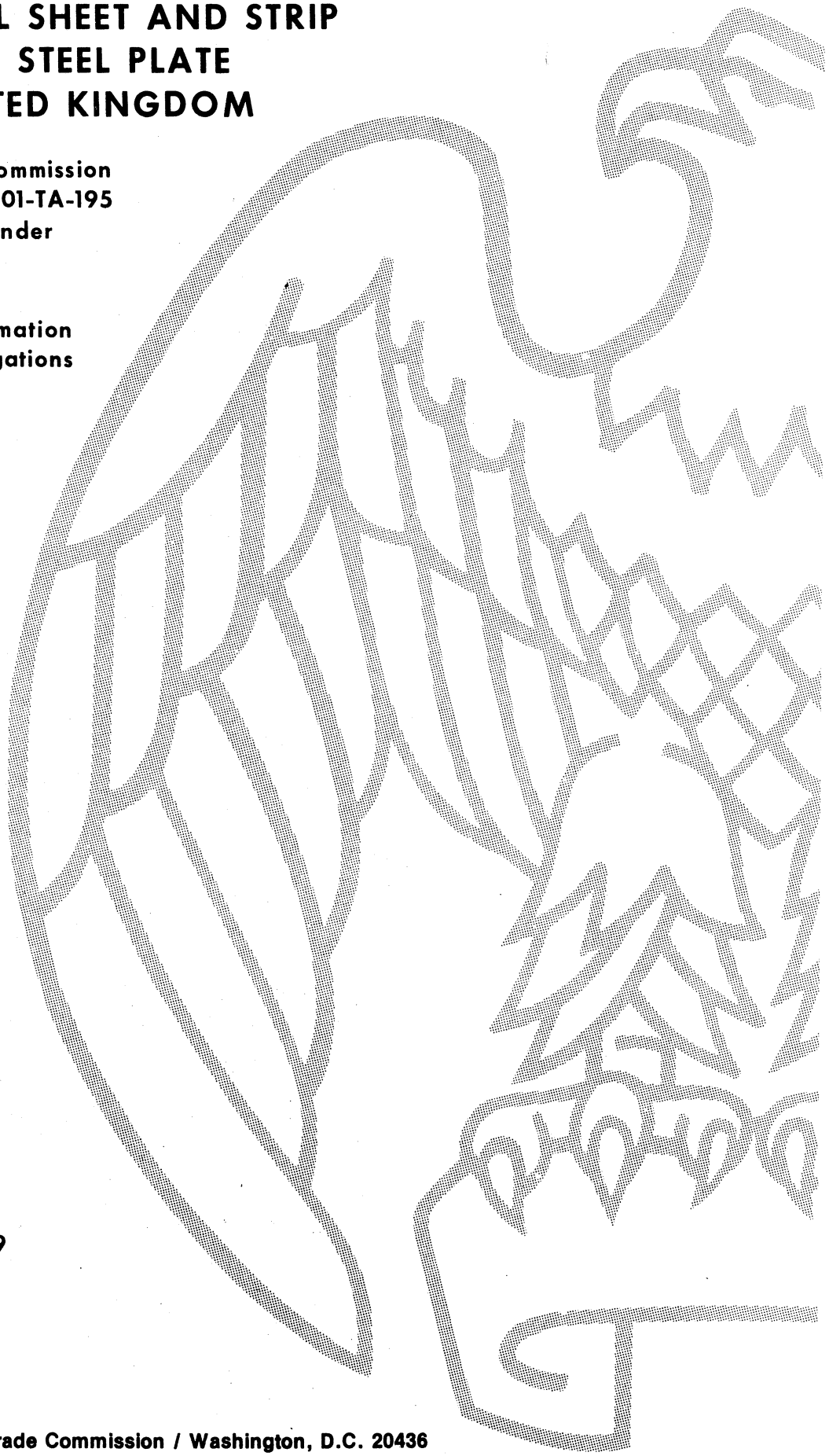
STAINLESS STEEL SHEET AND STRIP AND STAINLESS STEEL PLATE FROM THE UNITED KINGDOM

Determinations of the Commission in Investigations Nos. 701-TA-195 and 196 (Preliminary) Under Section 703(a) of the Tariff Act of 1930, Together With the Information Obtained in the Investigations



USITC PUBLICATION 1319

NOVEMBER 1982

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Kenneth R. Mason, Secretary to the Commission

Patrick Magrath, Analyst
Daniel Klett, Office of Economics
Will Zeitler, Office of Investigations
Carol McCue Verratti, Office of the General Counsel

Jim McClure, Supervisory Investigator

Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436

C O N T E N T S

CONTENTS

Tables

CONTENTS

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Investigations Nos. 701-TA-195 and 196 (Preliminary)

STAINLESS STEEL SHEET AND STRIP AND STAINLESS STEEL PLATE FROM THE UNITED KINGDOM

Determination

Based on the record 1/ developed in investigation Nos. 701-TA-195 and 196 (Preliminary), the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the following products which are alleged to be subsidized by the Government of the United Kingdom:

> Stainless steel sheet, provided for in items 607.7610, 670.9010, and 607.9020 of the Tariff Schedules of the United States Annotated (TSUSA), and stainless steel strip (over 0.01 inch in thickness), provided for in TSUSA items 608.4300 and 608.5700 (investigation No. 701-TA-195 (Preliminary)); 2/
>
> Stainless steel plate, provided for in TSUSA items 607.7605 and 607.9005 (investigation No. 701-TA-196 (Preliminary)). 2/

Background

On October 7, 1982, members of the Tool and Stainless Steel Industry of the United States and the United Steelworkers of America filed a petition with the U.S. International Trade Commission and the U.S. Department of Commerce alleging that an industry in the United States is being materially injured and threatened with material injury by reason of allegedly subsidized imports of stainless steel sheet and strip and stainless steel plate from the United Kingdom. Accordingly, on October 7, 1982, the Commission instituted preliminary countervailing duty investigations (Nos. 701-TA-195 and 196) under section 703(a) of the Tariff Act of 1930. Notice of the institution of the investigations and conference therefor was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission and by publishing the notice in the Federal Register on October 20, 1982 (47 F.R. 46781). A public conference was held in Washington, D.C. on November 1, 1982, at which all interested parties were afforded the opportunity to present information for consideration by the Commission.

1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 C.F.R. 207.2(i)).

2/ Commissioner Haggart determines that there is a reasonable indication of material injury and therefore does not reach the issue of threat of material injury.

VIEWS OF THE COMMISSION

Introduction

We determine, pursuant to section 703(a) of the Tariff Act of 1930, that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 1/ by reason of allegedly subsidized imports of stainless steel sheet and strip from the United Kingdom. Further, we determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 1/ by reason of allegedly subsidized imports of stainless steel plate from the United Kingdom.

We have based our determinations on our consideration of the condition of the domestic industries and the causal relationship between the condition of the domestic industries and the allegedly subsidized imports from the United Kingdom.

Domestic Industries

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." 2/ Section 771(10) defines

---

1/ Commissioner Haggart determines that there is a reasonable indication of material injury, and therefore does not reach the issue of threat of material injury.

2/ 19 U.S.C. 1677(4)(A).

"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. 3/

The products being imported into the United States from the United Kingdom are stainless steel sheet and strip and stainless steel plate. Imports of stainless steel sheet and strip were involved in recent preliminary investigations involving West Germany and France. 4/ In those investigations, we found the like product to be stainless steel sheet and strip and the domestic industry to consist of the U.S. producers of this like product. In this investigation (701-TA-195), the parties have not suggested, nor does the record support, a revision of this industry definition. 5/

Stainless steel plate from the United Kingdom is a flat-rolled product over 0.1875 inches thick and 12" wide. The characteristics and uses of the domestically produced stainless steel plate do not differ from those of the imported product nor have the parties suggested any differences. Stainless steel plate is thicker than stainless steel sheet and strip and has different uses. Unlike sheet and strip, stainless steel plate is used primarily in the production of industrial equipment for the chemical, oil and gas, and rubber producing and processing industries. 6/ Therefore, in Investigation No.

3/ 19 U.S.C. 1677(10).

4/ Stainless Steel Sheet and Strip from West Germany, inv. No. 731-TA-92, USITC Pub. 1252 (June 1982); Stainless Steel Sheet and Strip from France, Inv. No. 731-TA-95, USITC Pub. 1264 (June 1982).

5/ As in the prior investigations concerning this product, we note that the definition of the domestic industry in this preliminary investigation is based on the best information available. Based on the record developed in any final investigation, a different definition of the domestic industry is not precluded. The domestic producers of stainless steel sheet and strip are discussed in the report at A-10.

6/ Report at A-8.

701-TA-196 we find the like product to be stainless steel plate and the domestic industry to consist of the U.S. producers of the like product. 7/

Condition of the Domestic Industries

I. Stainless Steel Sheet and Strip

The stainless steel sheet and strip industry is clearly experiencing difficulties. Nearly all of the economic indicators we considered in reaching our determination in this investigation have declined during the period under investigation.

U.S. production of stainless steel sheet and strip fell from 728,000 short tons (herinafter referred to as tons) in 1979 to 671,000 tons in 1981. In the eight-month period, January-August, 1982, production declined 85,000 tons, or 19 percent, to 371,000 tons from 456,000 tons during the corresponding period in 1981. 8/ Capacity utilization also declined significantly, dropping from 84 percent of capacity in 1979 to 71 percent in 1981. The capacity utilization in January-August 1982 stood at 62.2 percent compared to 83.3 percent for the same period in 1981. 9/ 10/ Declines in capacity utilization are in large part a result of declines in production in this case although capacity did increase during the period under investigation.

From 1979 to 1981, U.S. producers' shipments of stainless steel sheet and strip decreased by 13 percent from 874,000 short tons to 759,000 short tons.

7/ The domestic producers of stainless steel plate are discussed in the report at A-10, A-12.

8/ Report at A-14.

9/ Report at A-14.

10/ A factor evidencing the difficulties of both the stainless steel sheet and strip and the stainless steel plate industries is utilization of overall capacity to melt stainless steel. This declined from 83 percent in 1979 to 53 percent in January-March, 1982. Report at A-14.

Shipments for January-August, 1982, dropped by 28 percent from 558,000 tons to 400,000 tons, compared to the same period in 1981. 11/

Employment figures have also declined from 1979 to the present. The average number of production and related workers producing stainless steel sheet and strip declined from 7,965 workers in 1979 to 7,288 workers in 1981. During January-August, 1982, however, the average number of workers employed was 6,239, or 20 percent less than the number employed during the corresponding period of 1981. The number of hours paid for production and related workers producing sheet and strip followed similar trends. 12/

The financial information on the record concerning sheet and strip production also indicates a negative trend. Net sales, gross profits, net operating profits, and cash flow all declined during the period of this investigation. Aggregate net sales of stainless steel sheet and strip declined from $1.4 billion in 1979 to $1.2 billion in 1980 or by 14 percent. Net sales increased by $105 million, or 9 percent, to $1.3 billion in 1981, but then dropped off by 21 percent to $632 million in January-August, 1982, compared to $805 million in the corresponding period in 1981. 13/

Gross profit declined by 69 percent during the period 1979 to 1981, from $234 million to $72 million. 14/ During that same period, the ratio of gross profit to net sales dropped from 16.9 to 5.6 percent. Operating profit declined from $188 million, or 13.5 percent of net sales in 1979, to $17 million or 1.3 percent of net sales in 1981. For the interim period ending

---

11/ Report at A-15.
12/ Report at A-17, A-18.
13/ Report at A-20.
14/ Report at A-20.

August 31, 1982, aggregate operating losses of nine million dollars or a negative 1.4 percent of net sales were reported, compared to an operating profit of forty-two million dollars, or 5.5 percent of net sales, for the same period in 1981. Cash flow has also declined significantly from $207 million in 1979 to $38 million in 1981 and from $56 million during the interim period of 1981 to $5 million during the interim period of 1982. 15/

II. Stainless Steel Plate

The stainless steel plate industry is also experiencing difficulties. Production of stainless steel plate declined from 105,000 tons in 1979 to 95,000 tons in 1981. Plate production decreased to 49,000 tons during the first eight months of 1982, compared with 63,000 tons during the same period in 1981. 16/ Capacity utilization also declined from 63.3 percent in 1979 to 57.5 percent in 1981. January-August 1982 capacity utilization was 53.1 percent compared to 68.7 in the same period of 1981. 17/

During 1979-1981, U.S. producers' shipments of stainless steel plate declined by 16 percent from 146,000 tons to 122,000 tons. This trend continued with a 22 percent decline to 69,000 tons in January-August 1982, compared with 88,000 tons during the corresponding period in 1981. 18/

Although employment of workers producing stainless steel plate increased from 1,272 in 1979 to 1,396 in 1981, the number of workers in January-August 1982 dropped to 1,300 workers compared to 1,397 workers during the same period

---

15/ Report at A-20, A-21, Table 10.
16/ Report at A-14.
17/ Report at A-14. See also note 10 at page 5.
18/ Report at A-15.

in 1981. The hours paid for production and related workers declined by 8 percent from 2.0 million in 1979 to 1.9 million in 1981. There was a 24 percent decline to 970,000 hours paid in January-August 1982 compared with 1.3 million in January-August 1981. 19/

The financial condition of producers of stainless steel plate has deteriorated during the period under investigation. Aggregate net sales of plate decreased by 2 percent from $210 million in 1979 to $206 million in 1981. In the period January-August, 1982, net sales dropped by 27 percent to $69 million compared with $94 million in the corresponding period of 1981. 20/ Gross profit declined by 69 percent from $29 million in 1979 to $9 million in 1981. In the same period, the ratio of gross profit to net sales dropped from 13.8 percent to 4.4 percent. Operating profit fell from $22 million in 1979 or 10.5 percent of net sales, to a $1 million loss or 0.5 percent of net sales, in 1981. In the interim period ending August 31, 1982, operating profit fell to 0 percent compared to 7.4 percent of net sales during the interim period of 1981 as four of the six producers reporting financial data showed operating and net losses. 21/

Reasonable Indication of Material Injury

Section 703(a) of the Tariff Act of 1930 provides that the Commission shall make a determination as to whether there is a reasonable indication of material injury based on the best information available. 22/ Section 771(7) directs the Commission to consider, among other factors, (1) the volume of

---

19/ Report at A-19.
20/ Report at A-21.
21/ Report at A-21.
22/ S. Rep. No. 249, 96th Cong., 1st Sess. 48 (1979).

imports of the merchandise under investigation, (2) the effect of imports of that 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.

Volume of Imports

I. Stainless Steel Sheet and Strip

Imports of stainless steel sheet and strip from the United Kingdom declined from 1,094 tons in 1979 to 643 tons in 1980, but then increased to 3,840 tons in 1981. 23/ Imports in January-September 1982 amounted to 3,520 tons, which is a 39 percent increase over the 2,328 tons imported during the corresponding period of 1981. The ratio of imports from the United Kingdom to apparent U.S. consumption increased from 0.1 percent in 1979 and 1980 to 0.5 percent in 1981. This ratio increased to 0.7 percent in January-September 1982 compared with 0.4 percent in the corresponding period in 1981. 24/

At the same time that imports of stainless steel sheet and strip from the United Kingdom were increasing, the market share of imports from all sources also increased from 6.9 percent in 1979 to 9.0 in 1981 and to 13.4 percent for the first nine months of 1982 from 7.7 percent in the corresponding period of

---

23/ From June 1976 to February 1980, imports of stainless steel sheet and strip and stainless steel plate, as well as other stainless steel products were subject to quantitative restrictions. See Report at A-2. These restrictions, as well as a 3-month strike against British Steel Corporation in early 1980, suppressed the level of stainless steel imports from the United Kingdom during this period.

24/ Counsel for British Steel Corporation stated that the imports from the United Kingdom are generally concentrated in the 60-inch stainless steel cold-rolled sheet. There is only one domestic producer that manufactures sheet in that dimension. However, information on the record indicates that the one producer has sufficient capacity to supply the entire U.S. demand for this product.

1981. 25/ The best information available to the Commission at this preliminary stage of the investigation indicates that the imported and domestic stainless steel sheet and strip are fungible, and compete in the market for the same end users through common channels of distribution. 26/ 27/

II. Stainless Steel Plate

Imports of stainless steel plate from the United Kingdom decreased from 610 tons in 1979 to 273 tons in 1980 before increasing to 2,985 tons in 1981. 28/ Imports in January-September 1982 amounted to 3,217 tons, representing an increase of 38 percent compared with imports in the corresponding period of 1981. The market share for imports of plate from the United Kingdom rose from 0.4 percent in 1979 to 2.5 percent in 1981. This market share increased from 2.4 percent in January-September 1981 to 3.8 percent in January-September 1982. 29/ 30/

25/ Report at A-31, Table 17.

26/ Report at A-8. See also Staff briefing at the November 17, 1982, public meeting of the U.S. International Trade Commission.

27/ Chairman Eckes and Commissioner Haggart have made their determination on the basis of imports of stainless steel sheet and strip from the United Kingdom alone. In the event that this case returns for a final investigation, they do not preclude cumulation should the record developed demonstrate that it is appropriate.

28/ See note 23 at page 8.

29/ Report at A-34, Table 19.

30/ Counsel for British Steel Corporation stated that imports of stainless steel plate from the United Kingdom are concentrated in the 316 grades, which contain molybdenum, and that the U.S. producers maintain artificially high prices in these grades compared to prices of non-molybdenum grades. There is information on the record, however, that the U.S. prices of grade 316 plate were lowered to reflect the lower price of molybdenum. Moreover, there are other factors affecting the price of 316 plate that need to be analyzed before conclusions may be accurately drawn on the impact of molybdenum prices on the relative price differences between grade 316 plate and non-molybdenum plate. The Commission will pursue this issue further if the case returns for a final investigation.

Effect of Imports on Prices

I. Stainless Steel Sheet and Strip

There are indications that imports of stainless steel sheet and strip from the United Kingdom have had a negative impact on domestic prices. U.S. producers and British Steel Corporation provided prices on two specifications of stainless steel sheet (one grade 304 and one grade 316) for sales to service centers/distributors. 31/ The U.S. producers' prices for this sheet declined from July-September 1981 to July-September 1982 by 10 percent for the grade 304 sheet and 27 percent for the grade 316 sheet. While the imported grade 304 was priced higher than the domestic product, the imported grade 316 sheet undersold the domestic grade 316 sheet by an average of 14 percent during the three quarters during which we were able to make price comparisons.

With regard to lost sales, two firms contacted confirmed that they purchased British stainless steel sheet from the United Kingdom because of lower price. Additionally, a third firm recently purchased a large quantity of British stainless steel sheet because of favorable credit terms.

II. Stainless Steel Plate

There are also indications that imports of stainless steel plate from the United Kingdom have depressed U.S. producers' prices of stainless steel plate. U.S. producers' prices (for the two grade 304 plates and the one grade 316 plate for which the Commission received price information) decreased by an average of 17 percent during July-September 1982 compared with July-September 1981.

31/ The Commission did not receive information concerning the prices of British stainless steel strip.

Imports of stainless steel plate from the United Kingdom undersold the domestic product for all three plate specifications for which prices were collected. Margins of underselling ranged from less than 1 percent to 15 percent below domestic prices for the two grade 304 plate products. For the grade 316 plate specification, British Steel provided prices for 3 quarters during the period under investigation. 32/ Margins of underselling averaged 21 percent.

With regard to lost sales, six firms confirmed that they purchased stainless steel plate from British Steel and that the price was lower than that for U.S. produced plate. The firms indicated that U.S. prices declined throughout 1982, narrowing the margins of underselling.

Reasonable indication of a threat of material injury 33/

In examining threat of material injury, the Commission looks for, among other factors, demonstrable trends in the following areas: (1) rate of increase of the imports in the U.S. market; (2) importers' inventories; (3) capacity in the exporting country to generate exports; and (4) the likelihood that such exports will be directed to the U.S. market taking into account the availability of other export markets. The threat must be real and the injury imminent, not a mere possibility based on supposition and conjecture. 34/

There is a steadily increasing rate of imports of stainless steel sheet, strip and plate from the United Kingdom, both in absolute terms and in terms

---

32/ Report at A-37.
33/ See note 1 at page 3.
34/ S. Rep. No. 294, 96th Cong., 1st Sess. 88-89 (1979); S. Rep. No. 1298, 93rd Cong., 2nd Sess. 180 (1974); Alberta Gas Chemicals, Inc. v. United States, 515 F. Supp 780, 790 (CIT 1981).

of the ratio of imports from the United Kingdom to domestic consumption. 35/ Import figures for the first quarter of 1982 demonstrate the capability of British Steel to increase its imports into the United States substantially in a very short time. 36/ Other considerations suggest that imports of stainless steel sheet and plate from the United Kingdom will continue to increase in the near future.

The capacity for production of stainless steel sheet and strip in the U.K. increased each year from 1979-1982. 37/ Capacity for increased production of stainless steel plate remained essentially the same during this period, leaving substantial unused capacity. 38/ There is a likelihood that exports of stainless steel sheet and strip and stainless steel plate will be directed to the U.S. market. Although the European Community has traditionally been the largest export market for the United Kingdom, it has a limited demand for stainless steel sheet and strip and stainless steel plate from the United Kingdom. During the period of this investigation, the role of the United States as an export market for the United Kingdom has increased. 39/

Conclusion

Therefore, on the basis of the best available information, we determine that there is a reasonable indication that an industry in the United States is

---

35/ See Report at A-33, A-34, and A-35.
36/ Report at A-33.
37/ Report at A-27.
38/ Id.
39/ The negotiated settlement agreement worked out for carbon steel may prompt adjustments of product mix to emphasize stainless production, and therefore exports might shift from carbon steel products to stainless steel products. This possibility will be explored further in a final investigation.

materially injured or threatened with material injury 40/ by reason of subsidized imports of stainless steel sheet and strip and stainless steel plate from the United Kingdom.

40/ See note 1 on page 3.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On October 7, 1982, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce on behalf of members of the Specialty Steel Industry of the United States and the United Steelworkers of America, AFL-CIO, pursuant to section 702 of the Tariff Act of 1930, 19 U.S.C. 1671 et seq. (Supp. III, 1979) and 19 C. F. R. 355.26 (1980), alleging that the producers of stainless steel sheet and strip and plate in the United Kingdom receive subsidies from the Government and that the U.S. stainless steel sheet and strip and plate industries have been materially injured and are threatened with material injury by these subsidized imports. The members of the Specialty Steel Industry of the United States that filed the petition are Allegheny Ludlum Steel Corp., Armco, Inc. Carpenter Technology Corp., Colt Industries, Inc. (Crucible Materials Group), Eastern Stainless Steel Co., Electralloy Corp., Guterl Special Steel Corp., Jessop Steel Co., Jones & Laughlin Steel Inc., Republic Steel Corp., Universal Cyclops Specialty Steel Division (Cyclops Corp.), and Washington Steel Corp. All are involved in the production of one or more of the subject products. The United Steelworkers of America represents most in the employees of the stainless-steel sheet and strip and plate industries.

Effective October 7, 1982, the Commission instituted countervailing duty investigations Nos. 701-TA-195 and 196 (Preliminary) to determine, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), whether there is a reasonable indication than 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 the United Kingdom of stainless steel sheet provided for in items 607.7610, 607.9010 and 607.9020 of the Tariff Schedules of the United States Annotated (TSUSA), stainless steel strip provided for in items 608.4300 and 608.5700, and stainless steel plate provided for in items 607.7605 and 607.9005, upon which bounties or grants are alleged to be paid. The statute directs that the Commission make its determinations in these investigations within 45 days after the date of receipt of the petition, or by November 22, 1982.

Notice of the institution of the Commission's investigation and of the public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing a notice in the Federal Register of October 20, 1982 (47 F.R. 46781). 1/ The public conference was held in Washington, D.C., on November 1, 1982, at which time all interested parties were given the opportunity to present information for consideration by the Commission. 2/

1/ A copy of the Commission's notice of investigation and conference is presented in app. A. The Department of Commerce's notice of initiation of its countervailing duty investigation is presented in app. B.

2/ A list of witness appearing at the conference is presented in app. C.

Other Commission Investigations on Stainless-Steel Sheet and Strip and Plate

On June 2, 1982, the Commission determined that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of stainless steel sheet and strip from West Germany which are allegedly being sold or are likely to be sold at less than fair value. 1/ On June 17, 1982, the Commission determined that there is a reasonable indication than an industry in the United States is materially injured or threatened with material injury by reason of imports of stainless steel sheet and strip from France which are allegedly being sold or are likely to be sold at less than fair value. 2/ The products involved in these two cases are identical to the products in the instant investigation.

On May 28, 1982, the Commission made a final determination that an industry in the United States is materially injured by reason of imports of stainless clad steel plate from Japan which is being sold at less than fair value. 3/

The Commission has also conducted three investigations on stainless steel products under sections 201 and 203 of the Trade Act of 1974. 4/ In the first of these three, investigation No. TA-201-5, on January 16, 1976, the Commission determined that stainless steel bar and wire rod and stainless and alloy tool steel sheet and strip and plate were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles.

The President determined that import relief should be provided, and on June 11, 1976, issued Proclamation No. 4445, which provided for import relief in the form of quantitative restrictions for a 3-year period on (1) stainless steel sheet and strip, (2) stainless steel plate, (3) stainless steel bar, (4) stainless steel wire rod, and (5) alloy tool steel. The relief was to be phased down during the 3-year period (i.e., the quotas were to be increased by 3 percent annually). The quotas were on a country-by-country basis with respect to the larger supplying countries.

1/ Stainless Steel Sheet and Strip from West Germany: Determination of the Commission in Investigation No. 731-TA-92 (Preliminary) . . ., USITC Publication 1252, June 1982.

2/ Stainless Steel Sheet and Strip from France: Determination of the Commission in Investigation No. 731-TA-95 (Preliminary) . . ., USITC Publication 1264, June 1982.

3/ Stainless Clad Steel Plate From Japan: Determination of the Commission in Investigation No. 731-TA-50 (Final) . . ., USITC Publication 1270, July 1982.

4/ Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-201-5 . . ., USITC Publication 756, January 1976. Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-203-3 . . ., USITC Publication 838, October 1977. Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-203-5 . . ., USITC Publication 968, April 1979.

Prior to proclaiming such relief, the President sought to negotiate orderly marketing agreements with the leading sources of stainless and alloy tool steel. Only Japan expressed a willingness to negotiate such an agreement. The quantitative restrictions proclaimed with respect to imports from Japan reflected the terms of an agreement signed with the Government of Japan on June 11, 1976, 1/ providing for the limitation of imports from Japan for a 3-year period beginning June 14, 1976.

The second of investigation, No. TA-203-3, was instituted by the Commission on June 19, 1977, after the Special Representative for Trade Negotiations (now the United States Trade Representative) requested advice on May 25, 1977, from the Commission under section 203(i)(2) concerning the probable economic effect on the specialty steel industry if the relief provided by Proclamation No. 4445, as modified by Proclamations Nos. 4477 and 4509, were to be terminated or reduced.

As a result of the investigation, Commissioners Moore and Bedell advised the President on October 14, 1978, that the termination or reduction of the relief could have a serious adverse economic effect. Chairman Minchew advised that chipper knife or band saw steel could be removed from the quota without an adverse economic impact and that the quotas on the remaining articles could be increased by 6.7 percent but should not be further increased or terminated. Commissioner Ablondi advised that the termination or reduction of the relief would have not a substantial adverse impact. Following receipt of this advice, the President issued Proclamation No. 4559 on April 5, 1978, modifying the import relief so as to exclude so-called chipper knife steel and band saw steel from the quota on alloy tool steel covered in item 923.23 of the Appendix to the Tariff Schedules of the United States (TSUS). The quotas applicable to the remaining articles provided for under TSUS item 923.26 for the European Community and Sweden, the primary sources of such alloy tool steel, were reduced to take into account this change in quota coverage. This modification became effective April 8, 1978.

The third investigation, No. TA-203-5, was instituted by the Commission on December 11, 1978, following receipt of a petition on November 30, 1978, filed by the Tool & Stainless Steel Industry Committee and the United Steelworkers of America, AFL-CIO. The investigation was instituted under subsections 203(i)(2) and (i)(3) of the Trade Act of 1974 for the purpose of gathering information in order that it might advise the President of its judgment as to the probable economic effect on the domestic industry of the termination of import relief presently in effect with respect to the stainless steel and alloy tool steel provided for in TSUS items 923.20 through 923.26. Such import relief was scheduled to terminate on June 13, 1979, unless extended by the President. On April 24, 1979, Commissioners Alberger and Stern advised the President that the termination of the quantitative restrictions imposed on imports of stainless and alloy tool steel would have little, if any, adverse impact on the domestic industry producing such articles. Commissioners Moore and Bedell advised the President that the termination of the quantitative import restrictions would have a serious adverse economic effect on the domestic industry producing such articles. Commissioner Parker did not participate in the investigation.

1/ See Agreement on Speciality Steel Imports, June 11, 1976, United States-Japan, TIAS No. 8442.

On June 12, 1979, the President issued Proclamation No. 4665, which extended the temporary quantitative limitations imposed by Proclamation No. 4445, as amended, for the period June 14, 1979, through February 13, 1980. Such import relief was terminated on February 14, 1980.

Other Investigations Concerning the Subject Products

On January 12, 1982, the Tool & Stainless Steel Industry Committee (since renamed the Specialty Steel Industry of the United States) and the United Steel Workers of America filed a petition with the United States Trade Representative (USTR) pursuant to section 301 of the Trade Act of 1974, 19 U.S.C. 2411 (Supp. III, 1979). The petition was filed on behalf of the specialty steel industry of the United States, and challenged the bestowal of unreasonable and discriminatory subsidies by the Governments of Austria, Belgium, Brazil, France, Italy, Sweden, and the United Kingdom as violating the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (the "Subsidies Code"). The petition alleged that the dramatic increase in the import penetration of specialty steel products (stainless steel sheet and strip, plate, bar, and wire rod, and alloy tool steel) from these countries is the direct result of these subsidies, and that these imports burden or restrict U.S. commerce and cause or threaten to cause injury to the U.S. industry. The petition further alleged that the use of these subsidies violated the obligations of these nations arising under the provisions of the General Agreement on Tariffs and Trade (GATT) and the Agreement on Interpretation and Application of Articles IV, XVI, and XXIII of the GATT.

On February 26, 1982, the USTR initiated investigations concerning the allegations made with respect to five of the seven countries named in the petition: Austria (301-27), France (301-28), Italy (301-29), Sweden (301-30), and the United Kingdom (301-31). 1/ At the same time, the USTR decided not to initiate investigations concerning the petitioners' allegations with respect to Brazil and Belgium. 2/

Upon initiating these investigations, the USTR also began the process of consultation required by section 303 of the act 3/ and article 12 of the Subsidies Code. If these consultations fail to result in a satisfactory resolution of the case, the USTR may invoke the conciliation and formal dispute settlement provisions (arts. 17 and 18) of the Subsidies Code. 4/ The Code provides certain time constraints for each of these steps in the process. At the same time, pursuant to section 304 of the act, the USTR was to recommend to the President what action, if any, he should take in this case. 5/

1/ 47 F.R. 10107.

2/ The Specialty Steel Industry of the United States subsequently filed a new section 301 petition challenging subsidies bestowed on specialty steel producers in Belgium; this petition was accepted by USTR.

3/ 19 U.S.C 2413.

4/ Ibid.

5/ 19 U.S.C. 2414.

Nature and Extent of Alleged Bounties and Grants

The allegations in this petition concerning subsidies are based largely on the final determination of the Department of Commerce in its investigation of countervailable subsidies bestowed by the British Government on carbon steel products. 1/ The petition agrees in principle with, but does not necessarily accept, all the conclusions reached by Commerce in that determination. The following subsidies are alleged to exit, and are allegedly as applicable to the production of stainless steel sheet, strip and plate as they are to the production of carbon steel products:

(1) Government Equity Infusions.--These involve conversion of capital debt to equity, and grants by the British Government to British Steel Corp. (BSC) in the form of public dividend capital or new capital. As with any government equity investment in a company, the determination of whether such investment constitutes a subsidy hinges on the nature of the investment at the time it was made. The Department of Commerce has found that BSC, at least for certain time periods, was not a sound investment. These equity infusions constitute subsidies with an estimated ad valorem rate of 15.88 percent.

(2) National Loan Fund Loans.--These involve amounts the British Steel Corp. was authorized to borrow from the National Loan Fund. Subsequently, all outstanding loans were converted into equity. The Department of Commerce treated two loan conversions as additional equity investments, found the second equity infusion to BSC to be made without commercial considerations, and determined that a subsidy of 2.21 percent ad valorem was conferred.

(3) Industrial Development Loans from the European Coal and Steel Community (ECSC).--The ECSC borrows on world capital markets at interest rates that are lower than those which would be available to European steel companies. When the ECSC relends these borrowed funds to the company without increasing the interest rate, the difference between the lower interest rate and the rate otherwise available to the steel company is a benefit to that company. The Department of Commerce determined that British Steel Corp. benefited by such loans, and that the subsidy for the most recent period was 0.26 percent ad valorem.

(4) Loans from the European Investment Bank.--The European Investment Bank obtains funds by selling debt instruments on world markets and by earnings on investments. Because loans to individual companies are designed to serve regional needs, the Department of Commerce has held them to be countervailable to

1/ Carbon Steel Structural Shapes, Hot-Rolled Carbon Steel Plate, and Hot-Rolled Carbon Steel Bar From the United Kingdom: Final Affirmative countervailing Duty Determination, and Cold-Formed Carbon Steel Bar From the United Kingdom: Final Negative Countervailing Duty Determination, published in the Federal Register of Sept. 7, 1982 (47 F.R. 39384).

the extent of any benefit received from a lower interest rate than would have been available commercially from a private lender without government interference. The subsidy amount was calculated to be 0.59 percent ad valorem for the most recent periods.

(5) The Iron and Steel Industry Training Board.--Under this program, British Steel Corp. receives several training grants in order to foster the United Kingdom's policy of maintaining a pool of skills required by the iron and steel industry and increasing employee job versatility. Because such training may benefit BSC, the Department of Commerce found those training grants to be countervailable subsidies. The subsidy calculated was 0.01 percent ad valorem.

(6) Preferential Rail Rates.--British Steel Corp. receives preferential rail rates charged by British Rail, a Government-owned corporation. The Department of Commerce has found that BSC received a subsidy of 0.07 percent ad valorem an account of preferential rates.

(7) Regional Development Grants.--These grants are used to defray the cost of new buildings, machinery, and plants for use in development areas. They are available only to designated manufacturing sectors (e.g., metals) and to "special development" and "development" regions. The Department of Commerce found this program to be preferential in nature and to confer a subsidy.

However, these grants, are tied to specific capital assets, and the specific ad valorem rate found by the Department of Commerce to exist for carbon steel products might not be applicable to stainless steel sheet, strip, and plate. Thus a proper calculation has to be made to determine what portion of this rate is applicable to stainless steel sheet, strip, and plate.

The petition does allege the existence of another subsidy that is directly tied to stainless steel production. The British Government allegedly approved a proposal to provide $291.2 million in capital to finance modernization and expansion of stainless-steel-making operations of British Steel Corp. The ad valorem rate of this subsidy for the last year is allegedly 17.56 percent. The Department of Commerce has not yet determined if such financial assistance constitutes a subsidy within the meaning of the countervailing duty law.

The Product

Description and uses

Stainless steel 1/ sheet and strip are flat-rolled steel products produced by passing slabs or sheet bars through a series of reducing rolls on continuous or hand mills. They are used principally in applications requiring resistance to oxidation and/or corrosion and are produced with a wide range of physical and mechanical properties depending on application. Stainless steel sheet and strip are generally considered to be finished products and are distinguished from other flat-rolled products by their dimensions. The TSUSA defines sheets as "flat-rolled products, whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness and over 12 inches in width," and strip as "a flat-rolled product, whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness, and if cold-rolled, over 0.50 inch but not over 12 inches in width, or if not cold-rolled, not over 12 inches in width "(headnote 3(g) and (h), subpt. B, pt. 2, schedule 6).

Stainless steel sheet and strip are produced primarily on continuous mills. In this production process, slabs are conditioned and rolled into coil form on a continuous hot strip mill. The coil then is annealed, through either the continuous or the batch anneal process, descaled, and cold-reduced to a specified thickness. The product is subsequently further annealed, descaled, and may be cut to length. To obtain improved surface and mechanical properties and lighter gages, the material is cold-rolled. Cut lengths then can be flattened by roller leveling or stretcher leveling.

Stainless steel sheet and strip produced on hand mills are rolled from sheet bars. This process, although it has been almost totally replaced by the continuous method, is important in producing certain grades of stainless steel that are difficult to roll on the continuous mill and certain widths exceeding the limits of the continuous rolls. In this process, the product is rolled in lengths, annealed, and descaled. It may then be subjected to further operations, including cold-reduction, annealing, descaling, and light cold-rolling.

The TSUSA defines plates as "flat-rolled products, whether or not corrugated or crimped, in coils or cut to length, 0.1875 inch or more in thickness and over 12 inches in width." The manfacturing process for stainless steel plate is similar to that of stainless steel sheet and strip--by hot-rolling from slabs, after which the plate is usually annealed and pickled.

Although quality differences between imported and domestically produced stainless steel sheet and strip and plate are sometimes alleged, these products are fungible when produced in the same grades and to the same specifications. Stainless steel sheet and strip are generally shipped as cold-rolled

---

1/ Stainless steel is any alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium (headnote 2(h)(iv), subpt. B, pt. 2, schedule 6, of the TSUSA). It is generally manufactured from scrap metal and produced primarily by the electric-furnace process.

products, whereas stainless steel plate is generally shipped in the hot-rolled, pickled form.

Stainless steel sheet is often fabricated into food-processing equipment, chemical fertilizer tanks, liquid gas storage tanks, hospital equipment, and various defense applications. Stainless steel strip is used in automobiles, appliances, industrial equipment, and various defense applications. Stainless steel plates are sold in various grades and finishes, and are most often used in industrial equipment for the chemical, oil and gas, and rubber-producing and rubber-processing industries.

U.S. tariff treatment

Imports of the stainless steel sheet and strip and stainless steel plate which are the subjects of these investigations are classified for tariff purposes under items 607.7610, 607.9010, 607.9020, 608.4300, 608.5700, 607.7605, and 607.9005 of the (TSUSA). The current column 1 (most-favored-nation) rates of duty 1/ and column 2 duty rates 2/ are shown in table 1.

The rates of duty for imports of stainless steel sheet and strip and stainless steel plate, which are currently dutiable at column 1 rates ranging from 9.5 percent to 11.5 percent ad valorem plus additional duties on alloy content, 3/ have remained virtually unchanged since 1977. Imports of these items are not eligible for duty-free treatment under the Generalized System of Preferences (GSP), 4/ nor are least developed developing countries (LDDC's) granted preferential rates of duty. 5/

1/ The col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUSA.

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

3/ Headnote pt. 2, subpt. B, schedule 6, 4, of the TSUSA.

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

5/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Multilateral Trade Negotiations concession rates implemented without staging for particular items which are products of least developed developing countries, enumerated in general headnote 3(d) of the TSUSA. Where no rate of duty is provided in the "LDDC" column for an item, the rate of duty provided in col. 1 applies.

Table 1.--Stainless steel sheet and strip: U.S. rates of duty, by TSUS or TSUSA items, as of Jan. 1, 1982

TSUSA item No.		Article	Rate of duty 1/	
1979	1980-82		Col. 1	Col. 2
608.8510	607.7605	Stainless steel plates, not pickled and not cold-rolled, not coated or plated with metal, not clad.	9.5% ad val. + additional duties.	28% ad val. + additional duties.
608.8540	607.7610	Stainless steel sheets, not pickled and not cold-rolled, not coated or plated with with metal, not clad.	9.5% ad val. + additional duties.	28% ad val. + additional duties.
608.8810	607.9005	Stainless steel plates, pickled or cold-rolled, not coated or plated with metal, not clad.	10% ad val. + additional duties.	0.2¢ per lb + 28% ad val. + additional duties.
608.8841	607.9010	Stainless steel sheets, pickled but not cold-rolled, not coated or plated with metal, not clad.	10% ad val. + additional duties.	0.2¢ per lb + 28% ad val. + additional duties.
608.8843	607.9020	Stainless steel sheets, cold-rolled, not coated or plated with metal, not clad.	10% ad val. + additional duties.	0.2¢ per lb + 28% ad val. + additional duties.
609.0720	608.4300	Stainless steel strip, over 0.01 but not over 0.05 inch in thickness.	10.5% ad val. + additional duties.	33% ad val. + additional duties.
609.0820	608.5700	Stainless steel strip, over 0.05 inch in thickness.	11.5% ad val. + additional duties.	33% ad val. + additional duties.

1/ Stainless steel sheet and strip are also subject to additional cumulative duties on alloy content, as follows:

TSUS item No.		Alloy content	Additional duties	
1979	1980-82		Col. 1	Col. 2
607.01	606.00	Chromium content over 0.2 percent by weight	0.1% ad val.	1% ad val.
607.02	606.20	Molybdenum content over 0.1 percent by weight.	0.3% ad val.	1% ad val.
			0.4% ad val.	1% ad val.
607.03	606.04	Tungsten content over 0.3 percent by weight.		
607.04	606.06	Vanadium content over 0.1 percent by weight.	0.2% ad val.	1% ad val.

Channels of distribution

In the U.S. market, sales of the stainless steel products which are the subjects of these investigations are made directly to end users or to steel service centers/distributors, which, in turn, sell to end users. Service centers/distributors were the single largest purchasers of domestically produced stainless steel sheet, strip, and plate in 1981, accounting for 51 percent of the total. The largest single end-user markets were the automotive and the appliance, utensil, and cutlery industries, which accounted for 17 percent and 7 percent, respectively, of domestic shipments in 1981. The major markets for stainless steel sheet, strip, and plate in 1981 are shown in table 2. These were identified on the basis of sales by producers to end users.

U.S. Producers

Eleven firms are known to produce stainless steel sheet and strip in the United States; 14 firms produce stainless steel plate. Of the sheet and strip producers, eight produce both sheet and strip, two produce just sheet, and one produces only strip. Of the plate producers, eight also produce sheet and strip. The following tabulation, which was compiled from data obtained in response to the Commission's questionnaires, shows the principal domestic producers and each firm's share of total U.S. producers' shipments of stainless steel sheet and strip and plate (as reported by the American Iron & Steel Institute (AISI)) in 1981:

Table 2.--Stainless steel sheet, strip, and plate: Major U.S. consumer markets, 1981

(In tons)

	Sheet	Strip	Plate
Service centers/ distributors	277,425	55,124	62,277
Automotive	88,143	42,240	76
Construction	24,547	10,121	4,005
Machinery, industrial equipment, and tools	21,044	9,504	17,744
Appliances, utensils, and cutlery	15,856	37,125	26
Exports	19,193	11,468	3,121
Other	87,989	58,417	35,051
Total	534,197	223,999	122,300

Source: Compiled from data of the American Iron & Steel Institute.

Firm	Stainless steel sheet and strip market share (percent)	Stainless steel plate market share (percent)
Allegheny Ludlum	***	***
Armco	***	***
Crucible	***	***
Cyclops	***	***
Eastern Stainless	***	***
Jones & Laughlin	***	***
Republic	***	***
Washington	***	***

As indicated, domestic production of stainless steel sheet and strip and plate is highly concentrated, with the four largest producers accounting for 63 percent of total producers' shipments of sheet and strip and 69 percent of plate in 1981. Domestic facilities are primarily concentrated in Pennsylvania, Ohio, and Maryland for all products.

Allegheny Ludlum 1/ and Jones & Laughlin are the two largest domestic producers of stainless steel sheet and strip. Allegheny Ludlum produces its stainless steel hot-rolled coils at its Brackenridge, Pa., works and subsequently cold-finishes at Brackenridge and two other facilities. Jones &

1/ Formerly a subsidiary of Allegheny Ludlum Industries (now Allegheny International). The firm became a private corporation in December 1980.

Laughlin's stainless steel melt shop is in Warren, Mich.; its hot-strip mill is in Cleveland; and its cold-finishing facilities are in Detroit (acquired from McLouth in July 1981) and Louisville, Ohio. 1/ Armco and Crucible have their entire stainless sheet and strip facilities in single locations.

Eastern Stainless Steel Co. and Allegheny Ludlum were the two largest domestic producers of stainless steel plate in 1981. Eastern's facilities are located entirely in Cockeysville, Md., outside of Baltimore. Allegheny Ludlum produces and finishes stainless steel plate in the same facilities in which it produces stainless steel sheet and strip.

U.S. Importers

The net import file maintained by the U.S. Customs Service identified only one major importer of the subject products from the United Kingdom during the period under investigation. The principal importer was British Steel Corp., Inc., of Houston, Tex., which accounted for the vast bulk of all imports of the subject products from the United Kingdom in 1981. Some of the companies listed in the net import file appear to be end-fabricators that made small and sporadic purchases of specialized products, such as * * * which imported special stainless steel strip for use in * * *.

Apparent Consumption

Apparent U.S. consumption of stainless steel sheet and strip declined from 883,000 tons in 1979 to 654,000 tons in 1980, or by 26 percent (table 3). Consumption in 1981 was 786,000 tons, representing an increase of 20 percent from the 1980 level. The share of the market supplied by U.S. producers increased slightly in 1980 as imports fell at a faster rate than producers' shipments. In 1981, however, domestic producers lost market share due to imports' increasing over 90 percent. The ratio of imports from all sources to apparent consumption declined from 6.9 percent in 1979 to 5.7 percent in 1980, but subsequently increased to 9.0 percent in 1981. Imports in January-August 1982 accounted for 13.1 percent of apparent consumption, representing a substantial increase compared with the 7.7 percent share in January-August 1981.

Apparent U.S. consumption of stainless steel plate followed the same trend as that of stainless steel sheet and strip--falling from 1979 to 1980, recovering somewhat in 1981, but dropping off again noticeably in January-August months of 1982. Likewise, imports' share of domestic consumption rose from 1979 to 1981, and increased still further in January-August 1982. Imports of stainless steel plate accounted for 12.0 percent of apparent U.S. consumption in January-August 1982, 155 percent more than the import share for the corresponding period of 1981.

1/ Jones & Laughlin sold its Youngstown, Ohio, strip plant in November 1980.

Table 3.--Stainless steel sheet and strip and stainless steel plate: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, 1979-81, January-August 1981, January-August 1982

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Shipments	Consumption
	1,000 short tons				Percent	
Stainless steel sheet and strip:						
1979	874	61	52	883	7.0	6.9
1980	700	37	83	654	5.3	5.7
1981	759	71	44	786	9.4	9.0
Jan.-Aug--						
1981	558	44	32	570	7.9	7.7
1982	400	58	17	441	14.5	13.1
Stainless steel plate:						
1979	146	7	12	141	4.8	5.0
1980	124	3	16	111	2.4	2.7
1981	122	8	10	120	6.6	6.7
Jan.-Aug--						
1981	88	4	7	85	4.6	4.7
1982	69	9	3	75	13.0	12.0

Source: Compiled from official statistics of the U.S. Department of Commerce and the American Iron & Steel Institute.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of stainless steel sheet and strip and stainless steel plate, as well as the capacity of domestic producers to manufacture such products and the utilization of that capacity, is shown in table 4.

Although capacity to produce stainless steel sheet and strip increased 9 percent from 1979 to 1981, production declined by 8 percent, resulting in a decline of 16 percent in capacity utilization in the domestic industry. These trends continued in January-August 1982, with capacity utilization dropping to 53.2 percent, a substantial decline from the 70.3 percent utilization recorded for the industry in January-August 1981.

Production of stainless steel plate also declined throughout the period, but capacity remained stable; hence, capacity utilization in the domestic plate industry suffered a decline, but not as great a decline as in the stainless steel sheet and strip industry.

Table 4.--Stainless steel sheet and strip, and stainless steel plate: U.S. production, practical capacity, 1/ and capacity utilization, 1979-81, January-August 1981, and January-August 1982 2/

Item	1979	1980	1981	January-August--	
				1981	1982
Stainless steel sheet and strip:					
Production----1,000 short tons--	728	592	671	456	371
Capacity-----do----	869	885	950	547	596
Capacity utilization---percent--	83.8	66.9	70.6	83.3	62.2
Stainless steel plate:					
Production----1,000 short tons--	105	101	95	63	49
Capacity-----do----	166	166	165	92	92
Capacity utilization---percent--	63.3	61.0	57.5	68.7	53.1

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably obtained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

2/ U.S. producers submitting usable data accounted for about 90 percent of total shipments of stainless steel sheet and strip and 91 percent of shipments of stainless steel plate in 1981, as reported by the American Iron & Steel Institute.

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

An alternative measure of the utilization of productive capacity in an integrated steel industry is capacity to melt. As shown in the following tabulation, 1/ utilization of capacity to melt stainless steel declined from 83 percent in 1979 to 53 percent in January-March 1982:

Period	Capacity to melt raw stainless steel (1,000 short tons)	Capacity utilization (percent)
1979	2,485	83
1980	2,640	64
1981	2,606	64
January-March--		
1981	653	77
1982	657	53

1/ Compiled from data submitted by the petitioners.

U.S. producers' shipments and exports

U.S. producers' shipments of stainless steel sheet and strip decreased by 13 percent during 1979-81, and they continued to decline in January-August 1982. U.S. producers' net shipments, as reported by AISI, 1/ were as follows:

Period	Quantity (1,000 short tons)
1979	874
1980	700
1981	759
January-August--	
1981	558
1982	400

U.S. producers' shipments of stainless steel plate also declined during 1979-81, by 16 percent, and continued to decline in January-August 1982, are shown in the following tabulation:

Period	Quantity (1,000 short tons)
1979	146
1980	124
1981	122
January-August--	
1981	88
1982	69

U.S. producers' intracompany and intercompany shipments, domestic market shipments, and export shipments, as reported in response to the Commission's questionnaires, are shown in table 5.

Data on producers' shipments of stainless steel sheet and strip show declines in such shipments from 1979 to 1981, and indicate that producers' intracompany and intercompany shipments and exports remained relatively stable at 4 to 5 percent of total shipments in each of the periods shown. U.S. producers' shipments of stainless steel plate also declined from 1979 to 1981, and dropped still further in January-August 1982, compared with shipments in January-August 1981.

U.S. producers' inventories

Although end users and service centers/distributors perform much of the inventory function in the domestic market for stainless products, end-of-period inventories reported by U.S. producers of stainless steel sheet and strip in response to the Commission's questionnaires represented between 23

1/ Such shipments include intracompany transfers and exports but exclude sales made to other steelmaking firms that report data to AISI.

Table 5.--Stainless steel sheet and strip and stainless steel plate: U.S. producers' shipments and export shipments, by types, 1979-81, January-August 1981, and January-August 1982 1/

Item	1979	1980	1981	January-August--	
				1981	1982
	Quantity (1,000 short tons)				
Stainless steel sheet and strip:					
Intracompany and intercompany shipments	38	27	30	16	13
Domestic market shipments	686	556	623	406	330
Export shipments	32	31	28	20	10
Total	756	614	681	442	353
Stainless steel plate:					
Intracompany and intercompany shipments	3	18	3	2	1
Domestic market shipments	119	104	108	62	49
Export shipments	2	4	3	2	8
Total	124	126	114	66	58
	Value (million dollars)				
Stainless steel sheet and strip:					
Domestic market shipments	1,295	1,102	1,226	788	611
Export shipments	47	50	46	35	17
Total	1,342	1,152	1,272	823	628
Stainless steel plate:					
Domestic market shipments	227	234	242	139	100
Export shipments	4	8	6	5	15
Total	231	242	248	144	115
	Unit value (per hundredweight)				
Stainless steel plate:					
Domestic market shipments	94.39	99.10	98.39	96.99	92.50
Export shipments	73.44	80.65	82.14	85.47	82.77
Domestic market shipments	95.38	112.50	112.04	112.10	102.04
Export shipments	100.00	100.00	100.00	125.00	93.75

1/ U.S. producers submitting usable data accounted for about 90 percent of total shipments of stainless steel sheet and strip and 91 percent of shipments of stainless steel plate in 1981, as reported by the American Iron & Steel Institute.

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

and 26 percent of producers' total annual shipments in each year reported. On the other hand, inventories of stainless steel plate held by U.S. producers represented between 12 and 16 percent of respondents' shipments during 1979-81.

The ratios of inventories to shipments for stainless steel sheet and strip and plate in January-August 1982 fell in comparison to the ratios in January-August 1981. Inventories as of August 31 of stainless steel sheet and strip equal 20 percent of annualized shipments in January-August 1982, compared with 25 percent in January-August 1981 inventories of stainless steel plate as of, and August 31, equal 16 percent of annualized shipments in January-August 1982, compared with 17 percent in January-August 1981, as shown in the following tabulation:

	Stainless steel sheet and strip (1,000 short tons)	Stainless steel plate Quantity (1,000 short tons)
Dec. 31--		
1978	184	14
1979	173	15
1980	158	20
1981	160	16
Aug. 31--		
1981	171	17
1982	109	14

U.S. employment, wages, and productivity

In domestic establishments producing stainless steel sheet and strip, the average employment of all persons, production and related workers producing all products, and production and related workers producing stainless steel sheet and strip followed a similar pattern of decreasing in 1980 and then increasing slightly in 1981. Similar patterns can be seen in hours paid for production and related workers (table 6). The average number of production and related workers producing stainless steel sheet and strip declined from 7,965 in 1979 to 6,853 in 1980 before increasing to 7,288 in 1981. The average number of workers in January-August 1982 was 20 percent less than the number employed in the corresponding period of 1981. Wages and total compensation paid to workers are shown in table 7.

As shown in table 6, labor productivity increased steadily during 1979-81, and productivity in January-August 1982 increased 4 percent compared with that in the corresponding period of 1981. Although hourly compensation increased over 30 percent from 1979 to 1981, unit labor costs increased only 18 percent, clearly showing the impact of productivity increases.

Table 6.--Average number of employees, total and production and related workers employed in establishments producing stainless steel sheet and strip, hours paid to production and related workers, 1/ and labor productivity, 1979-81, January-August 1981, and January-August 1982 2/

Period	Employment			Hours paid for production and related workers producing--		Labor productivity
	All persons	Production and related workers producing--				
		All products	Stainless steel sheet and strip	All products	Stainless steel sheet and strip	
				----Thousands-----		Tons per hour
1979	40,608	31,301	7,965	62,902	16,207	0.0449
1980	37,763	28,564	6,853	51,943	12,574	.0470
1981	38,050	28,881	7,288	53,336	13,447	.0498
Jan.-Aug.--						
1981	38,824	29,749	7,831	38,987	8,215	.0555
1982	32,672	24,010	6,239	25,914	6,405	.0579

1/ Includes hours worked plus hours of paid leave time.

2/ U.S. producers submitting usable data accounted for about 90 percent of total shipments of stainless steel sheet and strip in 1981, as reported by the American Iron & Steel Institute.

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

Table 7.--Wages and total compensation 1/ paid to production and related workers in establishments producing stainless steel sheet and strip, hourly compensation, and unit labor costs, 1979-81, January-August 1981, and January-August 1982

Period	Wages paid to production and related workers producing--		Total compensation paid to production and related workers producing--		Hourly compensation	Unit labor costs
	All products	Stainless steel sheet and strip	All products	Stainless steel sheet and strip		
	Million dollars					Per ton
1979	771	202	989	257	$15.86	$353
1980	710	176	943	234	18.61	395
1981	803	207	1,065	280	20.82	417
Jan.-Aug.--						
1981	537	127	709	169	20.57	371
1982	421	107	621	151	23.58	407

1/ The difference between total compensation and wages is an estimate of workers' benefits.

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

In domestic establishments producing stainless steel plate, the average employment of all persons and production and related workers producing all products followed a similar pattern of declining slightly from 1979 to 1980 and then increasing somewhat in 1981 (table 8). Employment of workers producing stainless steel plate, however, increased from 1979 to 1980 and, then decreased in 1981. All employment categories, showed declines in January-August 1982 compared with the corresponding period of 1981; for example, employment of workers producing stainless steel plate fell 7 percent, and employment of workers producing all products fell 19 percent. Labor productivity showed no discernible pattern, fluctuating within a narrow range throughout the periods.

Table 8.--Average number of employees, total and production and related workers employed in establishments producing stainless steel plate, hours paid to production and related workers, 1/ and labor productivity, 1979-81, January-August 1981, and January-August 1982 2/

Period	Employment			Hours paid for production and related workers producing--		Labor productivity
	All persons	Production and related workers producing--				
		All products	Stainless steel plate	All products	Stainless steel plate	
				----Thousands-----		Tons per hour
1979	40,608	31,301	1,272	62,902	2,035	0.0517
1980	37,763	28,564	1,436	51,943	1,893	.0536
1981	38,050	28,881	1,396	53,336	1,865	.0508
Jan.-Aug.--						
1981	38,824	29,749	1,397	38,987	1,277	.0497
1982	32,672	24,010	1,300	25,914	969	.0506

1/ Includes hours worked plus hours of paid leave time.

2/ U.S. producers submitting usable data accounted for about 91 percent of total shipments of stainless steel plate in 1981, as reported by the American Iron & Steel Institute.

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

Wages and total compensation to workers producing stainless steel plate are given in table 9. Hourly compensation and hence unit labor costs increased steadily throughout 1979-81, and in January-August 1982, even as total compensation declined.

Table 9.--Wages and total compensation 1/ paid to production and related workers in establishments producing stainless steel plate, hourly compensation, and unit labor costs, 1979-81, January-August 1981, and January-August 1982

Period	Wages paid to production and related workers producing--		Total compensation paid to production and related workers producing--		Hourly compensation	Unit labor costs
	All products	Stainless steel plate	All products	Stainless steel plate		
	Million dollars					Per ton
1979	771	27	989	33	$16.21	$314
1980	710	28	943	37	19.55	365
1981	803	30	1,065	40	21.45	422
Jan.-Aug.--						
1981	537	21	709	27	21.14	426
1982	421	17	621	23	23.73	469

1/ The difference between total compensation and wages is an estimate of workers' benefits.

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

Financial experience of U.S. producers

Stainless steel sheet and strip operations.--Financial data were received from nine U.S. producers on their stainless steel sheet and strip operations. These nine producers accounted for about 90 percent of U.S. production of stainless steel sheet and strip in 1981. Aggregate net sales of stainless steel sheet and strip declined from $1.4 billion in 1979 to $1.2 billion in 1980, or by 14 percent (table 10). Net sales then increased 9 percent to $1.3 billion in 1981. In the interim period ended August 31, 1982, net sales dropped by 21 percent to $632 million, compared with net sales of $805 million for the corresponding period of 1981.

Gross profit declined by 69 percent, from $234 million in 1979 to $72 million in 1981. In the same period, the ratio of gross profit to net sales dropped from 16.9 to 5.6 percent as a result of increasing cost of goods sold as a share of net sales. Operating profit fell from $188 million, or 13.5 percent of net sales, in 1979 to $17 million, or 1.3 percent of net sales, in 1981. In the same period, net profit before taxes on income followed the same trend as operating profit. In the interim period ended August 31, 1982, the profit picture worsened, as the nine firms reported aggregate operating losses of $9 million compared with an operating profit of $44 million in the corresponding period of 1981.

Four firms sustained operating and net losses in the interim period of 1982 compared with three in the interim period of 1981. Cash flow from operations declined from $207 million in 1979 to $38 million in 1981. U.S. producers reported a cash flow of $5 million in the interim period of 1982. To provide an additional measure of profitability, the ratios of net profit or loss before income taxes to original cost and book value of fixed assets employed in the production of stainless steel sheet and strip are also presented in table 10. These ratios followed the same trend as did the ratios of net profit loss before income taxes to net sales.

Stainless steel plate.--Financial data were received from six U.S. producers on their stainless steel plate operations. These six producers accounted for about 91 percent of U.S. production of stainless steel plate in 1981. Aggregate net sales of stainless steel plate increased by 8 percent from 1979 to 1980 before declining by 9 percent in 1981. In the interim period ended August 31, 1982, net sales dropped by 27 percent to $69 million, compared with net sales of $94 million in the corresponding period of 1981 (table 11).

Gross profit declined by 69 percent, from $29 million in 1979 to $9 million in 1981. In the same period, the ratio of gross profit to net sales dropped from 13.8 percent to 4.4 percent as a result of increasing costs of goods sold as a share of net sales. Operating profit or loss fell from a profit of $22 million in 1979 to a loss of $1 million in 1981. In the same period, net profit or loss before income taxes followed the same trend. In the interim period ended August 31, 1982, the profit picture worsened, as four of the six firms reported operating and net losses, compared with two firms in the corresponding period of 1981.

Table 10.--Selected financial data for 9 U.S. producers on their operations producing stainless steel sheet and strip, accounting years 1979-81 and interim periods ended Aug. 31, 1981, and Aug. 31, 1982

Item	1979	1980	1981	Interim period ended Aug. 31--	
				1981	1982
Net sales----------million dollars--	1,388	1,190	1,295	805	632
Cost of goods sold----------do----	1,154	1,106	1,223	731	610
Gross profit----------do----	234	84	72	74	23
General, selling, and administrative expenses----------million dollars--	46	44	55	30	32
Operating profit or (loss)------do----	188	40	17	44	(9)
Other (expense)----------do----	5	5	6	2	-
Net profit or (loss) before income taxes----------million dollars--	183	35	11	42	(9)
Depreciation and amortization expense included above-----million dollars--	24	26	27	14	14
Cash flow from operations 1/ million dollars--	207	61	38	56	5
Fixed assets employed in productive facilities:					
Original cost------million dollars--	687	731	2/ 779	2/ 489	620
Book value----------do----	299	321	2/ 347	191	252
As a share of net sales:					
Gross profit----------percent--	16.9	7.1	5.6	9.2	3.6
Operating profit or (loss)----do----	13.5	3.4	1.3	5.5	(1.4)
Net profit or (loss) before income taxes----------percent--	13.2	2.9	.8	5.2	(1.4)
Ratio of net profit or (loss) before income taxes to--					
Original cost of fixed assets percent--	26.6	4.8	2/ 1.4	2/ 8.0	(2.1)
Book value of fixed assets----do----	61.2	10.9	2/ 3.2	2/ 20.4	(5.2)
Number of firms reporting operating and net losses----------	0	3	3	3	4

1/ Net profit loss before income taxes plus depreciation and amortization.
2/ 1 firm did not provide fixed assets data for both interim periods. Hence ratios are computed after making adjustments to its pretax profit or loss.

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

A-22

Table 11.--Selected financial data of 6 U.S. producers on their operations producing stainless steel plate, accounting years 1979-81 and interim periods ended Aug. 31, 1982, and Aug. 31, 1982

Item	1979	1980	1981	Interim period ended Aug. 31--	
				1981	1982
Net sales----------million dollars--	210	227	206	94	69
Cost of goods sold----------do----	181	194	197	84	66
Gross Profit----------do----	29	33	9	10	3
General, selling, and administrative expenses----------million dollars--	7	8	10	3	3
Operating profit or (loss)------do----	22	25	(1)	7	0
Other expense----------do----	2	4	4	1	1
Net profit or (loss) before income taxes----------million dollars--	20	21	(5)	5	(1)
Depreciation and amortization expense included above-----million dollars--	2	3	4	1	1
Cash flow (deficit) from operations 1/: million dollars--	22	24	(1)	6	0
Fixed assets employed in productive facilities:					
Original cost------million dollars--	148	156	157	2/ 54	2/ 56
Book value----------do----	71	72	69	2/ 23	2/ 23
As a share of net sales:					
Gross profit----------percent--	13.8	14.5	4.4	10.6	4.4
Operating profit or (loss)----do----	10.5	11.0	(.5)	7.4	-
Net profit or (loss) before income taxes----------percent--	9.5	9.3	(2.4)	5.3	(1.4)
Ratio of net profit or (loss) before income taxes to--					
Original cost of fixed assets percent--	13.5	13.5	(3.2)	9.3	(1.8)
Book value of fixed assets----do----	28.2	29.2	(7.2)	21.7	(4.4)
Number of firms reporting operating and net losses----------	0	0	2	2	4

1/ Net profit or loss before income taxes plus depreciation and amortization.
2/ 4 firms reporting.

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

A-23

Cash flow from operations declined from $22 million in 1979 to a deficit of $1 million in 1981. Cash flow was a net of zero in the interim period of 1982. To provide an additional measure of profitability, the ratios of net profit (loss) before income taxes to original cost and book value of fixed assets employed in the production of stainless steel plate are also presented in table 11. These ratios followed the same trend as did the ratio of net profit (loss) before taxes on income to net sales.

Overall products operations on stainless steel.--Selected financial data for overall operations on stainless steel products provided by nine U.S. producers are presented in table 12. The overall operations generally reflected trends in net sales, costs and expenses, and operating and net profit or loss similar to those in the operations on stainless steel sheet and strip discussed earlier.

Net sales of stainless steel products declined from $4.6 billion in 1979 to $4.2 billion in 1980, and then increased to $4.6 billion in 1981. In the interim period of 1982, net sales dropped by 28 percent to $2.2 billion compared with $3.1 billion in the corresponding period of 1981. Sales revenue derived from the sale of stainless steel sheet and strip declined from 30.0 percent of overall sales of stainless steel in 1979 to 28.2 percent in the interim period ended August 31, 1982. Sales revenue from stainless steel plate amounted to 4.7 percent of overall sales in 1979 and 6.3 percent in the interim period ended August 31, 1982.

Operating profit fell by 62 percent from $440 million in 1979 to $167 million in 1981. In the same period, the operating margin declined from 9.5 to 3.6 percent. In the interim period of 1982, U.S. producers reported aggregated operating losses of $129 million, compared with an operating profit of $169 million in the corresponding period of 1981. The gross profit margin, net profit before income taxes, and return on fixed assets followed a similar trend, as did the operating profit margin. The number of firms reporting losses increased from two in 1980 to four in the interim period of 1982.

Capital expenditures and research and development expenses.--Seven U.S. producers provided data on capital expenditures made in connection with their stainless steel products operations.

Total capital expenditures for overall products operations on stainless steel increased significantly, from $29.0 million in 1979 to $81.3 million in 1981 (table 13). Over 70 percent of total capital expenditures were for machinery, equipment, and fixtures. In partial year 1982, capital expenditures amounted to
$31.9 million.

Total capital expenditures for stainless steel sheet and strip in 1979-81 more than doubled, increasing from $20.2 million to $43.0 million. In 1981, Jones & Laughlin spent *** million for the acquisition of McLouth's Detroit finishing mill. Crucible incurred a cost of almost *** million for replacing its melt shop during 1980 and 1981. Capital expenditures for stainless steel sheet and strip amounted to $11.1 million in partial year 1982.

Table 12.--Selected financial data of 9 U.S. producers on their overall operations on stainless steel products, accounting years 1979-81 and interim periods ended Aug. 31, 1981, and Aug. 31, 1982

Item	1979	1980	1981	Interim period ended Aug. 31--	
				1981	1982
Net sales----------million dollars--	4,628	4,157	4,627	3,129	2,244
Cost of goods sold----------do----	4,031	3,811	4,268	2,844	2,253
Gross profit----------do----	597	346	359	285	(9)
General, selling, and administrative expenses----------million dollars--	157	157	192	116	120
Operating profit or (loss)------do----	440	189	167	169	(129)
Other income or (expense)-------do----	(31)	(39)	(28)	(15)	24
Net profit or (loss) before income taxes----------million dollars--	409	150	139	154	(153)
Depreciation and amortization expense included above-----million dollars--	127	133	145	90	74
Cash flow (deficit) from operations 1/: million dollars--	536	283	284	244	(79)
Fixed assets employed in productive facilities:					
Original cost------million dollars--	1,033	1,100	2/ 1,171	2/ 949	1,136
Book value----------do----	466	469	2/ 542	2/ 424	517
As a share of net sales:					
Gross profit or (loss)-----percent--	12.9	8.3	7.8	9.1	(.4)
Operating profit or (loss)----do----	9.5	4.5	3.6	5.4	(5.7)
Net profit (loss) before income taxes----------percent--	8.8	3.6	3.0	4.9	(6.8)
Ratio of net profit or (loss) before income taxes to--					
Original cost of fixed assets percent--	39.6	13.6	11.9	2/ 15.9	(13.8)
Book value of fixed assets----do----	87.8	30.2	25.6	2/ 35.6	(30.4)
Number of firms reporting operating and net losses----------	0	2	2	2	4
Ratio of stainless steel sheet and strip sales to stainless steel products sales----------percent--	30.0	28.6	28.0	25.7	28.2
Ratio of stainless steel plate sales to stainless steel products sales percent--	4.7	5.6	4.5	6.7	6.3

1/ Net profit or (loss) before income taxes plus depreciation and amortization.

2/ 1 firm did not provide fixed assets data for both interim periods. Hence ratios are computed after making adjustments to its pretax profit or loss.

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

A-25

Table 13.--Capital expenditures for facilities used primarily in the production, warehousing, and marketing of stainless steel products, stainless steel sheet and strip, and stainless steel plate, and research and development expenses for stainless steel sheet and strip and stainless steel plate, 1979-81 and January-August 1982

(In thousands of dollars)

Item	1979	1980	1981	January-August--1982 1/
Capital expenditures:				
Stainless steel and/or stainless steel products:				
Land or land improvements	533	1,872	2,923	1,682
Building or leasehold improvements	8,252	12,343	16,166	5,192
Machinery, equipment, and fixtures	20,233	67,922	62,257	25,001
Total	29,018	82,137	81,346	31,875
Stainless steel sheet and strip:				
Land or land improvements	229	223	631	93
Building or leasehold improvements	6,601	7,826	11,326	3,067
Machinery, equipment, and fixtures	13,338	47,219	31,079	7,922
Total	20,168	55,268	43,036	11,082
Stainless steel plate:				
Land or land improvements	258	207	17	2
Building or leasehold improvements	322	426	310	179
Machinery, equipment, and fixtures	3,719	2,593	1,470	315
Total	4,299	3,226	1,797	496
Research and development expenses for stainless steel sheet and strip	4,243	5,181	5,326	3,297
Research and development expenses for stainless steel plate	216	315	339	285

1/ 2 producers reported data on their fiscal-year basis. Hence, data for these firms cover the period from July 1, 1981, to June 30, 1982.

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

Total capital expenditures on stainless steel plate fell by 58 percent from 1979 to 1981, and were at a still lower level in 1982.

Research and development expenses associated with the improvement and/or development of new or improved manufacturing methods and pure research for stainless steel sheet and strip increased from $4.2 million in 1979 to $5.3 million in 1981. U.S. producers spent $3.3 million on research and development in partial year 1982. Research and development expenditures for stainless steel plate were at much lower levels throughout the period.

Consideration of the Threat of Material Injury to an Industry in the United States

In its examination of the question of a reasonable indication of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of allegedly subsidized imports, the rate of increase of U.S. market penetration by such imports, the amount of such imports held in inventory in the United States, and the capacity of producers in the United Kingdom to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of stainless steel sheet and strip and stainless steel plate and of their U.S. market penetration is presented in the section entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Allegedly Subsidized Imports." A discussion of BSC's capacity to produce and generate exports of the subject products follows. 1/

According to data provided to the Commission by counsel for British Steel Corp., BSC's production of stainless steel sheet and strip increased from * * * tons in 1979 to * * * tons in 1981. 2/ Utilization of BSC's capacity to produce stainless steel sheet and strip, however, declined from * * * percent in 1979 to * * * percent in 1981. This resulted from increased stainless sheet and strip capacity during this period. BSC capacity utilization continued to decline in January-September 1982. As shown in table 14, BSC exported an average of * * * percent of the stainless steel sheet and strip it produced in 1979 and 1981. The major export market was the European Community, which accounted for * * * percent of exports in 1979 and * * * percent in 1981. Exports to the United States increased, climbing from * * * tons in 1979-to * * * tons in 1981; the share of BSC's stainless steel sheet and strip exports destined for the United States rose from * * * percent in 1979 to * * * percent in 1981. The U.S. export share declined to * * * percent in January-September 1982.

BSC's production of stainless steel plate decreased from * * * tons in 1979 to * * * tons in 1981, or by * * * percent. Utilization of BSC's capacity to produce stainless steel plate also declined, dropping from * * * percent in 1979 to * * * percent in 1981. Unlike that for stainless steel

---

1/ Counsel for British Steel Corp. states that BSC does not inventory stainless steel products in the United States. See postconference brief of British Steel Corp., p. 6.

2/ Data concerning British Steel Corp. for 1980 are adversely affected by a 3-month steel strike in the early part of the year.

Table 14.--Stainless steel sheet and strip and stainless steel plate: British Steel Corp.'s production, capacity, capacity utilization, and exports, 1979-81 and January-September 1982

Item	1979	1980	1981	Jan.-Sept. 1982
Stainless steel sheet and strip:				
Production---------short tons--	***	***	***	***
Capacity 1/----------do----	***	***	***	***
Capacity utilization--percent--	***	***	***	***
Exports to--				
United States----short tons--	***	***	***	***
EC countries----------do----	***	***	***	***
Other countries--------do----	***	***	***	***
Total----------do----	***	***	***	***
Stainless steel plate:				
Production---------short tons--	**	***	***	***
Capacity 1/----------do----	***	***	***	***
Capacity utilization--percent--	***	***	***	***
Exports to--				
United States----short tons--	***	***	***	***
EC countries----------do----	***	***	***	***
Other countries--------do----	***	***	***	***
Total----------do----	***	***	***	***

1/ Nominal capacity. For "manned capacity" data for British Steel Corp., see post-conference submission of British Steel Corp., app. B.

Source: Compiled from information submitted by counsel for British Steel Corp.

sheet and strip, however, decreased capacity utilization for plate over the period resulted from production declines, as BSC's capacity to produce the product actually fell slightly from 1979 to 1981. Capacity utilization for BSC continued to fall in January-September 1982.

As shown in table 14, BSC exported an average of * * * percent of the stainless steel plate it produced in 1979 and 1981. The major export market for this product was again the European Community. Exports to the United States increased substantially, with the share of BSC's stainless steel plate exports destined for the United States rising from * * * percent in 1979 to * * * percent in 1981 and to * * * percent in January-September 1982.

Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Allegedly Subsidized Imports

U.S. imports and market penetration

Imports from all sources.--From June 1976 to February 1980, imports of stainless steel sheet, strip, and plate, as well as other stainless steel products, were subject to quantitative restrictions. 1/ These restrictions, as well as the 3-month strike against British Steel Corp. in early 1980, undoubtedly suppressed the level of stainless steel imports from the United Kingdom during this period. 2/ Imports of stainless steel sheet and strip, are given in table 15.

Total imports of stainless steel sheet and strip increased from 61,299 tons in 1979 to 70,631 tons in 1981, or by of 15 percent; imports of the subject products from the United Kingdom, however, increased from 1,094 tons in 1979 to 3,840 tons in 1981, or by 251 percent. Both total imports and imports from the United Kingdom also increased 39 percent in January-September 1982 compared with those in the corresponding period of 1981.

Total imports of stainless steel plate increased from 7,032 tons in 1979 to 7,750 tons in 1981, or by 10 percent; imports of stainless steel plate from the United Kingdom, however, increased from 610 tons in 1979 to 2,985 tons in 1981, or by 389 percent (table 16). Both total imports and imports from the United Kingdom increased significantly in January-September 1982 with those in the corresponding compared period of 1981. The unit value of imports from the United Kingdom declined from $109.88 per hundredweight in January-September 1981 to $85.52 in January-September 1982.

The ratio of imports of stainless steel sheet and strip from all sources to apparent U.S. consumption of these products increased from 6.9 percent in 1979 to 9.0 percent in 1981, and from 7.7 percent in January-September 1981 to 13.4 percent in January-September 1982 (table 17). The ratio of imports from all sources to apparent U.S. consumption on a quarterly basis increased from 6.0 percent in July-September 1980 to 14.4 percent in July-September 1982 (table 18).

1/ For data on imports of stainless steel sheet, strip, and plate during this period, see petitioners' postconference brief, table 1.

2/ The operation of the quota program caused importers of stainless steel products from the EC to compete for a share of the total import volume allowed under the quota. As each quota period began, importers would enter as much material as they could, since once the quota was filled, further entry was barred. This procedure forced foreign producers to find other markets for their stainless steel products during the periods that the U.S. quota was filled.

Table 15.--Stainless steel sheet and strip: U.S. imports for consumption, by principal sources, 1979-81, January-September 1981, and January-September 1982

Source	1979	1980	1981	January-September--	
				1981	1982
	Quantity (short tons)				
West Germany	3,844	305	15,489	10,557	17,946
Japan	35,260	15,365	14,287	10,452	9,903
France	7,676	6,187	13,805	9,935	14,702
Spain	15	96	5,003	1,655	5,137
United Kingdom	1,094	643	3,840	2,533	3,520
All other countries	13,409	14,623	18,207	12,680	15,456
Total, all sources	61,299	37,219	70,631	47,812	66,663
	Value (1,000 dollars)				
West Germany	5,574	532	27,070	19,514	29,388
Japan	54,095	25,905	22,237	16,124	14,842
France	10,569	9,444	21,770	15,663	22,333
Spain	19	214	8,493	2,789	8,615
United Kingdom	1,540	1,146	7,720	5,263	5,988
All other countries	24,195	31,412	31,770	22,449	26,603
Total, all sources	95,991	68,653	119,059	81,803	107,769
	Unit value (per hundredweight)				
West Germany	$72.49	$87.23	$87.39	$92.42	$81.88
Japan	76.71	84.30	77.82	77.13	74.94
France	68.84	76.32	78.85	78.83	75.95
Spain	64.88	111.80	84.88	84.26	83.86
United Kingdom	70.38	89.11	100.50	103.89	85.06
Average sources	78.30	92.23	84.28	85.55	80.83

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

Table 16.--Stainless steel plate: U.S. imports for consumption, by principal sources, 1979-81, January-September 1981, and January-September 1982

Source	1979	1980	1981	January-September--	
				1981	1982
	Quantity (short tons)				
West Germany	340	140	1,422	653	5,475
Japan	4,114	1,325	803	387	1,273
France	0	0	1,469	1,340	65
Spain	0	0	50	0	64
United Kingdom	610	273	2,985	2,328	3,217
All other countries	1,968	1,237	1,021	599	627
Total, all sources	7,032	2,976	7,750	5,306	10,721
	Value (1,000 of dollars)				
Germany	610	273	3,377	1,523	10,916
Japan	6,094	2,465	1,747	904	2,372
France	-	-	5,581	5,212	280
Spain	-	-	105	-	132
United Kingdom	1,149	674	6,395	5,116	5,502
All other countries	4,151	3,200	2,833	1,755	2,002
Average	12,004	6,613	20,038	14,511	21,205
	Unit value (per hundredweight)				
West Germany	$89.70	$97.50	$118.76	$116.62	$99.69
Japan	74.07	93.02	108.74	116.85	93.15
France	-	-	189.96	194.52	215.38
Spain	-	-	105.00	-	103.13
United Kingdom	94.27	123.44	107.13	109.88	85.52
Total, all sources	85.36	111.12	129.27	136.73	98.89

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

Table 17.--Stainless steel sheet and strip: U.S. imports for consumption, by specified sources, 1979-81, January-September 1981, and January-September 1982

Period	France	West Germany	United Kingdom	All other	Total
	Quantity (short tons)				
1979	7,676	3,844	1,094	48,685	61,299
1980	6,187	305	643	30,084	37,219
1981	13,805	15,489	3,840	37,497	70,631
Jan.-Sept--					
1981	9,935	10,557	2,533	24,787	47,812
1982	14,702	17,946	3,520	30,495	66,663
	Ratio of imports to apparent U.S. consumption				
1979	0.9	0.4	0.1	5.5	6.9
1980	.9	1/	.1	4.6	5.7
1981	1.8	2.0	.5	4.7	9.0
Jan.-Sept--					
1981	1.6	1.7	.4	4.0	7.7
1982	2.9	3.6	.7	6.1	13.4

1/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

Table 18.--Stainless steel sheet and strip: U.S. imports for consumption, by specified sources and by quarters, January 1980-September 1982

	France	West Germany	United Kingdom	All countries	Total
	Quantity (short tons)				
1980:					
Jan.-Mar-----	1,799	35	63	10,542	12,439
Apr.-June----	1,835	132	77	7,278	9,322
July-Sept----	1,137	81	255	5,846	7,319
Oct.-Dec-----	1,416	57	248	6,418	8,139
1981:					
Jan.-Mar-----	2,427	1,173	482	6,224	10,306
Apr.-June----	3,018	3,197	941	9,716	16,872
July-Sept----	4,490	6,187	1,110	8,848	20,635
Oct.-Dec-----	3,870	4,932	1,308	12,708	22,818
1982:					
Jan.-Mar-----	6,194	7,001	2,236	13,191	28,622
April-June---	4,031	3,910	971	7,426	16,338
July-Sept----	4,477	7,035	313	9,878	21,703
	Ratio of imports to apparent U.S. consumption				
1980:					
Jan.-Mar-----	0.9	1/	1/	5.5	6.4
Apr.-June----	1.2	0.1	0.1	4.5	6.0
July-Sept----	.9	.1	.2	4.8	6.0
Oct.-Dec-----	.8	1/	.1	3.5	4.4
1981:					
Jan.-Mar-----	1.2	.6	.2	3.0	5.0
Apr.-June----	1.3	1.4	.4	4.2	7.2
July-Sept----	2.4	3.3	.6	4.7	11.0
Oct.-Dec-----	2.4	3.1	.8	8.1	14.4
1982:					
Jan.-Mar-----	3.6	4.1	1.3	7.7	16.7
Apr.-June----	2.3	2.2	.6	4.2	9.3
July-Sept----	3.0	4.7	.2	6.5	14.4

1/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

Imports from the United Kingdom.--Imports of stainless steel sheet and strip from the United Kingdom declined from 1,094 tons in 1979 to 643 tons in 1980, and then increased to 3,840 tons in 1981. Imports in January-September 1982 amounted to 3,520 tons, representing an increase of 39 percent compared with imports in the corresponding period of 1981. The ratio of imports from the United Kingdom to apparent U.S. consumption was 0.1 percent in 1979 and 1980, 0.5 percent in 1981, and 0.7 percent in January-September 1982. Imports from the United Kingdom, by quarters, are shown in Table 18.

Counsel for British Steel Corp. stated at the staff conference that the high level of imports from the United Kingdom in January-March 1982 was due to the miscalculation of the expected performance of the U.S. economy. 1/ Counsel further stated that due to the 3- to 4- month leadtime, the United Kingdom producers cannot react quickly to changes in the marketplace. 2/

British Steel Corp.'s counsel also states that importers of stainless steel sheet and strip from the United Kingdom generally concentrate sales in 60-inch stainless steel cold-rolled sheet, a product which can be made only by Republic Steel Corp. in the United States. 3/ However, a representative of Republic stated in petitioners' postconference statement that it possessed sufficient capacity to supply the entire U.S. demand for this product. 4/

The ratio of imports of stainless steel plate from all sources increased from 5.0 percent in 1979 to 6.5 percent in 1981 and to 12.8 percent in January-September 1982 (table 19). The ratio of imports from all sources to apparent U.S. consumption on a quarterly basis increased from 2.0 percent in July-September 1980 to 16.5 percent in July-September 1982 (table 20).

Table 19.--Stainless steel plate: U.S. imports for consumption from the United Kingdom and from all other sources, 1979-81, January-September 1981, and January-September 1982

Period	United Kingdom	All other	Total
	Quantity (short tons)		
1979	610	6,422	7,032
1980	273	2,703	2,976
1981	2,985	4,765	7,750
Janaury-September--			
1981	2,328	2,978	5,306
1982	3,217	7,504	10,721
	Ratio of imports to apparent U.S. consumption		
1979	0.4	4.6	5.0
1980	.2	2.4	2.7
1981	2.5	4.0	6.5
January-September--			
1981	2.4	3.1	5.5
1982	3.8	8.9	12.8

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

1/ Transcript of staff conference, pp. 63-64.
2/ Postconference submission of British Steel Corp., pp. 6-7.
3/ Ibid., pp. 7-8.
4/ Postconference submission of petitioners, exhibit A.

Table 20.--Stainless steel plate: U.S. imports for consumption from the United Kingdom and from all other sources, by quarters, January 1980-September 1982

	United Kingdom	All other	Total
	Quantity (short tons)		
1980:			
January-March	62	1,288	1,350
April-June	60	696	756
July-September	61	476	537
October-December	90	242	332
1981:			
January-March	392	405	797
April-June	885	1,382	2,267
July-September	1,051	1,191	2,242
October-December	657	1,787	2,444
1982:			
January-March	1,097	2,183	3,280
April-June	1,532	1,790	3,322
July-September	588	3,531	4,119
	Ratio of imports of apparent U.S. consumption		
1980:			
January-March	0.2	4.4	4.6
April-June	.2	2.3	2.5
July-September	.2	1.8	2.0
October-December	.3	.9	1.2
1981:			
January-March	1.4	1.4	2.8
April-June	2.4	3.7	6.1
July-September	3.5	4.0	7.5
October-December	2.6	7.1	9.7
1982:			
January-March	3.7	7.3	11.0
April-June	5.3	6.1	11.4
July-September	2.4	14.1	16.5

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

Imports of stainless steel plate from the United Kingdom decreased from 610 tons in 1979 to 273 tons in 1980, and then increased to 2,985 tons in 1981. Imports in January-September 1982 amounted to 3,217 tons, representing an increase of 38 percent compared with imports in the corresponding period of 1981. The ratio of imports from the United Kingdom to apparent U.S. consumption was 0.4 percent in 1979, 2.5 percent in 1981, and 3.8 percent in January-September 1982. Imports from the United Kingdom, by quarters, are shown in Table 20.

Counsel for British Steel Corp. stated in a postconference submission that imports from the United Kingdom are concentrated in the 316 (molybdenum-bearing) grades, for which U.S. producers allegedly maintain artificially high prices. 1/ Petitioners dispute such contentions, asserting that the cost of producing stainless steel plate, including grade 316 plate, has risen significantly since 1979. 2/

Prices

U.S. producers of stainless steel sheet, strip, and plate publish list prices on an f.o.b.-mill basis. Base prices depend on the alloy content of the stainless steel, with chromium a necessary addition and nickel and molybdenum two metals which are often added. There are extra charges for sheet, strip, or plate cut to length rather than coiled, 3/ for nonstandard widths, for special edging, for smaller quantities, and for packaging.

The Commission requested data on average net selling prices for specific stainless steel sheet, strip, and plate products from domestic producers and from the importer of stainless steel from the United Kingdom (British Steel Corp., Inc.). 4/ These are average prices charged in many different transactions and do not include delivery charges. 5/

In general, U.S. producers' sales prices for the above products decreased in 1980, improved during the first two or three quarters of 1981, and declined thereafter. The average price of U.S. producers' stainless steel sheet and plate declined from $2,470 per ton in July-September 1981 to $2,057 per ton in July-September 1982, or by 17 percent. One exception to this general trend was for U.S. producers' prices of stainless steel strip for sales to end users, which generally increased over the period January-March 1980 to July-September 1981.

Complete price series were not provided for all requested specifications of stainless steel imported from the United Kingdom. Prices for the imported product generally decreased in 1982 compared with prices prevailing in 1981. One specification of stainless steel sheet from the United Kingdom undersold the comparable domestic product by an average of 14 percent in 1981; the other specification of sheet from the United Kingdom was higher priced than the domestic product. Stainless steel plate from the United Kingdom undersold the comparable domestic product by an average of 10 percent. Price trends and comparisons for each product line are discussed in more detail below.

1/ Postconference brief of British Steel Corp., pp. 9-11.

2/ Postconference brief of petitioners, pp. 6-7.

3/ Generally, only stainless steel plate up to one-half inch thick is coiled, and most stainless steel plate of this thickness is still cut to length.

4/ Prices for two specifications were collected for stainless steel sheet, two specifications for stainless steel strip, and three specifications for stainless steel plate. See the product list, app. D, for details on the specifications.

5/ Because of the high price of stainless steel sheet, strip, and plate, transportation costs account for a relatively small portion of the total delivered price (about 3 percent). Therefore, a comparison of prices on an f.o.b. basis should reflect price competition in this market.

Stainless steel sheet.--U.S. producers and British Steel provided prices for two specifications 1/ of stainless steel sheet for sales to service centers/distributors. 2/ U.S. producers' prices decreased from an average of * * * per ton in January-March 1980 to * * * per ton in October-December 1980, or by 10 percent (table 21). U.S. producers' prices increased through July-September 1981 for product 1 and through January-March 1981 for product 2. Prices for both products then declined through July-September 1982, by * * * per ton (10 percent) for product 1 and by * * * per ton (27 percent) for product 2.

From July-September 1981 to July-September 1982, imports of product 1 from the United Kingdom were higher priced than the comparable domestic product by an average of * * * per ton (5 percent). 3/ Imports of product 2 undersold the domestic product in the first three quarters of 1981 by an average of * * * per ton (14 percent). Prices * * *.

Stainless steel strip.--Prices for stainless steel strip were provided only by U.S. producers for two stainless steel strip specifications, 4/ primarily for sales to end users. This item constitutes a small percentage of total sheet and strip imports from the United Kingdom (about * * * percent in January-September 1982); prices were not reported for this item by British Steel.

U.S. producers' prices for sales of this product to end users generally increased over the period January 1980 to September 1982. The price of product 3 increased irregularly from $2,180 per ton in January-March 1980 to $2,494 per ton in July-September 1982, or by 14 percent (table 22). The price of product 4 increased from $1,906 per ton to $2,190 per ton over the same period, or by of 15 percent.

Stainless steel plate.--U.S. producers and British Steel provided prices for three specifications of stainless steel plate for sales to service centers/distributors. 5/ U.S. producers' prices for all specifications decreased slightly from April-June 1980 to October-December 1980, increased through July-September 1981, and declined thereafter. U.S. producers' prices declined from an average of * * * per ton in July-September 1981 to * * * per ton in July-September 1982, or by 17 percent (table 23). The price decline was greatest for the high molybdenum plate specification (grade 316, product 7) which decreased 21 percent over the same period.

1/ Product 1 is a grade 304 sheet, and product 2 is a grade 316 (high molybdenum content) sheet. Of British Steel's imports of stainless steel sheet, * * * percent are grade 316 and most of the remainder are grade 304.

2/ The Commission also requested price data for sales of stainless steel sheet to end users. However, since most sheet is sold through service centers/distributors, especially the commodity grades for which prices were collected, only one U.S. producer provided a complete price series for sales to end users. British Steel * * *.

3/ In January-Septemeber 1982, these prices represented approximately * * * percent of stainless steel sheet imported from the United Kingdom.

4/ Product 3 (a grade 304 strip) and product 4 (a grade 430 strip).

5/ Products 5 and 6 (a grade 304 plate) and product 7 (a grade 316 plate).

Table 21.--Stainless steel sheet: Weighted average sales prices by domestic producers and by the importer for sales to service centers/distributors, and margins of underselling, by types and by quarters, January 1980-September 1982 1/

(Per ton)

Period	Product 1				Product 2			
	United States	United Kingdom	Margin		United States	United Kingdom	Margin	
				Percent				Percent
1980:								
Jan.-Mar	***	***	***	2/	***	***	***	2/
Apr.-June	***	***	***	2/	***	***	***	2/
July-Sept	***	***	***	2/	***	***	-	2/
Oct.-Dec	***	***	***	2/	***	***	-	2/
1981:								
Jan.-Mar	***	***	***	2/	***	***	***	12.2
Apr.-June	***	***	***	2/	***	***	***	12.2
July-Sept	***	***	***	(.5)	***	***	***	17.9
Oct.-Dec	***	***	***	(1.9)	***	***	-	2/
1982:								
Jan.-Mar	***	***	***	(5.6)	***	***	-	2/
Apr.-June	***	***	***	(7.9)	***	***	-	2/
July-Sept	***	***	***	(8.9)	***	***	-	2/

1/ The majority of stainless steel sheet, especially the commodity grades for which price data were collected, are sold through service centers/distributors rather than directly to end users. Price data for sales to end users were only provided by a limited number of firms, and the price series were generally not complete. Therefore, they are not presented.

2/ Sufficient price data were not reported to derive margins.

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

A-38

Table 22.--Stainless steel strip: Weighted average sales prices by domestic producers for sales to end users, by types and by quarters, January 1980-September 1982 1/

(Per ton)

Period	Product 3	Product 4
1980:		
Jan.-Mar	2,180	1,906
Apr.-June	2,211	1,909
July-Sept	2,170	1,907
Oct.-Dec	2,203	1,027
1981:		
Jan.-Mar	2,189	1,995
Apr.-June	2,328	2,017
July-Sept	2,391	2,120
Oct.-Dec	2,455	2,120
1982:		
Jan.-Mar	2,387	2,130
Apr.-June	2,479	2,200
July-Sept	2,494	2,190

1/ Most stainless steel strip is sold by U.S. producers directly to end users. Therefore, price data to construct a reliable price series for sales to service centers/distributors were not obtained. Stainless steel strip accounts for only 3 percent of imports of stainless steel sheet and strip from the United Kingdom, and no prices were reported by the importer for this product.

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

A-39

Table 23.--Stainless steel plate: Weighted average sales prices by domestic producers and by the importer for sales to service centers/distributors and to end users, and margins of underselling, by types and by quarters, January 1980-September 1982

(Per ton)

Period	Service centers/distributors							
	Product 5				Product 6			
	United States	United Kingdom	Margins		United States	United Kingdom	Margin	
			Dollars	Percent			Dollars	Percent
1980:								
Jan.-Mar	***	***	***	9	***	***	***	1/
Apr.-June	***	***	***	1/	***	***	***	1/
July-Sept	***	***	***	1/	***	***	***	1/
Oct.-Dec	***	***	***	4	***	***	***	1/
1981:								
Jan.-Mar	***	***	***	9	***	***	***	1/
Apr.-June	***	***	***	15	***	***	***	1/
July-Sept	***	***	***	15	***	***	***	1/
Oct.-Dec	***	***	***	10	***	***	***	0.3
1982:								
Jan.-Mar	***	***	***	8	***	***	***	11
Apr.-June	***	***	***	10	***	***	***	4
July-Sept	***	***	***	5	***	***	***	1

Period	End-users	
	Product 5	Product 6
	United States	United States
1980:		
Jan.-Mar	2,144	2,244
Apr.-June	2,144	2,244
July-Sept	2,034	2,128
Oct.-Dec	2,142	2,128
1981:		
Jan.-Mar	2,142	2,128
Apr.-June	2,250	2,349
July-Sept	2,190	2,312
Oct.-Dec	2,069	2,163
1982:		
Jan.-Mar	2,028	2,117
Apr.-June	1,930	2,032
July-Sept	1,851	1,954

See footnote at end of table.

A-40

Table 23.--Stainless steel plate: Weighted average sales prices by domestic producers and by the importer for sales to service centers/distributors and to end users, and margins of underselling, by types and by quarters, January 1980-September 1982--Continued

(Per ton)

Period	Service centers, distributors, product 7			
	United States	United Kingdom	Margins	
			Dollars	Percent
1980:				
Jan.-Mar	***	***	***	1/
Apr.-June	***	***	***	1/
July-Sept	***	***	***	1/
Oct.-Dec	***	***	***	1/
1981:				
Jan.-Mar	***	***	***	1/
Apr.-June	***	***	***	
July-Sept	***	***	***	
Oct.-Dec	***	***	***	1/
1982:				
Jan.-Mar	***	***	***	1/
Apr.-June	***	***	***	
July-Sept	***	***	***	1/

1/ Sufficient price data were not reported to derive margins.

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

Prices for sales to end users were provided only by U.S. producers for products 5 and 6. Prices for sales of these products to end users followed the same general trends as prices of sales to service centers/distributors. From July-September 1981 to July-September 1982, prices declined from an average of * * * per ton to * * * per ton, or by 15 percent. Although British Steel also sells to end users, prices were provided only for sales to service centers/distributors.

The most complete price series provided for stainless steel plate by British Steel was for product * * *. Prices for this product generally increased throughout 1981, and then decreased in 1982. From October-December 1981 through July-September 1982, prices declined from * * * to * * * per ton, or by 6 percent. Over the same period, prices for product * * * declined from * * * to * * * per ton, or 11 percent.

Imports of stainless steel plate from the United Kingdom undersold the domestic product for all three plate specifications for which prices were collected. Margins of underselling ranged from less than 1 percent to 15 percent below domestic prices for grade 304 plate (products 5 and 6). Margins of underselling were relatively small in July-September 1982 for this grade, primarily because of substantial declines in the price of the U.S. product.

For the grade 316 plate specification (product 7), British Steel provided prices * * *. The margin of underselling averaged 21 percent, and was 17 percent in April-June 1982. The 17-percent margin represents a price * * * per ton below the domestic price of * * * per ton.

The molybdenum price issue.--Counsel for British Steel Corp. have claimed that domestic producers are charging artificially high prices for grade 316 (molybdenum content) stainless steel plate. 1/ They base their argument on the observation that the large price difference that exists between domestic producers' prices for grade 316 plate and grade 304 (no molybdenum content) plate cannot be accounted for by the additional cost of molybdenum in the grade 316 product. They further claim that while molybdenum prices had fallen, the price difference between grade 304 and grade 316 plate did not narrow, and, therefore, domestic producers were not passing cost savings on to customers for grade 316 plate. They claimed that British Steel has passed these cost savings on to customers, and that this accounts for some of the price difference between U.S.-produced grade 316 plate and grade 316 plate imported from the United Kingdom.

Counsel use list prices in their analysis. Actual transaction prices show that the price difference between grade 304 and 316 plate did narrow during the second half of 1980 as molybdenum prices declined, and that this difference narrowed appreciably in the first three quarters of 1982. To the extent that molybdenum prices affect the selling price of grade 316 plate, it appears that U.S. producers did react to lower molybdenum prices in their sales prices.

1/ Transcript of the conference, p. 78.

It is likely that the price difference between grade 304 and grade 316 plate is also due to other supply and demand factors which have not been mentioned in this analysis. Grade 316 plate has a higher nickel content than grade 304 plate and apparently a higher rejection rate; demand factors in the market also may differ for the two grades. These and other factors would have to be included in order for any conclusions to be drawn on the impact of molybdenum prices on relative price difference between grade 304 and grade 316 plate.

Lost sales

Domestic producers provided the Commission with a total of 12 lost sales allegations. Stainless steel sheet products were named in five of the allegations, and stainless steel plate products were named in ten. Specific quantities of the sales lost were provided in only four of the allegations and totaled * * * tons of stainless steel sheet and * * * tons of stainless steel plate. Some domestic producers stated that they were unable to provide specific instances of lost sales since they could not be sure whether a sale lost to a particular customer was the result of competition from stainless steel from the United Kingdom or stainless steel imported from another country.

Stainless-steel sheet.--All the customers named in the sheet stainless steel lost sales allegations were contacted. Two of these firms confirmed that they purchased stainless steel sheet from British Steel, one firm has purchased British stainless steel plate but not sheet and the other had never purchased stainless steel produced in the United Kingdom. Two firms that purchased the imported product did so because of lower price, and one confirmed purchases of about * * * tons of imported grade 304 sheet in 1982. Both purchasers bought mostly 48"-inch sheet, and one stated that underselling was greater for the grade 316 sheet than the grade 304 sheet. One firm confirmed a purchases of about * * * tons of * * * from British Steel Corp., for delivery * * *. The primary reason for this purchase was the favorable terms offered by British Steel (150 day payment).

Stainless-steel plate.--The Commission staff contacted nine of the customers for which lost sales allegations had been made. Six of these firms confirmed that they purchased stainless steel plate from British Steel, one purchased only from British Steel stainless steel sheet, and two have never purchased stainless steel from the limited kingdom.

The six firms that purchased stainless steel plate from British Steel confirmed that the imported product was lower priced than the domestic product. Five of these firms purchased both grade 304 and grade 316 plate, and one purchased primarily grade 304 plate. They observed that margins of underselling generally narrowed throughout 1982 as U.S. prices declined, and that these margins are generally smaller for the grade 304 plate than for the grade 316 plate.

One customer confirmed purchasing * * * tons of stainless steel plate from the United Kingdom in 1982, with the price of the imported grade 304 plate

about 10 to 12 percent lower than the prevailing U.S. producers' price, and the price of the imported grade 316 plate about 15 to 18 percent lower. Another customer estimated that in early 1982, imported stainless steel plate prices were from 5 to 10 percent lower than U.S. producers' prices, but that currently there is not much difference between U.S. prices and prices of stainless steel imported from the United Kingdom. One customer confirmed a purchase of * * * tons of imported grade 304 or grade 316 plate in September 1982 with margins of underselling similar to those of the first customer. Three customers stated that because an order to purchase stainless steel from British Steel generally took at least 4 months to fill, the imported steel had to sell at some discount in order for them to consider buying it. Two purchasers stated that much of the import pressure on the U.S. stainless steel industry was due to imports of stainless steel plate from West Germany.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION
NOTICE OF INVESTIGATION

[Investigation 701-TA-195 and 196 (Preliminary)]

Stainless Steel Sheet and Strip and Stainless Steel Plate From the United Kingdom

AGENCY: United States International Trade Commission.

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

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigation Nos. 701-TA-195 and 196 (Preliminary) to determine, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of allegedly subsidized imports from the United Kingdom of:

Stainless steel sheet, provided for in items 607.7610, 607.9010 and 607.9020 of the Tariff Schedules of the United States Annotated (TSUSA), and stainless steel strip (over 0.01 inch in thickness), provided for in TSUSA items 608.4300 and 608.5700 (investigation No. 701-TA-195 (Preliminary));

Stainless steel plate, provided for in TSUSA items 607.7605 and 607.9005 (investigation No. 701-TA-196 (Preliminary)).

EFFECTIVE DATE: October 7, 1982.

FOR FURTHER INFORMATION CONTACT: Mr. Patrick J. Magrath, Office of Industries, U.S. International Trade Commission; telephone 202-523-0341.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted following receipt of a petition filed by members of the Tool and Stainless Steel Industry Committee and the United Steelworkers of America. The Commission must make its determination in these investigations within 45 days after the date of receipt of petition, or by November 22, 1982 (19 CFR 207.17 (1981)). The investigations will be subject to the provisions of Part 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 November 3, 1982, a written statement of information pertinent to the subject matter of these investigations. A signed original and fourteen copies of such statements must be submitted (19 CFR 201.8 (1981), as amended by 47 FR 6190 (Feb. 10, 1982)).

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

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m., e.s.t., on November 1, 1982, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the supervisory investigator for the investigations, Mr. Jim McClure, telephone 202-523-0439, not later than October 27, 1982, to arrange for their appearance. Parties in support of the imposition of countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207), and Part 201, Subparts A through E (19 CFR 201), 47 FR 6182, February 10, 1982 and 47 FR 13791, April 1, 1982. Further information concerning the conduct of the conference will be provided by Mr. McClure.

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

By order of the Commission.

Issued: October 12, 1982.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-28861 Filed 10-19-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

U.S. DEPARTMENT OF COMMERCE
NOTICE OF INVESTIGATION

Federal Register
Vol. 47, No. 212
Tuesday, November 2, 1982

DEPARTMENT OF COMMERCE

International Trade Administration

Initiation of Countervailing Duty Investigations; Stainless Steel Sheet, Strip, and Plate From the United Kingdom

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of Countervailing Duty Investigations.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating countervailing duty investigations to determine whether producers, manufacturers, or exporters in the United Kingdom of stainless steel sheet, strip, and plate receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission (ITC) of this action so that it may determine whether imports of stainless steel sheet, strip, and plate are materially injuring, or threatening to materially injure, a U.S. industry. If these investigations proceed normally, the ITC will make its preliminary determinations on or before November 22, 1982, and we will make ours on or before December 31, 1982.

EFFECTIVE DATE: November 2, 1982.

FOR FURTHER INFORMATION CONTACT: David L. Binder, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, (202) 377-2786.

SUPPLEMENTARY INFORMATION:

Petition

On October 7, 1982, we received a petition from Allegheny Ludlum Steel Corporation; Armco Inc.; Carpenter Technology Corporation; Colt Industries, Inc. of the Crucible Materials Group; Eastern Stainless Steel Company; Electralloy Corporation; Guterl Special Steel Corporation; Jessop Steel Company; Jones & Laughlin Steel Incorporated; Republic Steel Corporation. Universal Cyclops Speciality Steel Division of the Cyclops Corporation; Washington Steel Corporation; and the United Steelworkers of America on behalf of the U.S. industry producing stainless steel sheet, strip, and plate. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges that producers, manufacturers, or exporters in the United Kingdom of stainless steel sheet, strip, and plate receive subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended (19 U.S.C. 1677(5)) (the Act) and that imports of stainless steel sheet, strip, and plate are materially injuring, or threatening to materially injure, a U.S. industry.

The United Kingdom is a "country under the Agreement" within the meaning of section 701(b) of the Act; therefore, title VII of the Act applies to these investigations.

Initiation of Investigations

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

Therefore, in accordance with section 702(c) of the Act, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters in the United Kingdom of stainless steel sheet, strip, and plate receive benefits that constitute subsidies within the meaning of section 771(5) of the Act. If our investigations proceed normally, we will

make our preliminary determinations by January 3, 1983.

Scope of the Investigations

For the purpose of these investigations the term stainless steel sheet, and strip covers hot or cold-rolled stainless steel sheet or strip products, excluding hot or cold-rolled stainless steel strip not over 0.01 inch in thickness, as currently provided for in items 607.7610, 607.9010, 607.9020, 608.4300, and 608.5700 of the *Tariff Schedules of the United States Annotated* (TSUSA).

Hot-rolled stainless steel sheet covers hot-rolled stainless steel sheet whether or not corrugated or crimped and whether or not pickled; not cold-rolled; not cut, not pressed and not stamped to non-rectangular shape; not coated or plated with metal; and under 0.1875 inch in thickness and over 12 inches in width.

Hot-rolled stainless steel strip is a flat-rolled stainless steel product, whether or not corrugated or crimped, and whether or not pickled; not cold-rolled; not cut not pressed, and not stamped to non-rectangular shape; and under 0.1875 inch in thickness and not over 12 inches in width. Hot-rolled stainless steel strip, including razor blade strip, not over 0.01 inch in thickness is not included.

Cold-rolled stainless steel sheet covers cold-rolled stainless steel sheet products whether or not corrugated or crimped and whether or not pickled; not cut, not pressed and not stamped to non-rectangular shape; not coated or plated with metal; and under 0.1875 inch in thickness and over 12 inches in width.

Cold-rolled stainless steel strip is a flat-rolled stainless steel product, whether or not corrugated or crimped, and whether or not pickled; not cut not pressed, and not stamped to non-rectangular shape; and under 0.1875 inch in thickness and over 0.50 inch but not over 12 inches in width. Cold-rolled stainless steel strip, including razor blade strip, not over 0.01 inch in thickness is not included.

Also for purposes of these investigations the term stainless steel plate covers stainless steel plate products as provided for in items 607.7605 and 607.9005 of the TSUSA. Stainless steel plate is a flat-rolled product, whether or not corrugated or crimped, in coils or cut to length, 0.1875 inches or more in thickness and over 8 inches in width or if cold-rolled over 12 inches in width.

Allegations of Subsidies

The petition alleges that producers, manufacturers, or exporters in the United Kingdom receive benefits from the government of the United Kingdom that constitute subsidies, including:

- Government equity infusions;
- National Loans Fund loans and loan conversions;
- Regional development grants;
- Iron & Steel Industry Training Board grants;
- Preferential railroad transportation rates;
- Capital investment subsidies tied to stainless steel production.

The petition also alleges that producers, manufacturers, or exporters in the United Kingdom of stainless steel sheet, strip, and plate receive benefits that constitute subsidies from the following European Communities programs:

- Industrial investment loans from the European Coal and Steel Community (ECSC);
- Loans from the European Investment Bank (EIB).

Notification of ITC

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

Preliminary Determinations by ITC

The ITC will determine by November 22, 1982 whether is a reasonable indiction that imports of stainless steel sheet, strip, and plate from the United Kingdom are materially injuring, or threatening to materially injure, a U.S. industry. If its determinations are negative, these investigations will terminate; otherwise, they will proceed to conclusion.

October 27, 1982.

Judith Hippler Bello,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. 82-30096 Filed 11-1-82; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-195 and 196 (Preliminary)

STAINLESS STEEL SHEET AND STRIP AND STAINLESS STEEL PLATE
FROM THE UNITED KINGDOM

Those listed below are scheduled to appear as witnesses at the United States International Trade Commission conference to be held in connection with the subject investigations beginning at 9:30 a.m., e.s.t., Monday, November 1, 1982, in Room 117 of the USITC Building, 701 E Street, NW., Washington, D.C.

	Alloted time (minutes)
In support of the imposition of countervailing duties	60

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

The Specialty Steel Industry of the United States
and the United Steelworkers of America

Mr. Claude F. Kronk, Vice President/Specialty Steel,
Jones and Laughlin Steel Corp.

Mr. Bruce P. Malashevich, Vice-President,
Economic Consulting Services Inc.

David A. Hartquist)
Paul C. Rosenthal) --OF COUNSEL

In opposition to the imposition of countervailing duties	60

Steptoe & Johnson--Counsel
Washington, D.C.
on behalf of

British Steel Corp.

Michael Sandler)
Sally Cummins)--OF COUNSEL
Peter Hurst)

APPENDIX D

PRODUCT LIST

PRODUCT 1: Stainless steel cold-rolled sheets, AISI grade 304, 2B finish, 16 gage in thickness, 48" in width, and coiled.

PRODUCT 2: Stainless steel cold-rolled sheets, AISI grade 316, 2B finish, 16 gage in thickness, 48" in width, and coiled.

PRODUCT 3: Stainless steel cold-rolled strips, AISI grade 304, 2 finish, 24 gage in thickness, 4" to 12" in width, and coiled.

PRODUCT 4: Stainless steel cold-rolled strips, AISI grade 430, BA finish, 24 gage in thickness, 4" to 12" in width, and coiled.

PRODUCT 5: Stainless steel hot-rolled annealed plate, AISI grade 304, 1/2 inch, 72 inches in width, and 240 inches in length.

PRODUCT 6: Stainless steel hot-rolled annealed plate, AISI grade 304, 1/4 inch, 96 inches in width, and 240 inches in length,

PRODUCT 7: Stainless steel hot-rolled annealed plate, AISI grade 316, 1/2 inch, 72 inches in width, and 240 inches in length.