

PRESTRESSED CONCRETE STEEL WIRE STRAND FROM SPAIN

**Determination of the Commission
in Investigation No. 701-TA-164 (Final)
Under 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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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 701-TA-164 (Final)

PRESTRESSED CONCRETE STEEL WIRE STRAND FROM SPAIN

Determination

On the basis of the record 1/ developed in its countervailing duty investigation on prestressed concrete steel wire strand from Spain, the Commission determines, 2/ pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States being materially injured, by reason of imports of prestressed concrete steel wire strand, provided for in item 642.11 of the Tariff Schedules of the United States, upon which bounties or grants are being paid.

Background

On November 4, 1981, counsel for five U.S. producers of prestressed concrete steel wire strand 3/ filed a petition with the U.S. Department of Commerce alleging that the Government of Spain pays or bestows bounties or grants upon the manufacture, production, or export of prestressed concrete steel wire strand. The petition requested that there be imposed upon imports of this merchandise a countervailing duty equal to the amount of the alleged bounties or grants. Because Spain was not a signatory of the General Agreement on Tariffs and Trade (GATT) Subsidies Code when the petition was filed, the Commission was not required to make a preliminary injury finding.

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

2/ Commissioner Frank dissenting.

3/ American Spring Wire Corp., Armco Inc., Bethlehem Steel Corp., Florida Wire & Cable Co., and Shinko Wire America, Inc.

On April 14, 1982, Spain became a signatory of the GATT Subsidies Code, notice of which was transmitted from Commerce to the Commission on April 26, 1982. Accordingly, effective April 26, 1982, the Commission instituted an investigation under section 705(b) of the Tariff Act of 1930 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 allegedly subsidized imports of prestressed concrete steel wire strand from Spain.

Notice of the institution of the Commission's investigation and of a 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 May 19, 1982 (47 F.R. 21641). The hearing was held in Washington, D.C. on July 12, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRMAN ALFRED E. ECKES AND COMMISSIONERS PAULA STERN,
MICHAEL J. CALHOUN, AND VERONICA A. HAGGART

In this investigation we find that an industry in the United States is not being materially injured or threatened with material injury, nor is the establishment of an industry in the United States being materially retarded, 1/ by reason of subsidized imports of prestressed concrete steel wire strand (PC strand) from Spain.

Domestic industry

Under Title VII of the Tariff Act of 1930, our analysis of the information gathered in this investigation must begin with a definition of the scope of the relevant domestic industry. Section 771(4)(A) of the Tariff Act of 1930 defines the domestic industry as consisting of "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." 2/ "Like product" is defined in section 771(10) as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" 3/

The imported article that is the subject of this investigation is PC strand, a product consisting of one center wire and six helically placed outer wires that is used in prestressing concrete. This same product was involved

1/ Since there is an established domestic industry, material retardation is not an issue in this investigation and will not be discussed further.

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

in recent preliminary investigations regarding imports from Brazil, France, and the United Kingdom. 4/ In those investigations we noted:

The U.S. product that is like the imported product is all wire strand of steel for prestressing concrete. The domestic and imported products are made to the same ASTM specifications and are devoted to the same uses. 5/

We found that the domestic industry consisted of the eight U.S. producers of this like product.

In this investigation, the parties have not suggested, nor does the information that has been developed support, a revision of this industry definition. We therefore find it appropriate to adopt the same definition of the industry in this case.

No material injury by reason of subsidized imports from Spain

The record in this investigation indicates that in many important aspects the U.S. industry, considered as a whole, is healthy. The only significant negative trends are in the financial data. However, financial difficulties revealed in the aggregate industry data do not appear to be attributable to imports of PC strand from Spain. Consequently, we determine that there is no material injury to the domestic industry by reason of these imports. 6/

4/ Prestressed Concrete Steel Wire Strand from Brazil, France, and the United Kingdom, Inv. Nos. 701-TA-152 and 153 (Preliminary) and 731-TA-89 (Preliminary), USITC Pub. 1240 (1982).

5/ Id. at 4.

6/ We did not cumulate the impact of imports from Spain with that of imports from other countries since we did not find imports from Spain to be a contributing cause of material injury. Cumulation would only be considered if imports from Spain were a contributing cause of material injury. Consequently, we do not reach the other issues relevant to determining whether cumulation would have been appropriate in this case. Although we did not cumulate imports from Spain with imports from the United Kingdom, France, Brazil, and South Africa, we did consider these imports, to the extent information was available, as factors in the market which may have contributed to the overall condition of the domestic industry.

Many important indicators of the condition of this industry demonstrate positive trends. 7/ The industry's capacity to produce PC strand has increased greatly over the period from 1978 through April 1982. 8/ Despite the rapid increase in capacity, capacity utilization remained at relatively high levels throughout this period, falling only in the first four months of 1982. 9/ Production and shipments steadily increased over the same period, although the first four months of 1982 showed some decline when compared to the same period in 1981. 10/ Employment, when measured by the number of production and related workers, showed no appreciable change over the 1979-April 1982 period, and the number of hours worked, the compensation paid, and worker productivity all increased. 11/

Moreover, the U.S. producers have gained an ever-increasing share of the domestic market during a period in which domestic consumption has fallen slightly. Total imports from all countries fell from 226 million pounds in 1979 to 143 million pounds in 1981. 12/ Meanwhile, U.S. producers' shipments increased greatly between 1979 and 1981 both in absolute terms and as a percentage of consumption. 13/

7/ Most of the statistical data developed by the Commission in this investigation constitute confidential business information. Therefore, the information is discussed only in general terms.

8/ Report at A-14. There are also indications that the productive capacity of the U.S. industry will further increase in the near future.

9/ Id. at A-14 to A-15.

10/ Id. at A-14 to A-17.

11/ Id. at A-18 to A-19.

12/ Imports from Japan are decreasing. Those imports are the subject of an outstanding antidumping duty order. 45 F.R. 57599 (Dec. 8, 1978). Nevertheless, Japan remains the largest source of imports of PC strand.

13/ Report at A-16 to A-17, A-27, A-29.

Even though there have been downturns in some indicators for the domestic industry in January-April 1982, we do not find that the downturns are attributable to increases in Spanish imports. Although imports were up, actual shipments of the Spanish product to U.S. purchasers declined significantly during this period. Thus, there was less of the Spanish product in the U.S. market at that time than there had been previously. 14/

The only significant negative trend in this industry is profitability. Although the industry's net sales increased from 1979 to 1981, net profits declined, with a net loss occurring in the first quarter of 1982. 15/ While the record shows a number of causes for this slump in profitability, 16/ the only source of the industry's financial problems that could possibly be linked to imports is the relative stabilization of U.S. prices from 1979 to the present. Since 1979, PC strand prices have remained relatively level despite increased costs to the domestic industry for high carbon wire rod, labor, and other inputs. 17/ We find, however, that the apparent suppression of domestic prices is not attributable to the effects of imports from Spain. This finding rests largely on an analysis of the pricing data and lost sales information and is confirmed by a detailed analysis of the financial performance of the industry.

14/ Id. at A-13.

15/ Id. at A-20.

16/ The record indicates that the domestic industry is experiencing high operating costs, which for at least some producers can be traced to high labor costs and inability to achieve economies of scale by purposely limiting production. Id. at A-21. With respect to other producers, even though production has increased steadily, it has not kept pace with their significant increases in productive capacity. Higher fixed costs per unit produced have adversely affected their profitability.

17/ Id. at A-33.

The absence of any causal connection between imports from Spain and the financial condition of the U.S. industry is evident from the absence of significant underselling. While some underselling appears to have occurred, the margin and frequency of underselling is not "significant" within the meaning of section 771(7)(C)(ii)(I). 18/ A detailed analysis of the pricing data supports this conclusion.

First, the comparison of U.S. producers' prices with the importer's prices was made using weighted average prices which were calculated using price information from domestic producers nationwide, while the price information from the importer was limited to Florida. 19/ Therefore, the figures do not reflect the fact that most of the reported sales of U.S. producers were in areas other than those areas where imports from Spain compete with the domestically produced product. Nor does the price information reflect delivered costs. 20/ Second, a comparison of data regarding delivered prices paid to a domestic firm located in Florida with data regarding prices paid to the importer for Spanish strand is again misleading because of the location of the customers. 21/ The domestic

18/ 19 U.S.C. § 1677(7)(C)(ii)(I). That subsection states:

(ii) Price.--In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether--

(I) There has been significant price undercutting by the imported merchandise as compared with the price of like products of the United States

(Emphasis added.)

19/ Report at A-33, Table 25. We note that this is not a regional industry case, but in assessing the impact of imports from Spain on prices we considered the geographic areas in which imports from Spain are sold. See footnotes 20 and 27, infra. PC strand from Spain is marketed principally in Florida with some sales in Texas.

20/ Delivery costs can be a significant share of the delivered price of this merchandise.

21/ Report at A-34, Table 26.

company's three purchasers that reported prices were located outside the state of Florida, while all four of the importer's purchasers were located in Florida. Since the cost of transportation is higher to out-of-state customers, the domestic firm's higher delivered prices are not necessarily indicative of underselling by the imports. The transportation differential accounts for some of the apparent margins and significantly reduces the others. 22/ Third, a comparison of delivered prices paid by three purchasers in the Miami, Florida area for both domestically produced and imported Spanish strand must take into account the disparity in volumes of sales between the U.S. and Spanish goods. 23/ In each comparison the lower unit price occurred with the larger volume sale, regardless of whether it was the imported or the domestic product. The slightly lower unit prices may have resulted from discounts given for purchases of greater quantities.

When the data on prices are qualified as discussed above, most of the apparent underselling does not in fact exist. Whatever small price differentials did occur were insignificant.

Information regarding allegations of lost sales again shows that there has been no significant underselling by imports from Spain. U.S. producers alleged 13 lost sales to 10 purchasers of the Spanish product. Of the 10 purchasers, only one confirmed a single instance in which it purchased Spanish strand in lieu of the domestic product. Lower price was given as the

22/ When transportation cost differentials are taken into consideration, underselling by the imported product occurs only in five of thirteen quarters during the period January-March 1979 through January-March 1982. The margin of underselling in two of the five quarters is less than one percent.

23/ Id. at A-34, Table 27.

reason. 24/ The other nine firms could not verify any specific allegations because they regularly buy strand from a number of different sellers, including the importer of Spanish strand. Six of the firms contacted stated that low price, while important, was usually a secondary consideration in their purchasing decisions. Three cited other overriding considerations: the desire to maintain multiple sources of supply, the perceived higher quality and superior packaging of the Spanish product, and Port Everglades' reputation for service. 25/ Three other firms indicated a shift toward the U.S. product, two because of current lower prices for the domestic product on small purchases, the third because of a preference for supporting domestic producers. Thus we conclude that imports from Spain have not taken a significant volume of sales from domestic producers based on price. 26/

The lack of a causal link between the financial performance of the domestic industry and imports from Spain is further demonstrated when we analyze the profitability data on a disaggregated basis. Such an analysis is appropriate because not all U.S. producers are in direct competition with Port Everglades, the sole U.S. importer of Spanish PC strand. As noted above, Port Everglades markets principally in Florida, with some sales in Texas. Since

24/ Id. at A-35.

25/ Id. at A-36. Port Everglades offers delivery to its customers within 24 hours after an order has been placed. It makes sales through draw contracts under which a customer orders a certain quantity of PC strand for possible delivery during the following year. The customer then draws its requirements from stock as necessary. Id. at A-12.

26/ Id. at A-36. A unique aspect of this investigation is the presence of allegations of sales lost by the importer to U.S. producers. While the Commission's investigation did not confirm any instances in which the U.S. product was bought in lieu of imports, the purchasers' comments confirmed that many considerations, including packaging, quality, and ability to meet specifications, were as important, if not more important, than price. Id. at A-36.

transportation costs and delivery schedules are important to purchasers of PC strand, 27/ only those domestic producers that are proximate to these areas are in direct competition with the importer.

The record indicates that companies competing most directly with the imported product from Spain are vigorously expanding. The profits of certain firms are generally higher than the profits of U.S. producers located elsewhere and should be evaluated in light of the producers' sizable start-up and expansion costs. 28/ The ability of those producers faced with direct competition from imports from Spain to operate successfully is a further indication that the problems of the industry as a whole are not causally related to those imports.

In the absence of a causal nexus between imports from Spain and the suppression of U.S. prices, a number of other possible causes may be responsible for the lack of overall profitability in the domestic industry. 29/ Total domestic consumption has not grown during the period

27/ Half of the purchasers responding to a Commission survey indicated that proximity was the most important factor in making a purchase decision. Id. at A-53.

28/ We note that profit data for January-March 1982 are down. However, sales of the Spanish product are down significantly during this period compared to the comparable period in 1981.

29/ We recognize that Congress has directed that:

In determining whether . . . injury is "by reason of" [subsidized] imports, the ITC looks at the effects of such imports on the domestic industry. The law does not, however, contemplate that injury from such imports be weighed against other factors . . . which may be contributing to overall injury to an industry.

H.R. Rep. No. 96-317, 96th Cong., 1st Sess. 47 (1979). Significantly, though, it was emphasized that "in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized . . . imports is attributable to such other factors." Id. See also S. Rep. No. 96-249, 96th Cong., 1st Sess. 74-75 (1979).

under consideration, and the general economy has not been strong, particularly the building construction sector. Nevertheless, domestic producers have increased their production and market share. Under these circumstances, it would be unusual for prices to increase significantly. Moreover, the industry is facing increased competition both from new U.S. entrants and from increased imports from countries other than Spain. 30/ 31/

No threat of material injury by reason of subsidized imports from Spain

We find that imports of PC strand from Spain pose no threat of material injury. While imports from Spain have increased both in volume and as a share of the domestic market, we have found, as set forth above, that these imports have had no appreciable impact to date on the condition of the industry or on the domestic price of strand. In addition, there is no reason to believe that they will have an adverse effect in the future. Spanish producers of strand have other available export markets. It is noteworthy that the Spanish manufacturers are presently operating at high levels of capacity utilization and plan to continue to operate at extremely high levels. 32/ They also project 1982 imports to be only marginally higher than 1981 levels. 33/ Finally, while the inventories of Spanish strand held by the U.S. importer are currently at a high level, there is no indication that this accumulation is related to any cause other than the vagaries of ocean transportation, which

30/ By citing these other possible causes, we do not reach a determination as to whether any one of them is a cause of material injury.

31/ Imports from Brazil, France, the United Kingdom and South Africa have increased since 1979. Report at A-25 to A-30.

32/ Id. at A-12.

33/ Id. at A-12.

can result in temporary imbalances in the supply of strand to the importer. 34/ Port Everglades normally maintains a higher inventory level than domestic producers in order to carry out its 24-hour delivery policy and to be able to respond to customers' draw requirements.

Conclusion

Based upon the information on the record, we determine that an industry in the United States is not being materially injured or threatened with material injury by reason of subsidized imports of prestressed concrete steel wire strand from Spain.

34/ Id. at A-13. We note that quarterly import data historically have been characterized by wide fluctuations.

Views of Commissioner Eugene J. Frank

On the basis of available information and the record before me, I have determined that there is a reasonable indication that an industry in the United States is suffering material injury or is threatened with material injury by reason of allegedly subsidized imports of prestressed concrete steel wire strand from Spain.

My opinion and determination differ from my views expressed in the Preliminary Investigations No. 701-TA-152 and 153 covering Prestressed Concrete Steel Wire Strand from Brazil, France and the United Kingdom. These views were provided in USITC Publication 1240 (April 1982). However, significant factors mentioned or covered in Investigations No. 701-TA-152 and 153 which are applicable to this investigation and new information provided by this investigation have been interwoven in my determination. I have also repeated in this final case those portions of my earlier views where these portions are applicable. Also, I have taken the unusual step in this Final Investigation No. 701-TA-164 of determining that an industry in the United States is suffering material injury or is threatened with material injury by reason of allegedly subsidized imports of Prestressed Concrete Steel Wire Strand from Spain.

I am advised by the Commission's Office of the General Counsel that such a final determination is not at variance with the law, even though it is very unusual.

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/ Section 771(10) defines "like product" as a product which is like, or in the absence of like, most similar in characteristics and uses with the article under investigation. 2/

The imported article subject to this investigation is Prestressed Concrete Steel Wire Strand (PC Strand). It is a product consisting of one center wire and six helically placed outer wires, made to ASTM specification A416-74, and is available in two grades, 250 and 270. The most common size in which the product is sold is 1/2" diameter, although it is also sold in 1/4", 5/16", 3/8", 7/16", and 3/5" diameters. Most PC strand is sold coiled in standard packs of 12,000 feet of continuous strand and is purchased by construction firms which tension the strand to elastic limits for use in compressing concrete to provide increased load resistance. PC strand is produced from uncoated round high-carbon steel wire which has been cold-drawn from wire rods to suitable sizes, then fabricated by a stranding machine into required strand sizes. 3/

In conformance with the statute for the purpose of this investigation, I must concur with the recommendations of the Office of the General Counsel 4/ that the product that is like the imported product is all wire strand of steel, other than stainless steel, for prestressing concrete. The domestic

1/ 19 U.S.C. § 1677(4)(A).

2/ 19 U.S.C. § 1677 (10).

3/ Report at A-3 through A-5.

4/ Office of General Counsel Memorandums GC-F-109 and GC-F-265.

product, as is the imported product, is made to the same ASTM specifications and has the same characteristics and uses. I believe there is no indication at this time that the imports from Spain and the domestic product are dissimilar to a material extent with respect to characteristics and uses. Hence, I consider these to be a "like product."

From this statutorily mandated "like product" perspective, the domestic producers of the "like product" comprising the "domestic" industry, therefore would be American Spring Wire Corp., Armco Inc., Bethlehem Steel Corp., CF&I Steel Corp., Florida Wire & Cable Co., Pan American Ropes Co., Shinko Wire American Corp., and Sumiden Wire Product Corp.

It should be noted from the onset that over half of 1981 domestic shipments of PC Strand were accounted for by "domestic" producers who are foreign-owned and controlled, namely: Florida Wire & Cable Co., principally owned by Ivaco of Canada; Shinko Wire American, Inc., principally owned by Shinko Wire Co., Ltd. of Japan; Sumiden Wire Product Corp., principally owned by Sumitomo Electric Industries, Ltd., with other ownership by Sumitomo Corp. and Kurt Orban Co., Inc. 5/ 6/ None of the "domestic" producers are owned by Spanish companies.

An issue arises which involves application of the "related party" provision of Section 771 (4)(B) of the Tariff Act which states:

When some producers are related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise, the term "industry" may be applied in appropriate circumstances by excluding such producers from those included in that industry. 7/

5/ Report at A-10 through A-11.

6/ Memorandum INV-F-042 dated April 13, 1982 and Report on Investigations Nos. 701-TA-152 and 153 (Preliminary) at A-13.

7/ 19 U.S.C. § 1677(4)(B).

From the information available to us, it does not appear at this time that the foreign producers located in the United States of the like product in question would constitute "related parties" pursuant to this section of the statute nor do "appropriate circumstances" exist at this time for their exclusion from the domestic industry comprised by producers of the like product. However, there are some significant relationships in this connection that have a bearing on overall domestic industry and import trends that I considered to be relevant economic factors in my analyses which are discussed more fully in my earlier views in Investigations No. 701-TA-152 and 153 (Preliminary) which was based only on earlier available data.

Reasonable Indication of Material Injury by Reason of Imports

Section 771(7)(B) directs the Commission in making material injury determinations to consider among other factors (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of such merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products. 8/

Imports

In analyzing import trends of the product subject to the previous Investigations Nos. 701-TA-152 and 153 (Preliminary) and in this investigation, I aggregated the impact of alleged unfairly traded imports of

PC Strand from Brazil, France, and the United Kingdom, as well as from Spain and South Africa. 9/ 10/

I find that the volume of U.S. imports of Prestressed Concrete Steel Wire Strand from Spain during the January-April 1982 period as a percent of total U.S. consumption rose sharply from level imported during a like period in 1981, without an adjustment for inventories suggested by a footnote at A-27.

The trend since 1979 for Spanish exports of like products to the United States also has been up. Hence, I find there has been a significant rise in Prestressed Concrete Steel Wire Strand imports into the United States from Spain.

Imports of these like products from Spain, Brazil, France, the United Kingdom, and South Africa have shown a similar upward trend since 1980 with the January-April 1982 period up significantly from a similar period in 1981. The share that U.S. producers' shipments of these like products represented of total U.S. consumption of like products declined. 11/

9/ See pages A-1 to A-2 of the Investigations Nos. 701-TA-152 and 153 Report. As related to these preliminary investigations and in November 1981, Counsel for U.S. producers filed petitions with Commerce alleging subsidies were bestowed on P.C. Strand imported from Spain and South Africa. These countries, however, were not signatories to the International Subsidy Code at the time of the instant investigation and therefore were not entitled to any injury test by the Commission. By memorandum of April 15, 1982, XL-F-022 from the Office of Executive Liaison and Special Advisor for Trade Agreements, I was advised that on April 14, 1982, Spain acceded to the subsidies code subject to a certain reservation, and on that date was designated as a "Country under the Agreement" for U.S. countervailing duty purposes. I believe the imports from these two countries could be cumulated with the other 3 countries subject to these Commission preliminary investigations. For my reasoning on cumulation, see Certain Steel Products from Belgium . . . at 127-129. See also April 8, 1982, General Counsel's memorandum GC-F-109.

10/ Much of the data pertinent to this area in this investigation has been designated as confidential and the discussion by necessity will, where appropriate, focus on generalized trends.

11/ Report at A-27.

Prices in the United States

U.S. producers' prices have been impacted, especially in the January-March 1982 period. Rod prices which represent a very important part of the total cost of producing Prestressed Concrete Steel Wire Strand have advanced by a significant amount from 1979 through the January-April 1982 period. 12/

However, U.S. producers' prices were virtually unchanged between January-March 1979 and January-March 1982. 13/ Hence, I find that the effect of Spanish exports of Prestressed Concrete Steel Wire Strand to the United States has, when cumulated with other certain exporters products, materially injured the U.S. industry producers of like products.

Impact of Imports on Domestic Producers

The impact of imports of such Spanish Prestressed Concrete Steel Wire Strand on U.S. producers of like product, especially in the January-March 1982 period, has been to cause serious losses as evidenced by U.S. producers on their operations, 14/ low cash flows from U.S. producers' operations, 15/ negative U.S. producers' returns on investments, 16/ reduction in number of workers and hours worked at U.S. producers' facilities engaged in the manufacture of Prestressed Concrete Steel Wire Strand when compared to the same period a year earlier. 17/

Hence, for these reasons and other reasons covered by the record, I find U.S. producers impacted by the importation of such like product from Spain.

12/ Report at A-21 and A-22.

13/ Report at A-31.

14/ Report at A-20.

15/ Report at A-23.

16/ Report at A-18.

17/ Report at A-18 to A-19.

In view of the above, I have determined that there is a reasonable indication that an industry in the United States is suffering material injury by reason of aforesaid alleged unfairly traded imports.

Threat of Material Injury

The Report of the Committee on Finance of the United States Senate on the Trade Agreements Act of 1979 provides in part with respect to threat:

In determining whether an industry in the United States is threatened with material injury, the ITC will consider the likelihood of actual material injury occurring. It will consider any economic factors it deems relevant, and consider the existing and potential situation with respect to such factors. An ITC affirmative determination with respect to threat of material injury must be based upon information showing that the threat is real and injury is imminent, not a mere supposition or conjecture . . .

Economic factors which may indicate that a threat of material injury is present vary from case to case and industry to industry. The ITC will continue to focus on the conditions of trade and competition and the nature of the particular industry in each case. 18/ (emphasis added)

The report of the Committee on Ways and Means of the House of Representatives on this same statute provides in part with respect to threat:

In examining threat of material injury, the ITC will determine the likelihood of a particular situation developing into actual material injury. In this regard, demonstrable trends--for example, the rate of increase of the subsidized or dumped imports to the U.S. market taking into account the availability of other export market . . . 19/ (emphasis added)

There is no doubt imports from Spain when cumulated with certain other countries have increased their market share.

18/ S. Rep. No. 96-249, 96th Cong., 1st Sess., 88-89 (1979).

19/ H.R. Rep. No. 96-317, 96th Cong., 1st Sess., 47 (1979).

I have been informed data and trends on Spanish and other foreign productive capacity have been designated confidential and therefore my observations herein must be even more generalized. In reviewing data available with respect to Spanish capacity, capacity utilization, potential export market opportunities cited as well as historical export trends to the U.S. etc., I am sufficiently convinced exports from Spain pose a reasonable indication of a real threat of imminent injury to the domestic industry at this time, especially when cumulated with other certain countries' like product exports to the United States. Spanish exports in tonnage terms rose significantly in the January-April 1982 period and earlier. 20/

Despite the fact that there is likely to be considerable forecasted growth in the future U.S. consumption of Prestressed Concrete Steel Wire Strand, I believe at this time that finding a reasonable indication of threat of material injury is justified. There is significant existing unused capacity available in Spanish facilities which probably will be utilized to increase exports of prestressed concrete steel wire strand to the United States to earn necessary foreign exchange. 21/ It is not likely that adequate other markets within Spain or in third markets exist to which such Spanish capacity probably can be diverted. Hence, I believe that Spanish products will pose a real threat of imminent injury to the domestic industry.

Accordingly, I have determined that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of alleged unfairly traded imports from Spain.

20/ Report at A-12.

21/ Report at A-12.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On November 5, 1981, counsel for five U.S. producers of prestressed concrete steel wire strand 1/ filed a petition with the U.S. Department of Commerce alleging that the Government of Spain pays or bestows bounties or grants upon the manufacture, production, or export of prestressed concrete steel wire strand. The petition requested that there be imposed on imports of this merchandise a countervailing duty equal to the amount of the alleged bounties or grants. Because Spain was not a signatory to the General Agreement on Tariffs and Trade (GATT) Subsidies Code when the petition was filed, the Commission was not required to make a preliminary injury finding.

On July 1, 1982, Commerce issued a final determination that the Government of Spain is providing its manufacturers, producers, or exporters of such merchandise with benefits that are bounties or grants. 2/ On April 14, 1982, Spain became a signatory to the GATT Subsidies Code, and notice of that action was transmitted from Commerce to the Commission on April 26, 1982. Accordingly, effective April 26, 1982, the Commission instituted an investigation under section 705(b) of the Tariff Act of 1930 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 prestressed concrete steel wire strand from Spain, provided for in item 642.11 of the Tariff Schedules of the United States (TSUS), upon which bounties or grants are alleged to be paid. The statute directs that the Commission make its determination 120 days after the day on which it receives notification from Commerce of its affirmative preliminary determination--in this case, by August 23, 1982.

Notice of the institution of the Commission's investigation and of a 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 May 19, 1982 (47 F.R. 21641). 3/ The hearing was held in Washington, D.C., on July 12, 1982., 4/ and the briefing and vote was held on August 11, 1982.

1/ American Spring Wire Corp., Armco Inc., Bethlehem Steel Corp., Florida Wire & Cable Co., and Shinko Wire America, Inc., are petitioners in the investigation concerning imports of the product from Spain. Another producer, Pan American Ropes, Inc., also supports this petition.

2/ A copy of the Department of Commerce's Federal Register notice is presented in app. A.

3/ A copy of the Commission's notice is presented in app. B.

4/ A list of witnesses appearing at the hearing is presented in app. C.

Other Investigations Concerning Prestressed Concrete Steel Wire Strand

In 1978, the Commission conducted two antidumping investigations concerning imports of prestressed concrete steel wire strand. In August 1978, the Commission determined that an industry in the United States was not being injured and was not likely to be injured and was not prevented from being established by reason of the importation of prestressed concrete steel wire strand from India that was being, or was likely to be, sold at less than fair value (LTFV). In November 1978, the Commission determined that an industry in the United States was being injured by reason of the importation of such merchandise from Japan that was being or was likely to be sold at LTFV. A dumping order concerning imports of this product from Japan was issued on December 8, 1978 (43 F.R. 57599); this order is still in effect today. According to Commerce's preliminary review of the antidumping finding concerning imports from Japan, issued on May 20, 1982, dumping margins ranging from 0.03 to 0.29 percent have been found with regard to strand from four Japanese producers and exporters.

On November 9, 1981, counsel for U.S. producers filed a countervailing duty petition with Commerce concerning imports of strand from South Africa. Since South Africa is not a signatory to the GATT Subsidies Code, the Commission was not required to make a preliminary injury determination. On May 21, 1982, Commerce and Haggie Ltd., the only South African manufacturer and exporter of strand, signed an agreement in which Haggie renounced all the benefits which Commerce had preliminarily found to be bounties or grants on exports of strand to the United States. At the request of the petitioners, Commerce is continuing its investigation concerning exports of strand from South Africa. If its final determination is affirmative, the agreement between Haggie and Commerce shall remain in force. A countervailing duty order will not be issued as long as the agreement is in force and the parties carry out their obligations under the agreement. Commerce's final determination is due early in August 1982.

Currently there are three other investigations being conducted concerning imports of strand. On April 14, 1982, the Commission determined ^{1/} that there was a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of prestressed concrete steel wire strand. Two findings concerned imports from Brazil and France, upon which bounties or grants are alleged to be paid, and the third finding concerned imports of strand from the United Kingdom which are allegedly sold at LTFV. ^{2/} Early in August 1982, Commerce preliminary determined that the Governments of Brazil and France are subsidizing the production and export of strand. Commerce's preliminary determination regarding LTFV sales from the United Kingdom is scheduled for September 30, 1982.

^{1/} Commissioner Frank dissenting.

^{2/} American Spring Wire Corp., Armco Inc., Bethlehem Steel Corp., Florida Wire & Cable Co., Pan American Ropes, and Shinko Wire America, Inc. are petitioners in the investigations concerning imports of the product from France and the United Kingdom. The same firms, except Armco and Bethlehem, are also petitioners in the investigation concerning imports from Brazil.

The Product

Steel wire strand for prestressed concrete is produced from uncoated round high-carbon steel wire which has been cold-drawn from wire rods to suitable sizes and then fabricated into the required strand sizes by a stranding machine. After fabrication, the strand is subjected to a continuous heat treatment, which relaxes the stresses built up in the individual wires of the strand as a result of the drawing and stranding processes. The resultant steel wire strand consists of one center wire and six helically placed outer wires (fig. 1). Steel wire strand for prestressed concrete is available in two grades, 250 and 270, which refer to minimum ultimate stress of 250,000 pounds per square inch (psi) and 270,000 psi, respectively. According to the American Concrete Institute, both grades of prestressed concrete strand conform to American Society for Testing & Materials specification A416-74, "Uncoated seven-wire stress-relieved strand for prestressed concrete," and are generally available in the following sizes: 1/

Nominal diameter

1/4 in (0.250 in, 6.35 mm)
 5/16 in (0.313 in, 7.94 mm)
 3/8 in (0.375 in, 9.53 mm) 1/
 7/16 in (0.438 in, 11.11 mm) 1/
 1/2 in (0.500 in, 12.70 mm) 1/
 3/5 in (0.600 in, 15.24 mm) 1/

1/Sizes predominantly used by the industry.

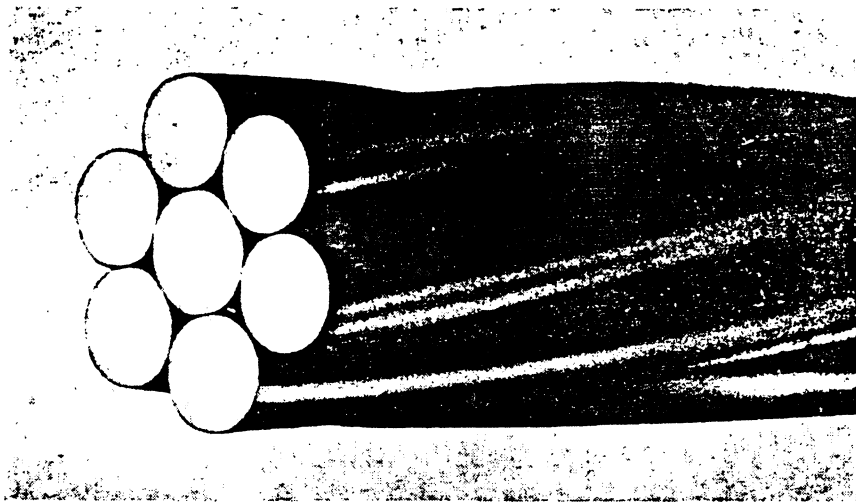
The 1/2-inch strand accounts for about 90 percent of the U.S market. Most prestressed concrete steel wire strand is sold coiled in standard packs of 12,000 feet of continuous strand. Steel wire strand is purchased by construction firms which tension the strand nearly to its elastic limit and use it to compress concrete to provide increased resistance to loads. Prestressed concrete is widely used in the construction of bridge girders, beams, pilings, and railroad ties, as well as in a variety of building products, such as columns, roofs, and floors.

Pretensioning and posttensioning are the methods used to prestress concrete. In pretensioning, steel wire strands are stretched between abutments; concrete is then poured into forms which encase the steel wire strands and is allowed to harden and bond to the tensioned steel. After the concrete has reached a specified strength, the strands are cut off at the ends of the concrete unit and the steel wire strand contracts. The contraction of the strand forces the concrete to contract and bow slightly. As a result, the load-bearing capability of the concrete is substantially increased. Plain concrete has a load-bearing capability of 2,500 psi; reinforced concrete, a capability of 3,000-4,000 psi; and prestressed concrete, a capability of 5,000-6,000 psi. By using large volumes of prestressed concrete steel wire strand, load limits of 10,000 psi have been achieved in prestressed concrete.

A-3

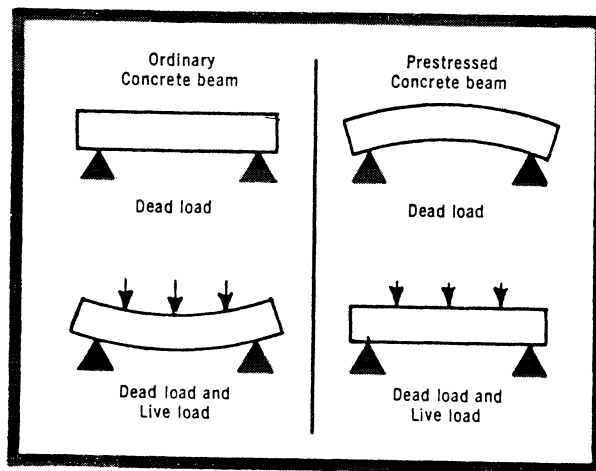
1/ Grade 270 is not available in diameters of 1/4 and 5/16 inch.

Figure 1.--Prestressed concrete steel wire strand.



Enlarged.

Source: "Wire: A Growing Concept in Construction," Wire Journal, June 1973, p. 60.



In posttensioning, strand is encased in tubing or wrapped, positioned in a form, and concrete is poured into the form. When the concrete sets and reaches a specified strength, the steel wire strand in the concrete unit is then stretched and anchored at the ends of the concrete unit. Stress is transferred to the concrete by the permanent end anchorages. In general, posttensioned prestressed concrete is stronger because it uses four to five times more strand than pretensioned concrete. This factor, combined with the greater ease of shipping steel wire strand compared with concrete with strand inside, has resulted in a greater use of posttensioning for beams, bridges, and other large units. In contrast, pretensioned concrete is used more extensively in the construction of building decks, floors, and walls, which can be mass-produced in a plant and transported.

U.S. Tariff Treatment

Imported prestressed concrete steel wire strand is classifiable under item 642.11 of the TSUS. As a result of the agreements made during the Tokyo round of trade negotiations, the most-favored-nation (MFN) (col. 1) 1/ rate of duty for this item was reduced from 7.5 percent ad valorem, effective from January 1, 1972, to December 31, 1979, to 7.2 percent ad valorem, effective January 1, 1980, to 6.9 percent ad valorem, effective January 1, 1981, and to 6.5 percent ad valorem, effective January 1, 1982. This MFN rate of duty is scheduled to be further reduced in stages to 4.9 percent ad valorem, effective January 1, 1987. The rate of duty for imports under this item from least developed developing countries (LDDC's) 2/ is 4.9 percent ad valorem. The column 2 rate 3/ of duty is 35.0 percent ad valorem. Imports under this item

1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, these rates would not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences or under the "LDDC" rate of duty column.

2/ The preferential rates of duty in the "LDDC" column reflect the full U.S. A-5 Multilateral Trade Negotiations concession rates implemented without staging for particular items which are the products of LDDC's enumerated in general headnote 3(d) of the TSUS.

3/ Col. 2 rates of duty apply to products imported from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

have not been designated as articles eligible for purposes of duty-free treatment under the Generalized System of Preferences (GSP). 1/

Nature and Extent of Bounties or Grants

In its final determination, Commerce found that the Spanish Government is providing to manufacturers, producers, or exporters of prestressed concrete steel wire strand bounties and grants which are estimated to be 1.77 percent of the f.o.b. value of the strand. According to the finding, the Spanish Government offers these bounties or grants through the Privileged Circuit Exporter Credits Program. Under this program, Spanish producers of strand obtain working capital loans at interest rates which were below the interest rates of comparable loans which the firms obtained on the commercial market.

The U.S. Market

The first practical application of prestressed concrete is credited to a Frenchman, Eugene Freyssinet, in 1928. Prestressed concrete began to be widely used in bridge construction in Europe shortly after World War II; the first major prestressed concrete bridge in the United States was built in 1950. Demand for prestressed concrete (and consequently for steel wire strand for prestressed concrete) has increased steadily since that time, as prestressed concrete has replaced structural steel as a building material in many applications due to its lower cost and greater strength compared with reinforced concrete. In addition, construction with prestressed concrete requires less steel and less concrete than other methods of constructing columns, beams, walls, panels, and floor and roof slabs.

According to the Prestressed Concrete Institute (PCI), prestressed concrete accounted for 7 percent of total U.S. construction of walls, floors, and roofs in 1973 and is projected to account for 30 percent of such construction in 1982. It accounts for approximately 60 percent of the sales values of the portland cement industry. However, only 2.5 percent of U.S. production of steel wire rod, the basic raw material used in the production of prestressed concrete steel wire strand, was used for this purpose in 1981.

Both domestic producers and importers sell steel wire strand for prestressed concrete directly to about 200 prestressed concrete contractors, which together operate more than 400 plants. The contractors either produce the concrete unit containing strand at a factory and then transport and install it at the building site (pretensioning), or transport the strand to the building site, where it is installed and tensioned within the concrete unit which has been poured on site (posttensioning). Pretensioning contractors accounted for about 75 percent of the market, and posttensioning contractors, of which there are about 10, accounted for about 25 percent of the market in 1981.

1/ The GSP, enacted as 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 in Executive Order No. 11888, of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is scheduled to remain in effect until Jan. 4, 1985.

U.S. consumption of prestressed concrete steel wire strand increased irregularly from 217 million pounds in 1966 to 441 million pounds in 1973, representing an average annual rate of growth of 10.7 percent. There was a strand shortage in 1973 and 1974, which was a peak period for heavy construction in the United States. In response to the chaotic market conditions which existed at that time--higher prices, longer delivery times, and no certainty regarding sources of supply--strand production capacity was expanded both in the United States and in other countries. This expansion was followed by the 1975 recession, which had a particularly severe impact on major construction projects and, consequently, depressed demand for prestressed concrete strand. U.S. consumption of strand fell by 48 percent from 1973 to 1976, when it totaled 229 million pounds, and subsequently * * * to * * * million pounds in 1981, or by an * * * 1976-81. The level obtained in 1981 was * * * the level obtained during the peak year of 1973. In January-April 1982, U.S. consumption continued to * * * than the level of consumption in the corresponding period of 1981, as shown in figure 2 and the following tabulation (in millions of pounds): 1/

Period	:	Consumption	::	Period	:	Consumption
1966-----	:	217	::	1976-----	:	229
1967-----	:	205	::	1977-----	:	291
1968-----	:	257	::	1978-----	:	375
1969-----	:	244	::	1979-----	:	***
1970-----	:	351	::	1980-----	:	***
1971-----	:	<u>1/</u>	::	1981-----	:	***
1972-----	:	386	::	January-April--	:	
1973-----	:	441	::	1981-----	:	***
1974-----	:	433	::	1982-----	:	***
1975-----	:	254	::		:	

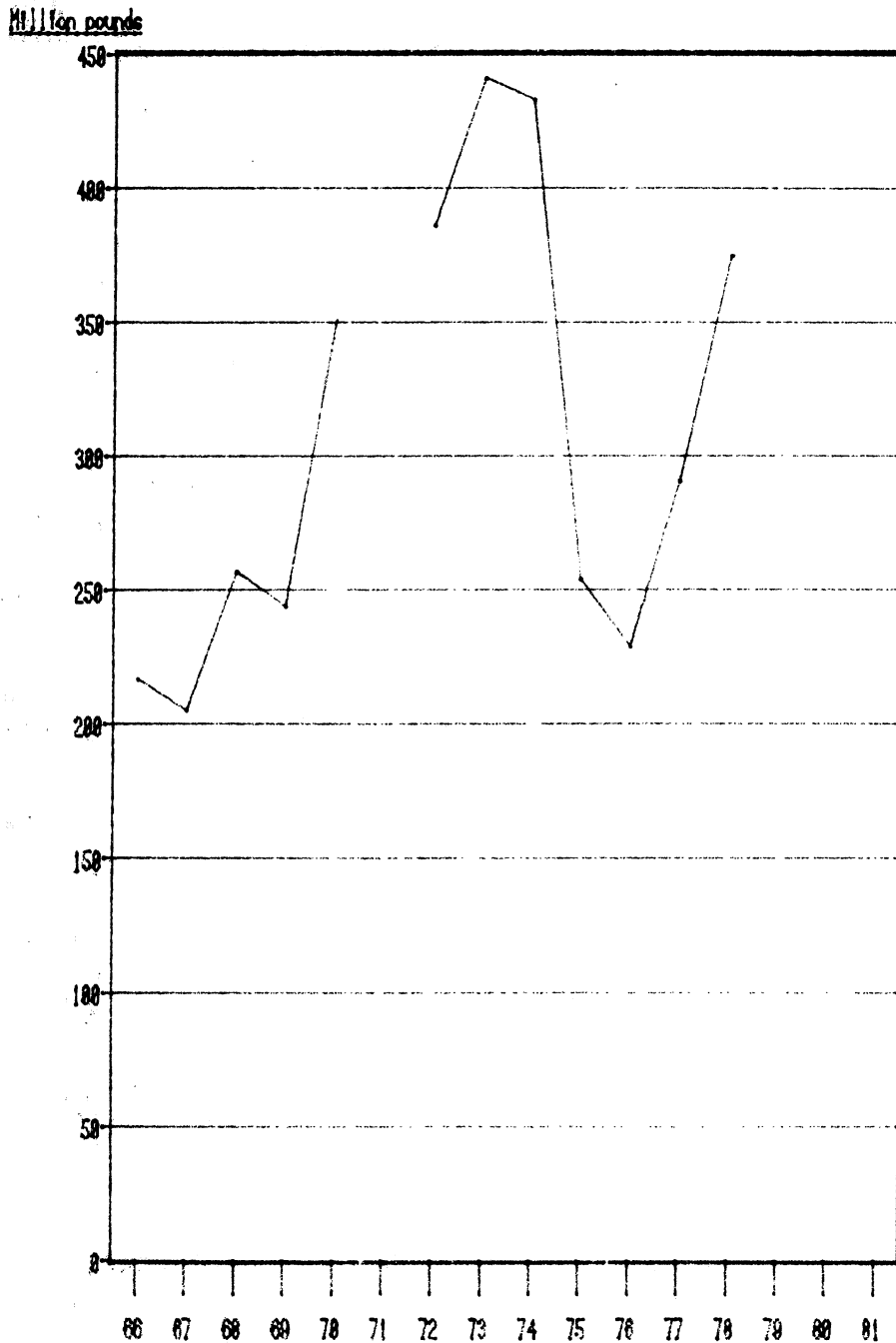
1/ Not available.

According to projections by the Prestressed Concrete Institute and by Frederick Hunt, vice president of Florida Wire, U.S. consumption of prestressed concrete steel wire strand is expected to increase at an average rate of 5 to 6 percent a year for the next few years. 2/ However, Mr. Hunt projects that, because of the sluggish economy, consumption in 1982, will be about the same as in 1981. During the next 2 years, U.S. consumption of strand is expected to grow in the following markets: Bridges, interstate highways, condominiums, apartments, parking garages, Government buildings, and airports. U.S. consumption of prestressed concrete is cyclical: consumption is strongest during the spring, summer, and autumn, and decreases during the winter, as shown in figure 3.

1/ Information was compiled from Steel Wire Strand for Prestressed Concrete From Japan: Determination of Injury in Investigation No. AA1921-188 . . ., USITC Publication 928, November 1978, and questionnaire responses. A-7

2/ Transcript of the conference for investigations Nos. 701-TA-152 and 153 and 731-TA-89 (Preliminary), p. 48.

Figure 2.—Prestressed concrete steel wire strand: U.S. consumption
1966-81.

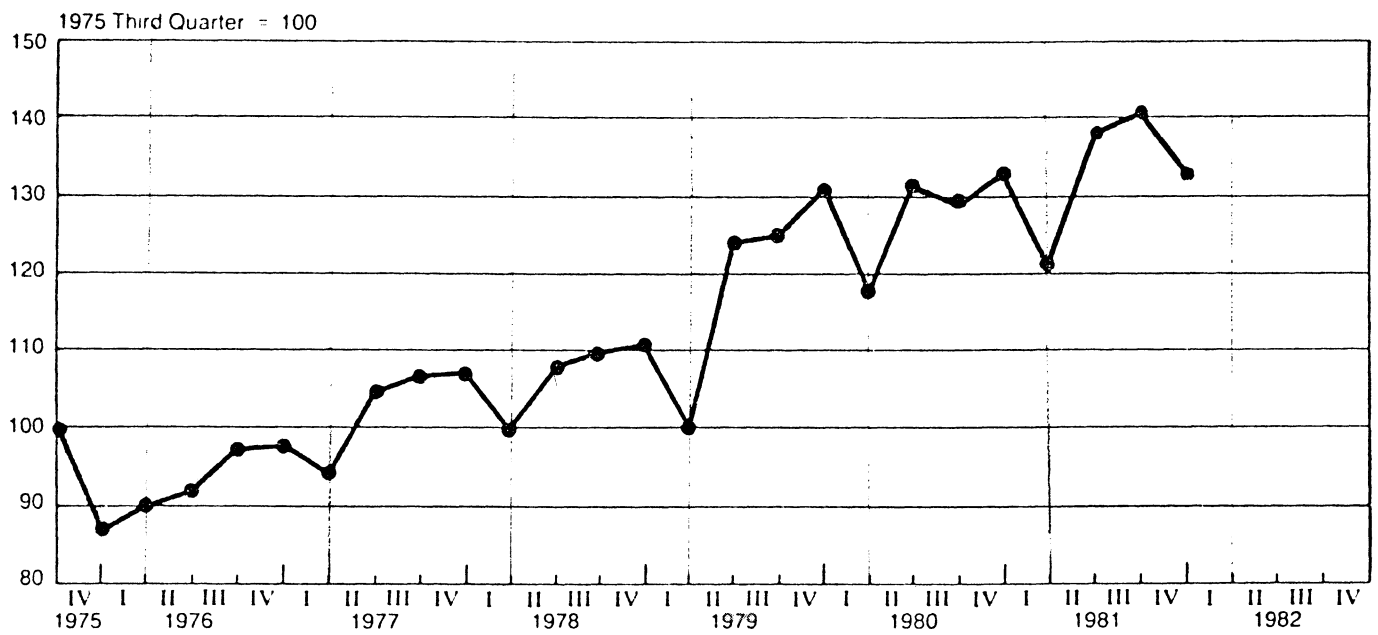


Source: Based on data in the tabulation on p. 7.

A-8

Note.—Data for 1971 are not available. Data for 1979-81 are confidential and have been deleted from this report.

Figure 3.--Prestressed Concrete Institute's business volume indicator, by quarters, July 1975-December 1981.



Source: Prestressed Concrete Institute.

U.S. Producers

There are currently eight firms which produce prestressed concrete steel wire strand in the United States. The names of the producers, their plant locations, and their shares of shipments in 1981 are presented in table 1.

Table 1.--Prestressed concrete steel wire strand: U.S. producers' plant locations, period production began, and share of shipments in 1981

Firm	Plant location	Period production began	Share of 1981 shipments
			Percent
American Spring Wire Corp---	Bedford Heights, Ohio	1975	***
Armco Inc-----	Kansas City, Mo.	1950	***
Bethlehem Steel Corp-----	Sparrows Point, Md.	1958	***
CF&I Steel Corp-----	Pueblo, Colo.	1/	***
Florida Wire & Cable Co-----	Jacksonville, Fla.	1959	***
Pan American Ropes, Inc-----	Houston, Tex.	1980	***
Shinko Wire American Inc-----	Houston, Tex.	1980	***
Sumiden Wire Product Corp---	Stockton, Calif.	1980	***
Total-----	-	-	100.0

1/ Not available.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from information submitted by counsel for the petitioners.

Three of the companies (Armco, Bethlehem, and CF&I) are integrated steel producers manufacturing a wide range of steel products, including wire rod. The remaining five are independent producers which purchase wire rod for use in fabricating strand and other wire products. In 1981, the integrated producers accounted for * * * percent of total U.S. producers' shipments, and the independent producers, for * * * percent.

Steel wire strand for prestressed concrete was first produced in the United States in 1950 by Union Wire Rope Co., of Kansas City, Mo. (now owned by Armco). Bethlehem began production in 1958. By 1960, there were about 11 producers in the United States; most ceased production in the late 1960's. Between 1970 and 1973, five additional plants producing prestressed concrete steel wire strand ceased production as follows: Laclede Steel Co., (St. Louis, Mo.), Wire Rope Corp. (St. Joseph, Mo.), and U.S. Steel (New Haven, Conn.; Waukegan, Ill.; and Pittsburg, Calif.). In June 1974, CF&I closed its plant at Roebling, N.J., one of the largest prestressed concrete strand production facilities in the United States. The facility was offered for sale intact, but no buyers were found for it on that basis, partially because the general view in the industry was that it was an inefficient

plant. Accordingly, the Roebling stranding equipment was sold separately to Bethlehem * * *.

In 1974, * * *.

In mid-1978, Washburn Wire Products, Inc., a federally financed minority-owned enterprise, was established to produce prestressed concrete steel wire strand in New York City. Later that year the firm secured a contract to supply the product to Amtrak for use in the manufacture of concrete ties in the Northeast corridor. The firm had a rated capacity to produce * * * million pounds of prestressed concrete steel wire strand in 1978; two-thirds of this capacity was dedicated to the Amtrak contract. Washburn's bid for this business was well below the next lowest bid, which was submitted by Florida Wire. According to counsel for Florida Wire, at the beginning of the delivery period under the contract, Washburn was not able to meet the quality requirements of the specifications. To perform its contractual obligations, Washburn purchased strand from Florida Wire at the latter's price. After a time, Washburn was able to meet the quality standards, and for a period of about 6 months the company made deliveries to Amtrak from its own production. However, quality and financial problems continued, and on January 30, 1981, the firm filed for bankruptcy. In September 1981, the firm's assets were sold in a bankruptcy sale.

In 1980, Shinko Wire Corp., Ltd., and Sumitomo Electric Industries, Ltd., * * * two * * * Japanese producers of prestressed concrete steel wire strand, opened production facilities in the United States. These two firms accounted for about * * * percent of the imports of strand which were found to be sold at LTFV during the 1978 antidumping investigation. The two new U.S. plants opened by these firms are located in Texas and California, two prime markets for prestressed concrete steel wire strand, and utilize the most modern and up-to-date machinery. Pan American, a firm which began to produce small quantities of the product in 1980, plans to * * *. In May 1981 a Canadian steel concern, Ivaco, acquired an 80-percent interest in Florida Wire, the largest U.S. producer of the strand.

Spanish Producers

Three Spanish firms produce prestressed concrete steel wire strand for export to the United States. These firms and their share of exports to the United States in 1981 are presented in the following tabulation:

<u>Firm</u>	<u>Percent of total</u>
Elaborados Metalicos S.A-----	***
Nueva Montana Quijano, S.A-----	***
Trenzas y Cables de Acero, S.A.-----	***
Total-----	100

The Commission received information concerning production, capacity, and shipments for 1979-81 and projections for 1982 and 1983 from the two firms which constitute * * * percent of exports to the United States. Production of strand by these two firms * * * from * * * pounds in 1979 to * * * million pounds in 1981 and is projected to * * * to * * * pounds in 1983 (table 2). This * * * in production is * * *. Utilization of productive capacity * * * from * * * percent in 1979 to * * * percent in 1981 and is projected to * * * to * * * percent in 1983. Total exports of strand from these firms accounted for * * * percent of total shipments in 1981; exports of strand to the United States accounted for * * * percent of the total.

Table 2.--Prestressed concrete steel wire strand: Production, capacity, capacity utilization, and shipments of 2 Spanish producers, 1979-81, January-March 1982, and projections for 1982 and 1983

* * * * *

Nueva Montana, * * * Spanish producer, produced * * * million pounds of strand in 1981. It exported * * * million pounds, or * * * percent of its production, to the United States in 1981.

The Importer

Port Everglades Steel Corp., a steel-trading firm located in Fort Lauderdale, Fla., accounts for virtually all U.S. imports of prestressed concrete steel wire strand from Spain. In 1958 the firm began purchasing strand from Japanese mills and selling it to pretensioners and posttensioners in Florida and Texas. In 1978, as a result of the antidumping proceeding concerning imports of strand from Japan, the Japanese mills decreased their sales of strand to Port Everglades. In order to continue to serve its customers, Port Everglades began to purchase strand from Spain. As a special service to its customers, Port Everglades offers delivery within 24 hours after an order has been placed. The firm began to offer its customers this delivery service in 1958, when it sold Japanese strand; the firm now offers Spanish strand on the same terms. To facilitate this fast delivery, the firm stocks large inventories of strand in warehouses located in Fort Lauderdale and Tampa, Fla., and Houston, Tex. The share of imports by this firm entering specified customs districts in 1981, as compiled from official statistics of the U.S. Department of Commerce, is presented in the following tabulation:

<u>Customs district</u>	<u>Percent of total</u>
Miami, Fla-----	54
Tampa, Fla-----	24
Houston, Tex-----	20
San Juan, P.R-----	2
Total-----	100

About * * * percent of Port Everglades' sales are made through draw contracts. Under a draw contract a customer orders a certain quantity of strand for delivery during the following year. The customer can then draw its requirements from Port Everglades' warehouse stock as necessary throughout the year. The price of strand is negotiated when the purchaser places its request for delivery. Port Everglades also sells strand to customers which request quotations of strand for delivery on a specified date.

Port Everglades orders strand from the Spanish mills about * * *. The quantity ordered is based on * * *. According to the firm, the availability of ocean transportation is erratic. As a consequence, delays of several weeks are not infrequent. Sometimes orders placed several months apart will arrive in the United States at the same time. According to the importer, because of the erratic nature of ocean transportation, an analysis of quarterly import data might be misleading. The firm's imports of strand from Spain * * * from * * * million pounds in 1979 to * * * million pounds in 1980 and to * * * million pounds in 1981 (table 3). The firm projects that it will import * * * million pounds of strand in 1982.

Table 3.--Prestressed concrete steel wire strand: Port Everglades Steel Corp.'s imports, shipments, and inventories, by sources, 1979-81, January-April 1981, and January-April 1982

* * * * *

The Question of Alleged Material Injury

To obtain information for this section of the report, the Commission sent questionnaires to all known U.S. producers of prestressed concrete steel wire strand. Data going back to 1974 on capacity, production, capacity utilization, producers' shipments, inventories, employment, hours worked, profit-and-loss experience, research and development, and capital expenditures obtained by the Commission from questionnaires in prior investigations on prestressed concrete steel wire strand are also presented. As stated in the section of the report on the U.S. market, 1973 and 1974 were peak years for heavy construction in the United States, and apparent consumption of strand was at record high levels in those 2 years.

Except for * * *, all producers responded to each section of the questionnaires. * * *, which accounted for only * * * percent of shipments in 1981, provided the Commission with data on its shipments and capacity only. Nor did the Commission collect information from Washburn, which went out of business in 1981. This firm is discussed in the section of this report on U.S. producers.

U.S. producers' capacity and production

U.S. producers' capacity to produce prestressed concrete steel wire strand increased from 134 million pounds in 1974 to * * * million pounds in 1981, representing an average annual rate of increase of * * * percent (table 4). Capacity * * * in January-April 1982, when it was * * * percent *** capacity in January-April 1981. About * * *, U.S. productive capacity can be attributed to the steady expansion of Florida Wire's annual capacity from *** million pounds in 1974 to * * * million pounds in 1981. The * * * of the increase in productive capacity resulted from the opening of new plants by American Spring Wire in 1975 (* * * million pounds annual capacity), Sumiden in 1980 (* * * million pounds), and Shinko in 1980 (* * * million pounds). In 1982, * * * plans to add * * * million pounds of capacity; * * * expects to increase its productive capacity in 1983. 1/

Table 4.--Prestressed concrete steel wire strand: U.S. producers' capacity, 1/ production, and capacity utilization, 1974-81, January-April 1981, and January-April 1982

Period	Capacity	Production	Capacity utilization
	Million pounds		Percent
1974-----	134 :	119 :	89
1975-----	130 :	77 :	59
1976-----	177 :	78 :	44
1977-----	181 :	92 :	51
1978 <u>2/</u> -----	198 :	153 :	77
1979-----	*** :	*** :	***
1980-----	*** :	*** :	***
1981-----	*** :	*** :	***
January-April--	:	:	:
1981-----	*** :	*** :	***
1982-----	*** :	*** :	***

1/ Data do not include * * * pounds of annual capacity reported by *** for 1980 and 1981 because this firm did not report data on production.

2/ Estimated by the staff of the U.S. International Trade Commission by multiplying data for January-August 1978 by 1.5.

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

U.S. production of prestressed concrete steel wire strand decreased substantially from 119 million pounds in 1974, a year of shortages in the strand market, to 77 million and 78 million pounds in 1975 and 1976, respectively. U.S. production recovered to 92 million pounds in 1977 and

1/ Information on * * * expansion plans were obtained from questionnaire data; * * * expansion plans, from a letter from Eugene Stewart to Abigail Eltzroth dated July 9, 1982.

thereafter increased fairly steadily to * * * million pounds in 1981, increasing at an average annual rate of * * * percent from 1977 to 1981. All producers except * * * reported increases in production from 1979 to 1981 (table 5). U.S. production * * * percent in January-April 1982 compared with the level of production in the corresponding period of 1981. * * * reported decreases in production in 1982 and * * * reported increases.

Table 5.--Prestressed concrete steel wire strand: U.S. producers' capacity, production, and capacity utilization, by firms, 1979-81, January-April 1981, and January-April 1982

* * * * *

Utilization of U.S. producers' capacity to produce prestressed concrete steel wire strand decreased dramatically from 89 percent in 1974 to 59 percent in 1975 and 44 percent in 1976. With the recovery of the construction industry in 1977 and 1978, capacity utilization increased to 51 and 77 percent, respectively. It subsequently decreased to * * * percent in 1981 because the addition of new capacity outpaced the increase in production.

* * * state that when market demand increases and utilization of strand-producing machinery reaches 80 to 90 percent, these firms begin to consider adding new machinery rather than operating the existing machinery at higher levels. ^{1/} They state that although the strand-producing machinery can operate profitably at higher rates of utilization, higher maintenance costs occur. As a consequence, the useful life of the machinery, decreases. However, there are several other factors which producers take into account before adding new machinery.

The cost of producing strand when new, high-speed machinery is used can be significantly less than the cost when old, low-speed machinery is used. For example, according to data provided by Florida Wire, a new drawing machine which produces wire at a rate of 1,500 feet per minute has a cost advantage of * * * percent compared with a machine which produces wire at a rate of 800 feet per minute (table 6). Similar savings are available to producers which use high-speed stranding and stress-relieving machinery.

Table 6.--Wire-drawing costs, by types of machine, 1982

* * * * *

^{1/} Telephone conversations on July 11, 1982, between the Commission staff and * * *.

The speed of the machinery is only one factor which influences the efficiency of strand-producing operations. For example, * * * uses low-grade steel wire rod in the production of prestressed concrete steel wire strand. The wire made from this lower quality rod tends to break when high-speed machinery is used. Therefore, according to the firm, the most efficient speeds of its machinery are those presented in table 7.

Table 7.--Operation rates of machinery used in the production of prestressed concrete steel wire strand and years installed, by types and by firms, July 1982

* * * * *

U.S. producers' shipments

U.S. producers' shipments of prestressed concrete steel wire strand followed the same trend as production, decreasing from 1974 to 1975 and increasing between 1975 and 1981, and * * * in January-April 1982 (table 8). Their average annual rate of increase from 1975 to 1981 was * * * percent. Shipments * * * by * * * percent in January-April 1982, compared with shipments in the corresponding period of 1981. Exports accounted for only a minor share of U.S. producers' shipments during January 1974-April 1981.

Table 8.--Prestressed concrete steel wire strand: U.S. producers' shipments, 1974-81, January-April 1981, and January-April 1982

(In millions of pounds)			
Period	Domestic	Export	Total
1974-----	117	3	120
1975-----	73	2	74
1976-----	80	1	81
1977-----	91	1	92
1978 <u>1</u> /-----	151	1	152
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
January-April--			
1981-----	***	***	***
1982-----	***	***	***

1/ Estimated by the staff of the U.S. International Trade Commission by multiplying data for January-August 1978 by 1.5.

2/ * * *.

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

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

Inventories

Yearend inventories of prestressed concrete steel wire strand held by U.S. producers increased from 3.0 percent of shipments in 1974 to 10.5 percent in 1975 (table 9). Yearend inventories subsequently decreased to 5.7 percent of shipments in 1976 and * * *. Inventories * * * from * * * percent of annualized shipments on April 30, 1981, to * * * percent of annualized shipments on April 30, 1982.

Table 9.--Prestressed concrete steel wire strand: U.S. producers' shipments and inventories, 1974-81, January-April 1981, and January-April 1982

Period	Shipments	Inventories	Inventories as a share of shipments
	1,000 pounds		Percent
1974-----	120,419	3,608	3.0
1975-----	74,103	7,806	10.5
1976-----	81,253	4,608	5.7
1977-----	91,599	5,029	5.5
1978-----	<u>1/</u> 151,454	<u>2/</u> 7,806	5.1
1979-----	***	***	***
1980-----	***	***	***
1981-----	***	***	***
January-April--			
1981-----	***	***	***
1982-----	***	***	***

1/ Estimated by the staff of the U.S. International Trade Commission by multiplying data for January-August 1978 by 1.5.

2/ As of Aug. 31, 1978.

3/ Excludes shipments of 2 companies, * * * which did not report inventories.

4/ Based on annualized shipments.

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

Employment

There were * * * production and related workers engaged in the production of prestressed concrete steel wire strand in 1981 than in 1974 (table 10). * * *, the total number of hours worked * * * from 672,000 in 1974 to * * * in 1981. The average number of hours worked per employee * * * from * * * hours in 1974 to * * * hours in 1981, * * *. Productivity * * * throughout the period, * * * from 176 pounds per hour in 1974 to * * * pounds per hour in January-April 1982. The average total compensation received by employees in the industry * * * from * * * in 1979 to * * * in January-April 1982. The average hourly total compensation received by the employees of * * * (table 11). * * *.

Table 10.--Average number of U.S. production and related workers engaged in the manufacture of prestressed concrete steel wire strand, hours worked by such workers, wages paid, total compensation, and productivity, 1974-81, January-April 1981, and January-April 1982

Period	Number of workers	Hours worked	Wages paid	Total compensation	Productivity
		Thousands	Per hour	Per hour	Pounds per hour
1974-----	341	672	1/	1/	176
1975-----	238	461	1/	1/	168
1976-----	270	581	1/	1/	134
1977-----	278	584	1/	1/	158
1978-----	2/ 320	3/ 564	1/	1/	3/ 270
1979-----	***	***	***	***	***
1980-----	***	***	***	***	***
1981-----	***	***	***	***	***
January-April--					
1981-----	***	***	***	***	***
1982-----	***	***	***	***	***

1/ Not available.

2/ Data reported for January-August 1978.

3/ Estimated by the staff of the U.S. International Trade Commission by multiplying data for January-August 1978 by 1.5.

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

Table 11.--Average number of U.S. production and related workers engaged in the manufacture of prestressed concrete steel wire strand, hours worked by such workers, wages paid, total compensation, and productivity, by firms, 1979-81, January-April 1981, and January-April 1982

* * * * *

Financial experience of U.S. producers

Total net sales of U.S. producers of prestressed concrete steel wire strand decreased from \$28 million in 1974 to \$25 million in 1975 (table 12) owing to a 38-percent decrease in the quantity sold. Prices of prestressed concrete steel wire strand decreased sharply in 1976, and, as a result, net sales decreased again to \$21 million. They subsequently * * * each year, to

Table 12.--Profit-and-loss experience of U.S. producers on their operations on prestressed concrete steel wire strand, 1974-81, January-March 1981, and January-March 1982

Period	Net sales	Cost of goods sold	Gross profit	General, selling, and administrative expenses	
	<u>1,000 dollars</u>				
1974-----	28,063	20,328	7,735	1,673	
1975-----	24,636	17,940	6,696	1,908	
1976-----	20,905	19,575	1,330	1,942	
1977-----	24,848	24,261	587	2,314	
1978 <u>1</u> /-----	41,960	37,416	4,544	2,974	
1979-----	***	***	***	***	
1980-----	***	***	***	***	
1981-----	***	***	***	***	
Jan.-Mar--					
1981-----	***	***	***	***	
1982-----	***	***	***	***	
	Net operating profit or (loss)	Other expenses	Net profit or (loss) before taxes	Ratio of net profit or (loss) to net sales	Number of firms reporting a loss
	<u>1,000 dollars</u>			<u>Percent</u>	
1974-----	6,062	(83)	5,979	21.3	0
1975-----	4,788	(125)	4,663	18.9	0
1976-----	(612)	(198)	(810)	(3.9)	3
1977-----	(1,727)	(389)	(2,116)	(8.5)	5
1978 <u>1</u> /-----	1,570	(434)	1,136	2.7	2
1979-----	***	***	***	***	***
1980-----	***	***	***	***	***
1981-----	***	***	***	***	***
Jan.-Mar--					
1981-----	***	***	***	***	***
1982-----	***	***	***	***	***

1/ Estimated by the staff of the U.S. International Trade Commission by multiplying data for January-June 1978 by 2.

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

*** in 1981, because the ***. Net sales *** by *** percent in January-April 1982 compared with sales in the corresponding period of 1981 owing to the *** *** in the volume of shipments during the period.

Net income before taxes decreased from a profit of \$6.0 million in 1974 to a loss of \$2.1 million in 1977. As a share of sales, net income decreased from a positive 21.3 percent in 1974 to a negative 8.5 percent in 1977. The sharp decline in profitability of the domestic producers in 1976 and 1977 was partially the result of the decline in the average unit selling price which began in 1976 and continued in 1977; the average unit cost to manufacture strand during the same period increased. One of the components of the increase in average unit cost was the increase in the price of domestic wire rod, the basic raw material in strand production, between 1975 and 1976. Expenses related to production downtime in 1976 and 1977 also contributed to the poor financial performance of the domestic industry in those years.

U.S. producers' net profit recovered to \$1.1 million, or 2.7 percent of sales, in 1978 and * * * in 1979. Net profit * * * to * * * in 1980, or * * * percent of sales. The * * * in profitability in 1980 can be attributed, in part, to * * * (table 13). In 1981, net profit for all firms * * * to * * * or * * * percent of net sales. * * *.

Table 13.--Profit-and-loss experience of U.S. producers on their operations on prestressed concrete steel wire strand, by firms, 1979-81, and January-March 1981, and January-March 1982

* * * * *

Rod prices.---High-carbon steel wire rod constitutes about 60 percent of the cost of producing prestressed concrete steel wire strand. U.S. producers' average purchase price for rod * * * * * percent from 1979 to January-April 1982, as shown in the following tabulation (in cents per pound):

Period	:	Unit	::	Period	:	Unit
	:	value	::		:	value
1975-----	:	14.59	::	1979-----	:	***
1976-----	:	15.00	::	1980-----	:	***
1977-----	:	14.99	::	1981-----	:	***
1978 (Jan.-Aug.)-----	:	16.06	::	1982 (Jan.-Apr.)----	:	***
	:		::		:	

Information on each U.S. producer's rod sources and purchasing terms is presented in table 14 and U.S. producers' average purchase prices of rod, by firms, are shown in table 15.

Table 14.-- Prestressed concrete steel wire strand: U.S. producers' sources of steel wire rod, January 1979-April 1982

* * * * *

Table 15.--U.S. producers' purchase prices of steel wire rod used in the production of prestressed concrete steel wire strand, by firms, 1979-81, January-April 1981, and January-April 1982

* * * * *

Interest expenses.--Data on U.S. producers' interest expenses on their operations on prestressed concrete steel wire strand are presented in table 16. Total interest expenses * * * from * * * million in 1979 to * * * million in 1981.

Table 16.--Prestressed concrete steel wire strand: U.S. producers' interest expenses, by types, 1979-81, January-March 1981, and January-March 1982

* * * * *

Return on investment.--Data on U.S. producers' assets used in the production of prestressed concrete steel wire strand are presented in table 17. U.S. producers' return on investment, as measured by the ratio of net margin before taxes to original cost of assets, * * *.

Table 17.--Investments in assets used in productive facilities by U.S. producers of prestressed concrete steel wire strand, as of the end of accounting years 1979-81, January-March 1981, and January-March 1982

* * * * *

Cash flow from operations.--Cash flow generated from U.S. producers' operations on prestressed concrete steel wire strand, as shown in table 18, * * * from * * * million in 1979 to * * * million in 1980, or by * * * percent. It * * * million in 1981 and * * * from * * * million in January-March 1981 to * * * in January-March 1982, or by * * * percent.

Table 18.--Cash flow from U.S. producers' operations producing prestressed concrete steel wire strand, 1979-81, January-March 1981, and January-March 1982

* * * * *

Research and development and capital expenditures

U.S. producers spent approximately * * * per year during January 1974-March 1982, ^{1/} or a total of * * * million, on research and development expenditures connected with prestressed concrete steel wire strand (table 19). During this period, two U.S. producers * * *.

U.S. producers of prestressed concrete steel wire strand spent * * * million on capital improvements during 1974-81. ^{1/} * * * which expanded its productive capacity during the period from * * * million pounds in 1974 to * * * million pounds in 1981, accounted for * * * percent of the capital expenditures, and * * * accounted for * * * percent of such expenditures. * * * accounted for * * * percent of capital expenditures in * * * and accounted for * * * percent of such expenditures during 1974-81. * * * which * * * together accounted for * * * percent of capital expenditures in * * * and * * * and accounted for * * * and * * * percent, respectively, of total expenditures during 1974-81 (excluding 1978). In 1982, * * * plans to spend * * * million in its plant expansion program.

^{1/} Excluding 1978, for which data are not available.

Table 19.--Prestressed concrete steel wire strand: U.S. producers' research and development and capital expenditures, 1974-77, 1979-81 1/, January-March 1981, and January-March 1982

(In thousands of dollars)				
Period	:	Research and development	:	Capital
	:		:	
1974-----	:	488	:	1,623
1975-----	:	476	:	3,709
1976-----	:	472	:	2,405
1977-----	:	407	:	1,683
1979-----	:	***	:	***
1980-----	:	***	:	***
1981-----	:	***	:	***
January-March--	:		:	
1981-----	:	***	:	***
1982-----	:	***	:	***
	:		:	

1/ Data for 1978 are not available.

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

Consideration of the Causal Relationship Between Subsidized Imports and the Alleged Injury

U.S. imports

Total U.S. imports of prestressed concrete steel wire strand decreased from 316 million pounds in 1974 to 149 million pounds in 1976 (table 20). Total imports subsequently increased to 200 million pounds in 1977, 224 million pounds in 1978, and 226 million pounds in 1979. They then decreased by 21 percent to 178 million pounds in 1980 and by 19 percent to 143 million pounds in 1981. The level of imports in 1981 was less than half the level attained in 1974.

Table 20.--Prestressed concrete steel wire strand: U.S. imports for consumption, by principal sources, 1974-81, January-April 1981, and January-April 1982

Period	Spain	Brazil	France	United Kingdom	South Africa
Quantity (1,000 pounds)					
1974-----	190	2,294	718	1,115	28
1975-----	351	1,436	527	336	0
1976-----	230	18	0	233	156
1977-----	92	0	0	2,259	5,249
1978-----	17,449	10,403	2,027	5,523	10,222
1979-----	13,810	12,704	3,343	6,741	16,825
1980-----	15,638	7,809	2,352	650	16,682
1981-----	21,064	13,680	6,148	9,809	17,813
January-April--					
1981-----	4,212	4,363	2,662	1,520	7,203
1982-----	9,993	5,357	844	2,516	7,749
Sub- total					
Japan					
All other					
Total					
Quantity (1,000 pounds)					
1974-----	4,345	295,304	16,395	316,044	
1975-----	2,650	166,750	13,009	182,409	
1976-----	637	139,096	9,020	148,753	
1977-----	7,600	176,452	15,711	199,763	
1978-----	45,624	157,727	20,196	223,547	
1979-----	53,423	151,600	20,846	225,869	
1980-----	43,131	126,205	8,771	178,107	
1981-----	68,514	59,315	15,597	143,426	
January-April--					
1981-----	19,960	18,710	3,650	42,320	
1982-----	26,459	17,873	12,054	56,386	

Table 20.--Prestressed concrete steel wire strand: U.S. imports for consumption, by principal sources, 1974-81, January-April 1981, and January-April 1982--Continued

Period	Spain	Brazil	France	United Kingdom	South Africa
	Value (1,000 dollars)				
1974-----	66	564	185	220	7
1975-----	209	432	338	103	-
1976-----	39	4	-	48	22
1977-----	15	-	-	470	962
1978-----	3,272	2,257	562	1,301	2,282
1979-----	3,407	3,072	885	1,860	4,545
1980-----	3,968	1,899	665	183	4,737
1981-----	5,118	3,335	1,731	2,752	4,863
January-April--					
1981-----	1,042	1,082	750	436	1,923
1982-----	2,430	1,265	253	721	2,099
	Sub-	Japan	ATI		Total
	total		other		
	Value (1,000 dollars)				
1974-----	1,042	67,589		4,834	73,465
1975-----	1,082	52,973		4,510	58,565
1976-----	113	28,662		1,778	30,553
1977-----	1,447	34,372		3,027	38,846
1978-----	9,674	37,581		4,872	52,127
1979-----	13,769	46,344		5,672	65,785
1980-----	11,452	36,316		2,534	50,302
1981-----	17,799	17,414		4,117	39,330
January-April--					
1981-----	5,232	5,676		990	11,899
1982-----	6,768	4,924		3,065	14,758

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

Imports of prestressed concrete steel wire strand account for an important but decreasing share of U.S. consumption. The ratio of imports to consumption decreased irregularly from 73 percent in 1974 to * * * percent in 1981 (table 21).

Table 21.--Prestressed concrete steel wire strand: Ratios of U.S. imports and U.S. producers' shipments to consumption, by principal sources of imports, 1974-81, January-April 1981, and January-April 1982

(In percent)						
Period	Spain	Brazil	France	United Kingdom	South Africa	
1974-----	<u>1/</u>	0.5	0.2	0.3	<u>2/</u>	
1975-----	0.1	.6	.2	.1		0
1976-----	.1	<u>2/</u>	0	.1	<u>2/</u>	
1977-----	<u>1/</u>	0	0	.8		1.8
1978-----	4.7	2.8	.5	1.5		2.7
1979-----	***	***	***	***		***
1980-----	***	***	***	***		***
1981-----	***	***	***	***		***
January-April--						
1981-----	***	***	***	***		***
1982-----	***	***	***	***		***
	Sub-total	Japan	All other	Total imports	U.S. producers' shipments	Total
1974-----	1.0	68.2	3.8	73.0	27.0	100.0
1975-----	1.0	65.6	5.1	71.8	28.5	100.0
1976-----	.2	60.7	3.9	65.0	35.1	100.0
1977-----	2.6	60.7	5.5	68.6	31.2	100.0
1978-----	12.2	42.1	5.3	59.6	40.4	100.0
1979-----	***	***	***	***	***	***
1980-----	***	***	***	***	***	***
1981-----	***	***	***	***	***	***
January-April--						
1981-----	***	***	***	***	***	***
1982-----	***	***	***	***	***	***

1/ Less than 0.05 percent.

2/ If data are adjusted for inventories held by Port Everglades Steel Corp., Spain's share of consumption would be *** percent in 1979, *** percent in 1980, *** percent in 1981, *** percent in January-April 1981, and *** percent in January-April 1982.

Source: Based on data in table 20 and the tabulation on p. A-7.

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

Japan is the largest source of imports of this product into the United States; it supplied almost 92 percent of total imports during 1974-77. Beginning in 1978, the year in which a dumping order concerning imports of this merchandise from Japan was issued, imports from Japan decreased sharply.

In 1981, imports from Japan were approximately one-fifth the level attained in 1974 and accounted for 41 percent of total imports. Imports of strand from all countries, as a share of total imports in 1981, are presented in the following tabulation:

<u>Source</u>	<u>Percent of total</u>
Japan-----	41
Spain-----	15
South Africa-----	12
Brazil-----	10
United Kingdom-----	7
France-----	4
All other-----	<u>11</u>
Total-----	100

Imports of prestressed concrete steel wire strand from all countries decreased by 80 million pounds from 1978 to 1981, and imports from Japan decreased by 98 million pounds. Data on quarterly imports of prestressed concrete steel wire strand during 1980 and 1981 are presented in tables 22 and 23. Quarterly data should be used with caution. 1/

1/ See the section on the importer.

Table 22.--Prestressed concrete steel wire strand: U.S. imports, by principal sources, producers' shipments, and consumption, by quarters, 1980 and 1981

(In thousands of pounds)						
Period	Spain	Brazil	France	United Kingdom	South Africa	
1980:						
Jan.-Mar-----	6,611	1,850	308	345	3,397	
Apr.-June-----	5,694	2,007	366	40	4,044	
July-Sept-----	10	1,965	677	265	5,478	
Oct.-Dec-----	3,323	1,987	1,002	0	3,763	
1981:						
Jan.-Mar-----	149	2,554	1,807	918	4,989	
Apr.-June-----	7,649	4,198	2,083	3,088	5,277	
July-Sept-----	5,869	3,411	1,598	2,825	4,385	
Oct.-Dec-----	7,396	3,517	660	2,978	3,162	
	Sub-total	Japan	All other	Total imports	U.S. producers' shipments	Consumption
1980:						
Jan.-Mar-----	12,511	32,080	1,533	46,123	***	***
Apr.-June-----	12,150	38,813	2,185	53,148	***	***
July-Sept-----	8,395	31,934	1,351	41,681	***	***
Oct.-Dec-----	10,075	23,379	3,702	37,156	***	***
1981:						
Jan.-Mar-----	10,417	14,501	2,528	27,446	***	***
Apr.-June-----	22,295	13,002	2,264	37,561	***	***
July-Sept-----	18,088	17,514	3,882	39,484	***	***
Oct.-Dec-----	17,713	14,299	6,923	38,935	***	***

Source: U.S. producers' shipments, compiled from data submitted by counsel for the petitioners and by Sumiden and CF&I; imports, compiled from official statistics of the U.S. Department of Commerce.

Note.--U.S. producers' shipments include exports, which accounted for * * * percent of total U.S. producers' shipments in 1980 and 1981.

Table 23.--Prestressed concrete steel wire strand: Ratios of U.S. imports and producers' shipments to consumption, by principal sources and by quarters, 1980 and 1981

* * * * *

Spain.--During 1974-77, imports of strand from Spain averaged less than 0.1 percent of U.S. consumption. In 1978, 17 million pounds of strand was imported into the United States from Spain, 185 times the volume of imports in 1977. Imports from Spain decreased to 14 million pounds in 1979 and then increased to 16 million pounds and 21 million pounds in 1980 and 1981, respectively. As a share of U.S. consumption, imports from Spain constituted 4.7 percent in 1978, * * * percent in 1979, * * * percent in 1980, and * * * percent in 1981.

Cumulated imports.--Data on cumulated imports from Spain, Brazil, France, the United Kingdom, and South Africa are presented in tables 20 to 23. Between 1977, the last full year prior to the issuance of the dumping order on strand from Japan and 1981, U.S. producers * * * their share of the U.S. market; the share held by imports from Spain, Brazil, France, the United Kingdom, and South Africa * * * as shown in the following tabulation (in percent):

Source	Share of U.S. consumption	
	1977	1981
Japan-----	60.7 :	***
U.S. producers-----	31.2 :	***
5 countries <u>1</u> /-----	2.6 :	***
<u>1</u> / Spain, Brazil, France, the United Kingdom, and South Africa.		

Prices

Although price is a major consideration in determining the purchase source for strand, other considerations, including the proximity of the seller, service availability, product quality, and timeliness of delivery, also weigh heavily in purchasing decisions. For example, Port Everglades, the importer and distributor of strand from Spain, asserts that it can deliver strand on a 24-hour basis. Therefore, significant differences in prices among suppliers may often be required to induce purchasers to switch from one supplier of strand to another.

Domestic producers commonly publish list prices; Port Everglades does not. However, discounting from these published prices has been so common in recent years that list prices have not usually been representative of actual transaction prices for strand. Therefore, although at least three domestic producers announced price increases during 1979-81, with the most recent increase being announced in August 1981, it is far from certain whether these announced increases reflected actual upward movements in transaction prices.

The Commission requested U.S. producers and the importer to supply data on their quarterly f.o.b. and delivered prices on sales to major customers for January 1979-March 1982. Seven U.S. producers and the importer provided f.o.b. prices, but only one U.S. producer and the importer provided data on delivered prices. A-30

Price data developed during previous investigations concerning prestressed concrete steel wire strand suggest that prices are highly responsive to fluctuations in demand that result from changes in the level of heavy construction activity. For example, U.S. producers' prices declined from \$198 per 1,000 lineal feet in January-March 1975 to \$131 in January-March 1977 (table 24 and fig. 4). The decline was caused by reduced demand stemming from the sharp drop in heavy construction in 1975 and 1976. Prices increased steadily during the next 2 years as the market for strand recovered, reaching a level of \$184 per 1,000 lineal feet in the second quarter of 1979.

Domestic price data developed during the present investigation show that strand prices remained relatively constant during 1979 and then declined during 1980 as consumption of strand decreased. Prices then increased during 1981 and the first quarter of 1982. As shown in table 24, domestic strand prices decreased steadily from \$184 in the second quarter of 1979 to \$172 in the third quarter of 1980 and then rose steadily to \$184 in the first quarter of 1982.

Table 24.--Prestressed concrete steel wire strand: U.S. producers' prices, 1/ by quarters, January 1975-March 1982

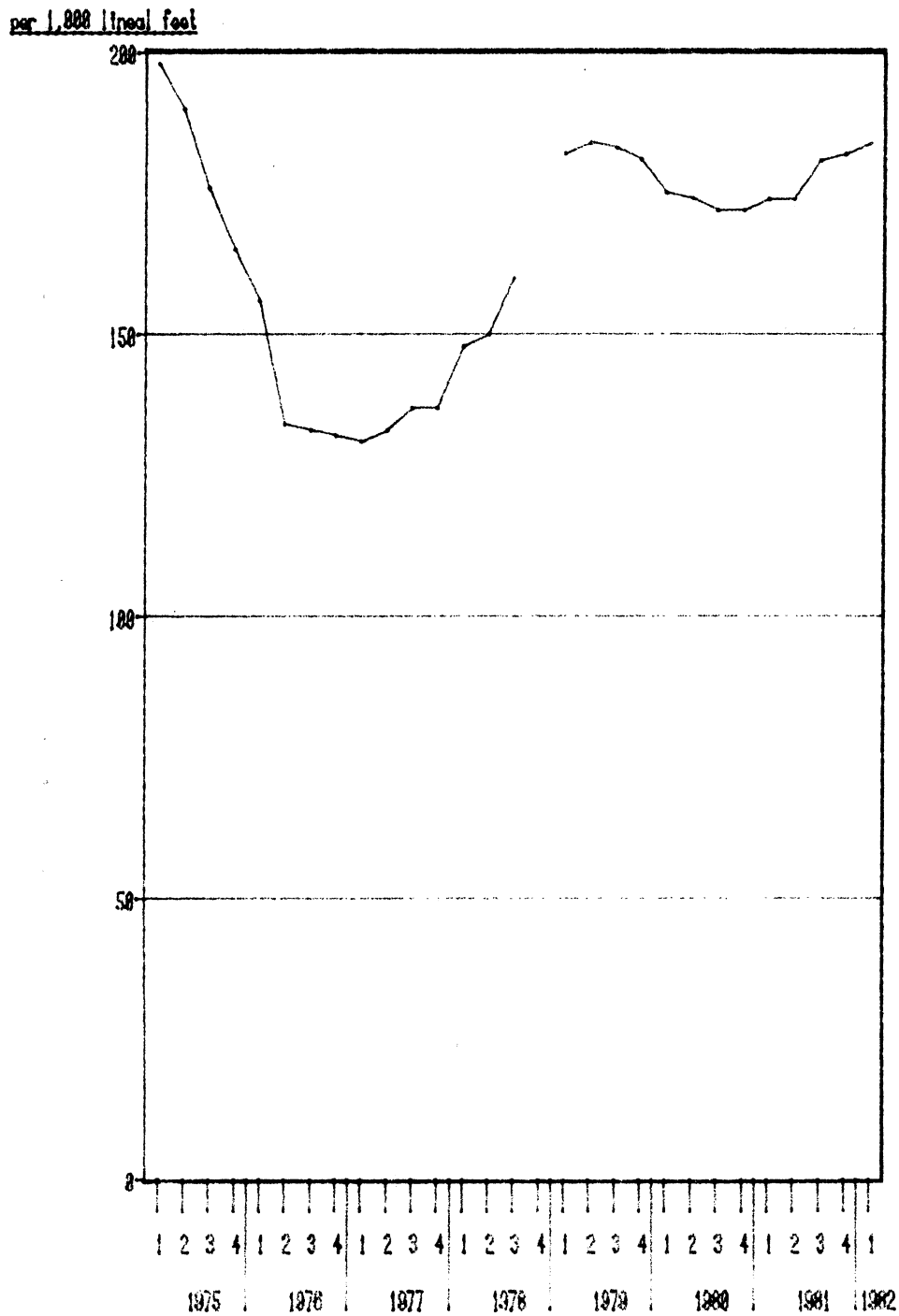
Period	Price	Period	Price
	Per 1,000 lineal feet		Per 1,000 lineal feet
1975:		1979:	
January-March-----:	\$198	January-March-----:	\$182
April-June-----:	190	April-June-----:	184
July-September-----:	176	July-September-----:	183
October-December-----:	165	October-December-----:	181
1976:		1980:	
January-March-----:	156	January-March-----:	175
April-June-----:	134	April-June-----:	174
July-September-----:	133	July-September-----:	172
October-December-----:	132	October-December-----:	172
1977:		1981:	
January-March-----:	131	January-March-----:	174
April-June-----:	133	April-June-----:	178
July-September-----:	137	July-September-----:	181
October-December-----:	137	October-December-----:	182
1978:		1982: January-March--:	184
January-March-----:	148		
April-June-----:	150		
July-September-----:	160		
October-December-----:	<u>2/</u>		

1/ Weighted average f.o.b. mill prices of U.S. producers' shipments of 1/2-inch, 270K, stress-relieved, 7-wire strand to their 4 largest customers.

2/ Not available.

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

Figure 4.—Prestressed concrete steel wire strand: U.S. producers' prices, by quarters, January 1975-March 1982.



Source: Based on data in table 24.

Note.—Data for October-December 1979 are not available.

While domestic strand prices rose by only 1 percent from \$182 in the first quarter of 1979 to \$184 in the first quarter of 1982, prices of related products and key material inputs increased much more rapidly. For example, the Producer Price Index for all finished steel products increased by 29 percent, and U.S. producers' purchase prices of wire rod increased by * * * percent between January 1979 and March 1982. 1/

Prices of strand imported from Spain * * * (table 25). * * *.

A comparison of f.o.b. domestic and import prices offers evidence of * * *.

Table 25.--Prestressed concrete steel wire strand: U.S. producers' and importer's prices, 1/ by quarters, January 1979-March 1982

Period	Domestically produced strand	Imported strand from Spain	Margin of underselling	
			Actual	Percent
-----Per 1,000 lineal feet-----				
1979:				
January-March-----	\$181.63	***	***	***
April-June-----	184.13	***	***	***
July-September-----	182.53	***	***	***
October-December----	181.27	***	***	***
1980:				
January-March-----	175.34	***	***	***
April-June-----	173.69	***	***	***
July-September-----	172.08	***	***	***
October-December----	172.45	***	***	***
1981:				
January-March-----	173.58	***	***	***
April-June-----	177.61	***	***	***
July-September-----	180.56	***	***	***
October-December----	181.85	***	***	***
1982: January-March---	184.09	***	***	***

1/ Weighted average prices of U.S. producers' and Port Everglades Steel Corp.'s shipments of 1/2-inch, 270K, stress-relieved, 7-wire strand to their 4 largest customers.

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

Note.--U.S. producers' prices are on an f.o.b. plant-of-manufacture basis; importer's prices are on an f.a.s. port-of-entry, duty-paid basis.

1/ Developed from data provided by the U.S. Bureau of Labor Statistics and compiled from data submitted in response to questionnaires of the U.S. International Trade Commission. A-33

The data in table 26 provide a comparison of delivered domestic prices for a single domestic producer, Florida Wire, with the delivered prices for the importer, Port Everglades. The results, * * *.

Table 26.--Prestressed concrete steel wire strand: Delivered prices of Florida Wire & Cable Co. and Port Everglades Steel Corp., by quarters, January 1979-March 1982

* * * * *

In order to compare prices of domestic and imported strand from Spain at specified locations during recent periods, the Commission sent questionnaires to 30 purchasers in 4 urban areas--Houston, Dallas-Fort Worth, Tampa, and Miami. The questionnaire requested prices paid for the firm's largest purchases of strand during all quarters of 1981 and the first two quarters of 1982. Seventeen purchasers responded to the questionnaire, and seven provided price data which could be used in making comparisons. As shown in tables 27 and 28, the results * * *.

Table 27.--Prestressed concrete steel wire strand: Delivered prices paid in Miami for U.S.-produced and Spanish-produced merchandise, by quarters, January 1981-June 1982

* * * * *

Data provided by two purchasers in the Miami area indicate that * * *. However, since purchases of imported strand from Spain were * * *.

Another firm in the Miami area provided prices that it paid for purchases of * * * domestic and imported strand during the second quarter of 1982. According to this purchaser, * * * lineal feet was purchased from a domestic producer at a price of * * * per thousand lineal feet, while * * * lineal feet of imported strand from Spain was purchased at a price of * * *, or * * * percent * * * than that of the U.S.-produced strand.

Data for transactions in the Houston and Tampa areas are presented in the following table. The delivered price of strand imported from Spain was * * *.

Table 28.--Prestressed concrete steel wire strand: Delivered prices paid in Tampa and Houston, for U.S.-produced and Spanish-produced merchandise, by quarters, January-December 1981 and January-June 1982

* * * * *

The Commission asked purchasers to rank five factors on a scale of one to five in terms of their importance in the decision to purchase strand from a particular supplier. Along with price, the factors included availability of service, delivery time, proximity of the vending firm, and quality of the product. The responses from the 14 purchasers which completed this section of the questionnaire offered no evidence that prices are more important in purchasing decisions than the other factors. In fact, seven firms gave the proximity of the vending firm the highest rating; prices and product quality received such a rating from only four firms. Three firms rated availability of service and only one rated delivery time the highest.

The questionnaire asked purchasers if they had purchased strand from a higher priced rather than a lower priced source at any time during 1981 because of one or more of the other four factors. Of the 14 purchasers completing that section of the questionnaire, 7 offered an affirmative response. The reasons cited for paying a higher price included promptness in delivery, technical assistance provided by sellers, and a desire to purchase from a variety of sources.

Lost sales

Three domestic producers--* * *--submitted 13 specific instances involving 10 firms to which alleged sales of 8.8 million pounds of prestressed concrete steel wire strand were lost between June 1981 and April 1982 as a result of competition from imports of strand from Spain. The lost sales occurred in the * * *.

The Commission staff was able to contact all 10 purchasers. One firm was able to verify one instance of a lost sale involving approximately * * * million pounds of strand. Lower price was the principal reason cited by this firm for its decision to buy the Spanish strand in lieu of the domestic product. The buyer advised that at its * * *.

Because most purchasers regularly buy prestressed concrete steel wire strand simultaneously from several producers, the remaining nine firms could not verify specific allegations involving a total of 8.2 million pounds of strand. However, each firm indicated that it did purchase such products from Spain during the period under consideration.

Six of the nine firms stated that low prices of the imported strand were an important but usually not the most important consideration in their purchasing decision. Three of these purchasers would be willing to pay a premium for the Spanish strand. The primary considerations in their decision to purchase the Spanish product were such factors as the desire to maintain multiple supply sources, the higher quality and superior packaging of the Spanish product, and Port Everglades' reputation for service. All six firms reported that in their opinion buying strand simultaneously from several suppliers forces domestic producers to be more competitive in their pricing policies.

Two firms which buy both domestic and Spanish strand on a regular basis reported that they had reduced their overall purchases of strand in recent periods as a result of adverse market conditions. Both firms indicated that they have been shifting increasingly to the domestic product because domestic prices are presently lower for small purchases.

One firm indicated that it had been shifting increasingly to the domestic product and now buys almost entirely from domestic sources. The buyer stated that he prefers to support domestic producers, adding that some of his customers specify that domestic strand be used.

The importer's allegations of lost sales

The importer, Port Everglades, cited * * * sales lost to domestic competition. All * * * of the purchasing firms were contacted by the Commission. One of the * * * firms reported that it purchases * * *.

The Question of Threat of Injury

Information on the Spanish producers' projected production capacity, production, shipments, and exports to the United States for 1982 and 1983 are presented in the section on the Spanish producers. Information on Port Everglades' inventories and projected imports are presented in the section on the importer.

APPENDIX A

THE COMMERCE DEPARTMENT'S FEDERAL REGISTER NOTICE

ACTION: Final affirmative countervailing duty determination.

SUMMARY: We have determined that the government of Spain is providing its manufacturers, producers, or exporters of prestressed concrete steel wire strand ("PC strand") with benefits that constitute subsidies within the meaning of the countervailing duty law. The estimated net amount of the subsidy is 1.77 percent of the f.o.b. value of the imported merchandise. Therefore, we are directing the U.S. Customs Service to continue the suspension of liquidation ordered in the preliminary determination of all entries of the product subject to the investigation which are entered, or withdrawn from warehouse, for consumption, and to require a cash deposit or bond in the amount equal to the net subsidy. The U.S. International Trade Commission ("ITC") will determine within 45 days of the publication of this notice whether these imports are materially injuring, or threatening to materially injure, a U.S. industry.

EFFECTIVE DATE: July 1, 1982.

FOR FURTHER INFORMATION CONTACT: John R. Brinkmann Jr., Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, (202) 377-4929.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we determine that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended ("the Act"), are being provided to manufacturers, producers, or exporters in Spain of PC strand as described in the "Scope of Investigation" section of this notice. For the purpose of this investigation, the program found to be a subsidy is the Privileged Circuit Exporter Credits Program: Working Capital Loans. We determine the estimated net subsidy to be 1.77 percent of the f.o.b. value of the imported merchandise.

Case History

On November 5, 1981, we received a petition from counsel on behalf of five domestic manufacturers of PC strand. Those manufacturers are: American Spring Wire Corporation, Armco Inc., Bethlehem Steel Corporation, Florida Wire & Cable Company, and Shinko Wire America, Inc. The petition alleged that certain benefits which constitute bounties or grants within the meaning of section 303 of the Act were being

provided, directly or indirectly, to the manufacturers, producers, or exporters in Spain of PC strand.

We reviewed the petition and determined that an investigation should be initiated on November 25, 1981 (46 FR 58543). In that notice we stated that we expected to issue a preliminary determination no later than January 29, 1982. We subsequently determined that the investigation was "extraordinarily complicated," as defined in section 703(c) of the Act, and postponed our preliminary determination (47 FR 2141).

Section 303 of the Act applied to this investigation when it was initiated because at that time, Spain was not a "country under the Agreement" within the meaning of section 701(b) of the Act, and the product at issue was dutiable. Therefore the domestic industry was not required to allege, and the ITC was not required to determine whether, imports of this product caused or threatened material injury to the U.S. industry in question.

A questionnaire concerning the allegations was presented to the government of Spain on December 29, 1981. We received responses to our questionnaires from the government of Spain on February 22 and March 1, 1982.

On April 5, 1982 the Department of Commerce ("the Department") preliminarily determined that the government of Spain was providing its manufacturers, producers, or exporters of PC strand with benefits that are bounties or grants within the meaning of the countervailing duty law (47 FR 15618). We estimated the net bounty or grant to be 1.44 percent of the f.o.b. value of the imported merchandise, and directed the U.S. Customs Service to suspend liquidation of all entries or warehouse withdrawals for consumption of this merchandise and to require a cash deposit or bond in an amount equal to the estimated net bounty or grant.

On April 14 the Office of the U.S. Trade Representative announced that Spain had become a "country under the Agreement." Section 102(a)(2) of the Act governs the treatment of cases in which a country, currently the subject of an investigation, becomes a "country under the Agreement" before a final determination. It states that where a preliminary but not the final determination has been made under section 303 of the Act, the case is to be treated as if the preliminary determination were made under section 703 as of the date Title VII first applied to the case. Therefore, the date Spain became a "country under the Agreement," April 14, 1982, is the date of

Final Affirmative Countervailing Duty Determination Prestressed Concrete Steel Wire Strand From Spain

AGENCY: International Trade Administration, Commerce.

the preliminary determination. Notice to this effect was published in the Federal Register of April 29, 1982 (47 FR 18402). We advised the ITC of the status of the case and, in accordance with § 355.25(b) of the Commerce Regulations, made information from our files available to it.

Scope of the Investigation

The merchandise covered by this investigation is prestressed concrete steel wire strand, a product used to compress concrete in order to provide active resistance to loads in such items as girders, beams, pilings, and other building materials. PC strand is currently classified under item number 642.1120 of the *Tariff Schedules of the United States Annotated*.

Analysis of Programs

In its response, the government of Spain provided data for calendar years 1980 and 1981. The government identified two programs, the "Desgravacion Fiscal a la Exportacion" ("DFE") and the Privileged Circuit Exporter Credits, as having been utilized by the Spanish PC strand producers and exporters. Three firms are known to have produced and exported PC strand to the United States during this time period. They are Elaborados Metalicos, S.A. ("EMESA"), Trenzas y Cables de Acero, S.A. ("TYCSA"), and Nueva Montana Quijano, S.A. ("NMQ"). We verified the data pertaining to EMESA and TYCSA as these firms accounted for approximately 98 percent of the exports of PC strand from Spain to the U.S. in 1981.

The following is based upon our analysis of the petition, the response, our verification and information from interested parties:

Programs Determined To Be Subsidies

We determine that subsidies are being provided to manufacturers, producers, or exporters in Spain of PC strand under the following program:

Privileged Circuit Exporter Credits Program: Working Capital Loans

We determine that the government of Spain is providing subsidies to its manufacturers, producers, or exporters of PC strand through working capital loans under the Privileged Circuit Exporter Credits Program.

The government of Spain requires all Spanish commercial banks to maintain a specific percentage of their lendable funds in privileged circuit accounts. These funds are made available to exporters at preferential interest rates. While there is no direct outlay of government funds, the benefits conferred on the companies are the

result of a government mandated program to promote exports. Of the four privileged circuit programs identified by petitioner, we determined that PC strand producers benefited from one by receiving working capital loans.

Under the privileged circuit program, firms may obtain working capital loans for less than one year the total of which is not to exceed a specified percentage of their previous year's exports. In 1981 this percent was 20 percent until November when it was decreased to 16 percent for firms without exporter's cards. For firms with government issued exporter's cards such as EMESA, TYCSA and NMQ, the change was from 30 to 24 percent. In 1981, the privileged circuit working capital loan interest rate ceiling mandated by the government was 10 percent, including fees and commissions.

In the preliminary determination we calculated the amount of the bounty or grant to PC strand producers, by computing the interest on the working capital loans using the 10 percent rate under the privileged circuit program, less commissions and fees, and comparing it with an average interest rate or the rate received commercially by each of the firms on loans of similar duration. A per ton subsidy was calculated by prorating the interest differential for each firm over that firm's total exports of all products in 1981. We weight-averaged the benefits of the companies to arrive at the benefit to PC strand producers. In this final determination we have made adjustments to our calculations to reflect the fact that these working capital loans are available throughout Spain to all parties meeting eligibility requirements. In such instances we calculate the subsidy by comparing the preferential interest rate with the national average commercial interest rate on loans with similar terms and conditions.

In this case TYCSA and EMESA received all their 1981 privileged circuit working capital loans, most of which were approximately one year in length, between June and December, 1981. We determined that for the period June through December 31, 1981, the average prime interest rate was 16.94 percent for loans of 1 year or more and that the average borrowers paid 2 percentage points over the prime rate for loans of this type. As the 10 percent working capital loan rate includes fees and commissions, we also made an addition of 0.5 percent to the commercial rate, which by Spanish law is the maximum allowable charge for fees and commissions.

Based on this data we determined the national average commercial interest rate to average borrowers to be 19.44 percent for one-year loans, including fees and commissions. To determine the benefit, the interest differential of 9.44 percent was applied to the total privileged circuit working capital loans of PC strand producers exporting to the United States. The total working capital loan figure for 1981 was comprised of the actual loans received by TYCSA and EMESA and the amount of loans NMQ (representing 2 percent of the exports to the U.S. in 1981) was eligible to receive under this program in 1981, as specific loan information was not made available. We used 24 percent of the NMQ's 1980 exports to represent this figure. This benefit was prorated over all exports of these companies to arrive at a subsidy per metric ton. We divided this figure by the weighted-average f.o.b. price per metric ton of all PC strand exported to the United States to arrive at the estimated countervailing duty rate of 1.77 percent.

Programs Determined Not To Be Subsidies

We determine that subsidies are not being provided to manufacturers, producers, or exporters of PC strand under the following programs:

1. *Desgravacion Fiscal a la Exportacion (DFE)*. Spain employs a cascading tax system. A turnover tax (IGTE) is levied on each sale of a product through its various stages, of production, up to (but not including) the ultimate sale at the retail level. The DFE is the mechanism used in Spain for the rebate of these accumulated taxes (hereafter referred to as "indirect taxes") upon exportation of that product. In this case we have determined that the DFE is a non-excessive rebate of indirect to taxes paid on items physically incorporated into PC strand. These rebate payments meet the requirements of our three-prong test recently upheld by the Court of International Trade in *Industrial Fasteners Group, American Importers Association v. United States*, 2 CIT —, Slip Op. 81-99, October 29, 1981. That test, consisting of three lines of inquiry, all of which must be answered affirmatively to determine that an export payment such as the DFE is not a subsidy, asks the following:

(1) Whether the (export payment) operates for the purpose of rebating indirect taxes, (2) whether there is a clear link between eligibility for (export payments) and payment of indirect taxes, and (3) whether the government has reasonably calculated and documented the actual indirect tax incidence

borne by (exported products) and has demonstrated a clear link between such tax incidence and the amount of the (export payment).

The laws and regulations which establish and control the Spanish tax system, and subsequent submissions by the Spanish regarding the indirect tax incidences on PC strand, satisfy the requirements of this three-prong test. In calculating the DFE payments to be rebated to exporters of PC strand, the Spanish used an input-output table of the economy that defined indirect tax incidences on a sectoral basis. This is the basis for a schedule of border taxes (ICGI) designed to subject imported goods to a tax burden equivalent to that borne by an identical or similar item produced in Spain. The DFE is tied by law to the level of the ICGI.

To demonstrate the actual indirect tax incidence on PC strand the government of Spain provided a "structure of cost" analysis of the product. This identified inputs incorporated into the product and the indirect tax incidence burdening each input.

The "structure of cost" indicated that steel wire rod, the major input physically incorporated into PC strand, accounted for approximately 75 percent of the total cost of producing the product. Three other inputs (lead, packing and other materials) accounted for approximately 1.95 percent of the total cost. The remaining factors included in the cost of producing PC strand were not identified in this "structure of cost" and therefore these other factors were not considered in the calculation of the total indirect tax incidence of items physically incorporated into the production of PC strand. We verified the inputs and their relationship to the total cost of the finished product from company production records. Our verification of these figures at EMESA and TYCSA showed the "structure of cost" inputs and percentages to be correct.

Based on the 1980 IGTE tax rate of 2.4 percent, the total indirect tax burden (including two final stage taxes) on PC strand in 1980 was 12.55 percent. The DFE rate in 1980 did constitute an over-rebate of indirect taxes because the DFE rebate for PC strand was 15.5 percent. However, in January, 1981, the government of Spain increased the IGTE tax rate by 58 percent to 3.8 percent, making the 1981 indirect tax burden on PC strand 19.74 percent. A further increase in the IGTE tax rate in January, 1982 to 4.6 percent increased the indirect tax burden to 23.92 percent. As a result of these increases in the tax rate the over-rebate was eliminated. Therefore we determine that the current DFE

rebate of 15.5 percent is less than the indirect tax burden currently borne by this product and thus, in this case, the DFE is not a benefit which constitutes a subsidy.

2. Benefits to the Steel Industry. One of the allegations raised by petitioner is that manufacturers of PC strand benefited from indirect subsidies by purchasing wire rod or billets from subsidized Spanish steelmakers. The Department has verified that both EMESA and TYCSA purchased only steel wire rod for their strand production and that these purchases were made from a variety of unrelated domestic and international suppliers at prices which were reasonably comparable. Our verification indicates that these purchases were arm's length transactions. Therefore we have determined that these manufacturers of PC strand are not receiving benefits which constitute subsidies as a result of their transactions with unrelated steel wire rod suppliers.

Programs Not Utilized Or Not Applicable

We determine that the following programs, which were described in the notice of "Initiation of Countervailing Duty Investigation", are not used or are not applicable to manufacturers, producers, or exporters in Spain of PC strand.

1. Certain Privileged Circuit Exporter Credits.

Those privileged circuit programs alleged by the petitioner but not utilized by PC strand producers are:

- Commercial services loans
- Short-term export credit
- Prefinancing of exports

2. Warehouse Construction Loans;

3. Export Credit Insurance;

4. Other benefit programs included in this investigation from prior Spanish countervailing duty cases.

Petitioner's Issues

Issue—Counsel for petitioner argues that the DFE is a subsidy under section 771(5) and example (g) of Annex A to the Subsidies Code and may not be offset by the indirect taxes paid. They further argue that the legislative history of the Act did not intend for tax systems such as the Spanish cascade system to be brought under the administrative practice of finding that the non-excessive remission of indirect taxes is not a subsidy.

DOC Position—The Department does not consider the non-excessive rebate of indirect taxes to be a subsidy. The Court of International Trade upheld the Department's position on this matter in

the *Industrial Fasteners* case cited above. Therefore the use of offsets is not an issue here.

Issue—Counsel for petitioner contends that even if they accept the position that the non-excessive remission of turnover taxes is not a subsidy, the methodology employed by the Spanish for deriving the indirect tax amount is an approximation and does not satisfy the "reasonably calculated" part of the three-prong test. Counsel describes the steps in the production of PC strand, and treating each step in the process as a turnover, estimates the incidence of indirect taxes on PC strand. Counsel contends that under this model, and assuming the maximum number of turnovers in the production of PC strand, the DFE rebate is excessive and results in an *ad valorem* subsidy of 11.8 percent.

DOC Position—When analyzing a turnover tax system, we cannot simply count, as counsel suggests, the various turnovers that take place in manufacturing a product to determine the actual incidence of tax paid. Each of the principal inputs entering into the final product has its own pyramid of turnover taxes. The aggregate tax burden is the basis for the DFE rebate. Furthermore the tax is levied on the full value of the product at each turnover resulting in a tax-on-tax effect. The difficulties in a step-by-step analysis of the turnover tax on each input in a product requires countries which utilize such systems to rely on a macroeconomic approach like that of the input-output tables to measure indirect tax incidences.

The methodology used by the Spanish government has been evaluated by the Treasury and Commerce Departments. It is clear from records on previous Spanish countervailing duty cases that Treasury was satisfied that the methodology was based on sound economic principles and established the total turnover tax attributed to various elements in the manufacture of a product. In addition, we have analyzed the Spanish government's methodology with respect to one product and determined that it results in a reasonable calculation of indirect tax incidence. The Spanish government has informed us that the same methodology was applied in calculating indirect tax incidence on all other Spanish products currently subject to U.S. countervailing duty orders or investigations. Since these studies are used by the Spanish government to establish import tax levels as well as export rebates, there is no reason to believe that they are manipulated in order to minimize U.S.

countervailing duties. Therefore we have determined that the Spanish government's input-output system may appropriately be used in our countervailing duty cases.

Issue—Counsel for petitioner states that the Spanish government response to our questionnaire should not have been verified because it was incomplete, conclusory and non-specific. Additionally, where a government or a company fails to disclose information requested during verification, petitioner contends that the Department should use the information provided in the petition.

DOC Position—The Department determined that the response was verifiable. While certain documents requested at verification were not submitted, the Department is satisfied that the documents submitted in place of those requested were adequate to allow a complete verification of the information used in arriving at this determination.

Issue—Counsel challenges the position taken by the Department on indirect subsidies in the preliminary determination on the grounds that it is not consistent with the statutory purpose of the countervailing duty law and is unsupported by economic analysis. Counsel argues that: (1) The distinction between related party suppliers and unrelated party suppliers should not be used as a basis for determining when a benefit "flows through" from the supplier to a purchaser; and (2) the language "directly or indirectly" in sections 701 (a)(1) and 771(5)(B) of the Act allows the Department to find that payments to steel wire rod suppliers constitute subsidies to PC strand producers.

DOC Position—The benefits allegedly conferred by the Spanish government on the primary carbon steel industry would have to be determined to benefit the PC strand industry specifically in order to constitute a countervailable benefit to PC strand producers. We cannot assume that benefits conferred by the government to one party are passed through to another party without looking at the economic environment surrounding those industries. Petitioner's claim that benefits to wire rod producers are automatically passed through to PC strand producers does not conform with the economic realities of steel consuming industries. This is particularly true when one gives consideration to the concept of "own" price elasticity of demand. It is generally in the commercial interest of a firm receiving a subsidy not to share the benefits with its customers. Hence, when Spanish wire rod producers sold

to many different industries and where Spanish PC strand producers bought from several sources, there is no reason to believe that any possible subsidy to the wire rod industry was passed on specifically to the PC strand industry.

Issue—Counsel for petitioner contends that since the PC strand producers currently receive non-privileged circuit working capital loans from banks which own a percentage of their stock, the rates and conditions on all such loans do not comport with commercial considerations, and therefore constitute a countervailable benefit within the meaning of section 701 of the Act.

DOC Position—Because the banks own large percentages of the companies, we consider the rates and conditions of non-privileged circuit working capital loans to be those of intracorporate transactions and not subsidies.

Respondent's Issues

Counsel for TYCSA and EMESA argues that in the preliminary determination the Department overstated the weighted-average subsidy in connection with the Privileged Circuit Exporter Credits Program and cites four areas of contention.

Issue—Commerce should calculate the interest differential for loans obtained on the exports under analysis.

DOC Position—Our calculations include the privileged circuit working capital loans obtained in 1981. Therefore it is appropriate to use the interest differential in effect in 1981 when these loans were received and to spread the benefit from these working capital loans over 1981 export figures.

Issue—Commerce should adjust its calculations to account for prepayment of interest on working capital loans.

DOC Position—The payment terms on these loans are not mandated by the government. They are negotiated with the bank and vary with the company. The difference between the preferential and national average commercial interest rate reflects these varying terms. We did not adjust working capital loans for prepayment of interest because the figure that results from the use of this interest differential in our calculations represents the amount of the subsidy conveyed by the working capital loans program.

Issue—Commerce should ensure comparable treatment of expenses and fees in connection with the making of loans.

DOC Position—As fees and commissions are contained in the preferential working capital loans, we

have included a charge for commissions and fees in the average commercial rate.

Issue—Commerce should ensure that a consistent exchange rate is utilized in its calculations.

DOC Position—We used only one exchange rate for currency conversions in our calculations. It was the average exchange rate certified by the Federal Reserve Bank in New York for 1981 of 88.8 pesetas to the dollar.

Verification—In accordance with section 776(a) of the Act, we verified the information submitted in the original response and relied upon in this determination. We used normal verification procedures to verify the government response. This included inspection of government documents, discussions with government and trade association officials, and on-site inspection of the manufacturers' production methods and records.

Administrative Procedures—The Department has afforded interested parties an opportunity to present oral views in accordance with § 355.35 of Commerce Regulations (19 CFR 355.35). A request for a public hearing was made by counsel for petitioners and a hearing was held on April 29, 1982. Counsels for the petitioners and respondents have provided written views in accordance with § 355.34(a) Commerce Regulations (19 CFR 355.34(a)).

Suspension of Liquidation—Customs officers are directed to continue the suspension of liquidation ordered in the preliminary determination of all entries of the product subject to the investigation which are entered, or withdrawn from warehouse, for consumption, and to require a cash deposit or bond in the amount equal to 1.77 percent of the f.o.b. value of the imported merchandise. The security amount established in our April 12, 1982 preliminary determination is no longer in effect.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition 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 the ITC 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. The ITC will determine on or before August 16, 1982 whether these imports are materially injuring, or

threatening to materially injure, a U.S. industry. If the ITC determines that material injury, or threat of 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 of notification by the ITC of that determination, we will issue a countervailing duty order, directing Customs officers to assess a countervailing duty on PC strand from Spain entered or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the estimated net subsidy.

This notice is published pursuant to section 705 of the Act and § 355.33 of the Department of Commerce Regulations (19 CFR 355.33).

Lawrence Brady,

Assistant Secretary for Trade Administration.

June 25, 1982.

[FR Doc. 82-17968 Filed 6-30-82; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX B

THE COMMISSION'S FEDERAL REGISTER NOTICE

[Investigation No. 701-TA-164 (Final)]

Prestressed Concrete Steel Wire Strand From Spain

AGENCY: International Trade Commissioner.

ACTION: Institution of a final countervailing duty investigation.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigation No. 701-TA-164 (Final) to determine, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), 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 from Spain of prestressed concrete steel wire strand (PC strand) provided for in item 642.11 of the Tariff Schedules of the United States (TSUS) upon which bounties or grants are alleged to be paid.

EFFECTIVE DATE: April 26, 1982.

FOR FURTHER INFORMATION CONTACT: Ms. Abigail Eltzroth, Office of Investigations, U.S. International Trade Commission; telephone 202-523-0289.

SUPPLEMENTARY INFORMATION:

Background

On November 5, 1981, a petition was filed with the Department of Commerce by counsel for American Spring Wire Corporation, Armco Inc., Bethlehem Steel Corporation, Florida Wire & Cable Company, and Shinko Wire American Inc., alleging that the government of Spain pays or bestows, directly or indirectly, bounties or grants upon the manufacture, production or export of PC strand within the meaning of section 303 of the Tariff Act of 1930 (the Act). As Spain was not at that time a "country under the Agreement" within the meaning of section 701(b) of the Act, there was no requirement for the Commission to conduct a preliminary material injury investigation pursuant to section 703(a). On April 12, 1982, Commerce issued a preliminary determination that the government of Spain is providing its manufacturers, producers, and exporters of PC strand with benefits that are bounties or grants.

On April 14, 1982, however, the United States Trade Representative announced that Spain had become a "country under Agreement" (47 FR 16697). As a result of this announcement, Title VII of the Act applies to all countervailing duty investigations of merchandise from Spain. According to section 102 of the Trade Agreements Act of 1979, once

Title VII becomes applicable, any pending investigation under section 303 must terminate. Where a preliminary but not a final determination has been made, the case is to be treated as if the preliminary determination were made under section 703 of the Act as of the date Title VII first applied to the country.

On April 26, 1982, Commerce notified the Commission that it had terminated its investigation under section 303, and that, in accordance with section 102(a)(2) of the Trade Agreement Act of 1979, it was changing the effective date of its preliminary determination to April 14, 1982. Accordingly, the Commission is instituting a final countervailing duty investigation, effective April 26, 1982, the date of receipt of notice from Commerce. The investigation will be subject to the provisions of part 207 of the Commission's Rules of Practice and Procedure (19 CRR 207 (1981), as amended by 47 FR 6190 (Feb. 10, 1982)), and particularly subpart B thereof.

Written Submissions

Any person may submit to the Commission on or before July 1, 1982, a written statement of information pertinent to the subject matter of this investigation. A signed original and fourteen copies of such statement must be submitted. In the event that confidential treatment of the document is requested under § 201.6, at least one additional copy shall be filed in which the confidential business information shall have been deleted and which shall have been marked "nonconfidential" or "public inspection".

Any business information which a submitter desires the Commission to treat as confidential shall be submitted in conformance with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6 (1981)). Each sheet of information for which confidential treatment is desired must be clearly marked at the top "Confidential Business Data". All written submissions, except for confidential business data, will be available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

A staff report containing preliminary findings of facts will be made available to all interested parties on June 21, 1982.

Public Hearing

The Commission will hold a public hearing in connection with this investigation on July 12, 1982, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 10:00 a.m. 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.) on June 17, 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 10:00 a.m., on June 21, 1982, in Room 117 of the U.S. International Trade Commission Building. Prehearing briefs must be filed on or before July 1, 1982.

Testimony at the public hearing is governed by section 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 hearings 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 and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR Part 207 (1981), as amended by 47 FR 6190 (Feb. 10, 1982, and part 201, subparts A through E (19 CFR Part 201 (1981), as amended by 47 FR 6188 (Feb. 10, 1982)).

This notice is published pursuant to § 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12 (1981)).

Issued: May 12, 1982.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-13649 Filed 5-18-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX C

WITNESSES AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : Prestressed Concrete Steel Wire Strand
from Spain

Inv. No. : 701-TA-164 (Final)

Date and time: July 12, 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.

Domestic:

Eugene L. Stewart--Counsel
Washington, D.C.
on behalf of

Prestressed Concrete Strand Group

Lawrence O. Selhorst, President, American Spring
Wire Corporation, Bedford Heights, Ohio

Ed Danciger, President, Florida Wire and Cable
Company, Jacksonville, Florida

Kenneth O. Wilson, Vice President, Shinko Wire
America, Inc., Houston, Texas

Eugene L. Stewart)
Ms. Kathleen T. Weaver)--OF COUNSEL

Importers:

Baker & McKenzie--Counsel
Washington, D.C.
on behalf of

Elaborados Metalicos S.A. ("EMESA") and Trenzas y
Cables de Acero S.A. ("TYCSA")

Allen Gordon, President, Port Everglades Steel Corporation,
Ft. Lauderdale, Florida

Thomas P. Ondeck)
Ms. Elizabeth W. Dodge)--OF COUNSEL

