operating profit or (loss) to net sales	Ratio of net profit or (loss) before taxes to net sales
1979:										
Phoenix	***	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***
1980:										
Phoenix	***	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***
1981:										
Phoenix	***	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***
January-March 1981:										
Phoenix	***	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***
January-March 1982:										
Phoenix	***	***	***	***	***	***	***	***	***	***
Lukens	***	***	***	***	***	***	***	***	***	***
Total or average	***	***	***	***	***	***	***	***	***	***

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

percent in the corresponding period of 1982. The ratio of general, selling, and administrative expenses to net sales * * * from * * * percent in 1979 to * * * percent in 1980 before * * * to * * * percent in 1981. This ratio then * * * to * * * percent in January-March 1982 compared with * * * percent in the corresponding period of 1981.

Aggregate data for the two firms show * * * since 1980. The ratio of net profit or loss before taxes to net sales * * * from * * * percent in 1979 to * * * percent in 1980 and * * * percent in 1981. * * *.

Consideration of the Threat of Material Injury

There are several factors which may contribute to a determination of a threat of injury to the domestic industry. These include the ability of foreign producers to increase their exports to the United States, any increase in U.S. importers' inventories of the product, and increasing trends in the quantity of imports and U.S. market penetration.

The best information available at the present time is that JSW has the capacity to produce approximately * * * metric tons of clad steel plate a year. Its production at the present time is approximately * * * metric tons. JSW reported that * * * to * * * metric tons are produced for the home market, with the remainder being exported to numerous markets, particularly * * *. On the basis of inquiries for large quantity orders it received in * * * from * * * purchasers, JSW predicts that it will produce at close to * * * percent capacity in 1982.

A discussion of the rate of increase of imports and market penetration is presented in the following section of this report.

Consideration of the Causal Relationship Between LTFV Imports and Alleged Injury

U.S. imports

U.S. imports of stainless clad steel plate enter under item 607.94 of the TSUS. Stainless clad sheet is also dutiable under this item, as well as sheet and plate clad with material other than stainless steel. It is believed that most, if not all, of the imports entered under this item are stainless clad steel plate.

U.S. imports of stainless clad steel plate from all countries jumped from 71,395 pounds in 1979 to 252,387 pounds in 1980 and to 5.6 million pounds in 1981. Imports rose to 263,174 pounds in January-March 1982, from 14,308 pounds in January-March 1981 (table 14).

Imports from Japan accounted for 100 percent of total imports in 1979. In 1980, imports from Japan declined to 64,653 pounds and accounted for only 26 percent of the total. In 1981, such imports increased to 5.2 million pounds, accounting for 93 percent of total imports. There were no imports from Japan in January-March 1981; such imports amounted to 180,158 pounds in January-March 1982 and accounted for 68 percent of imports from all countries. A-20

Table 14.--Stainless clad steel plate: U.S. imports for consumption, by sources, 1979-81, January-March 1981, and January-March 1982

Source	1979	1980	1981	January-March--	
				1981	1982
Quantity (pounds)					
Japan-----	71,395	64,653	5,245,550	0	180,158
Austria-----	0	64,573	130,248	0	0
West Germany-----	0	7,913	104,243	0	51,098
France-----	0	0	75,662	0	0
Canada-----	0	92,651	50,651	0	2,894
Australia-----	0	22,597	37,786	14,308	29,024
United Kingdom-----	0	0	1,555	0	0
Total-----	71,395	252,387	5,645,695	14,308	263,174
Value (1,000 dollars)					
Japan-----	70	71	3,901	-	177
Austria-----	-	192	169	-	-
West Germany-----	-	6	71	-	30
France-----	-	-	143	-	-
Canada-----	-	27	31	-	1
Australia-----	-	33	57	21	51
United Kingdom-----	-	-	7	-	-
Total-----	70	329	4,378	21	260
Unit value (per pound)					
Japan-----	\$0.98	\$1.09	\$0.74	-	\$0.98
Austria-----	-	2.98	1.29	-	-
West Germany-----	-	.78	.68	-	.59
France-----	-	-	1.89	-	-
Canada-----	-	.29	.62	-	.26
Australia-----	-	1.45	1.51	\$1.47	1.77
United Kingdom-----	-	-	4.42	-	-
Total-----	.98	1.30	.78	1.47	.99
Percent of total quantity					
Japan-----	100.0	25.6	92.9	-	68.5
Austria-----	-	25.6	2.3	-	-
West Germany-----	-	3.1	1.8	-	19.4
France-----	-	-	1.3	-	-
Canada-----	-	36.7	.9	-	1.1
Australia-----	-	9.0	.7	100.0	11.0
United Kingdom-----	-	-	1/	-	-
Total-----	100.0	100.0	100.0	100.0	100.0

1/ Less than 0.05 percent.

A-21

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

The average unit value of imports of stainless clad steel plate from Japan increased from \$0.98 per pound in 1979 to \$1.09 per pound in 1980 and then declined to \$0.74 per pound in 1981. In January-March 1982, the average unit value for such imports was \$0.98 per pound.

Market penetration

U.S. market penetration of imports of stainless clad steel plate and all clad steel plate from Japan is shown in table 15.

Table 15.--Stainless clad steel plate and all clad steel plate: Apparent U.S. consumption and the ratio of imports from Japan to apparent consumption, 1979-81, January-March 1981, and January-March 1982

Period	Stainless clad steel plate		All clad steel plate	
	Ratio of		Ratio of	
	Apparent	imports from:	Apparent	imports from:
	consumption	Japan to consumption	consumption	Japan to consumption
	<u>1,000</u>	<u>Percent</u>	<u>1,000</u>	<u>Percent</u>
	<u>pounds</u>		<u>pounds</u>	
1979-----	***	***	***	***
1980-----	***	***	***	***
1981-----	***	***	***	***
January-March-				
1981-----	***	***	***	***
1982-----	***	***	***	***

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

Imports of stainless clad steel plate from Japan remained steady at * * * percent of consumption in 1979 and 1980, but then increased dramatically to * * * percent in 1981. In January-March 1982, imports from Japan accounted for * * * percent of consumption of stainless clad steel plate.

Bids, prices, and lost sales

Bid process.--Bid competition characterizes the market for stainless clad steel plate. Domestic producers and importers of the plate bid to supply the material to fabricators for specific projects which incorporate vessels or other structures made of the plate. Fabricators, in turn, compete for contract awards to fabricate and construct these vessels or structures for the ultimate user.

The stainless clad steel plate requirements for any specific project are identical irrespective of the source. Specifications vary widely as to the type of cladding and backing material (chemical composition) and with respect to thickness and other dimensions of the plate from project to project, depending on the intended use of the vessel or structure. The specifications for a project are provided to fabricators and in turn to stainless clad steel plate producers and importers by the firm that will be the owner/operator of the project, or by that firm's design contractor. 1/

Bids to fabricate and construct vessels using stainless clad steel plate and to supply the stainless clad steel plate to fabricators are by invitation. Originating firms for projects extend invitations to quote to approved fabricators. The fabricators, in turn, invite selected, approved stainless clad steel plate producers and importers to bid on the material requirements. Approved bidder lists may be established by the fabricators or the originating firms. A stainless clad steel plate producer frequently provides the same bid to several fabricators competing on a specific project.

The number of fabricators bidding on a project generally ranges from two to six. In some instances a single fabricator may be the sole bidder on a project. Such projects usually involve small tonnage requirements; however, domestic fabricators do not want to face the problems of a single source of stainless clad steel plate supply.

Four major fabricators, * * *, * * *, * * *, and * * *, are known to have sought stainless clad steel plate bids from, and awarded contracts to, importers of Japanese stainless clad steel plate. 2/ These four firms accounted for the purchase of more than * * * percent of the imports of stainless clad steel plate from Japan in 1981.

Japanese fabricators also compete for stainless clad steel plate project contracts using Japanese plate. For example, * * * was the successful fabricator on a bid for a project using * * * tons of stainless clad steel plate in 1981. 3/ On one occasion, JSW * * *. According to domestic fabricators, such competition from Japanese fabricators has increased.

Preference for the domestic product.--Domestic fabricators have varied policies with respect to using stainless clad steel plate from Japan. * * * has a stated policy of using domestic clad plate. There are two exceptions to this policy: (1) If a customer requests foreign clad plate and (2) if * * * knows that one of its competitors is bidding on the project on the basis of using Japanese or some other foreign-made steel. Under either of these two circumstances, the bid team asks * * * management for an exception to the

1/ Design for stainless clad steel plate vessels for a project is generally contracted out to an independent engineering firm, but, on occasion, the engineering may be performed by the staff of the firm that will be the owner/operator of the project.

2/ Data on the bids and prices for stainless clad steel plate provided by domestic producers and importers to these fabricators were obtained from the fabricators by questionnaire.

3/ It is not known whether the stainless clad steel plate imported from Japan was supplied by JSW. * * *. A-23

company's domestic preference policy. Other fabricators such as * * * and * * *, although not having a stated domestic preference policy, do in certain instances evidence a preference for domestic stainless clad steel plate. In cases where competing bids for supplying stainless clad steel plate were close, contract awards by these fabricators went to the domestic bidder even though the bid on Japanese clad plate was lower than that for the domestic product.

Two reasons were given by fabricators for not accepting the "apparent" low bid. In one instance, the fabricator had more confidence in the domestic producer than in JSW. Moreover, the difference in the clad plate bids was not enough to cause the fabricator to lose the project. In other cases, preference for the domestic product may be based purely on broader cost considerations. In such cases, a bid comparison is termed "unevaluated" and is not considered in isolation of other cost factors. 1/ One such factor is the relative importance of the stainless clad steel plate to the total project for which the fabricator is competing. On some projects, the stainless clad steel plate may represent only a small portion of the total amount of the fabricator's bid. Another factor is the administrative cost add-on by fabricators and/or the engineering contractor. In part, this cost is to cover required testing and inspection of the stainless clad steel plate in the producing mill. When such testing and inspection are conducted in a Japanese mill, the cost incurred to send an engineer to Japan may wipe out a small difference in competing Japanese and domestic bids. Thus, in summary, the administrative cost of testing in the Japanese mill and an inherent preference for the domestic product are often factors that shift contract awards away from the "apparent" low bid for Japanese stainless clad steel plate to the domestic supplier.

Generally, the number of stainless clad steel plate producers bidding on large tonnage projects is limited to two--Lukens and JSW. Phoenix is infrequently listed as a bidder on projects for which * * * and * * * are seeking stainless clad steel plate quotes. 2/ Du Pont and EFI appear as competing bidders on small-tonnage projects, and no other foreign mill appears as a competing materials supplier except for * * *. Questionnaire data show that * * * won two contracts to supply stainless clad steel plate during the subject period, one for * * * tons and another for * * * tons.

It should be noted that fabricators have emphasized the importance of having alternative sources of supply for stainless clad steel plate. One fabricator queried on preference responded that the firm would not want to see either the major domestic firm (Lukens) or the Japanese mill (JSW) in a dominant position.

Prices.--Stainless clad steel plate quotations by Lukens and Phoenix are made from a published list of prices on an f.o.b.-mill basis. Freight is paid by the purchaser. The specifications for a particular project are translated

1/ Reports indicate that domestic producers maintain close contact with the end user by providing technical assistance. Fabricators have identified this producer/end-user relationship as an effective market factor influencing selection of a clad plate supplier.

2/ * * *.

into a quote calculated from a base price plus an additional cost for "extras." Extras are added for requirements such as explosion bonding and rerolling, as well as for nonstandard widths, lengths, thicknesses, and tolerances. Testimony by Lukens at the conference in the preliminary phase of this investigation revealed that list prices were used as a basis for preparing quotes until about mid-1980. At that time, discounts from list became the pattern. Such discounting has become sharper in recent bids by Lukens. JSW contends that pricing is unique to each job bid since each project has individual specifications. In its conference testimony, JSW stated that a published price has no significance except as a judgment of what the firm believes the price ought to be. Petitioners contend that price is the most important factor in winning a bid; respondents assert that quality, delivery, and service are equally important. The aforementioned purchasing fabricators were asked to rate such factors. Three of the fabricators stated that a nonprice factor was more important than price. The factors named were quality (* * *), adherence to specifications (* * *), and customer preference (* * *). The fourth * * * stated that although other considerations were important, none were more important than price. The Commission staff has confirmed instances in which the quality of the domestic product was preferred over that of the Japanese product and vice versa.

Bid competition.--Domestic producers and importers were asked to provide data on the five largest tonnage requests for quotes to supply stainless clad steel plate to which they responded with bids in 1980, 1981, and January-March 1982. These data enable a comparison of the participants' competitive positions in the market for stainless clad steel plate and are presented in table 16. The aggregate data, by firms, show total tonnage of the bids made and total tonnage of contract awards. Bids lost to JSW, to other foreign firms, and to competing domestic producers are shown as a share of the total tonnage bid.

The ratio of bids won to bids lost, in terms of tonnage, * * *.

In January-March 1982, * * *.

Projects won by JSW.--Contract awards to importers for stainless clad steel plate supplied by JSW are summarized in table 17. These data indicate that in 1980, * * *.

Bid comparisons show a rather consistent pattern of prices generally ranging from * * * to * * * per short ton. The largest contract award was won on a bid of almost * * * per ton. In contrast, a contract for * * * tons awarded to JSW by * * * was bid at less than * * * per ton, about * * * per-

Table 16.--Stainless clad steel plate: Total tonnage of largest projects bid on by domestic and foreign firms and tonnage of projects won and lost, 1980, 1981, and January-March 1982

Period and bidding firm	Total tons bid on	Number of projects bid on	Number of bids won	Number of tons won in bids	Number of bids lost	Tons lost	Bids won and lost as a share of tons bid		
							Bids won	Bids lost	Bids lost to other domestic firms
1980:									
Domestic:									
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Foreign: ***	1/	1/	1/	1/	1/	1/	1/	1/	1/
1981:									
Domestic:									
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Foreign: ***	1/	1/	1/	1/	1/	1/	1/	1/	1/
1982:									
Domestic:									
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Foreign: ***	1/	1/	1/	1/	1/	1/	1/	1/	1/
January-March 1982:									
Domestic:									
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Foreign: ***	1/	1/	1/	1/	1/	1/	1/	1/	1/
Domestic:									
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Foreign: ***	1/	1/	1/	1/	1/	1/	1/	1/	1/
Foreign:									
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
***	***	***	***	***	***	***	***	***	***
Foreign: ***	1/	1/	1/	1/	1/	1/	1/	1/	1/

1/ These companies supplied data on only those bids which were actually won.
2/ *** could not supply the name of the company which won these bids.
3/ ***

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

Table 17.--Stainless clad steel plate: Contracts awarded to importers for the Japanese product, winning bid and tonnage, unit price, range of competing domestic bids, and importers' margins of underbidding, by awarding companies, 1980, 1981, and January-March 1982

* * * * *

cent below * * * competing bid. ^{1/} A small contract for * * * tons awarded by * * * to JSW was bid at * * * per ton, about * * * percent under * * *'s competing bid. Importers' margins of underbidding ranged from a low of 2.7 percent in 1980 to the aforementioned 45.7 percent in 1981.

Contracts lost by JSW.--During 1980, 1981, and January-March 1982, JSW, through importers whose quotes were based on stainless clad steel plate to be supplied by JSW, lost a number of contracts to domestic suppliers. In each case, * * *. These contracts lost by JSW (or its importing representative) are summarized in table 18. In 1980, JSW lost * * *.

Factors other than price largely explain these lost bids. In most cases, the awarding company (either * * * or * * *) based its award on a domestic preference policy. In two of the instances, one for * * * tons by * * * and another for * * * tons by * * *, the bid submitted on JSW stainless clad steel plate was so close to that of * * * that the aforementioned administrative costs associated with testing and inspection of the foreign product would have offset the narrow bid difference. * * * awarded * * * a contract for * * * tons because * * *'s bid was only negligibly lower.

The question of price suppression/depression.--The bid process in the market for stainless clad steel plate provides an unusual opportunity to assess the possibility of price depression that may have occurred as a result of import competition. During the time between initial response to a bid inquiry and the contract award to supply stainless clad steel plate for that project, domestic producers and competing importers have an opportunity (and sometimes more than one) to change (i.e., lower) their respective bids. There are several factors that create this situation. First, specifications sometimes change during the course of a project's evolution, offering a chance for rebids. Second, competing bidders frequently seek an informal insight as to their relative position in the bid spectrum and alter their bids accordingly. Or, fabricators (without any change in specifications) seek lower material quotes in an effort to enhance their own overall competitive position vis-a-vis other fabricators. Where such bid reductions are made by domestic stainless clad steel plate producers in response to lower bids by competing importers or domestic competitors, the resultant price depression can be measured.

Domestic producers were asked, by questionnaire, to provide specific instances of bid-price reductions made to meet competition from stainless clad steel plate from Japan. These data, based on the response of the petitioner, are summarized in table 19. ^{2/} Lukens reported on * * * contracts to supply stainless clad steel plate which it won after dropping its bids in the face of competition from imported JSW stainless clad steel plate. In 1980, Lukens reduced its initial offer prices by * * * and * * * percent on bids for * * * tons and * * * tons, respectively. On the larger tonnage award, the final bid of * * * per ton amounted to a reduction of * * * per ton, or a revenue loss of * * *. Price per ton on the award for * * * tons was reduced * * * to * * *, which translates into a revenue loss of * * *.

^{1/} JSW received an award for an additional contract for this same project. The total contract was for * * * tons at an average of * * * per ton.

^{2/} Data on price depression were provided only by Lukens.

Table 18.--Stainless clad steel plate: Contracts lost by importers of the Japanese product, losing and winning bids, scheduled delivery dates, and reasons for lost contract, by awarding fabricators, 1980, 1981, and January-March 1982

* * * * *

Table 19.--Stainless clad steel plate: Contracts won by Lukens after reducing an initial bid to meet competition from imported JSW clad plate, by awarding firms, 1980, 1981, and January-March 1982

* * * * *

Lukens provided quantifiable information on * * * bids on which it reduced its price in 1981 due to competition from imports from Japan. The margin of price depression ranged from * * * percent to * * * percent, and the drop in price per ton, from * * * to * * *. The total revenue loss for the * * * sales was * * *.

All the price suppression/depression allegations were discussed with the fabricator involved. In each instance, the fabricator confirmed that competition from stainless clad steel plate imported from Japan was a factor in the price reduction.

Lukens alleged * * * other instances of price depression in 1981. In one, it was unable to provide the initial quote, and it was therefore impossible to quantify the extent of the price change. In the other, Lukens stated that its initial price offer was * * *. This bid did not involve a JSW clad plate bid to domestic fabricators but did involve competing quotes by Japanese fabricators using JSW clad plate. The domestic fabricator * * *. 1/

1/ This fabricator stated that there is strong foreign fabricator competition in the market now, especially in * * *.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION'S
PRELIMINARY INJURY DETERMINATION

[Investigation No. 731-TA-50 (Preliminary)]

**Stainless Clad Steel Plate From Japan
Determination**

On the basis of the record¹ developed in investigation No. 731-TA-50 (Preliminary), the Commission determines that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from Japan of stainless clad steel plate, provided for in item 607.94 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value (LTFV).²

Background

On October 6, 1981, the U.S. International Trade Commission and the U.S. Department of Commerce each received a petition from Lukens Steel Co., Coatesville, Pa., alleging that imports of stainless clad steel plate from Japan are being, or are likely to be, sold in the United States at LTFV. Accordingly, the Commission instituted a preliminary antidumping investigation 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 the imports of such merchandise into the United States. The statute directs that the Commission makes its determination within 45 days of its receipt of the petition, or by November 20, 1981.

Notice of the institution of the Commission's investigation and of the public conference to be held in connection therewith was duly given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on October 14, 1981 (46 FR 50864). The conference was held in Washington, D.C. on October 28, 1981, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

Introduction

We find that 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 stainless clad steel plate from Japan which is allegedly sold at less than fair value.³ The recent rapid increase in imports has led to injury to the domestic industry, which has been manifested through price suppression, lost sales, and declining profitability. The increase in imports is almost certain to continue through the end of 1981 with additional adverse impact on the domestic industry.

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."⁴ The statute defines "like product" as a product which is like or in the absence of like, most similar in characteristics and uses with the article under investigation.⁵

Stainless clad steel plate, the imported article subject to this investigation, is a composite plate consisting of stainless steel integrally bonded to a carbon or alloy steel plate base. It is produced to order and specifications in a range of types of stainless and backing steels and in a variety of lengths, widths, and

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

² Chairman Alberger and Commissioner Frank determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of the subject merchandise.

³ Chairman Alberger and Commissioner Frank determine only that there is a reasonable indication of material injury, and therefore do not reach the issue of reasonable indication of threat of material injury.

⁴ 19 U.S.C. 1677(4)(A).

⁵ 19 U.S.C. 1677(10).

thicknesses. Stainless clad steel plate is used because it combines the corrosion-resistant properties of stainless steel with the strength of carbon or alloy steel, thus allowing less of the more expensive stainless material to be used. Stainless clad steel plate is used in petroleum vessels, petrochemical vessels, ships which carry corrosive chemicals, and in the nuclear power industry.⁶

Petitioner Lukens Steel Co. alleges four instances of less than fair value sales by Japan Steel Works through their sales representatives in the United States. Although the petition stated that clad plate is a fungible product, the Lukens' witness said at the conference held on October 29, 1981, that fungibility is only applicable to articles of the same specifications. In short, stainless steel clad plate of different specifications is not fungible. However, he explained that there is some degree of substitutability of slightly different types of stainless clad steel plate products.⁷ Because an intended end use may be accomplished in a number of ways, specifications may be altered during the course of a project.⁸

Since this is a case in which the like product candidates consist of a group of products slightly distinguishable from each other, among which no clear dividing lines can be drawn based on characteristics and uses, we find the like product in this preliminary investigation is all members of the group. Unlike the situation in *Certain Amplifier Assemblies and Parts*

Thereof from Japan, Inv. No. 731-TA-48(P), where there was a clear dividing line between made-to-specifications products, such a clear line does not appear here. Therefore, for the purposes of this preliminary investigation, we find that the domestic industry consists of the four domestic producers of stainless clad steel plate: Lukens Steel Co., Phoenix Steel Corp., E.I. DuPont de Nemours & Co., Inc., and Explosive Fabricators, Inc.

Material Injury by Reason of LTFV Imports

Section 771(7) of the Act directs the Commission to consider, in making its determination, among other factors, (1) the volume of imports of the merchandise under investigation, (2) their impact on domestic prices, and (3) the consequent impact on the domestic industry.⁹

Volume of imports.—Prior to 1981, imports of stainless clad steel plate from Japan were generally very low. They declined steadily from 1978 to 1980. In the first six months of 1981, however, imports increased substantially both in absolute volume and in relation to U.S. consumption. Imports rose from less than 1 percent of consumption in 1980 to more than 10 percent of consumption in the first six months of 1981.¹⁰ The volume of imports in the second half of 1981 is expected to be even greater than that in the first half of 1981 according to information provided by importers on contracts which they have already been awarded.

Effect of imports on domestic prices.—The significance of the imports becomes most apparent in their effect on the prices of the domestic product. Stainless clad steel plate is generally sold on a competitive bid basis. Domestic producers may bid against each other as well as against importers. The stainless clad steel plate requirements for a particular bid must meet the specifications of the fabricator/purchaser. Therefore, on any given bid inquiry the product being bid on is identical regardless of whether the source is a domestic or foreign producer.

Information on bids was solicited for comparative purposes from the producers, importers, and fabricators of stainless clad steel plate on the five largest tonnage contracts on which they quoted or requested quotes in 1980 and January-June 1981. This time period includes the period when less-than-fair-value sales were alleged to have occurred. These data provided a sample of competitive price comparisons. In every instance in which the contract was awarded to a supplier of Japanese stainless clad steel plate, the bid price for the imported Japanese product was below the domestic producer's bid price. Margins of underselling ranged from as low as 2.7 percent to as high as 31.3 percent. In several instances, the underselling has resulted in contracts being lost by the domestic producers.¹¹

Such underselling has also resulted in price suppression or depression which seems to have been caused by this alleged LTFV import competition. The bid process is often evolutionary in nature. During the time between the initial submission of a bid and the final award of the contract to supply the stainless clad steel plate for the project, domestic producers and importers have an opportunity to change or lower their

bids.¹² Based on information presented in the course of this investigation, it appears that domestic producers have been compelled to lower their bid prices, in some instances by more than 30 percent, due to the competition from stainless clad steel plate imported from Japan.¹³

The Commission is aware that in some of the responses by fabricator/purchasers of stainless clad steel plate, certain requirements, such as quality, adherence to specification, and customer preference, were listed as being more important than price. Notwithstanding these factors, price is always an important consideration in the final selection of the supplier.

In this investigation, there is a reasonable indication of price suppression, price depression, and lost sales as a result of the importation of stainless clad steel plate allegedly being sold at less than fair value.¹⁴

Impact on the domestic industry.¹⁵ The industry which produces stainless clad steel plate was in a serious decline from 1978 to 1980. Production, shipments, capacity utilization, profitability, and employment declined steadily throughout the period.¹⁶ Imports were also at a very low level from 1978 to 1980, both in absolute numbers and as a percent of total U.S. consumption.

In the first six months of 1981, however, the market for stainless clad steel plate increased dramatically. Production and shipments of the domestic producers increased, employment levels rose, and capacity utilization was at its highest level in the period for which we have data.¹⁷ In 1981, however, there were massive imports which caused problems for an already weakened domestic industry.

The profitability of the domestic producers declined steadily from 1978 to 1980 and dropped sharply in the first six months of 1981 despite the increase in their shipments.¹⁸ The ratio of cost of goods sold to net sales increased by more than 10 percentage points from 1978 to 1981, indicating firms were unable to pass their increased costs on

¹² A complete discussion of the bid process is provided in the report which follows this opinion.

¹³ Chairman Alberger and Vice Chairman Calhoun note that this might not be a serious problem if prices in the industry were inflated. However, it appears clear from the data on profitability that such is not the case.

¹⁴ If this case were to be returned for a final determination by the Commission, more information on the relationship of price to quality would be useful.

¹⁵ Specific company-related data are confidential and cannot be discussed in this public document.

¹⁶ See Staff Report, pp. A-8 through 11 and A-19.

¹⁷ *Id.*, pp. A-8 through A-11.

¹⁸ *Id.*, A-18.

⁶ See Staff report, pp. A-1 and A-2.

⁷ See pp. 44-46 of Transcript.

⁸ See Staff Report, p. A-27.

⁹ 19 U.S.C. 1677(7).

¹⁰ See Staff report, p. A-22.

¹¹ See Staff Report, p. A-27.

in the price they charged for their goods, thus lowering their profitability.¹⁹

It appears that the principal reason producers have been unable to raise prices and in some instances have had to roll back their prices to make sales, was the strong price competition from the imported product. The result has been a decline in both gross profit and net profit before taxes in January-June 1981, a time when shipments had increased and when profits could reasonably have been expected to increase as well. Despite lowering prices to meet the Japanese price, domestic producers nonetheless lost sales to stainless clad steel plate imported from Japan on at least six contracts.²⁰

Reasonable indication of threat of material injury.—The report of the Committee on Ways and Means of the House of Representatives on the Trade Agreement Act of 1979 states that, with respect to threat, the Commission should focus on—

demonstrable trends—for example, the rate of increase of the * * * dumped exports to the U.S. market, capacity in the exporting country to generate exports, the likelihood that such exports will be directed to the U.S. market taking into account the availability of other export markets, * * *.

A critical factor in considering how substantial an impact imports have had is the short period of time in which the increase occurred. The significant increase of imports in 1981 constitutes a threatening situation to the domestic industry. Imports went from less than one percent of consumption in 1980 to more than 10 percent in January-June 1981. Indications are that imports will continue to increase at least at this rate through the end of 1981.

Japan Steel Works is believed to be operating below capacity at the present time. How much of this excess capacity would be available for export to the United States is unknown.²¹ Any increase in the January-June 1981 levels would have a serious detrimental impact on the domestic industry, particularly if the Japanese imports increased while total domestic consumption simultaneously decreases, as some industry sources anticipate.²²

Conclusion

On the basis of the best information available, we find that there is a reasonable indication that an industry in the United States is materially injured or

threatened with material injury²³ by reason of imports of stainless clad steel plate from Japan which is allegedly being sold at less than fair value.

Date Issued: November 20, 1981.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 81-34625 Filed 12-1-81; 8:45 am]

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¹⁹ *Id.*, pp. A-17 through A-20.

²⁰ *Id.*, p. A-28.

²¹ If the Commission undertakes a final investigation, it will attempt to ascertain what percentage of Japan Steel Works' exports could be directed to the U.S. market.

²² Transcript p. 29.

APPENDIX B

U.S. DEPARTMENT OF COMMERCE'S
FINAL LTFV DETERMINATION

publication of this notice whether these imports are materially injuring, or threatening to materially injure, a U.S. industry.

EFFECTIVE DATE: June 4, 1982.

FOR FURTHER INFORMATION CONTACT: Paul Nichols, Office of Investigations, International Trade Administration, Department of Commerce, Washington, DC 20230, (202) 377-1768.

SUPPLEMENTARY INFORMATION:

Case History

On October 8, 1981, we received a petition in proper form from counsel on behalf of Lukens Steel Company, Coatesville, Pennsylvania, alleging that stainless clad steel plate from Japan is being sold at less than fair value within the meaning of section 731 of the Tariff Act of 1930 ("the Act") (19 U.S.C. 1673).

Upon reviewing the petition, we determined it contained sufficient grounds to initiate an antidumping investigation, and we published a "Notice of Initiation" in the Federal Register on October 15, 1981 (46 FR 50814).

On November 13, 1981, the ITC determined that there is a reasonable indication that an industry in the United States is being materially injured, or is threatened with material injury, by reason of imports of stainless clad steel plate from Japan. The ITC published notice of its determination in the Federal Register on December 2, 1981 (46 FR 58619).

During the course of this investigation, including an on-site review of Japan Steel Works' ("JSW") records, JSW refused to disclose certain information on home market and U.S. sales which the Department believed to be necessary in order to assure itself that: (1) JSW properly selected "such or similar" sales in the home market from the total of all home market sales (the Department could not establish, for example, that sales selected by JSW were, in fact, those which were most similar to U.S. sales); and (2) all sales to the U.S. of stainless clad steel plate had been included in response to the Department's request.

On March 19, 1982, we preliminarily determined that stainless clad steel plate from Japan is being, or is likely to be, sold in the United States at less than fair value (47 FR 12200). In view of JSW's refusal to allow access to certain information, this determination was based upon the best information available, which was found to be the petitioner's information. On April 2, 1982, we were notified by counsel for JSW that no further information would

**Stainless Clad Steel Plate From Japan;
Final Determination of Sales at Less
Than Fair Value**

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of Final Determination of Sales at Less Than Fair Value.

SUMMARY: We have determined that stainless clad steel plate from Japan is being sold, or is likely to be sold, in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930. The U.S. International Trade Commission ("ITC") will determine within 45 days of the

be submitted by JSW in this proceeding. By separate letter of the same date, JSW also requested the return of all confidential documents, including the response submitted to the Department during the course of this investigation.

On April 6, 1982, counsel for Lukens was granted the opportunity to submit supplemental information prior to the final determination in this case. By letter dated April 7, 1982, Lukens informed the Department that it would not supplement nor amend the data submitted as part of its petition. On April 7, 1982, we returned to JSW all documents submitted by them during the course of this investigation.

The Department is making this final determination based on the best information otherwise available during the course of this proceeding, in accordance with section 776(b) of the Act (19 U.S.C. 1677e(b)). Information submitted by the petitioner at the time of the initiation of this case has been determined to be the best information available, as it was for the preliminary determination.

Scope of Investigation

The merchandise covered by this investigation is stainless clad steel plate currently classifiable under item number 807.94 of the *Tariff Schedules of the United States (TSUS)*. The product is a rectangular finished steel mill product consisting of a layer of stainless steel bonded to a substrate of less expensive carbon or low alloy steel. Depending on its intended use, stainless clad steel plate can be produced in various combinations of stainless and base materials, and in various other dimensions and qualities as specified by the customer. Stainless clad steel plate has many applications where the corrosion resistance of stainless steel and the higher design strength of carbon or alloy steel are required.

This investigation covers sales made between February 1 and October 31, 1981. JSW was the only known Japanese producer of clad steel plate for export to the United States during the investigative period.

Methodology of Fair Value Comparison

Comparisons were made between United States price and the foreign market value of the imported merchandise.

United States Price

We used purchase price, as defined in section 772(b) of the Act, to determine the United States price because the price of stainless clad steel plate to unrelated purchasers in the United States was agreed to before the

merchandise was imported into the United States. We calculated the purchase price on the basis of data contained in the petition concerning JSW's delivered price to unrelated U.S. purchasers, with deductions for inland freight, handling, ocean freight, and Customs duty, which were also based upon data in the petition.

Foreign Market Value

We used the constructed value in accordance with section 773(a)(2) of the Act to determine foreign market value because of the absence of home market or third country sales data. We calculated constructed value on the basis of data contained in the petition concerning materials, labor, overhead costs and packing. We also included the statutory amounts for general expenses (10 percent) and profit (8 percent) in accordance with section 773(e)(1) of the Act.

Issue: In our preliminary determination, we considered the petitioner's contention that "critical circumstances" existed with respect to this case and determined that the allegation failed to satisfy the requirements of section 733(e)(1)(A)(ii).

DOC Position: No new information has been submitted which would factually support a determination different from the conclusion reached in the preliminary determination.

No additional issues have been raised by counsel for the petitioner or respondent since the preliminary determination.

Final Determination

Based on our investigation, and in accordance with section 735(a) of the Act, we have reached a final determination that stainless clad steel plate from Japan is being sold, or is likely to be sold, at less than fair value within the meaning of section 731 of the Act. Margins were found on all of the sales compared. The average margin on all sales compared was 14 percent.

We have provided interested parties with an opportunity to present oral views in accordance with 19 CFR 353.47 and written views in accordance with 19 CFR 353.46(a). All views presented have been considered in making this determination.

Continuation of Suspension of Liquidation

The liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise will continue to be suspended. The U.S. Customs Service will continue to require posting of a cash deposit, bond, or other

security in the amount of 14 percent of the f.o.b. value of the imported product.

ITC Notification

We are notifying the ITC of this action so that it may determine whether these imports are materially injuring, or threatening to materially injure, a U.S. industry. That determination is due on or before July 19, 1982.

As section 735(c)(1)(A) of the Act requires, we are making available to the ITC all nonprivileged and nonconfidential information relating to this investigation. We will 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.

If the ITC determines that material injury does not exist, this proceeding will be terminated, and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, within seven days we will issue an antidumping order, directing customs officers to assess an antidumping duty on all stainless clad steel plate from Japan entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the United States price.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Lawrence J. Brady,

Assistant Secretary for Trade Administration.

May 28, 1982.

(PR Doc. 82-15251 Filed 6-3-82; 8:45 am)
BILLING CODE 3510-25-M

APPENDIX C

U.S. INTERNATIONAL TRADE COMMISSION'S
NOTICE OF INVESTIGATION

suspect that stainless clad steel plate from Japan, provided for in item 607.94 of the Tariff Schedules of the United States, is being, or is likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. § 1673), the United States International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-50 (Final) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

EFFECTIVE DATE: March 22, 1982.

FOR FURTHER INFORMATION CONTACT: Judith C. Zeck, Office of Investigations, U.S. International Trade Commission, telephone 202-523-0339.

SUPPLEMENTARY INFORMATION: On November 20, 1981, the Commission unanimously determined, on the basis of the information developed during the course of investigation No. 731-TA-50 (Preliminary), that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of imports from Japan of stainless clad steel plate which were allegedly being sold in the United States at LTFV. As a result of the Commission's affirmative preliminary determination, the Department of Commerce continued its investigation into the question of LTFV sales. Unless the investigation is extended, the final LTFV determination will be made by the Department of Commerce on or before May 31, 1982.

Written submissions: Any person may submit to the Commission a written statement of information pertinent to the subject of this investigation. A signed original and fourteen (14) 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 May 27, 1982. All written submissions except for confidential business data will be available for public inspection.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." 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).

A staff report containing preliminary findings of facts will be made available to all interested parties on May 14, 1982.

Public hearing: The Commission will hold a public hearing in connection with this investigation on June 3, 1982, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 10:00 a.m., e.d.t. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m., e.d.t.) on May 13, 1982. Persons desiring to appear at the hearing and make oral presentations may file a prehearing brief and should attend a prehearing conference to be held at 9:30 a.m., e.d.t., on May 14, 1982, in Room 117 of the U.S. International Trade Commission Building. Prehearing briefs must be filed on or before May 27, 1982.

Testimony at the public hearing is governed by § 207.23 of the Commission's Rules of Practice and Procedure (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to new information. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with rule § 207.22. Posthearing briefs will also be accepted within a time specified at the hearing.

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

This notice is published pursuant to § 207.20 of the Commission's rules of practice and procedure (19 CFR 207.20).

By order of the Commission.

Issued: March 30, 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-5365 Filed 4-6-82; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 731-TA-50 (Final)]

Stainless Clad Steel Plate From Japan

AGENCY: International Trade Commission.

ACTION: Institution of a final antidumping investigation.

SUMMARY: As a result of an affirmative preliminary determination by the United States Department of Commerce that there is a reasonable basis to believe or

²⁰ Underselling in several quarters in 1980 was higher than at any other period of this investigation.

²¹ Commissioner Stern notes that the LTFV margins for each of these products contributed substantially to the underselling.

²² The staff attempted to adjust the data to construct delivered price comparisons, but the results were still ambiguous. See Staff Report at A-31.

²³ See Office of Economics memorandum dated March 22, 1982, pp. 3-4.

APPENDIX D.

CALENDAR OF PUBLIC HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : Stainless Clad Steel Plate from Japan

Inv. No. : 731-TA-50 (Final)

Date and time: June 3, 1982 - 10:00 a.m., e.d.t.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the petition:

Thorp, Reed & Armstrong--Counsel
Washington, D.C.
on behalf of

Lukens Steel Company, Coatsville, Pennsylvania

James L. Slattery, Esquire, General Counsel

John J. Schmidt, Market Development Manager

Roger M. Golden--OF COUNSEL

In opposition to the petition:

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

The Japan Steel Works, Ltd., Tokyo, Japan

Yutaka Iijima, President, The Japan Steel Works
America, Inc.

Timothy Ford McGregor, C. Itoh and Company
(America), Inc.

Masahiko Taguchi, Sales Representative, Japan
Steel Works America, Inc.

Gunter von Conrad)--OF COUNSEL
Kenneth G. Weigel)

