

HOT-ROLLED STAINLESS STEEL BAR, COLD-FORMED STAINLESS STEEL BAR, AND STAINLESS STEEL WIRE ROD FROM SPAIN

**Determinations of the Commission in
Investigations Nos. 701-TA-176
through 178 (Final)**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-176 Through 178 (Final)

HOT ROLLED STAINLESS STEEL BAR, COLD-FORMED STAINLESS STEEL BAR,
AND STAINLESS STEEL WIRE ROD FROM SPAIN

Determinations

On the basis of the record 1/ developed in investigations Nos. 701-TA-176 and 177 (Final), the Commission determines, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded 2/ by reason of imports of the following products for which the Department of Commerce has made a final affirmative determination:

Hot-rolled stainless steel bar, provided for in item 606.90 of the Tariff Schedules of the United States (TSUS), (investigation No. 701-TA-176 (Final)); 3/

Cold-formed stainless steel bar, provided for in item 606.90 of the TSUS, (investigation No. 701-TA-177 (Final)). 3/

On the basis of the record, the commission also determines that an industry in the United States is materially injured by reason of imports of the following product which has been found by the Department of Commerce to be subsidized by the Government of Spain:

Stainless steel wire rod, provided for in items 607.26 and 607.43 of the TSUS, (investigation No. 701-TA-178 (Final)).

Background

The Commission instituted these investigations effective September 9, 1982, following preliminary determinations by the United States Department of

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

2/ Material retardation is not an issue in these investigations.

3/ Chairman Eckes dissenting.

Commerce that there was a reasonable basis to believe or suspect that subsidies were being provided to the manufacturers, producers, or exporters of certain stainless steel products in Spain. On November 15, 1982, Commerce made affirmative final subsidy determinations on the products subject to these investigations (47 F.R. 51453).

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on September 13, 1982, (47 F.R. 40732). The hearing was held in Washington, D.C., on November 16, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel. The Commission voted on the investigations on December 15, 1982.

VIEWS OF THE COMMISSION

Introduction

The following constitute our views on the three final countervailing duty investigations involving stainless steel hot-rolled bar, stainless steel cold-formed bar and stainless steel wire rod from Spain. First, we summarize the standards for our determinations. Second, we define the domestic industries against which the impact of the imports under investigation are to be assessed. We then examine the condition of the domestic industry and analyze the issue of causality.

Standards for Determination

Material injury is defined as "harm which is not inconsequential, immaterial, or unimportant." 1/ In making a determination as to whether there is material injury by reason of the imports under investigation, the Commission is required to consider, among other factors: (1) the volume of imports; (2) the effect of imports on domestic prices for like products; and (3) the impact of imports on the domestic industry. 2/

In making a determination as to whether there is a threat of material injury by reason of the imports under investigation, the Commission considers, among other factors: (1) the rate of increase of subsidized imports into the U.S. market, (2) the capacity in the exporting country to generate exports, and (3) the availability of other export markets. 3/ A finding of threat of

1/ 19 U.S.C. § 1677(7)(A).

2/ 19 U.S.C. § 1677(7)(B).

3/ 19 C.F.R. § 207.26(d).

material injury must be based on a showing that the likelihood of harm is real and imminent, and not on mere supposition, speculation, or conjecture. 4/

Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 5/ Section 771(10) defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses" with the article under investigation." 6/

The imported articles under investigation are stainless steel hot-rolled bar, stainless steel cold-formed bar, and stainless steel wire rod. Each of these products is manufactured by domestic producers. The imports under investigation are like the domestically produced products of the same grade and specification. Therefore, the following discussion pertains to both the imported and domestic products.

Stainless steel bar 7/ is a semifinished product that has numerous applications in the manufacture of such items as pump shafts, ball bearings,

4/ S. Rep. No. 249, 96th Cong., 1st Sess. 88-89 (1979); S. Rep. No. 1298, 93d Cong., 2d Sess. 180 (1974); *Alberta Gas Chemicals, Inc. v. United States*, 515 F. Supp. 780, 790 (Ct. Int'l Trade 1981).

5/ 19 U.S.C. § 1677(4)(A).

6/ 19 U.S.C. § 1677(10).

7/ Bars are steel products not conforming to the specifications of other steel products and having cross sections in a variety of shapes, such as circles, rectangles, and triangles, for various end uses. For the full definition, see Report at A-5 and A-6.

automotive parts, and medical instruments. 8/ One major distinguishing characteristic of bar as shipped is that it is straightened and cut to length, as opposed to wire rod, which is shipped in coil form.

Hot-rolled stainless steel bar is produced from stainless steel billets in a rolling mill which reduces the steel to a specific diameter and size. 9/ Hot-rolled bar is used for applications for which appearance and precise tolerances are not critical, or where further processing is intended. 10/ The principal applications of hot-rolled bar are in the manufacture of turbines, electrical equipment, and industrial equipment. 11/

Cold-formed stainless steel bar is produced by subjecting hot rolled bar to an additional "cold working" process, either by "cold drawing", 12/ or "cold finishing". 13/ The object of the cold working process is to produce a thinner bar with closer tolerances. Cold-formed bars may also be subject to various operations to improve their surface, such as polishing. Because the cold working processes result in a bar with greatly superior surface and mechanical properties than the hot-rolled product, 14/ cold-formed bar has

8/ Id. at A-10.

9/ For a full description of the production process, see id. at A-6 and A-7.

10/ Id. at A-9 and A-10. (Table 2).

11/ Id. at A-9.

12/ Cold drawing is the process whereby a hot-rolled bar is forced through a die having an opening smaller than the entering material in order to reduce it to a required size. This is generally done to bars less than one inch in diameter. The Making, Shaping and Treating of Steel, 9th Ed., U.S. Steel (1971) at 607; Transcript of Preliminary Conference (Tr.) in Stainless Steel Hot-Rolled Bar, Cold-Formed Bar and Wire Rod from Brazil, Inv. Nos. 701-TA-170 through 181 (hereinafter Brazil) at 42.

13/ Bars of a diameter greater than one inch can only be cold reduced by turning (using a lathe) or by centerless grinding. The latter is similar to lath turning, but allows for achieving closer tolerances. Making of Steel at 802.

14/ Making of Steel at 933.

applications for which hot-rolled bar would not be suitable, i.e., applications for which precise tolerances or appearance are important. 15/ For example, cold-formed bars are used to make automobile valves and fittings, drive shafts, airplane landing gear, boat propeller shafts, water pumps and cutlery. 16/

Stainless steel wire rod is a semifinished, hot-rolled product that is round in cross section and measures between 0.20 inch and 0.74 inch in diameter. The distinguishing characteristic of rod is that it is a round, narrow-diameter hot-rolled product that is produced and purchased in large coils. Most rod is sold to converters or "redrawers" that draw the rod into wire or to manufacturers of fasteners. 17/ Such purchasers have continuous operations which are most efficient when large coils of rod are used.

Petitioners argue that hot-rolled bar, cold-formed bar, and wire rod should be considered to be one like product because they can be and are generally rolled on the same equipment, and because they are to some extent substitutable. 18/ The fact that all three products share production processes is not dispositive. 19/ This factor is only relevant to the extent that it relates to the basic issue of characteristics and uses. Furthermore, although there may be some limited substitutability among these products, such instances are not sufficient to warrant a finding that these products

15/ See, e.g., Tr. Brazil at 42.

16/ Report in Brazil at A-16, Tr. Brazil at 41-42.

17/ Report at A-10 (Table 4).

18/ Petitioners' Post-Conference Statement at 1.

19/ See General Counsel Memorandum GC-F-416 (Dec. 13, 1982, as revised Dec. 15, 1982) at 8-10.

collectively are "like." 20/ 21/ Therefore, we find that hot-rolled bar, cold-formed bar and wire rod are three separate like products. Accordingly, we determine that there are three separate domestic industries consisting of the producers of each like product.

I. HOT-ROLLED STAINLESS STEEL BAR

Condition of the Domestic Industry

Apparent U.S. consumption of hot-rolled stainless steel bar declined by 11 percent between 1979 and 1981, and by 15 percent in the January-August 1982 period as compared to the corresponding period of 1981. 22/ Domestic production declined by 14 percent between 1979 and 1981, and by 27 percent in the January-August 1982 period as compared with the corresponding period of 1981. 23/ Domestic shipments followed a similar downward trend. 24/ In addition, the ratio of end-of-period inventories to domestic shipments increased from 19.8 percent in 1979 to 24.7 percent in 1981, and to 34 percent

20/ There is some overlap with respect to characteristics and uses between hot-rolled bar and rod to the extent that narrow gauge bar can be produced by uncoiling, cutting, and straightening rod. However, most rod as purchased is not converted into bar but is used in continuous manufacturing processes such as wire rod and fasteners. See Report at A-11 (Table 4).

21/ Because cold-formed bar is a refinement of hot-rolled bar, a purchaser that required cold-formed bar could purchase hot-rolled bar and cold-work it, provided that the purchaser had the necessary equipment. However, because of the higher cost of cold-formed bar, it would not be economical for a purchaser that only required hot-rolled bar to use cold-formed bar as a substitute. Furthermore, although service centers are able to cold-finish bars to some extent, a significant amount of cold-formed bar is accounted for by a firm that sells directly to end users. See id. at A-12. (Table 5)

22/ Id. at A-37 (Table 22).

23/ Id. at A-20 (Table 10).

24/ Shipments declined by 14 percent between 1979 and 1981, and by 26 percent in January-August 1982 compared with the corresponding period of 1981. Id. at A-21 and A-22.

in January-August 1982 as compared with 25 percent in the corresponding period of 1981. 25/

Utilization of hot-rolled bar capacity declined steadily, from 67 percent in 1979 to 58 percent in 1981, and to 45 percent in the January-August 1982 period as compared with 62 percent in the corresponding period of 1981. 26/

Employment also steadily declined. The average number of production and related workers producing hot-rolled bar declined 6 percent between 1979 and 1981, and fell 19 percent in the January-August 1982 period as compared with the corresponding period of 1981. 27/ The number of hours paid--a more accurate indicator of loss of employment in an industry with reduced hours and furloughs--fell by 14 percent between 1979 and 1981, and by 27 percent during the January-August 1982 period as compared with the corresponding period of 1981.

Financial data indicate that sales and profits nevertheless increased slightly during the 1979-1981 period, and that the ratio of operating profit to net sales was favorable. The ratio of operating profit to net sales increased slightly from 9.1 percent in 1979 to 9.6 percent in 1981. 28/ However, all financial indicators fell substantially during the January-August 1982 period. During the period, the ratio of operating profit to net sales dropped to a negative 2.8 percent as compared with a positive 10.4 percent in the corresponding period of 1981. 29/ In addition, the number of firms

25/ Id. at A-23 (Table 12).

26/ Id. at A-20 (Table 10).

27/ Id. at A-25 (Table 13).

28/ Id. at A-27.

29/ Id.

reporting operating and net losses increased substantially in January-August 1982 as compared with the corresponding period of 1981. 30/

Therefore, we find that the domestic industry is currently experiencing material injury.

30/ Id.

The Issue of Material Injury or Threat By Reason of Imports

VIEWS OF COMMISSIONER PAULA STERN

I find that the domestic stainless steel hot-rolled bar industry is not materially injured or threatened with material injury by reason of imports from Spain.

Virtually all of the imports of stainless steel hot-rolled bar from Spain are not presently benefitting from subsidies. 1/ 2/ This case was continued by the Department of Commerce which stated that the key Spanish producer, Olarra S. A., could qualify for subsidies in the future 3/ should its financial situation improve.

Since there are virtually no subsidized imports of stainless steel hot-rolled bars from Spain, I have determined in the negative on the question of present injury. The countervailing duty law is designed to remedy material injury or threat of material injury to a domestic industry caused by an unfair trading practice. Subsidization is unfair only if material injury or threat of material injury to a U.S. industry results. If there is no unfair

1/ The exact figure is based upon confidential information received from the Department of Commerce. The data is for 1981, which is the best information available.

2/ 47 Fed. Reg. 51,459 (1982). An argument has been made that there is a distinction between these stainless steel bar cases and the recent cases involving carbon steel imports from the Federal Republic of Germany and Belgium, Inv. Nos. 701-TA-86 thru 144, 701-TA-146, and 147. See my views as incorporated in Carbon Steel Bar and Wire Rod from Brazil and Trinidad and Tobago, Inv. Nos. 731-TA-113 and 114 (Preliminary) USITC Pub. No. 1316 (November 1982) (hereinafter "Carbon Steel from Brazil and Tobago"). However, for the purpose of examining injury which is the sole responsibility of the ITC in this bifurcated process, there is no material distinction between a Commerce finding of a de minimis subsidy which it evaluates as zero and a finding that no subsidy has been provided.

3/ 47 Fed. Reg. 51,458 (1982).

practice, relief falls outside the logic of the law as there are no unfairly traded imports. 4/

As far as threat is concerned, the Commission cannot base its judgment on "conjecture" or "speculation;" the threat must be "real" and "imminent." 5/ Nothing in the record supports such a judgment in this case. There is no indication on the record that Olarra's financial situation will improve, that it will, in fact, receive subsidies, or that these subsidies will be significant enough to effect the volume and price of imports and thus possibly materially injure the domestic industry. 6/ Therefore, I have determined in the negative on the question of threat.

Some may view the Commission's vote in a case where the Department of Commerce has evaluated the subsidy at zero as merely academic, since no countervailing duties will be collected in any case. From a public policy point of view, the Commission's vote is significant. Affirmative Commission votes lead the public to believe that an unfair trade practice has taken place which has injured a domestic industry. Issuing affirmative findings when in fact there has been no unfair act or where subsidization has not resulted in material injury or threat thereof fosters a myopic public perception of the factors necessary to strengthen U.S. competitiveness.

4/ For detailed discussion of my views on causality, see my views in Certain Carbon Steel from Belgium, et al. as incorporated in Carbon Steel from Brazil and Tobago, supra, and my views in Certain Steel Products from Spain, Inv. Nos. 701-TA-115 thru 163 (Final) (December 1982).

5/ S. Rep. No. 249, 96th Cong., 1st Sess. 88-89 (1979); S. Rep. No. 1298, 93d Cong., 2d Sess. 180 (1974); Alberta Gas Chemicals, Inc. v. United States, 515 F. Supp. 780, 790 (Ct. Int'l Trade 1981).

6/ See General Counsel memorandum GC-F-418 (December 15, 1982).

VIEWS OF COMMISSIONER VERONICA HAGGART

I find that the domestic hot-rolled bar industry is not being materially injured or threatened with material injury by reason of subsidized imports from Spain. As set forth more fully below, virtually none of the imports of hot-rolled bar from Spain are presently being subsidized. 1/ Congress has instructed us that: "A domestic industry must be materially injured by reason of subsidized imports before a countervailing duty could be imposed" 2/ (Emphasis added). Thus, even though I find that the domestic hot-rolled stainless steel bar industry is experiencing injury in 1982, the requisite causal nexus between the injury and subsidized imports from Spain is not present.

In its final determination, the Department of Commerce noted that Olarra S. A., which accounted for virtually all of the imports of hot-rolled bar from Spain in 1981, 3/ had received some countervailable short-term loans before going into receivership in 1979, that it has not received any countervailable benefits since 1979, and that it is not presently benefitting from such loans. Thus, Commerce concluded: "We have determined that no subsidy is currently being provided to Olarra." 4/ Therefore, for purposes of our injury

1/ Only a minuscule amount of the imports of hot-rolled bar from Spain have been determined by Commerce to be subsidized. I have determined that the volume of these subsidized imports is too small to be a cause of material injury or threat thereof to the domestic industry.

2/ S. Rep. No. 249, 96th Cong., 1st Sess. 44 (1979).

3/ The exact percentage of imports attributable to Olarra is confidential.

4/ 47 Fed. Reg. 51,459 (1982). This language is different from the language used by Commerce in its final affirmative determination of de minimis subsidies in Certain Steel Products from Belgium, et al. In that determination, Commerce stated: "We have determined that a subsidy is being provided to P&S" 47 Fed. Reg. at 39,315 (1982). The identical statement was
(Footnote continued)

determination, there can be no injury to the domestic industry by reason of subsidized imports. 5/

I have also concluded that a domestic industry is not threatened with material injury by reason of subsidized imports from Spain. Sprague Electric Co. v. United States, 488 F.Supp. 910 (Cust. Ct.), as modified on reh'g, 84 Cust. Ct. 260 (1980) has been cited as support for the proposition that non-subsidized imports which are included in an affirmative determination must be considered in the context of any analysis of threat of material injury. However, Sprague is distinguishable from the instant case in that it involved less than fair value imports and not subsidized imports. In a dumping case, section 735(a) of the statute provides that Commerce may determine whether merchandise "is being or is likely to be, sold in the U.S. at less than fair value" (Emphasis added). By contrast, in a countervailing duty case, section 705(a) of the statute directs only that Commerce is to determine whether or not "a subsidy is being provided" (Emphasis added). Assuming arguendo that it

(Footnote continued)

made with respect to the "affirmative de minimis" determination for Forges de Clabecq. 47 Fed. Reg. 39,355 (1982). Thus, in these earlier cases, unlike the instant investigation, Commerce did make an explicit finding that the imported products benefited from a subsidy.

5/ The basis for my negative determination in this case is distinguishable from the issue of whether the Commission is required to establish a causal link between the net subsidy determined by Commerce and any injury to the domestic industry. For my views on the latter subject, see Certain Steel Products from Spain, Inv. 701-TA-155 thru 163 (Final) (December 1982). The basis for my decision in the instant investigation is the finding of no subsidy by the Department of Commerce. The purpose of the countervailing duty statute is to offset the advantage bestowed on the imported product by any subsidy while still permitting imports of subsidized merchandise into the market. If, as in this case, no subsidy is being provided, there is no statutory basis for any affirmative determination.

is appropriate to consider non-subsidized imports in a threat analysis in a countervailing duty case, under the facts of this case, there is no "real and imminent" threat of material injury by reason of the imports under investigation.

Commerce included Olarra in its final affirmative determination based upon the following grounds:

We consider any benefits associated with pre-receivership privileged circuit working-capital loans to have been lost when the loans were incorporated into Olarra's receivership debt. However, Olarra received these benefits in the past and if its financial condition improves, Olarra could again qualify and obtain benefits from that program in the future. For that reason Olarra is not being excluded from the final determination in these investigations. 6/

Therefore, the Department's affirmative final determination appears to have been made on the basis that Olarra might receive countervailable benefits in the future should its financial condition improve. There is no basis in the record for concluding that Olarra is likely to receive subsidies or that Olarra's financial condition is likely to improve in the near future. 7/ Thus, there is no "real and imminent" threat that imports from Olarra will benefit from subsidies.

6/ 47 Fed. Reg. 51,458 (1982).

7/ See General Counsel memorandum GC-F-418 (December 15, 1982).

VIEWS OF CHAIRMAN ALFRED ECKES

I do not agree with my colleagues regarding the ramifications of including Olarra in the Department of Commerce's final affirmative determination.

In my view the Commission is required, as a matter of law, to base its analysis of material injury or threat thereof upon all the imports which were included within the scope of the final determination by Commerce. Section 705(b) provides "the Commission shall make a final determination [of material injury or threat thereof, or material retardation] by reason of imports of the merchandise with respect to which the administering authority has made an affirmative determination under subsection (a)." (Emphasis supplied). 1/ The inclusion of all imports in the Commission's final determination reflects the bifurcated authority which Congress purposely vested in the Department of Commerce, as the administering authority, and the Commission.

In a countervailing duty investigation, the Commerce Department determines whether the imports subject to investigation are subsidized within the meaning of the countervailing duty laws and, if so, calculates the net subsidy. The net subsidy calculation becomes the basis for a tax assessed as a countervailing duty on the subject imports. The Commission, in turn, determines whether or not imports covered by that affirmative determination are causing material injury to domestic producers. In essence, the

1/ As a practical matter, imports from Olarra, and therefore virtually all of the hot-rolled bar imports under investigation, have a zero net subsidy, and therefore will not have a countervailing duty assessed against them as long as the net subsidy rate remains at zero. Thus any concern that an affirmative vote by the Commission would be contrary to the basic purpose of the Act, which is limited to offsetting the benefits of subsidization enjoyed by unfairly traded imports, is not warranted.

Department's affirmative determination designates for the Commission those imports which we must determine are, or are not, causing material injury or threat thereof. Therefore, regardless of the merits of any Commerce determination, I do not believe that the Commission can or should look behind it.

This issue was squarely addressed and resolved in Sprague Electric Co. v. United States. ^{2/} In Sprague the Customs Court remanded an antidumping case to the Commission because, among other reasons, some Commissioners declined to make a threat of injury analysis with respect to imports for which the Department of Commerce had found no less-than-fair-value margins. The court based its determination in Sprague on the explicit bifurcation of authority between the administering authority ^{3/} and the Commission, and held that the Commission did not have the authority to effectively exclude from its injury determination imports which the administering authority included in its determination.

The Sprague case involved an appeal of the Commission's negative determination in an antidumping investigation concerning Tantalum Electrolytic Fixed Capacitors from Japan, investigation No. AA1921-159. In that investigation, the administering authority had not calculated any margins of less-than-fair-value sales on certain capacitors manufactured by Nippon Electric Company. Imports of these same capacitors, however, were included in

^{2/} 488 F.Supp. 910 (Cust. Ct.), as modified on reh'g, 84 Cust. Ct. 260 (1980).

^{3/} In Sprague, the administering authority was the Department of the Treasury. Although the investigation conducted by the Commission was authorized by the Antidumping Act of 1921, the same relationship between the administering authority and the Commission exists in the antidumping and countervailing duty provisions of Title VII of the Tariff Act as in the 1921 Act.

the affirmative determination of sales made at less-than-fair-value. On the basis of the absence of less-than-fair-value margins for capacitors manufactured by Nippon Electric Co., the Commission (former Commissioner Parker dissenting) did not consider those imports in its injury analysis. The reviewing court remanded the case to the Commission with instructions, inter alia, to include the imports of Nippon Electric Co. capacitors in its analysis. In fact, the court expressly adopted what it characterized as the "cogent" analysis of the dissenting Commissioner that the Commission had no authority to sever or eliminate imports from the less-than-fair-value determination of the administering authority, that this determination "is binding upon the Commission as a matter of law; and 'that [the] Commission has no authority to refine or modify the class or kind or merchandise found to be, or likely to be sold at LTFV.'" 4/

The argument can be made that the holding in the Sprague case is distinguishable from the present investigation because it was an antidumping investigation and the plain language of the statutory standard for the administering authority's final determination of dumping is different than that in a countervailing duty investigation. I read the holding in Sprague as going to the more basic recognition of bifurcated authority which is as appropriate in a countervailing duty investigation as in an antidumping investigation. Even assuming, arguendo, that the Department of Commerce exceeded its statutory authority by including Olarra in its final affirmative determination, it is clearly an issue for the courts, not the Commission to

5/ 34 Cust. Ct. at 260, 262.

determine. 5/ No artful distinctions can disguise the fact that my colleagues based their determinations upon an examination of less than all of the imports included in the Commerce Department's final affirmative determination. In my view, such an approach is clearly wrong.

Nor can Sprague be distinguished by construing it narrowly to hold that the Commission cannot simply ignore imports which the administering authority includes in its final determination, but that the Commission is nevertheless free to reject certain of these imports providing that it gives them perfunctory recognition. Such a construction of the holding results in a distinction without a difference. It is contrary to the Court's recognition of the fundamental bifurcation of statutory functions which underlies the Sprague decision. Accordingly, I have made my analysis on the basis of all imports included in the Department of Commerce's final determination.

While the market share of domestic producers declined substantially to 77 percent in the January-August 1982 period as compared with 89 percent in the corresponding period of 1981, imports of hot-rolled bar from Spain increased in both absolute and relative terms. In 1981, imports from Spain totalled 766 tons. In the January-August 1982 period, imports from Spain almost tripled, to 690 tons as compared with 233 tons in the corresponding period of 1981. Similarly, whereas the ratio of imports from Spain to apparent domestic consumption was 1.6 percent in 1981, in the January-August 1982 period it increased to 2.5 percent as compared with the corresponding period of 1981.

5/ The Department of Commerce's determination has, in fact, been challenged on appeal, not because Olarra was included, but because of the Department's determination that although the producer received subsidies in the past, it is not presently benefitting from subsidies. The zero net subsidy calculation was based upon this determination.

Imports from Spain are also a significant and increasing share of total hot-rolled bar imports. In 1981, imports from Spain accounted for 10.1 percent of total hot-rolled bar imports. In January-August 1982 the percentage increased to 11.2 percent as compared with 6.7 percent in the corresponding period of 1981.

In addition, imports of hot-rolled bar from Spain have undersold the domestic product by margins of underselling ranging from 29 to 45 percent for one product, and from 21 to 36 percent for another product. This underselling has resulted in both lost sales 6/ and price suppression. 7/

Therefore, I find that the domestic stainless steel hot-rolled bar industry is materially injured by reason of the imports of hot-rolled stainless steel bar from Spain that were included in the Department of Commerce's final investigation.

6/ Report at A-55.

7/ Id. at A-56.

II. COLD-FORMED STAINLESS STEEL BAR

Condition of the Domestic Industry

Apparent domestic consumption of cold-formed bar decreased by 11 percent between 1979 and 1981, and by 11 percent in the January-August 1982 period as compared to the corresponding period of 1981. 1/ Domestic production of cold-formed bar declined by 19 percent between 1979 and 1981. 2/ Domestic shipments also declined by 18 percent during this period, 3/ with end-of-period inventories increasing from a level equivalent to 26 percent of shipments in 1979 to 40 percent in 1981. 4/ In the January-August 1982 period, the situation grew worse. Production declined by 24 percent, and shipments declined by 26 percent. The ratio of inventories to shipments increased to 48 percent compared to 36 percent in the corresponding period of 1981.

Utilization of cold-formed capacity also declined steadily from 84 percent in 1979 to 68 percent in 1981, then fell to 49 percent in the January-August 1982 period as compared with 65 percent in the corresponding period of 1981. 5/

Employment also declined steadily. The average number of production and related workers producing cold-formed bar decreased by 14 percent between 1979 and 1981, and by 15 percent in the January-August 1982 period as compared with the corresponding period of 1981. 6/ Similarly, the number of hours paid fell

1/ Report at A-38 (Table 23).

2/ Id. at A-20 (Table 10).

3/ Id. at A-22 (Table 11).

4/ Id. at A-23 (Table 12).

5/ Id. at A-20 (Table 10).

6/ Id. at A-26 (Table 14).

by 21 percent between 1979 and 1981, and by 22 percent in the January-August 1982 period as compared with the corresponding period of 1981.

The ratio of operating profit to net sales increased slightly during this period, from 9.3 percent in 1979 to 10.5 percent in 1981. 7/ In the January-August 1982 period, sales, cash flow, the ratio of operating profit to net sales, and other profit margins all fell sharply compared with the indicators for the corresponding period of 1981. 8/ For example, in the January-August 1982 period, the ratio of operating profit to net sales declined to a negative 1.6 percent as compared with a positive 10.8 percent in the corresponding period of 1981. 9/

In the January-August 1982 period, five domestic producers reported both operating and net losses compared with only three in the corresponding period of 1981. 10/ These financial developments in 1982 demonstrate that the industry is currently experiencing material injury.

7/ Id. at A-28 (Table 16).

8/ Id.

9/ Id.

10/ Id.

The Issue of Material Injury or Threat By Reason of Imports from Spain

VIEWS OF COMMISSIONER PAULA STERN

A very substantial percentage 1/ of imports of stainless steel cold-formed bar from Spain are produced and exported by Olarra, S.A. The Department of Commerce has determined that imports accounted for by Olarra are not presently benefitting from subsidies. 2/ Therefore, only a small amount of the imports under investigation are currently subsidized and thus meet the threshold causation test for a determination of material injury or threat thereof. 3/

The small volume of subsidized imports of stainless steel cold-formed bar from Spain 4/ is not significant enough to cause or threaten material injury to the domestic industry. Therefore, I found in the negative in this case.

I also note that the subsidized imports benefit from only a small subsidy, while the available information on margins of underselling shows that

1/ The exact figure is based upon confidential information received from the Department of Commerce. The data is for 1981, which is the best information available.

2/ 47 Fed. Reg. 51,459 (1982).

3/ See the preceding discussion on stainless steel hot-rolled bar imports as well as my views on causation in Certain Carbon Steel from Belgium, et al., as incorporated in Carbon Steel Bar and Wire Rod from Brazil and Trinidad and Tobago, Inv. Nos. 731-TA-113 and 114 (Preliminary) USITC Pub. No. 1316 (November 1982) and my views in Certain Steel Products from Spain, Inv. Nos. 701-TA-155 thru 163 (Final) (December 1982).

4/ Some may argue that I have not examined all the imports subject to these bar investigations. This view appears to reflect a difference in opinion on the factors necessary to demonstrate a causal nexus between the imports under investigation and any material injury the domestic industry is or is likely to experience. Given my views on causality, as discussed above and in prior opinions, it should be clear that I examined all the imports, but nevertheless found no causal relationship between the imports subject to the investigation and material injury or threat of injury. I judge that such a causal nexus is required by the statute.

imports from Spain have been priced substantially below the domestic product. 5/ Thus, it is unlikely that the Spanish subsidies have any effect whatsoever on the performance of imports from Spain in the U.S. market.

There is no information on the record which indicates that increases in subsidies, either on an individual producer basis or on a weighted-average product-line basis are "real and imminent." In fact, the information we do have indicates that it is not likely that Olarra, the predominant exporter of bar, will receive or will be eligible to receive countervailable "privileged circuit loans" in the foreseeable future. Furthermore, there is no information on the record indicating that other producers have or will obtain additional countervailable benefits. There is no reason to believe that Olarra's imports will not continue to dominate exports of cold-formed bar to the United States. Therefore, I found in the negative on the question of threat of material injury.

5/ Underselling data is only available based on imports from Olarra. Assuming other Spanish exporters are competitive with Olarra, the above statement is valid. This calculation was not the basis for, but simply reinforced my negative finding.

VIEWS OF COMMISSIONER VERONICA HAGGART

As with hot-rolled bar, I have determined that a domestic industry is not being materially injured or threatened with material injury by reason of subsidized imports of cold-formed bar from Spain. More than two-thirds of the imports from Spain are attributable to Olarra, which has been determined by Commerce not to be currently receiving subsidies. 1/ In order for an affirmative determination to be made, injury must be by reason of imports which have been determined by Commerce to be subsidized. 2/ With respect to the remainder of the cold-formed bar imports, which have been found to be subsidized, the information on the record is insufficient to establish a causal nexus with the injury being experienced by the domestic industry.

Information in the record regarding instances of confirmed price underselling by the Spanish product and confirmed lost sales to the Spanish product is attributable to non-subsidized imports. Therefore, there is no basis for finding that subsidized imports from Spain are a cause of material injury to the domestic industry.

Furthermore, based on the information on the record, there is no threat of material injury by reason of subsidized imports from Spain. As noted with respect to hot-rolled bar, there is no real and imminent threat by reason of imports from Olarra. 3/

1/ 45 Fed. Reg. 51,459 (1982). See the discussion of this matter in my views on Hot-Rolled Stainless Steel Bar, supra, pp. 12-13.

2/ As with hot-rolled bar, the basis for my negative determination in this case is distinguishable from the issue of whether the Commission is required to establish a causal link between the net subsidy determined by Commerce and any injury to the domestic industry. See the discussion of this matter in my views on Hot-Rolled Stainless Steel Bar, supra pp. 12, 13 & note 5..

3/ See the discussion of this matter in my views on Hot-Rolled Stainless Steel Bar, supra pp. 13-14 & note 6.

Regarding imports from the other Spanish producers, which were found by Commerce to be receiving subsidies, there is no information on the record from which one could conclude that there is a real and imminent threat of an increase in such imports into the U.S. market or of an increase in the capacity of these Spanish producers. Additionally, the availability of other export markets has not been sharply restricted in recent periods. 4/

4/ Petitioners argue that a bilateral agreement between the EC and Spain limiting Spanish exports of steel products to the EC will cause greater exports by Spain to the U.S. This pact places a limit in terms of tons of steel on all steel products combined. No limitation is placed on stainless steel products alone. Therefore, the effect of this limitation on stainless steel products specifically is a matter of conjecture.

VIEWS OF CHAIRMAN ALFRED ECKFS

As fully explained in my views in the hot-rolled bar investigation, I determine, pursuant to section 705(b) of the Act, that a domestic industry has been materially injured by reason of the imports from Spain which the administering authority has included in its final affirmative determination.

Imports of cold-formed bar from Spain totalled 6,010 tons in 1981. 1/ Imports for the January-August 1982 period decreased slightly to 3,730 tons as compared with 4,068 in the corresponding period of 1981. 2/ However, the ratio of cold-formed bar imports from Spain to apparent domestic consumption has increased to 5.4 percent in the January-August 1982 period as compared with 5.3 percent in the corresponding period of 1981. 3/

Furthermore, pricing information indicates that Spanish stainless cold-formed bar from Spain has generally undersold the domestic product by substantial margins. Margins of underselling for sales to service centers was mixed. Imports of one product actually oversold the domestic product by 9.4 percent. 4/ Imports of the other product undersold the domestic products by margins ranging from 29.2 to 36.7 percent. 5/ However margins of underselling to end users were consistently large, ranging from 8.4 percent to 19.8 percent for one product and from 26.4 to 42 percent for the other. 6/ In addition, we have confirmed that such underselling has caused price suppression of the

1/ Report at A-16 (Table 8).

2/ Id.

3/ Id. at A-38

4/ Id. at A-50 and A-51.

5/ Id.

6/ Id.

domestic product. 7/ Therefore, I find that the domestic cold-formed stainless steel bar industry is being materially injured by reason of imports of cold-formed stainless steel bar from Spain.

7/ Id. at A-55.

III. STAINLESS STEEL WIRE ROD

Condition of the Domestic Industry

The condition of the domestic stainless steel wire rod industry has declined significantly. 1/ Between 1979 and 1981, apparent U.S. consumption of wire rod decreased slightly. In the January-August 1982 period, it decreased by 9 percent as compared to the corresponding period of 1981. 2/ Domestic production of wire rod dropped by 18 percent between 1979 and 1981, and by 34 percent in the January-August 1982 period as compared to the corresponding period of 1981. 3/ In addition, the ratio of inventories to shipments increased from 9.4 percent in 1979 to 14.8 percent in 1981 and to 17.4 percent in the January-August 1982 period as compared to 15.1 percent in the corresponding period of 1981. 4/

Utilization of wire rod capacity also declined steadily, from 72.4 percent in 1979 to 59.7 percent in 1981, and to 48.5 percent in the January-August 1982 period as compared with 73.3 percent in the corresponding period of 1981. 5/

Employment also declined sharply. The average number of production and related workers producing wire rod declined by 7 percent between 1979 and 1981, and fell by 25 percent in the January-August 1982 period as compared to the corresponding period of 1981. 6/ The number of hours paid dropped by 14

1/ Stainless steel wire rod from Spain was first imported into the United States in 1980.

2/ Report at A-39 (Table 24).

3/ Id. at A-20 (Table 10).

4/ Id. at A-23 (Table 12).

5/ Id. at A-20 (Table 10).

6/ Id. at A-25 (Table 13).

percent between 1979 and 1981, and by 25 percent during the January-August 1982 period as compared with the corresponding period of 1981. 7/

In contrast to the hot-rolled bar and cold-formed bar industries, the wire rod industry as a whole has shown signs of substantial weakening of profitability during the period under investigation. 8/ Sales declined by 18 percent between 1979 and 1981. Operating profit plunged from \$4.8 million in 1979 to a loss of \$1.4 million in 1981. A net profit of \$4.3 million in 1979 fell to a loss of \$454,000 in 1980 and to \$2.2 million in 1981. In the same period, the ratio of operating profit to net sales dropped from 6.6 percent in 1979, to a negative 2.3 percent in 1981.

This negative trend substantially worsened during the January-August 1982 period. Sales fell by 35 percent in the January-August 1982 period as compared with the corresponding period of 1981. Operating losses increased to \$4.2 million as compared with \$108,000 in the corresponding period of 1981. Net losses followed a similar trend. The ratio of operating loss to net sales increased to 17.3 percent in the January-August 1982 period as compared with 0.3 percent in the corresponding period of 1981. Furthermore, three domestic producers of wire rod reported operating and net losses in 1981, and four reported both operating and net losses in the January-August 1982 period. Therefore, we find that the stainless steel wire rod industry is experiencing material injury.

7/ Id.

8/ Our discussion of financial data is based on information contained in the Report at A-30. (Table 17).

Material Injury By Reason of Imports from Spain

While the share of the domestic stainless steel wire rod market held by the domestic industry decreased from 57.5 percent in 1980, to 51 percent in 1981, and to 44 percent in the January-August 1982 period as compared with 55 percent in the corresponding period of 1981, 9/ imports of stainless steel wire rod from Spain have increased both in absolute and relative terms.

Imports of stainless steel wire rod from Spain increased from zero tons in 1979 to 1,674 tons in 1980 and 2,763 tons in 1981. Imports for the January-August 1982 period increased to 1,809 tons as compared with 1,520 tons for the corresponding period in 1981. 10/

The ratio of Spanish wire rod imports to apparent domestic consumption has also increased from 3.3 percent in 1980 to 5.4 percent in 1981, and to 6.2 percent in the January-August 1982 period as compared with 4.8 percent in the corresponding period of 1981. 11/

Furthermore, imported wire rod from Spain has undersold the domestic product by significant margins during the 1981-1982 period. 12/ 13/ The margins of underselling for sales of one product to service center distributors ranged from 1.7 to 18.5 percent in 1981, and from 0.2 to 8.6 percent in the January-August 1982 period. Non-confidential pricing data

9/ Report at A-39 (Table 24).

10/ Id. at A-17 (Table 9).

11/ Id. at A-39 (Table 24).

12/ Six out of eight purchasers that responded to the Commission's questionnaire stated that they had not paid a higher price for the domestic product due to non-price factors such as quality and availability. See Id. at A-54. One indicated that it had paid a higher price for quality. Another paid a higher price because of availability.

13/ Commissioner Stern notes that in many quarters the net subsidy either accounted for all or a substantial portion of the margins of underselling.

regarding sales of the same product to end-users indicate margins of underselling ranging from 1.7 percent to 7.1 percent in the January-August 1981 period only. In addition, confidential pricing data indicate that the imported product from Spain steadily undersold the product of one major domestic producer by sizable margins through 1981 and January-February 1982. 14/ Also, we have verified that the lower priced wire rod from Spain has caused domestic producers to lower their prices in order to win a sale over competing imports from Spain. 15/

Given the condition of the domestic industry, the existence of underselling, and the increasing market share of imports of wire rod from Spain, we determine that the domestic industry is materially injured by reason of imports of stainless steel wire rod from Spain.

14/ Id. at A-53 (Table 32).

15/ Id. at A-57.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On February 17, 1982, a petition was filed with the U.S. Department of Commerce by counsel for Al Tech Specialty Steel Corp., Armco Stainless Steel Division, Carpenter Technology Corp., Colt Industries, Inc. (Crucible Materials Group), Cyclops Corp., Guterl Special Steel Corp., Joslyn Stainless Steels, and Republic Steel Corp. alleging that producers, manufacturers, or exporters of stainless steel bar and wire rod in Spain received, directly or indirectly, bounties or grants within the meaning of section 303 of the Tariff Act of 1930. As Spain was not at that time a "country under the Agreement" within the meaning of section 701(b) of the act, there was no requirement for the petition to be filed pursuant to section 702(b)(2) and no requirement for the Commission to conduct a preliminary material injury investigation pursuant to section 703(a).

On April 14, 1982, however, the United States Trade Representative (USTR) announced that Spain had become a "country under the Agreement" (47 F.R. 16697). On April 26, 1982, Commerce notified the Commission that it had terminated its investigation under section 303, and that, in accordance with section 702 of the Act, it was commencing a new countervailing duty investigation. Accordingly, effective April 26, 1982, the Commission instituted countervailing duty investigation No. 701-TA-154 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of hot-rolled stainless steel bar, provided for in item 606.9005 of the Tariff Schedules of the United States Annotated (TSUSA), cold-formed stainless steel bar, provided for in TSUSA item 606.9010 and stainless steel wire rod, provided for in TSUSA items 607.2600 and 607.4300, upon which bounties or grants are alleged to be paid. On June 2, 1982, the Commission changed the numerical identification of this investigation, replacing investigation No. 701-TA-154 (Preliminary) with Nos. 701-TA-176 (Preliminary), Hot-rolled stainless steel bar from Spain, 701-TA-177 (Preliminary), Cold-formed stainless steel bar from Spain, and 701-TA-178 (Preliminary), Stainless steel wire rod from Spain.

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 the subject commodities which are alleged to be subsidized by the Government of Spain. Commerce, therefore, continued its investigation into the question of allegedly subsidized sales and issued a preliminary determination in the Federal Register of August 31, 1982 (47 F.R. 38375). Commerce preliminarily determined that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Spain of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod. On the basis of Commerce's preliminary determination, the Commission instituted a final countervailing duty investigation on September 9, 1982.

Commerce rendered an affirmative final determination on November 8, 1982. 1/ By statute the Commission must notify Commerce of its final determination within 45 days after the final Commerce action--in this case by December 22, 1982.

Notice of the Commission's institution of the final investigation and of the public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of September 15, 1982 (47 F.R. 40732). 2/ The public hearing was held on November 16, 1982. 3/

Past Commission Investigations

The Commission has conducted a prior antidumping investigation concerning stainless steel wire rod from France 4/ and three investigations on certain specialty steel products, including stainless steel bar and wire rod, under sections 201 and 203 of the Trade Act of 1974. 5/ The Commission made an affirmative determination in the antidumping investigation, and imports of wire rod from France are currently subject to an outstanding antidumping order.

On January 16, 1976, the Commission determined in investigation No. TA-201-5 that certain specialty mill products, including stainless steel bar and wire rod, 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. The proclamation provided for import relief in the form of quantitative restrictions for a 3-year period. 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. 6/

1/ A copy of Commerce's notice of its final subsidy determination is shown in app. A.

2/ A copy of the Commission's notice of institution of a final investigation is shown in app. B.

3/ A list of those appearing in support of and in opposition to the petition is shown in app. C.

4/ Stainless Steel Wire Rod From France, investigation No. AA1921-119, TC Publication 596, 1973.

5/ 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.

6/ There were six basic source categories: (1) Japan, (2) the European Community, (3) Canada, (4) Sweden, (5) all other countries entitled to col. 1 rates of duty, and (6) all other countries.

Prior to proclaiming such relief, the President sought to negotiate orderly marketing agreements with the leading sources of the products in question. 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.

On May 25, 1977, the Special Representative for Trade Negotiations (now the United States Trade Representative) requested advice from the Commission under section 203(i)(2) concerning the probable economic effect on the industry concerned if the relief provided by Proclamation No. 4445, as modified by Proclamations Nos. 4477 and 4509, were to be terminated or reduced. In response to this request, the Commission instituted investigation No. TA-203-3, Stainless Steel and Alloy Tool Steel, on June 19, 1977. As a result of the investigation, Commissioners Moore and Bedell advised the President on October 14, 1978, that 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 no 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 under item 923.26 of the Appendix to the Tariff Schedules of the United States (TSUS). The quotas applicable to the remaining articles under TSUS item 923.26 for the European Community (EC) 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.

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 Commission instituted an investigation under subsection 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 judgement 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 under TSUS items 923.20 through 923.26, inclusive. Such import relief was scheduled to terminate on July 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

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

advised the President that 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.

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 of June 14, 1979, through February 13, 1980. Such import relief was terminated on February 14, 1980.

Section 301 Investigation Concerning the Subject Products

On December 2, 1981, the Tool & Stainless Steel Industry Committee and the United Steelworkers of America filed a petition with the United States Trade Representative 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 alleged bestowal of unreasonable and discriminatory subsidies by the Governments of Austria, Belgium, Brazil, France, Italy, Sweden, and the United Kingdom. The petition alleged that the dramatic increase in the import penetration of specialty steel products (stainless steel sheet and strip, plate, bar, wire rod, and alloy tool steel) from these countries is the direct result of these subsidies, and that these imports burdened or restricted U.S. commerce and caused or threatened 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 (the Subsidies Code).

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. Petitioners filed a new petition concerning Belgium on June 23, 1982, which contained new information that provided sufficient grounds for USTR to decide to initiate, on August 9, 1982, an investigation of alleged subsidies provided to the specialty steel industry in Belgium.

On October 26, 1982, pursuant to section 304 of the Trade Act, the USTR recommended to the President what action he should take in this case, and on November 16, 1982, the President issued a determination. The determination directs USTR to (1) request the United States International Trade Commission to conduct an expedited investigation under section 201 of the Trade Act of 1974 with regard to the five specialty steel products subject to the 301 investigation; (2) initiate multilateral and/or bilateral discussions aimed at the elimination of all trade distortive practices in the specialty steel sector; and (3) monitor imports of specialty steel products subject to the 201 proceeding.

^{1/} 47 F.R. 10107.

Nature and Extent of Alleged Bounties and Grants

The benefits which Commerce determined to constitute subsidies to producers and exporters in Spain of the products under investigation include cash grants and medium, long-term, and short-term preferential loans. The loans allow preferential interest rates for exporters and firms in the Spanish steel industry. For two of the Spanish producer/exporters of the products under investigation--S.A. Echevarria and La Calibradora Mecanica, S.A.--Commerce found a net subsidy of 15.43 percent ad valorem on all three products. ^{1/} For another firm which has exported all three products to the United States--Roldan, S.A.--Commerce found a net subsidy of 3.19 percent ad valorem. For the remaining two producer/exporters--Forjas Alavesas, S.A. and Olarra, S.A.--Commerce found net subsidies of 2.09 percent ad valorem and 0 percent ad valorem, respectively.

In 1981, the period for which Commerce measured subsidization, Olarra accounted for * * * percent of Spain's exports of cold-formed bar to the United States and * * * percent of its exports of hot-rolled bar. However, Olarra declared bankruptcy in July 1979 and has been operating under a receivership plan, agreed to by the Spanish court, since June 1981. Under the receivership plan all of the company's debts, which included preferential short-term loans, were aggregated and a repayment plan was established. In limited cases, such as this, where the court has specifically recognized the company's receivership, Commerce finds that any benefits associated with loans incorporated in the receivership plan cease to exist. (For a further explanation of the decision by Commerce, see Commerce's notice of its final determination in app. A.)

Commerce found that several other programs alleged by the petitioner to constitute subsidies either did not constitute subsidies within the countervailing duty law or were not utilized by or applicable to producer/exporters of stainless steel bar and/or wire rod. Commerce's analysis of its findings is included in app. A. ^{2/}

The Product

Description and uses

For the purpose of this investigation, "stainless steel bar" is defined as a stainless steel product of solid section and having a cross section in

^{1/} Commerce was unable to acquire primary data from either of these firms. For Echevarria, Commerce used the best information available; for La Calibradora, on which no information was available, it applied the highest subsidy rate found in Spain for each product under these investigations.

^{2/} Commerce did not calculate subsidies on a product-line basis. The subsidy found for each firm applies to any of the products under investigation which the firm has exported to the United States. By weighting the subsidies found for each producer/exporter by the respective firm's quantity of exports of each product to the United States in 1981, the Commission calculated an average weighted subsidy for each product line. The average weighted subsidies for hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod calculated on this basis are * * * percent ad valorem, * * * percent ad valorem, and * * * percent ad valorem, respectively.

the shape of a circle, segment of a circle, oval, triangle, rectangle, hexagon, or octagon. Stainless steel ^{1/} bars are usually cold-finished, cut to length, and used in the production of pipe and tube fittings, cutlery, airframe hardware, pump and boat shafting, and various fasteners. Hot-rolled stainless steel bar is classified under TSUSA item 606.9005, and cold-formed stainless steel bar, under TSUSA item 606.9010.

The first step in the production of stainless steel bar is the melting of the raw material (typically scrap) in an electric arc furnace to produce a molten liquid. The molten liquid is then blown with argon or nitrogen gas to oxidize the carbon in order to remove impurities. The molten liquid is then cast directly into billets by a continuous casting process, or it is cast into ingots which are subsequently processed into billets. Billets are then heat treated, or annealed, to influence hardness, improve machinability, and facilitate cold-working in the finishing areas. After annealing, the billets proceed to the hot-rolling mills where they are reduced to a specific diameter. Cold-formed stainless steel bar is produced by pickling hot-rolled bar to remove the oxide scale that forms during its production, then further annealing the bar to soften it and make it corrosion resistant. The bar is then turned (usually by a lathe) and then cold-rolled as high pressure is exerted on the bar by rolling mills, forming it into thinner bar with closer tolerances. Cold-formed bar is also polished in order to produce a finer surface finish. Most hot-rolled and cold-formed bar range in size from about 0.25 inch to about 1.5 inches in diameter.

Stainless steel wire rod is defined as a coiled, semifinished, hot-rolled product of solid cross section, approximately round in cross section, not under 0.20 inch nor over 0.74 inch in diameter. Stainless steel wire rod, not tempered, not treated, and not partly manufactured, is provided for in TSUSA item 607.2600; stainless steel wire rod, tempered, treated, or partly manufactured, is provided for in TSUSA item 607.4300.

After melting scrap in an electric arc (or vacuum induction) furnace, and processing by argon oxygen decarburization, the molten material is cast into ingots. The ingots are heated in gas-fired furnaces to the appropriate temperature and run through a series of reducing rolls until the desired size of billet is achieved. The billet then automatically moves through high-pressure rollers, which flatten and lengthen the product. After the rod has been reduced to the appropriate diameter it is coiled. Following the initial scale removal, the coil may be dipped in any one of a combination of acid baths, and then coated with a lubricant coating of copper, lime, or oxalate. These coatings act as carriers for lubricants when the rod is later cold-drawn into wire. Conversion into wire is the largest use for stainless steel wire rod.

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

The finishing processes which transform hot-rolled bar into cold-formed bar or wire rod constitute a very small proportion of the total capital investment required to manufacture these commodities. At least 95 percent of the value of the equipment used to produce the commodities under investigation is common to all three products.

Although quality differences are often alleged between imported and domestically produced stainless bar and wire rod, they are fungible products when produced in the same grades and to the same specifications.

U.S. tariff treatment

Imports of the hot-rolled and cold-formed stainless steel bar subject to these investigations are classified for tariff purposes under items 606.9005 and 606.9010, respectively, of the TSUSA. 1/ Imports of stainless steel wire rod are classified under TSUSA items 607.2600 and 607.4300. The current column 1 (most-favored-nation) rates of duty 2/ and column 2 duty rates 3/ on these items are shown in table 1.

1/ The scope of these items was modified in October 1980 to include wire, cut to length, which was transferred from items 609.3020(pt.), 609.3322(pt.), 609.4510(pt.), 609.4540(pt.), 609.4550(pt.), and 609.7600(pt.)

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

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

Table 1.--Stainless steel bar and wire rod: U.S. rates of duty
as of Jan. 1, 1982

TSUSA item No.		Article description (abridged)	Rate of duty ^{1/}	
1979	1980-82		Col. 1	Col. 2
		Stainless steel bar:		
608.5210	606.9005	Not cold-formed-----	10.5%	28% ad
			ad val.	val.
			+ addi-	+ addi-
			tional	tional
			duties.	duties.
608.5250	606.9010	Cold-formed-----	10.5%	28% ad
			ad val.	val.
			+ addi-	+ addi-
			tional	tional
			duties.	duties.
608.7620	607.2600	Stainless steel wire rod, not	4.3% ad	11% ad
		tempered, not treated, and	val.	val.
		not partly manufactured.	+ addi-	+ addi-
			tional	tional
			duties.	duties.
608.7820	607.4300	Stainless steel wire rod,	4.6% ad	10% ad
		tempered, treated, or partly	val.	val.
		manufactured.	+ addi-	+ addi-
			tional	tional
			duties.	duties.

^{1/} Stainless steel bar and wire rod are also subject to additional cumulative duties on alloy content as follows:

TSUSA item No.		Article	Rate of duty	
1979	1980-82		Col. 1	Col. 2
607.0100	606.0000	Chromium content over 0.2	0.1% ad	1% ad val.
		percent by weight.	val.	
607.0200	606.0200	Molybdenum content over 0.1	0.3% ad	1% ad val.
		percent by weight.	val.	
607.0300	606.0400	Tungsten content over 0.3	0.4% ad	1% ad val.
		percent by weight.	val.	
607.0400	606.0600	Vanadium content over 0.1	0.2% ad	1% ad val.
		percent by weight.	val.	

The rates of duty for imports of stainless steel bar, currently dutiable at the column 1 rate of 10.5 percent ad valorem, and of the two types of wire rod, dutiable at the column 1 rates of 4.3 percent or 4.6 percent ad valorem, have not changed since 1978. 1/ Imports of these items are also subject to additional duties on alloy content; however, they are not eligible for duty-free treatment under the Generalized System of Preferences (GSP), 2/ nor are imports from the least developed developing countries granted preferential treatment. 3/ There were no concessions granted for these items under the Tokyo round of multilateral trade negotiations.

Channels of distribution

Hot-rolled stainless steel bar and cold-formed stainless steel bar are semifinished products used in such diverse applications as the production of fasteners, roof flashing, fittings, valves, welding electrodes, ball bearings, medical and dental instruments, automotive parts, and flatware. Stainless steel is desired for its corrosion resistance and for its esthetic properties in adding a lustrous finish to various goods. Principal industries which make use of stainless steel bar products include the electrical equipment, industrial machinery, and oil and gas industries.

More than 50 percent of U.S. producers' shipments of hot-rolled stainless steel bar were shipped to steel service centers and distributors in 1981 (table 2). These are essentially middlemen which buy large quantities of steel from producers, warehouse the steel, and sell it to purchasers which tend to buy in small quantities. These service centers often have the equipment necessary to shape the steel into the form desired by their customers. Table 3 indicates that over 65 percent of U.S. producers' shipments of cold-formed stainless steel bar were shipped to steel service centers in 1981.

1/ Prior to 1980, the rates of duty on wire rod were compound rates. On Jan. 1, 1980, those rates were converted to ad valorem equivalents.

2/ 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.

3/ The preferential rates of duty in the "LDDC" column reflect the full U.S. MTN concession rates implemented without staging for particular items which are the products of least developed developing countries enumerated in general headnote 3(d) of the TSUS.

Table 2.--Hot-rolled stainless steel bar: U.S. producers' shipments, by major end-use markets, 1981

Market	Quantity	Percent of total
: <u>Net tons</u>	:	:
Electrical equipment-----	5,482 :	12.9
Machinery, industrial equipment, and tools-----	4,835 :	11.4
Steel service centers and distributors--	21,845 :	51.4
Oil and gas industry-----	1,184 :	2.8
All other-----	9,167 :	21.5
Total-----	42,513 :	100.0

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

Table 3.--Cold-formed stainless steel bar: U.S. producers' shipments, by major end-use markets, 1981

Market	Quantity	Percent of total
:	<u>Net tons</u>	:
Automotive-----	1,485 :	1.8
Machinery, industrial equipment, and tools-----	12,765 :	15.1
Steel service centers and distributors--	56,062 :	66.2
Electrical equipment-----	1,877 :	2.2
Professional and scientific equipment---	1,693 :	2.0
All other-----	10,765 :	12.7
Total-----	84,647 :	100.0

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

Stainless steel bar and rod were distributed throughout the United States in 1981 with a concentration of shipments to the industrial States of Illinois, Ohio, New York, California, and Texas.

Stainless steel wire rod is a semifinished product which is largely utilized in the manufacture of wire and wire products. Thus, the U.S. market for stainless steel wire rod is dependent on demand for stainless steel wire and a wide variety of fabricated products such as springs, welding electrodes, nails, medical and dental instruments, orthodontic devices, and industrial fasteners.

The distribution of U.S. producers' shipments of stainless steel wire rod is shown in table 4. Approximately three-quarters of all shipments are converted into wire or wire products (41.6 percent), shipped to steel service centers and distributors (13.2 percent), or used in industrial fastener applications (20.1 percent).

Table 4.--Stainless steel wire rod: U.S. producer's shipments, by major end-use markets, 1981

Market	Quantity	Percent of total
	<u>Net tons</u>	
Converting into wire and wire pro-		
duction-----	13,039	41.6
Steel service centers and distributors--	4,152	13.2
Automotive-----	1,123	3.6
Machinery, industrial equipment, and		
tools-----	4,326	13.8
Industrial fasteners-----	6,294	20.1
All other-----	2,431	7.7
Total-----	31,365	100.0

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

The bulk of the stainless steel bar and wire rod imported from Spain is distributed by five trading companies with warehouses throughout the United States. Large volumes of stock are warehoused in strategically located cities such as Boston, Los Angeles, Houston, Chicago, and New York. Some trading companies convert the coiled wire rod to cut-to-length bar as an additional service for their customers.

U.S. Producers

Seven firms in the United States produce one or more of the products under investigation. ^{1/} Their plant locations and relative shares of shipments of each of the three products are shown in table 5. With the exception of one firm which produces only cold-formed bar, all domestic mills produce both hot-rolled and cold-formed products. Most production facilities are located in the East Central States of Pennsylvania, New York, Ohio, and Maryland. Carpenter Technology Corp. with plant locations in Pennsylvania and Connecticut accounts for more than * * * of U.S. producers' shipments of stainless steel bar and wire rod, and is the only U.S. producer that sells these products through its own distribution centers.

^{1/} Two other U.S. producers--Eastern Cold Drawn Corp., Hillside, N.J., and Timken Co., Canton, Ohio--have produced small quantities of these products on special order.

Table 5.--Stainless steel bar and wire rod: Principal U.S. producers, location of their establishments, types of products produced, and share of total U.S. producers' shipments, 1981

Firm	Plant location	Type of product	Market share		
			HRB	CFB	WR
-----Percent-----					
Al Tech Specialty					
Steel Corp-----	Watervliet, N.Y.	HRB, CFB, WR	***	***	***
Armco, Inc-----	Baltimore, Md.	HRB, CFB, WR	***	***	***
Carpenter Technology:					
Corp-----	Bridgeport, Conn.	HRB, CFB, WR	***	***	***
	Reading, Pa.				
Crucible, Inc-----	Syracuse, N.Y.	HRB, CFB, WR	***	***	***
Cyclops Corp-----	Bridgeville, Pa.	CFB	***	***	***
	Titusville, Pa.				
Slater Steel, Inc---	Fort Wayne, Ind.	HRB, CFB	***	***	***
Republic Steel					
Corp-----	Canton, Ohio	HRB, CFB	***	***	***
	Massilon, Ohio				

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

Unlike carbon steel, stainless steel is produced in small, custom-tailored quantities for use in products demanding special properties, such as durability, hardness, or resistance to wear and corrosion. Because of its unique properties, stainless steel requires special processing equipment and expensive alloying ingredients. Such high-technology, specialty products are better suited to smaller specialty operations than the mass production techniques of the larger, more integrated producers like Republic. Stainless steel wire rod and/or bar accounted for more than * * * percent of the value of most specialty producers' stainless steel operations in 1981. None of the U.S. producers import any of the stainless steel products under investigation.

U.S. Importers

At least 15 firms imported stainless steel bar and/or wire rod from Spain during January 1981-August 1982; however, 5 trading companies accounted for at least 90 percent of the imports. These trading companies and the types of stainless steel products under investigation that they import are shown as follows:

<u>Importer</u>	<u>Type of product</u>
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *
* * *	* * *

Each of these firms maintains warehouses in several strategic locations throughout the United States. *** , *** , and *** import stainless steel bar and wire rod from several sources; *** and *** ^{1/} import these products almost exclusively from Spain. Stainless steel bar and wire rod from Spain account for between * * * percent and * * * percent of importers' overall sales. No value is added to the imported product.

U.S. Imports

U.S. imports of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod combined increased from 47,276 tons, valued at \$82.2 million, in 1979 to nearly 60,000 tons, valued at \$120.8 million, in 1981. Imports in January-August 1982 were more than 25 percent higher than in January-August 1981 (table 6). The dominant source of these imports throughout this period was Japan, although Japan's share of imports declined from 46.5 percent in 1979 to 33.4 percent in January-August 1982. Stainless steel bar and wire rod from Spain, the largest source of imports after Japan, increased from 3,057 tons, valued at \$4.8 million, in 1979 to 9,538 tons, valued at \$19.4 million, in 1981. Imports from Spain in January-August 1982 were 7 percent higher than in the corresponding period of the previous year. Between 1979 and 1981, imports of these products from Spain increased at a faster rate than imports from any other major source. As a share of total imports of stainless steel bar and wire rod, imports from Spain increased from 6.5 percent in 1979 to 15.9 percent in 1981. In January-August 1982, however, Spain's share of imports declined slightly to 14.1 percent. France accounted for the largest increase in imports during this period.

^{1/} *** imports Spanish-produced stainless steel bar exclusively from ***.

Table 6.--Stainless steel bar and wire rod: U.S. imports for consumption, by principal sources, 1979-81, January-August 1981, and January-August 1982

Source	1979	1980	1981	January-August--	
				1981	1982
	Quantity (short tons)				
Japan-----	21,962	23,056	22,051	12,922	14,716
Spain-----	3,057	6,135	9,538	5,821	6,230
France-----	5,529	7,766	5,242	2,093	5,366
Sweden-----	6,590	5,144	6,085	3,752	4,547
Brazil-----	2,731	1,716	4,263	2,498	3,714
West Germany-----	1,601	3,206	2,774	1,656	2,635
Italy-----	1,498	3,474	2,881	2,318	2,167
United Kingdom-----	603	916	1,613	915	1,748
Republic of Korea-----	751	3,971	1,688	790	1,636
Other-----	3,525	3,082	3,847	2,349	1,281
Total-----	47,276	58,466	59,982	35,114	44,040
	Percent of total quantity				
Japan-----	46.5	39.4	36.8	36.8	33.4
Spain-----	6.5	10.5	15.9	16.6	14.1
France-----	11.7	13.3	8.7	6.0	12.2
Sweden-----	13.9	8.8	10.1	10.7	10.3
Brazil-----	4.3	2.9	7.1	7.1	8.4
West Germany-----	3.7	5.5	4.6	4.7	6.0
Italy-----	3.2	5.9	4.8	6.6	4.9
United Kingdom-----	1.3	1.6	2.7	2.6	4.0
Repiblic of Korea-----	1.6	6.8	2.8	2.2	3.7
Other-----	7.5	5.3	6.4	6.7	2.9
Total-----	100.0	100.0	100.0	100.0	100.0
	Value (1,000 dollars)				
Japan-----	41,508	48,129	45,294	27,401	27,847
Spain-----	4,779	11,498	19,352	12,333	10,430
France-----	9,093	15,454	11,302	4,598	11,021
Sweden-----	11,096	10,850	12,766	7,588	9,531
Brazil-----	3,061	3,157	8,052	4,800	6,300
West Germany-----	2,825	5,917	5,325	3,382	4,404
Italy-----	1,681	4,414	4,182	3,421	3,017
United Kingdom-----	839	1,708	3,186	1,859	3,205
Republic of Korea-----	1,066	6,382	2,915	1,393	2,545
Other-----	6,263	6,751	8,455	5,439	2,949
Total-----	82,212	114,260	120,829	72,214	81,249

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

Table 7.--Hot-rolled stainless steel bar: U.S. imports for consumption, by principal sources, 1979-81, January-August 1981, and January-August 1982

Source	1979	1980	1981	January-August--	
				1981	1982
Quantity (short tons)					
Japan-----	2,845	3,853	2,722	1,261	2,091
Sweden-----	1,729	1,564	1,284	424	947
United Kingdom-----	211	199	970	575	1,133
Spain-----	872	614	766	233	690
Brazil-----	541	450	536	432	492
Republic of Korea-----	136	418	602	223	302
Other-----	799	1,036	719	349	494
Total-----	7,133	8,134	7,599	3,497	6,149
Percent of total quantity					
Japan-----	39.9	47.4	35.8	36.0	34.0
Sweden-----	24.2	19.2	16.9	12.1	15.4
United Kingdom-----	3.0	2.4	12.8	16.4	18.4
Spain-----	12.2	7.5	10.1	6.7	11.2
Brazil-----	7.6	5.5	7.0	12.4	8.0
Republic of Korea-----	1.9	5.1	7.9	6.4	4.9
Other-----	11.2	12.7	9.5	10.0	8.0
Total-----	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
Japan-----	5,722	8,348	5,375	2,543	4,101
Sweden-----	3,119	3,658	2,957	987	2,125
United Kingdom-----	295	374	1,705	1,129	1,831
Spain-----	1,215	1,172	1,231	477	1,122
Brazil-----	779	782	1,088	866	843
Republic of Korea-----	142	566	1,100	424	599
Other-----	1,341	1,834	1,380	757	1,012
Total-----	12,613	16,734	14,836	7,183	11,633
Unit value (per ton)					
Japan-----	\$2,011	\$2,166	\$1,974	\$2,017	\$1,961
Sweden-----	1,804	2,339	2,303	2,328	2,244
United Kingdom-----	1,397	1,879	1,758	1,963	1,616
Spain-----	1,393	1,907	1,608	2,047	1,626
Brazil-----	1,440	1,738	2,030	2,005	1,713
Republic of Korea-----	1,044	1,354	1,827	1,901	1,983
Other-----	1,678	1,770	1,919	2,169	2,048
Average-----	1,768	2,057	1,953	2,054	1,892

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

Table 8.--Cold-formed stainless steel bar: U.S. imports for consumption, by principal sources, 1979-81, January-August 1981, and January-August 1982

Source	1979	1980	1981	January-August--	
				1981	1982
Quantity (short tons)					
Japan-----	12,498	12,929	11,748	7,386	8,908
Spain-----	2,185	3,847	6,010	4,068	3,730
Brazil-----	1,489	1,253	2,378	1,260	2,658
France-----	1,233	2,141	1,863	1,112	2,357
Republic of Korea-----	615	3,468	1,052	566	1,114
West Germany-----	1,493	2,238	1,043	705	986
United Kingdom-----	369	715	643	340	568
Other-----	1,853	2,098	2,511	1,664	1,376
Total-----	21,735	28,689	27,248	17,101	21,697
Percent of total quantity					
Japan-----	57.5	45.1	43.1	43.1	41.0
Spain-----	10.1	13.4	22.1	23.8	17.2
Brazil-----	6.8	4.4	8.7	7.4	12.2
France-----	5.7	7.5	6.8	6.5	10.9
Republic of Korea-----	2.8	12.1	3.9	3.3	5.1
West Germany-----	6.9	7.8	3.8	4.1	4.5
United Kingdom-----	1.7	2.5	2.4	2.0	2.6
Other-----	8.5	7.3	9.2	9.7	6.3
Total-----	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
Japan-----	24,799	28,440	26,766	17,289	17,516
Spain-----	3,564	7,535	13,306	9,218	6,395
Brazil-----	2,282	2,353	4,546	2,422	4,501
France-----	2,066	4,369	4,138	2,600	4,045
Republic of Korea-----	924	5,691	1,770	969	1,614
West Germany-----	2,474	4,330	2,464	1,736	1,799
United Kingdom-----	508	1,328	1,480	729	1,260
Other-----	3,168	4,096	6,007	3,917	3,256
Total-----	39,785	58,142	60,477	38,880	40,386
Unit value (per ton)					
Japan-----	\$1,984	\$2,200	\$2,278	\$2,341	\$1,966
Spain-----	1,631	1,958	2,214	2,266	1,714
Brazil-----	1,532	1,878	1,911	1,922	1,693
France-----	1,675	2,041	2,221	2,338	1,716
Republic of Korea-----	1,502	1,641	1,682	1,712	1,449
West Germany-----	1,657	1,934	2,363	2,462	1,824
United Kingdom-----	1,377	1,856	2,302	2,144	2,218
Other-----	1,710	1,952	2,392	2,354	2,366
Average-----	1,830	2,027	2,219	2,274	1,861

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

Table 9.--Stainless steel wire rod: U.S. imports for consumption, by principal sources, 1979-81, January-August 1981, and January-August 1982

Source	1979	1980	1981	January-August--	
				1981	1982
Quantity (short tons)					
Japan-----	6,619	6,274	7,580	4,275	3,717
Sweden-----	4,840	3,483	4,085	2,941	3,220
France-----	4,124	5,477	3,230	922	2,912
Spain-----	0	1,674	2,763	1,520	1,809
Italy-----	1,452	3,083	2,118	1,746	1,558
West Germany-----	108	659	1,574	842	1,541
Belgium-Luxembourg-----	1,228	867	2,403	1,463	585
Brazil-----	0	13	1,349	806	564
Other-----	37	113	34	0	288
Total-----	18,408	21,643	25,136	14,515	16,194
Percent of total quantity					
Japan-----	36.0	29.0	30.2	29.4	23.0
Sweden-----	26.3	16.1	16.2	20.3	19.9
France-----	22.4	25.3	12.8	6.4	18.0
Spain-----	-	7.7	11.0	10.5	11.2
Italy-----	7.9	14.2	8.4	12.0	9.6
West Germany-----	0.6	3.0	6.3	5.8	9.5
Belgium-Luxembourg-----	6.7	4.0	9.6	10.1	3.6
Brazil-----	-	0.1	5.4	5.6	3.5
Other-----	0.2	0.5	0.1	-	1.8
Total-----	100.0	100.0	100.0	100.0	100.0
Value (1,000 dollars)					
Japan-----	10,987	11,342	13,153	7,569	6,230
Sweden-----	7,929	6,883	7,384	5,260	6,068
France-----	6,737	10,786	6,847	1,853	6,671
Spain-----	-	2,791	4,814	2,638	2,913
Italy-----	1,621	3,866	3,011	2,549	2,111
West Germany-----	146	1,120	2,572	1,417	2,398
Belgium-Luxembourg-----	2,333	2,354	5,269	3,352	1,398
Brazil-----	-	22	2,418	1,513	956
Other-----	61	220	48	-	485
Total-----	29,814	39,384	45,516	26,151	29,230

Table 9.--Stainless steel wire rod: U.S. imports for consumption, by principal sources, 1979-81, January-August 1981, and January-August 1982--Continued

Source	1979	1980	1981	January-August--	
				1981	1982
	Unit value (per ton)				
Japan-----	\$1,660	\$1,808	\$1,735	\$1,770	\$1,676
Sweden-----	1,638	1,976	1,808	1,788	1,884
France-----	1,637	1,970	2,120	2,010	2,291
Spain-----	-	1,668	1,743	1,736	1,610
Italy-----	1,116	1,254	1,422	1,460	1,355
West Germany-----	1,349	1,700	1,634	1,683	1,556
Belgium-Luxembourg-----	1,900	2,715	2,193	2,291	2,390
Brazil-----	-	1,692	1,792	1,877	1,695
Other-----	1,649	1,947	1,412	-	1,684
Average-----	1,620	1,820	1,811	1,802	1,805

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

Separate import data for hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod are shown in tables 7, 8, and 9, respectively. Imports of hot-rolled bar from Spain, the fourth largest source of these imports after Japan, Sweden, and the United Kingdom, declined from 872 tons in 1979 to 614 tons in 1980, and then increased to 766 tons in 1981. ^{1/} From January-August 1981 to January-August 1982, imports of this product from Spain increased from 233 tons to 690 tons, an increase of nearly 200 percent.

Imports of cold-formed bar from Spain, the second largest source of imports after Japan, increased by 175 percent between 1979 and 1981, from 2,185 tons to 6,010 tons, but declined by 8.3 percent between January-August 1981 and January-August 1982. ^{2/} Spain is also the second largest source of

^{1/} Data from two other sources show significantly higher levels of imports of hot-rolled bar from Spain in 1981. Exports to the United States, as reported to Commerce by Spanish producers, totaled 1222 tons in that year. Data received in response to the Commission's questionnaires also indicate higher levels of imports for hot-rolled bar, although certain discrepancies call into question one respondent's data. Even excluding this respondent's data, importers report a total of 827 tons imported in 1981.

^{2/} Part of the increase in imports of cold-formed bar from Spain in 1981 was the result of a tariff classification change (effective Oct. 17, 1980) which shifted imports of cut-to-length stainless steel wire from the statistical

(Continued)

imports of stainless steel wire rod. There were no imports of this product from Spain in 1979. From 1980 to 1981, however, Spain's exports of this product to the United States increased from 1,674 tons to 2,763 tons. Imports from Spain continued to increase from January-August 1981 to January-August 1982.

The Question of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod, as well as the capacity of domestic producers to manufacture such products and the utilization of capacity, is shown in table 10. As indicated, production of all three products declined steadily from 1979 to 1981 and was lower in January-August 1982 than in the corresponding period of 1981. U.S. producers reported no significant losses in production due to employment-related problems, sourcing problems, transitions, shutdowns, power shortages, natural disasters, or any other extraordinary circumstances. Capacity utilization also declined for all product groups. Capacity utilization for hot-rolled bar fell from 67.3 percent in 1979 to 45.0 percent in January-March 1982; that for cold-formed bar, from 84.2 percent to 49.2 percent; and that for wire rod, from 72.4 percent to 48.5 percent. Most producers reported capacity on the basis of either 144 hours or 160 hours a week, 50 weeks a year. From January 1979 through August 1982, there were no changes in capacity. * * *.

(Continued)

classification covering wire to the one covering cold-formed stainless steel bar. This modification of the tariff classification to include within TSUSA item 609.9010 (cold-formed bar) cut-to-length stainless steel wire formerly classified in TSUSA items 609.3020, 609.3320, 609.4510, 609.4540, and 609.7500 resulted from the enactment of Public Law 96-467 (sec. 20). This law was introduced to correct inequities in the importation of cut-to-length carbon steel wire; however, the modification covers all types of bar and wire. Imports of stainless steel wire from Spain of the type that was most likely to be classified as bar after Oct. 17, 1980, (TSUSA item 609.4540) did decline from 1980 to 1981 as did imports from all other major suppliers. However, of the major foreign sources of cold-formed bar only imports from Spain and Brazil increased from 1980 to 1981. Counsel for UNISID testified during the preliminary investigation that from 20 to 25 percent of the cold-formed bar imported in 1981 by the major importer of Spanish material was actually cut-to-length wire (conference transcript, pp. 100-106). No adjustments have been made to the import data in this report to reflect the 1980 change in the classification of stainless steel wire.

Table 10.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: U.S. production, practical capacity, ^{1/} and capacity utilization, 1979-81, January-August 1981, and January-August 1982

Product and period	Production	Practical capacity	Capacity utilization
	Short tons		Percent
Hot-rolled bar:			
1979-----	49,458	73,450	67.3
1980-----	43,777	73,450	59.6
1981-----	42,581	73,450	58.0
January-August--			
1981-----	29,729	48,050	61.9
1982-----	21,633	48,050	45.0
Cold-formed bar:			
1979-----	117,966	140,125	84.2
1980-----	114,232	140,125	81.5
1981-----	95,237	140,125	68.0
January-August--			
1981-----	58,011	89,150	65.1
1982-----	43,833	89,150	49.2
Wire rod:			
1979-----	33,400	46,100	72.4
1980-----	29,476	46,100	63.9
1981-----	27,507	46,100	59.7
January-August--			
1981-----	18,777	25,600	73.3
1982-----	12,423	25,600	48.5
Total:			
1979-----	200,824	259,675	77.3
1980-----	187,485	259,675	72.2
1981-----	165,325	259,675	63.7
January-August--			
1981-----	106,517	162,800	65.4
1982-----	77,889	162,800	47.8

^{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.

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

U.S. producers' shipments

U.S. producers' intracompany and intercompany shipments, domestic market shipments, and export shipments are shown in table 11. The trend for shipments is similar to that for production. Total shipments for all three products declined from 1979 to 1981 and was lower in January-August 1982 than in January-August 1981. Shipments of hot-rolled bar, cold-formed bar, and wire rod combined fell by 17 percent from 1979 to 1981, and by 24 percent from January-August 1981 to the corresponding period of 1982. Unlike total shipments, exports of all three products increased from 1979 to 1981. Exports fell, however, from January-August 1981 to January-August 1982. On the average, exports ranged between 1 and 2 percent of total shipments. Principal export markets in 1981 were Canada and Mexico.

U.S. producers' inventories

U.S. producers' inventories are shown in table 12. In general, as production and shipments have decreased, inventories have increased. U.S. producers' combined inventories of hot-rolled bar, cold-formed bar, and wire rod grew from 41,825 tons at the end of 1979 to 51,985 tons at the end of 1981, or by 24 percent, and were higher at the end of August 1982 than at the end of August 1981 by 1.3 percent. The trend for each product, except wire rod, is similar to that for the aggregate. (Inventories for wire rod were 15 percent lower at the end of August 1982 than at the end of August 1981.) Inventories also increased relative to shipments. The ratio of the combined inventories of all three products to shipments increased from 21.5 percent in 1979 to 32.1 percent in 1981 and was higher in January-August 1982 than in January-August 1981 by nearly 10 percentage points. An increasing trend in the ratio of inventories to shipments, with some irregularity, characterized each of the products.

Table 11.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: U.S. producers' shipments, by types, 1979-81, January-August 1981, and January-August 1982

(In short tons)					
Product and period	Intercompany and intra-company transfers	Domestic market shipments	Exports	Total shipments	
Hot-rolled bar:					
1979-----	12	48,057	798		48,867
1980-----	7	42,131	669		42,807
1981-----	9	41,381	1,138		42,528
January-August--					
1981-----	7	28,500	709		29,216
1982-----	5	20,954	324		21,283
Cold-formed bar:					
1979-----	21	111,693	973		112,687
1980-----	18	106,357	1,429		107,804
1981-----	17	91,886	1,083		92,986
January-August--					
1981-----	10	59,693	761		60,464
1982-----	7	46,732	488		47,227
Wire rod:					
1979-----	0	33,184	214		33,398
1980-----	0	29,251	317		29,568
1981-----	0	26,117	451		26,568
January-August--					
1981-----	0	17,447	313		17,760
1982-----	0	12,820	240		13,060
Total:					
1979-----	33	192,934	1,985		194,952
1980-----	25	177,739	2,415		180,179
1981-----	26	159,384	2,672		162,082
January-August--					
1981-----	17	105,640	1,783		107,440
1982-----	12	80,506	1,052		81,570

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

Table 12.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: U.S. producers' inventories, by types, as of Dec. 31, 1979-81, and Aug. 30, 1981, and Aug. 30, 1982

	As of Dec. 31 of--			As of Aug. 30 of--		
	1979	1980	1981	1981	1982	
	Quantity (short tons)					
Hot-rolled bar-----	9,665	10,635	10,498	10,958	10,868	
Cold-rolled bar-----	29,009	35,435	37,554	32,850	34,160	
Wire-rod-----	3,151	2,490	3,933	4,014	3,407	
Total-----	41,825	48,560	51,985	47,822	48,435	
	Ratio of inventories to shipments (percent)					
Hot-rolled bar-----	19.8	24.8	24.7	<u>1/</u> 25.0	<u>1/</u> 34.0	
Cold-formed bar-----	25.7	32.9	40.4	<u>1/</u> 36.2	<u>1/</u> 48.2	
Wire rod-----	9.4	8.4	14.8	<u>1/</u> 15.1	<u>1/</u> 17.4	
Average-----	21.5	27.0	32.1	<u>1/</u> 29.7	<u>1/</u> 39.6	

1/ Based on annualized January-August shipments.

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

U.S. employment, wages, and productivity

U.S. producers' employment data are shown in tables 13 and 14. In domestic establishments producing hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod, the average employment of all persons, production and related workers producing all products, and production and related workers producing products subject to these investigations followed a downward trend from January 1979 through January-August 1982. The average number of production and related workers producing all three products fell from 4,744 to 4,187 between 1979 and 1981, or by more than 12 percent, and was 17 percent lower in January-August 1982 than in January-August 1981. Similar patterns are evident in hours paid for production and related workers. Productivity, in terms of tons produced per hour worked, remained relatively constant for all three products from 1979 to 1981, but declined slightly from January-August 1981 to January-August 1982. As the number of production and related workers declined, hourly compensation for these workers increased. Hourly compensation for production and related workers producing each product increased by about \$4 from 1979 to 1981 and by more than \$2 from January-August 1981 to January-August 1982. Because production fell more rapidly than total labor compensation, unit labor costs rose for all three products. For all three products combined the cost of labor per ton increased by 26 percent from 1979 to 1981 and by more than 17 percent from January-August 1981 to January-August 1982.

Financial experience of U.S. producers

Hot-rolled stainless steel bar.--U.S. producers' financial data on hot-rolled stainless steel bar operations are shown in table 15. Net sales of hot-rolled stainless steel bar increased by 13 percent from \$114.3 million in 1979 to \$129.6 million in 1981. Between January-August 1981 and January-August 1982, however, net sales dropped 25 percent, from \$87.0 million to \$65.4 million.

Operating profit increased faster than net sales, from \$10.4 million in 1979 to \$12.4 million in 1981, or by 19 percent. In the same period, the ratio of operating profit to net sales rose from 9.1 percent to 9.6 percent. Gross profit margins followed a similar trend, increasing from 17.5 percent of net sales in 1979 to 17.7 percent in 1980 and 19.5 percent in 1981 as a result of a steady decline in cost of goods sold as a share of net sales. Interest expense increased from \$380,000 (0.3 percent of net sales) in 1979 to \$848,000 (0.7 percent of net sales) in 1980 and jumped to \$2.4 million (1.8 percent of net sales) in 1981 because of * * *. Hence, net profit margins before income taxes dropped from 8.9 percent in 1979 to 8.7 percent in 1980 and 7.9 percent in 1981. From January-August 1981 to January-August 1982, gross profit declined from \$17.6 million to \$6.4 million, operating profit dropped from \$9 million to a loss of \$1.8 million, and net profit before income taxes fell from \$8.0 million to a loss of \$2.6 million. Of the six firms producing hot-rolled stainless steel bar in the United States since 1979, two reported operating losses in 1980, three reported losses in 1981, and five reported losses in January-August 1982. Cash flow from operations on total hot-rolled

Table 13.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: Average number of employees, total and production and related workers, hours paid for the latter, and labor productivity, 1979-81, January-August 1981, and January-August 1982

Product and period	Employment			Hours paid for pro- duction and related workers producing--		Labor pro- ductivity
	All persons	Production and related workers producing--		All products	Specified products	
		All products	Specified products			
					-----1,000 hours-----	Tons per hour
Hot-rolled bar:						
1979-----	17,933	13,252	852	27,602	1,836	0.0269
1980-----	17,017	12,235	843	23,539	1,685	.0260
1981-----	16,730	11,897	802	22,772	1,584	.0269
January-August--						
1981-----	15,247	10,718	862	14,104	1,146	.0259
1982-----	12,828	8,399	699	9,709	839	.0258
Cold-formed bar:						
1979-----	19,232	14,263	3,286	29,707	7,103	.0166
1980-----	18,251	13,184	3,373	25,266	7,002	.0163
1981-----	17,859	12,776	2,823	24,419	5,639	.0169
January-August--						
1981-----	18,031	12,996	2,755	16,896	3,709	.0156
1982-----	15,150	10,255	2,353	11,869	2,904	.0151
Wire rod:						
1979-----	11,398	7,991	606	16,944	1,286	.0260
1980-----	10,994	7,467	577	15,421	1,180	.0250
1981-----	10,475	6,902	562	13,683	1,108	.0248
January-August--						
1981-----	8,919	5,640	552	7,762	756	.0248
1982-----	7,731	4,496	413	5,762	511	.0243
Total:						
1979-----	48,563	35,506	4,744	74,253	10,225	.0196
1980-----	46,262	32,886	4,793	64,226	9,867	.0190
1981-----	45,064	31,575	4,187	60,874	8,331	.0198
January-August--						
1981-----	42,197	29,354	4,169	38,762	5,611	.0190
1982-----	35,709	23,150	3,465	27,340	4,254	.0183

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

Table 14.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: Wages and total compensation 1/ paid to production and related workers in establishments producing stainless steel, hourly compensation, and unit labor costs, 1979-81, January-August 1981, and January-August 1982

Product and period	Wages paid to		Total compensation paid		Hourly		Unit labor costs
	production and related		to production and related		compensation		
	workers producing--		workers producing--		for those		
	All	Specific	All	Specified	producing	specified	
	products	products	products	products	products	products	Per ton
	-----Million dollars-----						
Hot-rolled bar:							
1979-----	332	22	432	28	2/ \$15.40		\$566
1980-----	318	22	422	29	2/ 17.19		662
1981-----	335	23	451	31	2/ 19.53		728
January-August--							
1981-----	204	16	272	22	2/ 19.12		740
1982-----	152	13	217	18	2/ 21.72		832
Cold-formed bar:							
1979-----	355	84	461	109	2/ 15.37		924
1980-----	336	91	450	121	2/ 17.32		1,059
1981-----	357	81	480	110	2/ 19.46		1,155
January-August--							
1981-----	242	52	326	70	2/ 19.01		1,207
1982-----	185	44	264	62	2/ 21.39		1,414
Wire rod:							
1979-----	207	16	267	20	2/ 15.93		599
1980-----	210	17	276	21	2/ 18.08		712
1981-----	203	17	272	22	2/ 19.80		800
January-August--							
1981-----	113	11	148	14	2/ 19.15		746
1982-----	91	8	124	11	2/ 22.01		885
Total:							
1979-----	894	122	1,160	157	3/ 15.35		782
1980-----	864	130	1,148	171	3/ 17.33		912
1981-----	895	121	1,203	163	3/ 19.56		986
January-August--							
1981-----	559	79	746	106	3/ 18.89		995
1982-----	428	65	605	91	3/ 21.39		1,168

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

2/ Calculated on the basis of unrounded compensation figures.

3/ Calculated on the basis of rounded compensation figures.

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

Table 15.--Selected financial data of U.S. producers on their hot-rolled stainless steel bar operations, 1979-81, January-August 1981, and January-August 1982

Item	1979	1980	1981	January-August--	
				1981	1982
Net sales-----1,000 dollars--:	114,310	119,756	129,572	86,951	65,403
Cost of goods sold-----do-----:	94,320	98,579	104,304	69,303	58,949
Gross profit-----do-----:	19,990	21,177	25,268	17,648	6,454
General, selling, and admini- strative expenses-					
1,000 dollars--:	9,551	10,045	12,820	8,647	8,268
Operating profit or (loss)					
do-----:	10,439	11,132	12,448	9,001	(1,814)
Interest expense-----do-----:	380	848	2,372	1,106	1,104
Other income-----do-----:	80	132	167	120	272
Net profit or (loss) before income taxes 1,000 dollars--:	10,139	10,416	10,243	8,015	(2,646)
Depreciation and amortization expense included above					
1,000 dollars--:	2,148	2,289	2,889	1,855	2,065
Cash flow from operations-do-----:	12,287	12,705	13,132	9,870	(581)
As a share of net sales:					
Gross profit-----percent--:	17.5	17.7	19.5	20.3	9.9
Operating profit or (loss)-----do-----:	9.1	9.3	9.6	10.4	(2.8)
Net profit or (loss) before income taxes-----percent--:	8.9	8.7	7.9	9.2	(4.0)
Number of firms reporting oper- ating losses-----:	0	2	2	1	4
Number of firms reporting net losses-----:	0	2	3	3	5

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

bar sales increased from \$12.3 million in 1979 to \$12.7 million 1980 and \$13.1 million in 1981, and declined from \$9.9 million in January-August 1981 to a loss of \$581,000 in January-August 1982.

* * * * *

Table 16.--Selected financial data of U.S. producers on their cold-formed stainless steel bar operations, 1979-81, January-August 1981, and January-August 1982

Item	1979	1980	1981	January-August--	
				1981	1982
Net sales-----1,000 dollars--:	347,183	389,160	353,399	220,337	169,240
Cost of goods sold-----do----	285,026	309,936	283,088	174,782	150,532
Gross profit-----do----	62,157	79,224	70,311	45,555	18,708
General, selling, and admini- strative expenses-	:	:	:	:	:
1,000 dollars--:	29,708	34,238	33,330	21,859	21,489
Operating profit or (loss)	:	:	:	:	:
do----	32,449	44,986	36,981	23,696	(2,781)
Interest expense-----do----	1,402	2,335	4,602	1,980	2,218
Other income-----do----	191	468	675	383	811
Net profit or (loss) before in- come taxes-----1,000 dollars--:	31,238	43,119	33,054	22,099	(4,188)
Depreciation and amortization expense included above	:	:	:	:	:
1,000 dollars--:	6,011	6,127	7,014	4,428	5,023
Cash flow from operations-do----	37,249	49,246	40,068	26,527	835
As a share of net sales:	:	:	:	:	:
Gross profit-----percent--:	17.9	20.4	19.9	20.7	11.0
Operating profit or (loss) do----	9.3	11.6	10.5	10.8	(1.6)
Net profit or (loss) before income taxes:	:	:	:	:	:
percent--:	9.0	11.1	9.4	10.0	(2.5)
Number of firms reporting oper- ating losses-----:	1	1	1	3	5
Number of firms reporting net losses-----:	2	2	1	3	5

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

Cold-formed stainless steel bar.--U.S. producers' financial data on cold-formed bar operations are shown in table 16. Net sales of cold-formed stainless steel bar rose to \$389.2 million in 1980, topping 1979 sales by \$42.0 million, or 12 percent. Net sales slipped \$35.8 million, or 9 percent, to \$353.4 million in 1981. In January-August 1982 net sales were 23 percent lower than net sales in the corresponding period of 1981.

Operating profit increased from \$32.4 million, or 9.3 percent of net sales, in 1979 to \$45.0 million, or 11.6 percent of net sales, in 1980, and then declined to \$37.0 million, or 10.5 percent of sales, in 1981. In the same period, gross profit margins and net profit margins before income taxes followed a similar trend. Interest expense increased from \$1.4 million (0.4 percent of net sales) in 1979 to \$2.3 million (0.6 percent of net sales) in 1980 and doubled to \$4.6 million (1.3 percent of net sales) in 1981 because of * * *. In January-August 1982, net operating profit was a negative \$2.8 million, down from a positive \$23.6 million in the corresponding period of 1981. Cash flow from operations increased from \$37.2 million in 1979 to \$49.2 million in 1980 and then dropped to \$40.0 million in 1981. It fell from \$26.5 million in January-August 1981 to \$835,000 in January-August 1982. Of the seven firms producing cold-formed stainless steel bar in the United States since 1979, at least one firm reported net operating losses in each year of 1979-81. In January-August 1982, five firms sustained operating losses, compared with three firms in the corresponding period of 1981.

* * * * *

Stainless steel wire rod.--U.S. producers' financial data on stainless steel wire rod are shown in table 17. * * *. Net sales of stainless steel wire rod declined from \$74.3 million in 1979 to \$60.7 million in 1981, or by 18 percent. In January-August 1982, net sales dropped by 35 percent to \$24.4 million, compared with net sales of \$37.5 million in the corresponding period of 1981.

Operating profit dropped by 93 percent from \$4.9 million in 1979 to \$336,000 in 1980, and an operating loss of \$1.4 million occurred in 1981. The ratio of operating profit to net sales dropped from 6.6 percent in 1979 to 0.5 percent in 1980, and an operating loss of 2.3 percent occurred in 1981. Gross profit margins and net profit or loss margins before income taxes followed the same trend as did the operating margins. Interest expenses increased by more than 50 percent in 1980 and 1981 compared with those in 1979. In January-August 1982, the operating loss margin increased to 17.3 percent, compared with 0.3 percent in January-August 1981. Cash flow from operations declined from \$5.1 million in 1979 to deficits of \$922,000 in 1981 and \$3.5 million in January-August 1982. The number of firms reporting operating and net losses increased from two in 1979 to three in 1980 and 1981. * * *.

* * * * *

Table 17.--Selected financial data of U.S. producers on their stainless steel wire rod operations, 1979-81, January-August 1981, and January-August 1982

Item	1979	1980	1981	January-August--	
				1981	1982
Net sales-----1,000 dollars--:	74,252	66,394	60,688	37,474	24,398
Cost of goods sold-----do----:	64,826	60,303	56,581	33,976	25,315
Gross profit or (loss)----do----:	9,426	6,091	4,107	3,498	(917)
General, selling, and admini- strative expenses-					
1,000 dollars--:	4,553	5,755	5,519	3,606	3,312
Operating profit or (loss)					
do----	4,873	336	(1,412)	(108)	(4,229)
Interest expense-----do----:	624	1,035	1,081	580	339
Other income-----do----:	80	245	250	110	207
Net profit or (loss) before in- come taxes-----1,000 dollars--:	4,329	(454)	(2,243)	(578)	(4,361)
Depreciation and amortization expense included above					
1,000 dollars--:	797	1,103	1,321	808	845
Cash flow or (deficit) from operations-----1,000 dollars--:	5,126	649	(922)	230	(3,516)
As a share of net sales--					
Gross profit or (loss)					
percent--:	12.7	9.2	6.8	9.3	(3.8)
Operating profit or (loss)					
do----	6.6	0.5	(2.3)	(0.3)	(17.3)
Net profit or (loss) before income taxes-----percent--:	5.8	(.7)	(3.7)	(1.5)	(17.9)
Number of firms reporting oper- ating losses-----:	2	3	3	3	4
Number of firms reporting net losses-----:	2	3	3	3	4

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

Overall stainless steel operations.--U.S. producers' financial data on their overall stainless steel operations are presented in table 18. Net sales for these operations declined from \$1.9 billion in 1979 to \$1.8 billion in 1980, or by 7 percent, and then recovered to \$1.9 billion in 1981. In January-August 1982 net sales dropped by 34 percent to \$861 million, compared with net sales of \$1.3 billion in January-August 1981.

Table 18.--Selected financial data of U.S. producers on their overall stainless steel and/or stainless steel products operations, 1979-81, January-August 1981, and January-August 1982

Item	1979	1980	1981	January-August--	
				1981	1982
Net sales-----million dollars--:	1,933	1,798	1,898	1,303	861
Cost of goods sold-----do-----:	1,574	1,501	1,629	1,094	808
Gross profit-----do-----:	359	297	269	209	53
General, selling, and admini- strative expenses-					
million dollars--:	86	94	99	66	66
Operating profit or (loss)					
do-----:	273	203	170	143	(13)
Interest expense-----do-----:	12	17	17	9	13
Other income-----do-----:	6	8	9	6	7
Net profit or (loss) before in- come taxes---million dollars--:	267	194	162	140	(18)
Depreciation and amortization expense included above					
million dollars--:	30	33	36	23	21
Cash flow from operations-do-----:	297	227	198	163	3
As a share of net sales:					
Gross profit-----percent--:	18.6	16.5	14.2	16.1	6.1
Operating profit or (loss) do-----:	14.1	11.3	9.0	11.0	(1.5)
Net profit or (loss) before income taxes-----percent--:	13.8	10.8	8.5	10.7	(2.1)
Number of firms reporting oper- ating losses-----:	0	2	2	2	4
Number of firms reporting net losses-----:	0	2	2	3	5

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

U.S. producers earned an aggregate operating profit of \$273 million, or 14.1 percent of net sales, in 1979 and \$203 million, or 11.3 percent of net sales, in 1980. In 1981, operating profit fell further to \$170 million, or 9.0 percent of net sales. Gross profit margins and net profit margins before income taxes followed the same trend as did the operating profit margins. Cash flow from operations declined from \$297 million in 1979 to \$198 million in 1981. In January-August 1982 the operating profit margin plunged to a negative 1.5 percent from a positive 11.0 percent in January-August 1981.

Consideration of 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 amounts of such imports held in inventory in the United States, and the capacity of producers in Spain to generate exports (including the availability of export markets other than the United States). Import trends for hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod are addressed in an earlier section. U.S. market penetration is presented in the section on the causal relationship between injury and allegedly subsidized imports. Discussions of importers' inventories and foreign producers' capacity to generate exports follow.

U.S. importers' inventories

End-of-period inventories of stainless steel bar and wire rod imported from Spain, as reported in responses to the Commission's questionnaires during the preliminary investigation, 1/ are shown in the following tabulation (in short tons):

	<u>HRB</u>	<u>CFB</u>	<u>WR</u>
1978-----	445	3,750	0
1979-----	420	3,150	0
1980-----	330	3,215	0
1981-----	434	4,078	1
January-March--			
1981-----	135	1,390	0
1982-----	261	1,546	16

The most recent data received from U.S. importers on inventory levels is not as complete as that received during the preliminary investigation; * * *.

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

Hot- and cold-rolled stainless steel bar and stainless steel wire rod together accounted for 36.7 percent (60,600 tons) of total Spanish stainless steel production of 165,340 tons in 1981. 2/ Production of bar increased 20.7 percent from 1980 to 1981, or from 42,900 tons to 51,800 tons (table 19). Wire rod production of 8,800 tons in 1981 was the same as such production in the previous year (table 20).

1/ Importers submitting usable data accounted for 95 percent of imports of hot-rolled bar from Spain, 83 percent of the cold-rolled bar imports, and 89 percent of the wire rod imports, as reported by the Department of Commerce.

2/ Commodities Research Unit, Ltd., London, U.S. Metal Monitor, January 1982, and INCO Europe LTD., World Stainless Steel Statistics, 1981. A-32

Table 19.--Hot-rolled stainless steel bar and cold-formed stainless steel bar: Spanish production and exports, 1979-81, and Jan.-Sept. 1982

Item	1979	1980	1981	Jan.-Sept. 1982
Production-----short tons--:	51,800	42,900	51,800	30,017
Exports to--:				
United States-----do-----:	3,600	3,700	6,500	3,000
EC-----do-----:	21,800	22,400	15,700	1/
All other-----do-----:	16,700	12,200	7,000	1/
Total-----:	42,100	38,300	29,200	25,174

Source: Production, compiled from data provided by UNESID (Spanish Steel Producers Association); exports, compiled from official statistics of Spain.

Table 20.--Stainless steel wire rod: Spanish production and exports, 1979-81, and January-September 1982

Item	1979	1980	1981	Jan.-Sept. 1982
Production-----short tons--:	5,500	8,800	8,800	2,450
Exports to--:				
United States-----do-----:	26	1,700	2,100	1,310
EC-----do-----:	75	328	65	1/
All other-----do-----:	199	107	18	1/
Total-----:	300	2,135	2,183	1,051

Source: Production, compiled from data provided by UNESID (Spanish Steel Producers Association); exports, compiled from official statistics of Spain.

Spain increased its exports to the United States and its share of the U.S. market with regard to all the products subject to these investigations during 1979-81. According to official statistics from Spain, hot-rolled and cold-formed stainless steel bar exports to the United States increased from 3,600 tons in 1979 to 3,700 tons in 1980 and then jumped 75.7 percent to 6,500 tons in 1981. The U.S. share of stainless steel bar exports in 1981 represented 22.3 percent of total Spanish exports in this product category. Exports of stainless steel wire rod from Spain to the United States have also increased, from 26 tons in 1979 to 1,700 tons in 1980 and 2,100 tons in 1981. Such exports accounted for 96.2 percent of total Spanish exports of stainless steel wire rod in 1981. Spanish rod exports to the EC decreased 80 percent from 1980 to 1981, and exports of bar products to the EC decreased 30 percent during the same period. Data on Spanish capacity are not available.

The bulk of shipments of Spanish bar to the United States originate from members of Aceriales, a consortium formed by the Spanish Government in 1980 to help restructure the specialty steel industry in the Basque region. The consortium does not include Roldan or Forjas Alavesas. As part of the plan, stainless steel bar and rod producers such as Olarra and S.A. Echevarria transferred 25 to 35 percent of their stock to the Government, thereby forming a joint Government and private industry venture. The resulting company (Sdad de Aceros Especiales) is intended to be a temporary venture whose purpose is to help the Spanish specialty steel industry survive current depressed market conditions by operating primarily as a channel for state aid. In the future, Aceriales may also act as a centralized export sales agency for the partner companies. Although data on capacity and capacity utilization for member firms of Aceriales are not available, the primary purpose of restructuring the industry were to improve each mill's degree of specialization, establish production quotas, and reduce overcapacity. 1/

The Aceriales group plans to export 50 percent of its total production of specialty steel products (including stainless steel) by 1984 (in 1981, Spain exported 56 percent of its production of stainless bar and 25 percent of its production of stainless wire rod). 2/ In order to achieve this planned export capability, the Spanish specialty steel producers have embarked on a financial reorganization of the Aceriales group that will include the establishment of centralized purchasing and sales organizations. By the end of 1982, capacity to produce stainless steel will be improved for the group with the installation of continuous casters, new rolling mills for bar, rod, and strip, and improvements in finishing operations. 3/

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

U.S. consumption and market penetration of imports

Apparent consumption of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod declined in recent periods. Apparent consumption of all three products combined declined by 8.7 percent from 1979 to 1981 and was 11.5 percent lower in January-August 1982 than in January-August 1981 (table 21). The trend for each product approximates that for the aggregate. Hot-rolled stainless steel bar consumption declined by

1/ Metal Bulletin, Feb. 12, 1982, p. 33.

2/ Ibid., Dec. 22, 1981, p. 27.

3/ Ibid., and Feb. 12, 1982, p. 31.

Table 21.---Stainless steel bar and wire rod: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1979-81, January-August 1981, and January-August 1982

Period	(Quantity in short tons; value in thousands of dollars)									
	Producers' shipments	Imports			Producers' exports	Apparent consumption	Ratio (percent) of imports to consumption--			Total
		From Spain	From other countries	Total			From Spain	From other countries	Total	
Quantity										
1979	194,952	3,057	44,219	47,276	1,985	240,243	1.3	18.4	19.7	
1980	180,179	6,135	52,331	58,466	2,415	236,230	2.6	22.2	24.8	
1981	162,082	9,538	50,444	59,982	2,672	219,392	4.3	23.0	27.3	
Jan.-Aug.--										
1981	107,440	5,821	29,292	35,113	1,783	140,770	4.1	20.8	24.9	
1982	81,570	6,229	37,811	44,040	1,052	124,558	5.0	30.4	35.4	
Value										
1979	535,745	4,779	77,433	82,212	6,221	611,736	0.8	12.6	13.4	
1980	575,310	11,498	102,762	114,260	8,847	680,723	1.7	15.1	16.8	
1981	543,659	19,352	101,477	120,829	10,222	654,266	3.0	15.5	18.5	
Jan.-Aug.--										
1981	365,812	12,333	59,881	72,214	6,839	431,187	2.9	13.9	16.8	
1982	278,212	10,430	70,819	81,249	4,584	354,877	2.9	20.0	22.9	
Source: Imports compiled from official statistics of the U.S. Department of Commerce; all other data compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.										

Source: Imports compiled from official statistics of the U.S. Department of Commerce; all other data compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

11.2 percent from 1979 to 1981 and by 15.3 percent from January-August 1981 to January-August 1982, and cold-formed stainless steel bar consumption declined by 10.7 percent and 10.9 percent in the same periods (table 22 and 23). Stainless steel wire rod consumption fell by less than 1 percent between 1979 and 1981, but was 9.2 percent lower in January-August 1982 than in the corresponding period of 1981 (table 24).

Despite the decline in apparent consumption, imports from all countries combined and from Spain alone increased. As a share of total U.S. consumption of the products under investigation, imports from Spain increased from 1.3 percent in 1979 to 4.3 percent in 1981 and from 4.1 percent in January-August 1981 to 5.0 percent in January-August 1982 (table 21). Imports from all sources increased from 19.7 percent to 27.3 percent of consumption and from 24.9 percent to 35.4 percent of consumption in the same periods, respectively. Imports of hot-rolled stainless steel bar from Spain did not increase as a share of consumption between 1979 and 1981, but increased by about 2 percentage points between January-August 1981 and January-August 1982 (table 22). Whereas imports of cold-formed stainless steel bar from Spain increased from 1.6 percent of consumption in 1979 to 5.0 percent of consumption in 1981 and from 5.3 percent of consumption in January-August 1981 to 5.4 percent of consumption in January-August 1982, imports of stainless steel wire rod increased from nil to 5.4 percent of consumption and from 4.8 to 6.2 percent of consumption in the same periods, respectively (table 24).

Table 22.--Hot-rolled stainless steel bar: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1979-81, January-August 1981, and January-August 1982

(Quantity in short tons; value in thousands of dollars)										
Period	Producers' shipments :			Imports :			Producers' exports :			Ratio (percent) of imports to consumption-- From : Spain : countries : Total
	From : Spain :			From other : countries :			Apparent : consumption :			
	Total :			Total :			Total :			
Quantity										
1979	48,867	872	6,261	7,133	798	55,202	1.6	11.3	12.9	
1980	42,807	614	7,520	8,134	669	50,272	1.2	15.0	16.2	
1981	42,528	766	6,833	7,599	1,138	48,989	1.6	13.9	15.5	
Jan.-Aug. 1981	29,216	233	3,264	3,497	709	32,004	0.7	10.2	10.9	
1982	21,283	690	5,459	6,149	324	27,108	2.5	20.1	22.6	
Value										
1979	114,310	1,215	11,398	12,613	1,951	124,972	1.0	9.1	10.1	
1980	119,756	1,172	15,562	16,734	1,745	134,745	0.9	11.5	12.4	
1981	129,572	1,231	13,605	14,836	3,713	140,695	0.9	9.7	10.6	
Jan.-Aug. 1981	91,111	477	6,706	7,183	2,451	95,843	0.5	7.0	7.5	
1982	69,229	1,122	10,511	11,633	1,517	79,345	1.4	13.2	14.6	

Source: Imports compiled from official statistics of the U.S. Department of Commerce; all other data compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 23. Cold-formed stainless steel bar: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1979-81, January-August 1981, and January-August 1982

Period	(Quantity in short tons; value in thousands of dollars)										
	Producers' shipments			Imports			Producers' exports			Ratio (percent) of imports to consumption--	
										From : to	
	From Spain	From other countries	Total	From Spain	From other countries	Total	Spain	From other countries	Spain	From other countries	Total
Quantity											
1979	112,687	2,185	114,872	19,550	21,735	41,285	973	133,449	1.6	14.6	16.2
1980	107,804	3,847	111,651	24,842	28,689	53,531	1,429	135,064	2.8	18.4	21.2
1981	92,986	6,010	98,996	21,238	27,248	48,486	1,083	119,151	5.0	17.8	22.8
Jan.-Aug. 1981	60,464	4,068	64,532	13,033	17,101	30,134	761	76,804	5.3	17.0	22.3
1982	47,227	3,730	50,957	17,967	21,697	39,664	488	68,436	5.4	26.2	31.6
Value											
1979	347,183	34,564	381,747	36,221	39,785	76,006	3,728	383,240	0.9	9.4	10.3
1980	389,160	7,535	396,695	50,607	58,142	108,749	6,224	441,078	1.7	11.5	13.2
1981	353,399	13,306	366,705	47,171	60,477	107,648	5,343	408,533	3.2	11.5	14.7
Jan.-Aug. 1981	231,276	9,218	240,494	29,662	38,880	68,542	3,615	266,541	3.4	11.1	14.5
1982	180,152	6,395	186,547	33,991	40,386	74,377	2,495	218,043	2.9	15.6	18.5

Source: Imports compiled from official statistics of the U.S. Department of Commerce; all other data compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 24.---Stainless steel wire rod: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1979-81, January-August 1981, and January-August 1982

(Quantity in short tons; value in thousands of dollars)										
Period	Producers' shipments			Imports			Producers' exports		Ratio (percent) of imports to consumption--	
	From Spain	From other countries	Total	From Spain	From other countries	Total	From Spain	From other countries	Total	
Quantity										
1979	33,398	0	18,408	18,408	214	51,592	-	35.7	35.7	
1980	29,568	1,674	19,969	21,643	317	50,894	3.3	39.2	42.5	
1981	26,568	2,763	22,373	25,136	451	51,253	5.4	43.6	49.0	
Jan.-Aug. --										
1981	17,760	1,520	12,995	14,515	313	31,962	4.8	40.6	45.4	
1982	13,060	1,809	14,385	16,194	240	29,014	6.2	49.6	55.8	
Value										
1979	74,252	-	29,814	29,814	542	103,524	-	28.8	28.8	
1980	66,394	2,791	36,593	39,384	878	104,900	2.7	34.9	37.6	
1981	60,688	4,814	40,702	45,516	1,166	105,038	4.6	38.7	43.3	
Jan.-Aug. --										
1981	43,425	2,638	23,513	26,151	773	68,803	3.8	34.2	38.0	
1982	28,831	2,913	26,317	29,230	572	57,489	5.1	45.8	50.9	

Source: Imports compiled from official statistics of the U.S. Department of Commerce; all other data compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Prices

Demand factors affecting price.--Demand for stainless steel hot-rolled and cold-formed bar and stainless steel wire rod 1/ depends on the level of business activity in user industries. Bar and wire rod are used relatively extensively in the capital goods industry and an indicator of activity in this industry is the Federal Reserve Board's index of production of durable goods. 2/ According to this index, production has fallen 15 percent from January-March 1979 to July-August 1982 as shown in the following tabulation:

	<u>Index</u>
	(Jan.-Mar. 1979=100.0)
1979:	
January-March-----	100.0
April-June-----	99.3
July-September-----	98.8
October-December-----	98.5
1980:	
January-March-----	97.7
April-June-----	90.7
July-September-----	88.2
October-December-----	93.8
1981:	
January-March-----	95.7
April-June-----	96.9
July-September-----	96.6
October-December-----	91.1
1982:	
January-March-----	86.9
April-June-----	85.4
July-August-----	85.2

During January 1979-September 1980, production of durable goods declined in each quarter, whereas during October 1980-June 1981, production increased in each quarter, although it did not attain the levels experienced in 1979 and early 1980. The index resumed its decline during October 1981-August 1982.

Transaction prices.--U.S. producers of stainless steel bar and wire rod publish list prices on an f.o.b.-mill basis. Base prices depend on the grade (alloy content) and diameter of these products. The higher alloyed grades also include nickel and other metals. The full price (including extras, where applicable) is influenced by (1) whether or not the product is annealed, (2) whether it is precision-ground, (3) whether it is customized to meet certain tolerances (thus requiring an extra inspection), and (4) whether the product is polished.

1/ In the remainder of this section all references to "bar" and to "wire rod" will mean stainless steel bar or stainless steel wire rod.

2/ Because there are diverse markets for bar and wire rod, a different business activity indicator should ideally be used for each market for stainless steel.

The Commission asked domestic producers and importers to report their net selling prices for two specifications of hot-rolled stainless steel bar, two specifications of cold-formed stainless steel bar, and two of stainless steel wire rod. With one exception, each company reported prices for the largest transaction in each 2-month period during January 1981-August 1982. The largest producer of stainless steel bar and rod, Carpenter Technology, reported weighted average prices and that firm's price data are treated separately (table 25). 1/

Trends in prices.--Index numbers, based on price data for the sample products, are shown in tables 26-29 and figures 1-3. A list of the product specifications appears in appendix D.

Hot-rolled stainless steel bar 2/.--For sales of product 2 to service center/distributors, producers' net prices rose during 1981 by approximately 8.0 percent but declined after January-February 1982 (table 25). During the period March-August 1982, prices were approximately 4 percent higher than they were in the base period, January-February 1981.

For sales of product 2 to end users, producers other than Carpenter reported sales in 4 of the 10 periods. These prices varied but finished lower in March-April 1982 than their initial report in March-April 1981. * * *.

Cold-formed stainless steel bar.--According to data reported by three producers on sales to service center/distributors for product 3, domestic prices fluctuated irregularly during January 1981-August 1982 (table 26 and fig. 1). Prices reached peak levels in July-August 1981 of 10 percent above the base level of January-February 1981, but fell and rose again on two occasions before reaching their lowest level of 6.4 percent below levels in the base period. Prices closed in July-August 1982 at virtually the same level as in January-February 1982. Only one importer 3/ reported data for product 3. * * *.

On sales to end users, the net selling prices for product 3 of three producers * * * fluctuated markedly (table 27 and fig. 1). In July-August 1982 their weighted average price had declined from a period high of * * * reached in November-December 1981 to slightly higher than prices in the base period. * * *.

1/ * * *.

2/ No questionnaire recipient reported price and quantity data for product 1.

3/ * * *.

Table 25.--Hot-rolled stainless steel bar: Indexes of weighted averages of U.S. producers' selling prices for sales of product 2 to service center/-distributors and end-user customers, by 2-month periods, January 1981-August 1982 1/

Period	U.S. producers' prices to--			
	Service center/ distributors <u>2/</u>	End users		
		Producers	Carpenter	
		other than	Carpenter	
1981:				
January-February-----	100.0	-		***
March-April-----	101.2	100.0		***
May-June-----	107.8	-		***
July-August-----	107.8	95.2		***
September-October-----	107.8	107.4		***
November-December-----	107.8	-		***
1982:				
January-February-----	107.8	-		***
March-April-----	103.7	93.2		***
May-June-----	103.7	-		***
July-August-----	103.7	-		***

1/ No producer or importer reported price and quantity data for product 1.

2/ Producers other than Carpenter. Virtually all of Carpenter's sales are to end users.

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

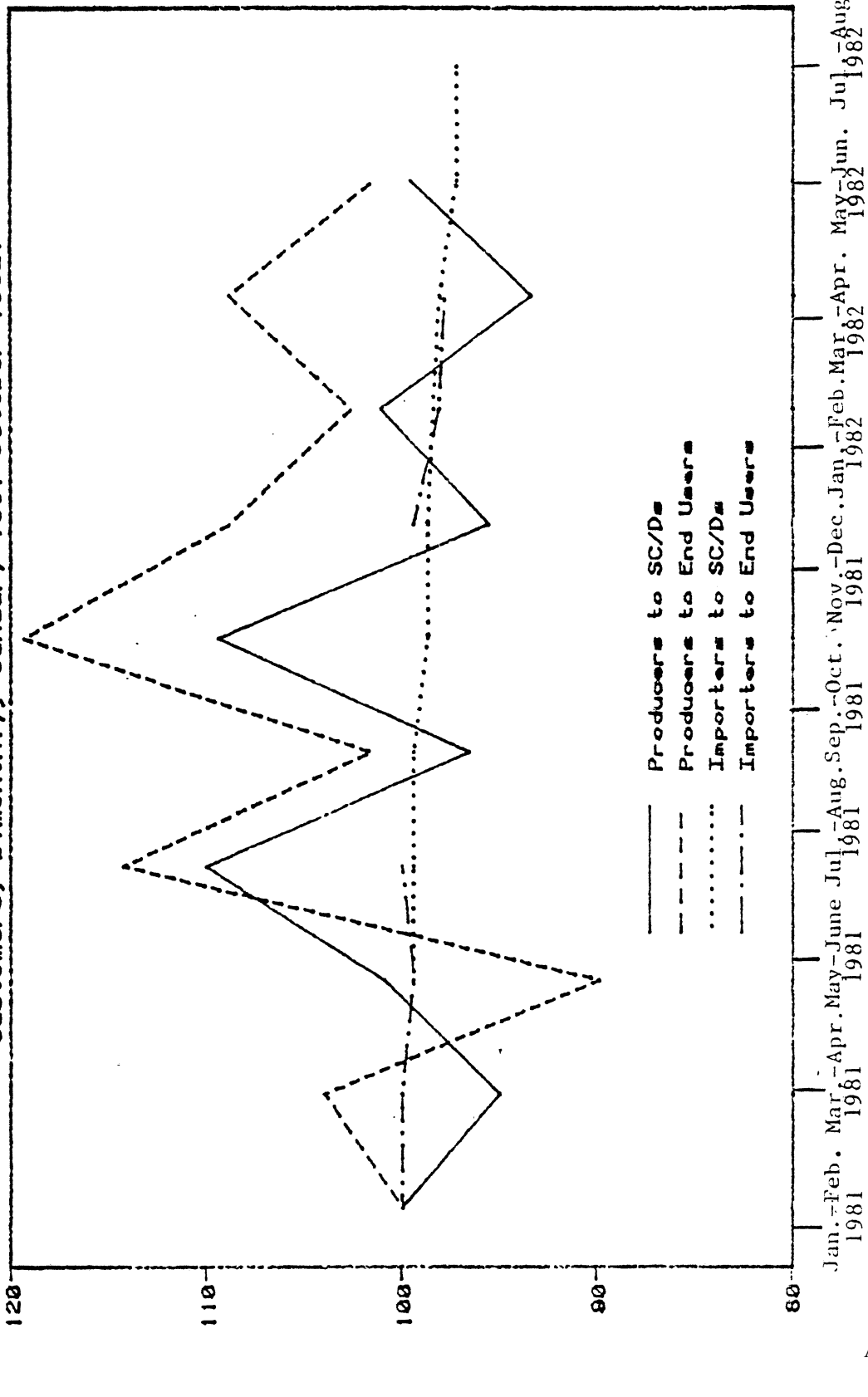
Table 26.--Cold-formed stainless steel bar: Indexes of weighted-average net selling prices for sales to service centers/distributors by U.S. producers and U.S. importers of bars from Spain, bimonthly, January 1981-August 1982

(January-February 1981=100)					
Period	Product 3		Product 4		
	Producers' index	Importers' index	Producers' index	Importers' index	
1981:					
January-February-----	100.0	100.0	100.0	100.0	
March-April-----	95.0	100.0	103.8	100.0	
May-June-----	100.9	99.4	101.8	97.8	
July-August-----	110.0	99.4	109.4	97.8	
September-October-----	96.6	99.4	106.6	97.8	
November-December-----	109.4	98.7	108.4	97.8	
1982:					
January-February-----	95.6	98.7	100.5	94.2	
March-April-----	101.1	98.4	96.4	94.2	
May-June-----	93.4	98.1	99.7	94.2	
July-August-----	99.6	97.2	101.3	94.2	

1/ See product list for specifications, app. D.

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

Figure 1.--Stainless steel product 3: Indexes of weighted average net selling prices for sales of domestic products and products imported from Spain to service center/distributor customers and to end user customers, bimonthly, January 1981-October 1982.



Source: Based on data submitted in response to questionnaire of the U.S. International Trade Commission.

Table 27.--Cold-formed stainless steel bar: Indexes of weighted-average net selling prices for sales to end users by U.S. producers and U.S. importers of bar from Spain, bimonthly, January 1981-August 1982 1/

Period	Product 3			Product 4		
	Producers' prices		Importer's prices	Producers' prices		Importer's prices
	Carpenter Technology	Other		Carpenter Technology	Other	
1981:						
Jan.-Feb---		100.0	100.0		100.0	100.0
Mar.-Apr---		104.0	100.0		111.2	100.0
May-June---		89.9	99.4		99.9	96.5
July-Aug---		114.3	100.0		103.4	96.5
Sept.-Oct--		101.6	<u>2/</u>		110.3	93.6
Nov.-Dec---		119.4	<u>2/</u>		115.3	92.3
	***			***		
1982:						
Jan.-Feb---		108.8	99.4		114.8	92.3
Mar.-Apr---		102.6	98.1		115.0	90.6
May-June---		108.8	97.8		112.2	90.6
July-Aug---		101.4	<u>2/</u>		100.7	96.2

1/ See product list for specifications, app. D. 2/not available

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

For sales of product 4 to service center/distributors, the weighted average price of three producers fluctuated irregularly (tables 26 and fig. 2). In July-August 1982, it was slightly higher than in the base period after having fallen below the base-period level in March-June 1982. The net selling price of the lone importer ^{1/} declined moderately. It was almost 6 percent lower in each of the reporting periods of 1982 than in the base period.

On sales of product 4 to end users, the weighted-average selling price of three producers increased irregularly by 15 percent through March-April 1982, after which it declined to a level slightly above that for the base period (table 27 and fig. 2). * * *.

Stainless steel wire rod.--Two domestic producers reported data on their sales of product 5 to service center/distributors. The weighted average of their net selling prices declined by almost * * * from January-February 1981 to July-August 1982 (table 28 and fig. 3). For two reporting importers, the weighted-average price declined more slowly. It did not fall at all during 1981 and in July-August 1982, it was about * * * lower than in the base period.

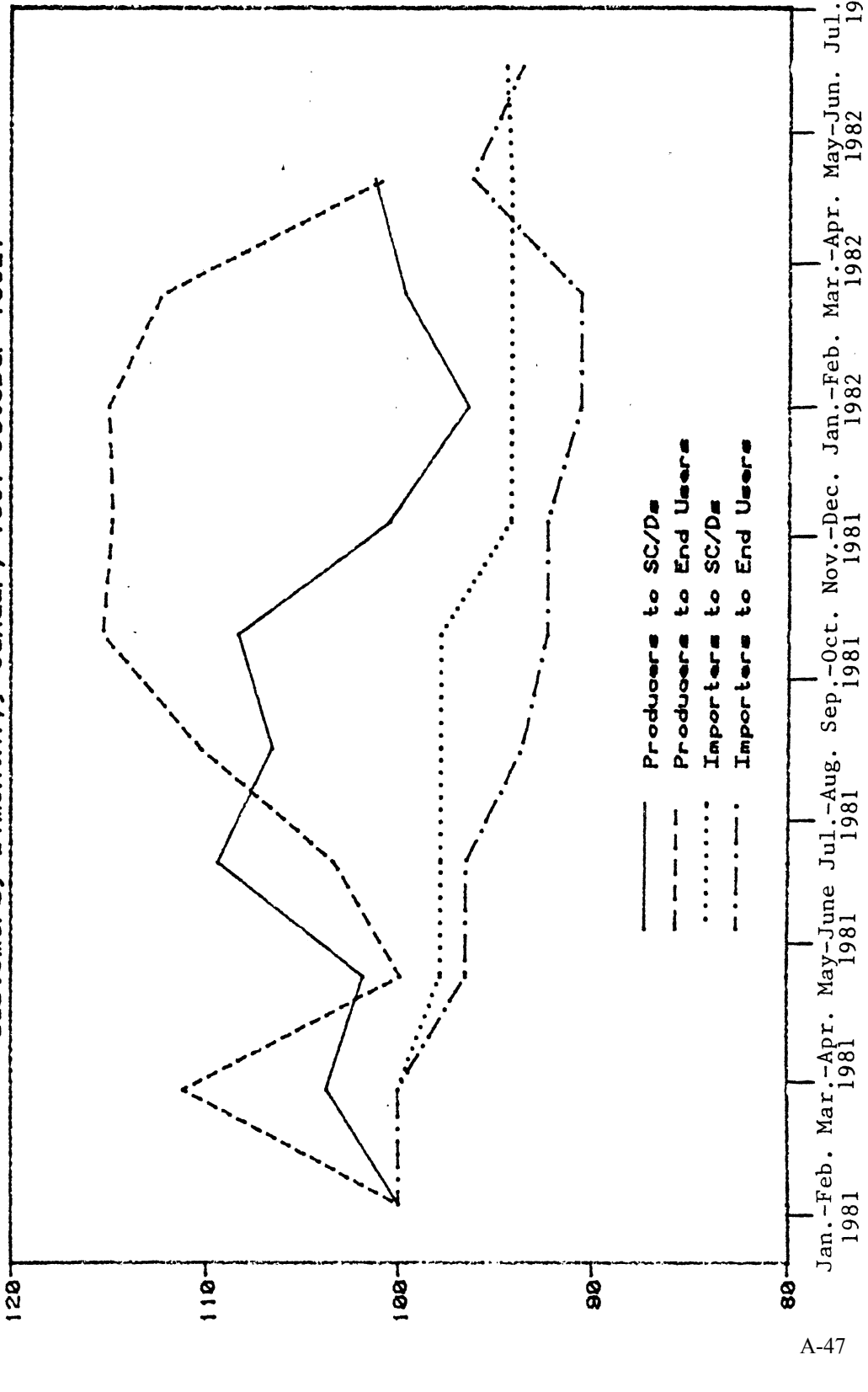
On sales of product 5 to end users, the weighted average prices of two producers other than Carpenter declined (table 29 and fig. 3). In July-August 1982, it was more than * * * lower than in January-February 1981. * * *.

* * * * *

On sales of product 6 to end users, data reported by two producers other than Carpenter indicate that their weighted average prices were about * * * percent lower in July-August 1982 than in January-February 1981. * * *. No importer reported price data on sales of product 6 to end users.

^{1/} * * *.

Figure 2.---Stainless steel product 4: Indexes of weighted average net selling prices for sales of domestic products and products imported from Spain to service center/distributor customers and to end user customers, bimonthly, January 1981-October 1982.



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Source: Based on data submitted in response to questionnaire of the U.S. International Trade Commission.

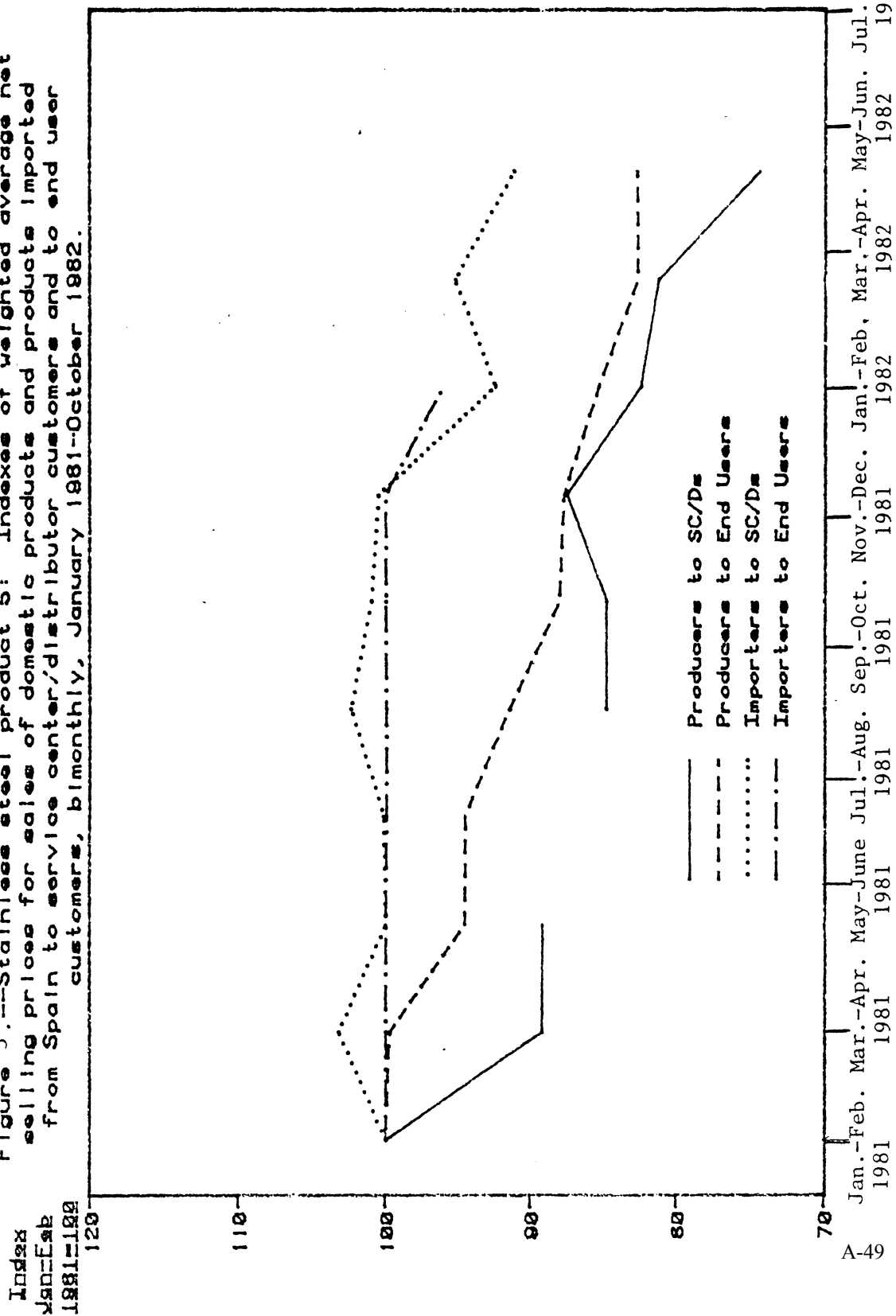
Table 28.--Stainless steel wire rod: Indexes of weighted-average net selling prices for sales to service center/distributors by U.S. producers and U.S. importers, bimonthly, January 1981-August 1982 1/

(January-February 1981=100)					
Period	Product 5		Product 6		
	Producers' index	Importers' index	Producers' index	Importers' index	
1981:					
January-February-----	100.0	100.0	100.0	100.0	
March-April-----	89.2	103.2	94.7	<u>2/</u>	
May-June-----	89.2	100.0	96.8	<u>2/</u>	
July-August-----	<u>2/</u>	100.2	<u>2/</u>	103.9	
September-October-----	84.8	102.4	96.6	<u>2/</u>	
November-December-----	84.8	101.0	94.0	<u>2/</u>	
1982:					
January-February-----	87.5	100.5	89.9	101.0	
March-April-----	82.4	92.4	<u>2/</u>	<u>2/</u>	
May-June-----	81.2	95.2	<u>2/</u>	<u>2/</u>	
July-August-----	74.3	91.1	<u>2/</u>	<u>2/</u>	

1/ See product list for specifications, app. C. 2/ not available

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

Figure 3.--Stainless steel product 5: Indexes of weighted average net selling prices for sales of domestic products and products imported from Spain to service center/distributor customers and to end user customers, bimonthly, January 1981-October 1982.



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

Table 29.--Stainless steel wire rod: Indexes of weighted-average net selling prices for sales to end users by U.S. producers and U.S. importers, bi-monthly, January 1981-August 1982 1/

Period	Product 5			Product 6		
	Producers' prices		Importer's prices	Producers' prices		
	Carpenter Technology	Other		Carpenter Technology	Other	
1981:						
January-February---		100.0	100.0		100.0	
March-April-----		99.7	100.0		97.2	
May-June-----		94.5	100.0		91.4	
July-August-----		94.5	100.0		96.1	
September-October--		91.4	100.0		91.4	
November-December--		88.0	100.0		92.1	
	***			***		
1982:						
January-February---		87.7	100.0		90.4	
March-April-----		85.3	96.0		90.5	
May-June-----		82.6	<u>2/</u>		87.2	
July-August-----		82.7	<u>2/</u>		79.9	

1/ See product list for specifications, app. C. 2/ not available.

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

Margins of underselling.--In general, imports undersold domestic products, although several instances of import prices higher than domestic prices were reported. Based on data received, price comparisons are possible for cold-formed stainless steel bar products 3 and 4 and for product 5, one of the two stainless steel wire rod products. No importers reported price data on hot-rolled stainless steel bar (products 1 and 2), and only one importer reported limited price data on product 6, stainless steel wire rod sold to service center/distributors.

Hot-rolled stainless steel bar.--Because of inadequate data received by the Commission on products 1 and 2 (App. D.), the Commission requested and received price data on AISI grade 304 hot-rolled stainless steel bars, 1" to 1-7/16" diameter, annealed and round, and on AISI grade 316 hot-rolled stainless steel bars, 1" to 1-7/16" diameter annealed and round. Although this price information is confidential, it is part of the official record of these investigations.

Cold-formed stainless steel bar 2/.--For sales to service center/distributor customers, margins of underselling for the representative products 3

2/ Import prices for product 3 are covered by the trigger price mechanism which applies to "small cold drawn bar in wire gauges." The size dimensions of product 4 exempt it from trigger price application (see page 16-23C, Trigger Price Manual)."

and 4 were mixed (table 30). Imports of product 3 sold to these customers were generally priced higher by margins ranging upward to \$273 (9.4 percent), whereas imports of product 4 undersold the domestic product by margins in excess of \$1,000 in every period. These margins ranged from \$1,131 (29.2 percent) to \$1,554 (36.7 percent).

For sales of product 3 to end users, margins of underselling were reported in 6 of 10 periods with only one instance of imports of bar priced higher than domestic bar (table 31). Margins ranged from \$293 (8.4 percent) to \$790 (19.8 percent). For product 4 sold to end users, margins of underselling were consistent and even larger than in the case of sales to service center/distributors. Margins to end users ranged from \$1,072 (26.4 percent) to \$1,963 (42.0 percent).

Table 30.--Average margins by which stainless steel bar and rod imports undersold U.S.-produced products sold to service center/distributor customers, by types, and by 2-month periods, January 1981-October 1982 ^{1/}

Period	Stainless steel bar				Stainless steel rod			
	Product 3		Product 4		Product 5		Product 6	
	Per ton	Percent	Per ton	Percent	Per ton	Percent	Per ton	Percent
1981:								
Jan.-Feb---	(\$120)	(3.9)	\$1,131	29.2	\$424	18.5	\$288	9.8
Mar.-Apr---	(273)	(9.4)	1,278	31.8	117	5.7	<u>2/</u>	<u>2/</u>
May-June---	(71)	(2.3)	1,259	32.0	177	8.7	<u>2/</u>	<u>2/</u>
July-Aug---	207	6.1	1,554	36.7	<u>2/</u>	<u>2/</u>	<u>2/</u>	<u>2/</u>
Sept.-Oct---	(204)	(6.9)	1,448	35.1	33	1.7	<u>2/</u>	<u>2/</u>
Nov.-Dec---	210	6.3	1,516	36.1	59	3.0	<u>2/</u>	<u>2/</u>
1982:								
Jan.-Feb---	(214)	(7.3)	1,309	33.7	129	6.4	(35)	(1.3)
Mar.-Apr---	(35)	(1.1)	1,152	30.9	163	8.6	<u>2/</u>	<u>2/</u>
May-June---	(262)	(9.1)	1,281	33.2	84	4.5	<u>2/</u>	<u>2/</u>
July-Aug---	(42)	(1.4)	1,342	34.2	3	0.2	<u>2/</u>	<u>2/</u>

^{1/} See footnotes to tables 26 and 28.

^{2/} No basis for comparison.

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

Note.--Figures in parentheses reflect domestic prices less than import prices. There are no data for computing margins of underselling for products 1 and 2.

Table 31.--Average margins by which stainless steel bar and rod imports under-sold U.S.-produced products sold to end user customers, by types, and by 2-month periods, January 1981-October 1982 ^{1/}

Period	Stainless steel bar				Stainless steel rod	
	Product 3		Product 4		Product 5	
	Per ton	Percent	Per ton	Percent	Per ton	Percent
1981:						
Jan.-Feb----	\$293	8.4	\$1,072	26.4	\$152	7.1
Mar.-Apr----	434	12.0	1,527	33.8	146	6.8
May-June----	(39)	(1.2)	1,173	28.9	33	1.6
July-Aug----	790	19.8	1,317	31.3	34	1.7
Sept.-Oct----	<u>2/</u>	<u>2/</u>	1,682	37.5	(32)	(1.6)
Nov.-Dec----	<u>2/</u>	<u>2/</u>	1,923	41.1	(107)	(5.7)
1982:						
Jan.-Feb----	619	16.3	1,904	40.8	(113)	(6.0)
Mar.-Apr----	444	12.4	1,963	42.0	(85)	(4.6)
May-June----	671	17.7	1,846	40.5	<u>2/</u>	<u>2/</u>
July-Aug----	<u>2/</u>	<u>2/</u>	1,217	29.7	<u>2/</u>	<u>2/</u>

^{1/} See footnotes to tables 27 and 29.

^{2/} No basis for comparison.

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

Note.--Figures in parentheses reflect domestic prices less than import prices. There are no data for computing margins of underselling for products 1, 2, and 6.

Margins of underselling calculated for Carpenter are based on Carpenter's reporting only weighted average prices (table 32). Substantial margins for both cold-formed bar products were reported. Margins for product 3 ranged from * * *; margins for product 4 ranged from * * *.

Stainless steel rod.--One producer and two importers reported price data on their sales of product 5 to service center/distributors (table 30). Margins of underselling by imports ranged from \$3 (0.2 percent) in July-August 1982 to \$424 (18.5 percent) in January-February 1981. Price comparisons for rod product 6 were possible in only two periods. In January-February 1981 imported rod undersold domestic product 6 by \$288 (9.8 percent), and in January-February 1981 domestic rod was reported to be slightly lower priced than imported rod.

On sales of product 5 to end users, the only reporting importer undersold two domestic producers in January-August 1981, but import prices were reported to be higher than domestic prices in all subsequent periods in which comparisons were possible (table 31). Margins of underselling by imports ranged from \$33 (1.6 percent) to \$152 (7.1 percent) in the first four reporting periods of 1981. The margins by which import prices were higher than domestic prices, ranged from \$32 (1.6 percent) in September-October 1981 to \$113 (6.0 percent) in January-February 1982.

* * * * *

Table 32.--Average margins by which stainless steel bar and rod imports undersold products produced by Carpenter and sold to end-user customers, by types, and by 2-month periods, January 1981-October 1982 ^{1/}

Period	Stainless steel bar				Stainless steel rod	
	Product 3		Product 4		Product 5	
	Per ton	Percent	Per ton	Percent	Per ton	Percent
1981:						
Jan.-Feb----						
Mar.-Apr----						
May-June----						
July-Aug----						
Sept.-Oct----						
Nov.-Dec----						
	***	***	***	***	***	***
1982:						
Jan.-Feb----						
Mar.-Apr----						
May-June----						
July-Aug----						
Sept.-Oct----						

^{1/} ***

^{2/} ***

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

Note.--There are no bases for computing margins of underselling on products 1, 2, and 6.

Nonprice factors.--Purchasers were asked to indicate the importance of four nonprice factors in their purchasing decisions on a scale of 5 (high) to 1 (low). These factors were reliability of the vendor firm, proximity of the vendor, quality of the product, and service availability. Eight purchasers of stainless steel bar and wire rod responded to this question, indicating that quality (5.0) was the most important nonprice consideration, followed by reliability (4.8), service (3.8), and proximity (1.5). Six firms indicated that they had not paid a premium for a nonprice factor. One firm indicated that it had paid a higher price for quality, and another had paid a higher price because of availability of the product.

Exchange-rate fluctuations.--Quarterly data reported by the International Monetary Fund indicate that during January 1981-September 1982 the quarterly average value of the peseta declined in every successive period except one, or by a total of 25 percent, as shown in the following tabulation: 1/

	<u>Dollars</u> <u>per peseta</u>	<u>Index</u> <u>(Jan.-Mar. 1979=100.0)</u>
1981:		
Jan.-Mar-----	.01189	100.0
Apr.-June-----	.01097	92.3
July-Sept-----	.01020	85.8
Oct.-Dec-----	.01041	87.6
1982:		
Jan.-Mar-----	.00987	83.0
Apr.-June-----	.00943	79.3
July-Sept-----	.00891	74.9

At the Commission's hearing, counsel for the Spanish Steel Producers Association stated that it is his understanding that the Spanish exporters are paid in dollars on their exports to the United States. He further stated, ". . . that they have not been reducing their price as a result of getting more pesetas from the dollar." 2/ In an earlier colloquy with witnesses on behalf of the petitioners, counsel for the Spanish interests, focused attention on domestic inflation in Spain, and the large proportion of costs attributable to Spain's imports of scrap and energy. A witness for the petitioners said that the proportion of such costs would ". . . vary product by product." 3/

1/ International Financial Statistics, November 1982.

2/ Transcript pp. 153-54.

3/ Ibid., p. 113.

Lost sales

In an effort to ascertain whether U.S. producers lost sales of stainless steel bar and/or wire rod to imports of Spanish-produced material, the Commission requested that U.S. producers provide specific information as to customer(s), quantity and value of sale(s) lost, and the approximate times at which the alleged lost sale(s) occurred.

* * * * *

Hot-rolled stainless steel bars.--* * * alleged that * * *, a service center in * * * has purchased, in lieu of the U.S. produced product, Spanish stainless steel hot-rolled bars valued at almost * * * since January 1981. * * * purchasing manager stated that, in 1981, his company bought * * * worth of stainless steel from domestic mills * * * worth from * * *, and purchased * * * worth of Spanish stainless steel from * * * and * * * worth of Spanish stainless steel from other importers. He said that, so far in 1982, the shares of his company's business, allocated to its suppliers, probably has been the same as in 1981.

Cold-formed stainless steel bars.--* * * without furnishing the date, alleged that * * * purchased Spanish stainless cold-formed bar at * * * per ton (delivered value), and that the quotation from * * * was equivalent to * * * per ton (delivered value). The alleged purchaser indicated that it does not buy Spanish stainless steel, and could not verify the prices cited by * * *.

* * * indicated that it places orders with various U.S. producers of stainless steel bar and rod, and alleged that U.S. mills give bigger discounts to large customers than to small ones.

* * * also alleged that * * * purchased an unspecified quantity of hot-rolled stainless steel bar (of Spanish origin) from * * * on an unspecified date. Allegedly, the delivered value was equivalent to * * * per ton. * * * did not report its own quotation. * * * purchasing manager would only inform the staff that his company purchases the Spanish products on a "fill-in basis."

Stainless steel wire rod.--* * * claimed that on * * * 1982, * * * purchased * * * tons each of five grades of Spanish stainless steel wire rod, and cited price quotations. The quotations for the Spanish material were appreciably lower than for the domestic. * * * Manager of Purchases claimed that no orders were placed for Spanish-produced material. He indicated that, although his company traditionally has made its purchasing decisions mainly because of quality and availability, the company has become more concerned about prices quoted to it during the past two years. He said that the prices of both wire and wire rod, of stainless steel are eroding and that * * * competitors selling price for wire are below * * * costs of production. * * * and * * * are * * * domestic-producer sources. * * * also buys foreign material, but claimed that they do not normally buy from importers of Spanish materials.

* * * also reported that * * * on * * * 1982, bought five grades of stainless steel wire rod for which * * * also provided quotes. * * *. The sales manager for the * * * was not able to readily verify or disclaim the price quotations reported by * * * (where the quotations for the Spanish material were about 25 percent below those for the domestic). He did say, however, that * * * prices could not compete with those of the importer of Spanish stainless made by * * *. He also indicated that whether * * * can compete with importers depends on the location of the customers.

Price suppression and/or price depression

Hot-rolled stainless bars.--One producer, * * * cited 78 instances in which their prices of hot-rolled stainless bar were reduced during 1981 and February-April 1982 in order to meet competition from Spanish hot-rolled stainless bar imported from the * * mill. These allegations were investigated and confirmed in telephone conversations with the purchaser, * * *. Based on initial rejected quotes the potential total sales volume was * * *. The total sales of the revised, accepted quotes was * * * representing a loss of * * * in revenue as a result of discounts averaging 17 percent. * * * purchasing manager, confirms domestic discounts of 10 to 15 percent on negotiated prices in competition with Spanish bar imported by * * *. Nevertheless, the reduced domestic prices are usually higher than competing prices on Spanish bar. * * *. ^{1/} Input price is important but if the domestic price is within 10 to 15 percent of the import price the sale goes to a domestic source. The spread is much more than that currently, with Spanish prices 30 percent or more below domestic price. * * * buys domestic as much as possible to assure long-run supply but averages out its costs by also buying imported stainless bar. Only by discounting can * * * continue to get a share of * * * purchase volume.

Cold-formed stainless bar.--* * * cited 1982 price data provided by * * * as evidence of competition from Spanish cold-formed bar that necessitated a price reduction to save a sale. * * * purchasing manager confirmed the price comparisons which showed bar from * * * priced as much as 38 percent below domestic prices of T-303 stainless rounds. * * * noted that current prices of Spanish bar are even lower. Domestic prices have also declined but at the accepted (discounted) price level are usually 10 percent or more above import prices. * * * share of * * * business has diminished as a result and the share of Spanish cold-formed bar has increased. The quality of the Spanish bar is as good or better than the domestic bar.

Stainless steel rod

* * * alleged that * * * was underselling * * * and having a depressing effect on the petitioner's prices. ^{2/}

^{1/} * * *.

^{2/} * * *.

For 3 rod categories, * * * compared price quotations received by a wire producer * * *. They indicated that the margins by which Spanish rod under sold * * * rod ranged from 10.2 percent to 13.3 percent on * * * 1982.

The general manager of * * * has informed the staff that prices for both domestic and Spanish stainless steel wire rod are even lower than they were on * * * 1982. He said that, after the importers lower their prices, the domestic producers wait six to eight weeks before they reduce theirs, and then the producers are still one to two cents a pound too high. Shortly thereafter, the importers reduce their prices again.

According to the aforementioned general manager, domestic producers of wire rod have started to warehouse this material in the last six months. Importers have been warehousing it for a much longer time, and they have been able to fill orders more promptly than can the U.S. producers.

APPENDIX A
COMMERCE'S NOTICE
OF
FINAL SUBSIDY DETERMINATION

research that has broad application and yields results which are made publicly available do not confer subsidies. Programs of organizations or institutions established to finance research on problems affecting only a particular industry or group of industries (e.g., metallurgical testing to find ways to make cold-rolled sheet easier to galvanize) and which yield results that are available only to producers in that country (or in a limited number of countries) confer a subsidy on the products which benefits from the results of the research and development (R&D). On the other hand, programs which provide funds for R&D in a wide range of industries are not countervailable even when a portion of the funds is provided to the steel sector.

Once we determine that a particular program is countervailable, we calculate the value of the subsidy by reference to the form in which the R&D was funded. An R&D grant is treated as an "untied" grant; a loan for R&D is treated as any other preferential loan.

Labor Subsidies

To be countervailable, a benefit program for workers must give preferential benefits to workers in a particular industry or in a particular targeted region. Whether the program preferentially benefits some workers as opposed to others is determined by looking at both program eligibility and participation. Even where provided to workers in specific industries, social welfare programs are countervailable only to the extent that they relieve the firm of costs it would ordinarily incur for example, a government's assumption of a firm's normal obligation partially to fund worker pensions.

Labor-related subsidies are generally conferred in the form of grants and are treated as untied grants for purposes of subsidy calculation. Where they are small and expensed by the company in the year received, we likewise allocated them only to the year of receipt. However, where they were more than one percent of gross revenues we allocated them over a longer period of time generally reflecting the program duration.

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BILLING CODE 3510-25-M

Final Affirmative Countervailing Duty Determinations; Certain Stainless Steel Products From Spain

AGENCY: International Trade Administration, Commerce.

ACTION: Final Affirmative Countervailing Duty Determinations;

Certain Stainless Steel Products From Spain.

SUMMARY: We have determined that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Spain of certain stainless steel products, as described in the "Scope of Investigations" section of this notice. The estimated net subsidy for each firm and for each product is indicated in the "Suspension of Liquidation" section of this notice. The U.S. International Trade Commission (ITC) will determine within 45 days of the publication of this notice whether these imports are materially injuring, or threatening to materially injure, a U.S. industry.

EFFECTIVE DATE: November 15, 1982.

FOR FURTHER INFORMATION CONTACT: Holly Kuga, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, telephone: (202) 377-0171.

SUPPLEMENTARY INFORMATION:

Final Determinations

Based upon our investigations, we have determined that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Spain of certain stainless steel products, as described in the "Scope of Investigations" section of this notice. The following programs are found to confer subsidies:

- Medium- and long-term preferential loans
- Short-term preferential loans (Privileged Circuit Exporter Credits which are working-capital loans)
- Cash grants

We determine the estimated net subsidy to be the amount indicated for each firm and for each product in the "Suspension of Liquidation" section of this notice. Although the estimated net subsidies for one company are zero, we have not excluded that company from these investigations for reasons stated in the "Suspension of Liquidation" section.

Case History

On February 17, 1982, we received a petition from counsel on behalf of eight domestic manufacturers of stainless steel products. These manufacturers are Al Tech Specialty Corporation, Armco Stainless Steel Division, Carpenter Technology Corporation, Colt Industries,

Inc.—Crucible Materials Group, Cyclops Corporation, Guterl Special Steel Corporation, Joslyn Stainless Steels and Republic Steel Corporation. The petition alleged that certain benefits which constitute subsidies within the meaning of section 303 of the Act are being provided, directly or indirectly, to the manufacturers, producers, or exporters in Spain of stainless steel wire rod, hot-rolled stainless steel bars and cold-formed stainless steel bars. We found the petition to contain sufficient grounds upon which to initiate countervailing duty investigations, and on March 3, 1982, we initiated countervailing duty investigations (47 FR 10268).

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

On April 14, 1982, the Office of the U.S. Trade Representative announced that Spain had become a "country under the Agreement" as set out in section 701(b) of the Act. As a result, Title VII applies to all countervailing duty investigations concerning merchandise from Spain. Accordingly, on April 29, 1982, we published a notice in the Federal Register (47 FR. 18401) of our termination of the investigations begun on March 3, 1982 under section 303, and of our initiation of investigations under Title VII of the Act as of April 14, 1982. Unless extended, the preliminary determinations in these investigations were due no later than June 18, 1982. We subsequently determined that these investigations were "extraordinarily complicated" as defined in section 703(c) of the Act, and extended the deadline for making our preliminary determinations to August 23, 1982 (47 FR 25392).

Since injury determinations are required for investigations involving a country under the Agreement, we advised the ITC of our initiation of investigations under Title VII. On June 10, 1982, the ITC determined that there is a reasonable indication that imports of hot-rolled stainless steel bars, cold-formed stainless steel bars and stainless steel wire rod are materially injuring, or threatening to materially injure, a U.S. industry.

We presented questionnaires concerning the allegations to the government of Spain in Washington,

D.C. On May 17, 1982, we received responses to the questionnaires. Supplemental responses were subsequently received. On August 23, 1982, we issued our preliminary determinations in these investigations (47 FR 38375). These stated that the government of Spain was providing its manufacturers, producers, or exporters of certain stainless steel products with benefits which constitute subsidies. The programs preliminarily determined to bestow countervailable benefits were:

- Medium- and long-term preferential loans
- Short-term preferential loans (Privileged Circuit Exporter Credits which are working-capital loans)

Scope of the Investigations

The products covered by these investigations are:

- Stainless steel wire rod
- Hot-rolled stainless steel bars
- Cold-formed stainless steel bars

The products are fully described in Appendix 1 to this notice.

Olarra, S.A. (Olarra); Roldan, S.A. (Roldan); S.A. Echevarria (Echevarria); Forjas Alavesas, S.A. (FASA); and La Calibradora Mecanica, S.A. are the only known producers and exporters in Spain of the subject products which were exported to the United States. The period for which we are measuring subsidization is the 1981 calendar year. Olarra, Roldan, and FASA operate on a calendar year basis.

Analysis of Programs

In its responses, the government of Spain provided data for the applicable periods. Additionally, we received information from the following firms, which produced and exported to the United States the products under investigation:

Firms	Product
Roldan	Hot-rolled stainless steel bars, cold-formed stainless steel bars, and stainless steel wire rod.
Olarra	Hot-rolled stainless steel bars and cold-formed stainless steel bars.
Forjas Alavesas	Cold-formed stainless steel bars.

FASA submitted its response subsequent to the preliminary affirmative determinations in these investigations. We did not receive a response from La Calibradora Mecanica S.A. and Echevarria. We used information available to the Department on Echevarria as best information available for these determinations. We are applying to La Calibradora Mecanica S.A. and any other manufacturer, producer or exporter, the

highest subsidy rate found in Spain for each product under these investigations.

Certain subsidies discussed in this notice were conveyed through decrees issued by the government of Spain. Those decrees include the following:

Decree 669/74 of March 14, 1974 (Concerted Action)—This decree established the National Steel Industry Program, 1974–1982. To achieve the specific goals established by this program, the government authorized certain benefits for the integrated and non-integrated steel firms which included preferential loans and loan terms, accelerated amortization of non-liquid investments, substantial reduction of certain taxes, and expropriation of land for new plant construction.

Decree 2206/1980 of October 18, 1980—This decree established Sdad. de Aceros Especiales (Aceriales) for the purpose of restructuring the Spanish specialty steel industry. Aceriales is comprised of representatives from the specialty steel industry, which includes representatives of the stainless steel industry, and the government. The Administrative Council of Aceriales is responsible for developing and executing a reconversion plan within the mandates of the government decree. The government has authorized funds for Aceriales through the Spanish Ministry of Industry and Energy and the Basque-country regional government to assist the association in achieving its goals.

Based upon our analysis of the petitions and the responses to our questionnaires, our verification and oral and written comments by interested parties, we determine the following:

I. Programs Determined to Confer Subsidies

We have determined that subsidies are being provided under the programs listed below to manufacturers, producers, or exporters in Spain of hot-rolled stainless steel bars, cold-formed stainless steel bars, and stainless steel wire rod.

Preferential Loans

Petitioners alleged benefits which constitute subsidies in the form of preferential loans and loan terms. The Department requested from each of the companies under investigation information on all loans outstanding during the period for which we are measuring subsidization.

1. *Medium- and long-term Preferential Loans*. Medium-term financing in Spain is from two to five years. Long-term financing is less prevalent and is usually for periods of approximately ten years.

We examined each loan reported to determine if the government was lending or had directed a bank to lend these funds to certain companies, sectors or regions in Spain at preferential rates or terms.

To calculate any subsidy on these loans, we compared the principal and interest payments the company would have made during a given time period on a comparable loan from a normal commercial lender with the amount actually paid on the loans in question.

The loans we examined in these investigations were obtained principally under the Concerted Action Program for steel. Normally, we would use a national average interest rate as the benchmark interest rate for this kind of program. In these investigations, however, we considered the private commercial loan experience of the individual companies, due to the long-term nature of the program and the widely varying degrees of participation in this program in general. Where comparable commercial loan experience was not available, we used as best information the national average commercial interest rate.

We used as the national commercial rate the average maximum interest rates published by the Banco de Espana for the year in which the loan in question was received. Where published, the appropriate monthly or quarterly rates were used. The only published information available to us for 1962–1969 was the fixed minimum rates established for that period by the government of Spain. From 1972–1977, rates were published for commercial and industrial banks. We used the industrial banks' maximum rate since these banks lent funds to industry and were the primary source of long-term money during this period. Commercial bank rates were used during all other time periods as industrial bank rates did not exist or were not available.

The preferential loans reported by the responding Spanish firms contained provisions for deferred principal repayment. We use the standard commercial terms associated with the benchmark when we construct a comparable commercial loan. We have information gathered in the context of other investigations involving Spain that indicates that this term is consistent with commercial practices. Therefore, for purposes of these determinations, we are not treating deferred principal repayment as a countervailable benefit.

We computed in each year of each loan the differential in payments between those made on the actual loan and those that would have been made

on a comparable commercial loan. We then calculated the present value of this stream of differentials in the year the loan was made, using as the discount rate for that year the average long-term government-bond yield for Spain. Where the bond yield was not available, we calculated it by dividing the government-bond rate by the commercial-bond rate in the nearest year for which these rates existed and applying the percentage that resulted to the commercial bond rate for the year in question.

Using the government-bond rate, this lump-sum benefit (present value of stream of differentials) was then allocated in constant nominal amounts over the life of the loan. The 1981 portion of the benefit was then further allocated over the total sales value of production reported by the company under investigation.

Multiple disbursements made under preferential loans were treated as individual loans. In such cases we used as the benchmark the commercial interest rate at the time of disbursement.

A discussion of our treatment of these loans on a company-by-company basis follows:

(1) *Roldan*: Roldan reported loans outstanding during the period for which we are measuring subsidization. They included two loans obtained under the Concerted Action Program for the steel industry. We found a subsidy flowing from these loans when the interest rates were less than the benchmark discussed earlier. Multiple disbursements from these loans were treated as individual loans.

We determine that the *ad valorem* subsidy for preferential medium- and long-term loans to Roldan is 1.31 percent.

(2) *Olarra*: Olarra declared voluntary bankruptcy on July 5, 1979. This effectively suspended payments of principal and interest on all debt of the company. In June 1981, a receivership plan, agreed to by the court and at least three-fourths of Olarra's creditors, established repayment terms for the pre-receivership debt. This debt is to be repaid over a seven year period at zero percent interest. The pre-receivership debt consisted of loans from suppliers, company bonds and bank loans. The bank loans were comprised of normal short- and long-term commercial credits and privileged circuit working-capital loans.

Post-receivership debt consists primarily of credit from suppliers. Bank credits in this period consisted entirely of short-term commercial loans.

Therefore, the loans that could convey a subsidy are the privileged circuit

working-capital loans contained in the aggregate debt of the receivership.

In limited cases, such as this, where the court has specifically recognized the company's receivership, we find that any benefits associated with loans incorporated in the receivership plan cease to exist. Furthermore, these working-capital loans are short-term loans that would generally have been paid off within a year of their issuance but for Olarra's declaration of bankruptcy.

(3) *FASA*: FASA reported loans outstanding during the period for which we are measuring subsidization. They included loans from Banco Credito Industrial, a government credit institution known to issue loans directed by the government to the Spanish steel industry. Two of the loans were obtained under the Concerted Action Program for the steel industry. We found a subsidy flowing from these loans when the interest rates were less than the benchmark rate discussed earlier. Multiple disbursements were made under both of these loans. Each disbursement was treated as a separate loan for purposes of these determinations.

We determine that the *ad valorem* subsidy for preferential medium- and long-term loans to FASA is 0.21 percent.

(4) *Echevarria*: Echevarria did not respond to our questionnaire but was identified by the government of Spain as a producer and exporter of all three products under investigation. Petitioners alleged that, in addition to the other programs available to exporters and firms in the Spanish steel industry, Echevarria received benefits that were specifically directed to it by the government of Spain. The Department had information on certain benefits directed to Echevarria from this and other investigations involving Spain. As petitioners did not quantify the benefits they claimed were specifically directed to Echevarria, we used the Department's information as the best available information on benefits to this firm for purposes of these determinations.

Our information indicates that in 1979 Echevarria received a government loan of 1.25 billion pesetas through the Council of Ministers. A Ministry of Economy Order dated January 15, 1980 directed a 2.5 billion peseta loan to Echevarria through the official lending institution, the Instituto de Credito Oficial.

No information has been provided since our preliminary determinations on the terms or conditions of these loans.

Consequently, we are using the same methodology employed in our

preliminary determinations to calculate the benefit of these loans to Echevarria. We are treating these loans as zero interest loans with terms and conditions equivalent to those found or preferential loans obtained by other companies in these investigations.

Echevarria's preliminary *ad valorem* subsidy rate for preferential loans did not reflect any subsidies which might arise from the company's participation in the Concerted Action Program for the steel industry. Such loans conveyed a countervailable benefit to the other exporters of the stainless steel products under investigation. Using the experience of these companies as best information available, we estimated Echevarria's benefit under the Concerted Action Program. We calculated the percentage these loan benefits comprised of the total 1981 long-term debt of each of the other stainless steel companies under investigation and applied the highest percentage to Echevarria's 1980 total long term debt. This figure was added to the benefits derived from other long-term preferential loans.

We calculated the benefit from these loans and allocated it over the estimated total sales value of Echevarria's steel production in 1981. We do not have Echevarria's 1981 sales figures. As best information we used its 1980 sales data to estimate 1981 sales figures. (See petitioner's comment 7 in Section IV of this notice for the reasons this was done.)

We determine that the *ad valorem* subsidy for these loans to Echevarria is 11.48 percent.

2. *Short-Term Loans*. The government of Spain requires all Spanish commercial banks to maintain a specific percentage of their lendable funds in privileged circuit accounts. These funds are made available to exporters at preferential interest rates through a variety of credit programs. While there is no direct outlay of government funds, the benefits conferred on the companies are the result of a government-mandated program to promote exports. Of the four privileged circuit programs identified in the notice of initiation, we determined that stainless steel producers benefited from one, the working-capital loans program.

Under the privileged circuit program, firms may obtain working-capital loans for less than one year, the total of which is not to exceed a specified percentage of their previous year's exports. In 1981 this percentage for firms without exporter's cards was 20 percent until November, when it was decreased to 16 percent. For firms with government-

issued exporter's cards, the applicable rates were 30 percent before November and 24 percent thereafter. On April 14, 1982, the percentage was further reduced to 22.5 percent for firms with exporter's card and to 15 percent for firms without such cards.

In 1981, the privileged circuit working-capital loan interest rate ceiling mandated by the government was 10 percent, including fees and commissions. Working-capital loans are available throughout Spain to all exporters meeting eligibility requirements. In such instances we calculate the subsidy by comparing the preferential interest rate with the national average commercial interest rate on loans with similar terms and conditions.

Of the three companies responding, Roldan and FASA obtained working capital loans during the period for which we are measuring subsidization. While Olarra has used the program in the past, it has not obtained privileged circuit working-capital loans as recently as calendar years 1980 and 1981.

The loans obtained by Roland and FASA were approximately one year in length. We determined that during the period that they received their working-capital loans, the average prime interest rate was 16.94 percent for loans of approximately one year and that the average borrower paid 2 percentage points over the prime rate for loans of this type.

As the 10 percent working-capital loan rate includes fees and commissions, we also make an addition of 0.5 percent to the commercial rate, which by Spanish law is the maximum allowable charge for fees and commissions. Based on these data, we determined the national average commercial interest rate to average borrowers to be 19.44 percent for one year loans, including fees and commissions.

Since Roldan and FASA are the principal exporters to the United States of the products under investigation who received working-capital loans, we used their participation in the program to determine the *ad valorem* subsidy conferred by this program on the stainless steel producers. We did not have sufficient information to include in these calculations the subsidy rates for those firms not responding to our questionnaire.

To determine the benefit, the interest differential of 9.44 percent was applied to the total privileged circuit working-capital loans received by these firms in 1981. This benefit was prorated over the sales value of their total exports to arrive at an *ad valorem* subsidy to

stainless steel producers, with the exception of Olarra, of 1.88 percent.

As mentioned earlier, Olarra is in receivership. We consider any benefits associated with pre-receivership privileged circuit working-capital loans to have been lost when the loans were incorporated into Olarra's receivership debt. However, Olarra received these benefits in the past and if its financial condition improves, Olarra could again qualify and obtain benefits under this program in the future. For that reason, Olarra is not being excluded from the final determinations in these investigations.

Grants

The response of Aceriales indicates that it disbursed funds to three of its member companies in 1980 and 1981. Echevarria received 477 million pesetas in 1980 and 1.3 billion pesetas in 1981.

As discussed previously, Aceriales receives most of its funding from the government. Through the end of 1981, virtually all of Aceriales' funds came from the Spanish central or Basque regional governments. In the preliminary determinations we considered the 1980 Aceriales disbursement a zero interest loan. We also treated the 1981 disbursement as a zero interest loan but found that any subsidy flowing from it would occur outside the period for which we are measuring subsidization. However, verification of Aceriales revealed these disbursements to be untied cash grants meant to keep companies such as Echevarria in operation until a reconversion plan could be implemented. Accordingly, we are treating Aceriales' disbursements to Echevarria as government-directed grants.

We used present value to determine the amount of the subsidy. We allocated the grants over 15 years, a period of time reflecting the average life of capital assets in integrated steel mills. The 15-year figure is based on Internal Revenue Service studies of actual experience in integrated mills in the United States. Furthermore, we understand that a 15-year period is a common useful life adopted in other countries for steel capital equipment. This allocation was made using as the discount rate the average long-term government-bond yield in the year the grants were received. We then allocated the 1981 portions of these grants over our estimate of Echevarria's total sales value of steel production in 1981 to arrive at an *ad valorem* subsidy of 2.07 percent.

II. Programs Determined Not To Confer Subsidies

We have determined that subsidies are not being provided under the following programs to manufacturers, producers, or exporters in Spain of the products under investigation.

A. *Desgravacion Fiscal a la Exportacion (DFE)*

Spain employs a cascading tax system. A turnover tax (IGTE) is levied on each sale of a product through its various stages of production, up to (but not including) the ultimate sale at the retail level. The DFE is the mechanism used in Spain for the rebate of these accumulated taxes (hereafter referred to as "indirect taxes") upon exportation of that product. In calculating the DFE payments to be rebated to exporters, the Spanish used an input-output table of the economy that defined indirect tax incidences on a sectoral basis. This is the basis for a schedule of border taxes (ICGI) designed to subject imported goods to a tax burden equivalent to that borne by an identical or similar item produced in Spain. The DFE is tied by law to the level of the ICGI.

To demonstrate the actual indirect tax incidence on each product under investigation, the government of Spain provided a "structure of cost" analysis of each product. This identified inputs incorporated into each product, the percentage each input comprised of the export price of each product, and the indirect tax incidence burdening each input. The "structure of cost" indicated that billets, the major input physically incorporated into stainless steel wire rod and hot-rolled stainless steel bars, accounted for approximately 67 percent and 73 percent of the f.o.b. export price of each product respectively. For cold-formed stainless steel bars the physically incorporated input of hot-rolled bars comprised 79 percent of its f.o.b. export price. The remaining factors in the cost of producing each of the subject products were not identified in this "structure of cost" and, therefore, these other factors were not considered in the calculation of the total indirect tax incidence of items physically incorporated into the production of these products. We verified the inputs and their relationship to the export price of the finished product from each company's production records. Our verification of these figures at Roldan, FASA and Olarra indicated that the government of Spain's "structure of cost" inputs and percentages reasonably represented the investigated companies' actual experience.

Based on the 1980 IGTE tax rate of 2.4 percent, the total indirect tax burden (including two final stage taxes) in 1980 on each product under investigation was 12.04 percent for hot-rolled stainless steel bars, 13.01 percent for cold-formed stainless steel bars and 11.11 percent for stainless steel wire rod. The DFE rate in 1980 would have constituted an overrebate of indirect taxes because the DFE rebate for each product was 14.5 percent. However, in January, 1981, the government of Spain increased the IGTE rate by 58 percent to 3.8 percent; and in January, 1982, further increased the IGTE to 4.6 percent. As a result of these increases in the tax rate the indirect tax burden on each product exceeds the 14.5 percent DFE rate and the overrebate is eliminated. Therefore, we determine that the current DFE rebate of 14.5 percent is less than the indirect tax burden currently borne by each product and thus, in these cases, the DFE does not confer a subsidy.

B. Export Credit Insurance

The Compania Espanola de Seguros de Credito a la Exportacion, S.A. (CESCE), 51 percent of which is owned by the government of Spain, provides export insurance to cover commercial and political risks, exchange rate fluctuations and inflation risks. No other insurance company provides similar coverage. Only Rolan used CESCE insurance on certain of its shipments to the United States. In our preliminary determinations we determined that we did not have sufficient information about CESCE to evaluate its operations.

The government owns a majority of CESCE's stock and holds six of the fourteen seats on CESCE's Board of Directors. CESCE receives no funds from the government. According to CESCE's recent annual reports, its insurance premiums cover the long-term costs of the insurance program. Therefore, we determine that respondent's use of CESCE export insurance is not a subsidy.

III. Programs Determined Not To Be Used or Not Applicable

We have determined that the following programs which were identified in the notice of "Initiation of Countervailing Duty Investigations of Certain Stainless Products From Spain" are not applicable to these investigations or are used by the manufacturers, producers, or exporters in Spain of the products under investigation.

A. Certain Privileged Circuit Exporter Credits

Privileged Circuit Export Credits were discussed in general previously in this notice. One program, working-capital loans, has been determined to provide subsidies to manufacturers, producers, or exporters of the products under investigation.

The three remaining privileged circuit programs identified in our notice of initiation were not used. They are:

- (1) Commercial services loans
- (2) Short-term export credit
- (3) Prefinancing exports

B. Warehouse Construction Loans

Exporters desiring to construct warehouse facilities adjacent to loading zones may borrow 70-75 percent of the total investment. Respondents state they received no loans under this program.

Our verification of company records and loan documents corroborates this statement.

C. Regional Investment Incentive Programs

The government of Spain, as well as regional and municipal authorities, provides investment incentive programs which vary according to the region of the country. The manufacturing facilities of FASA and Olarra are located in provinces which were not eligible for benefits under government programs. While Roldan's plant is located in an eligible province (Leon), our verification of Roldan's records found no evidence that it participated in these programs. This was further verified by examining the applications and approvals for regional development assistance in the files of the Spanish Ministry of Industry.

D. Equity Infusion

Petitioners alleged that the government of Spain obtained 51 percent ownership in Olarra during the formation of Aceriales in 1980. Olarra states that it received no funds from Aceriales and that it has been a privately held company since at least 1980. Our verification of Aceriales and Olarra confirms the fact that Olarra received no funds from Aceriales in 1980 or 1981.

E. Special Credits to Aceros de Llodio

Petitioners considered Aceros de Llodio a producer and exporter of the stainless steel products under investigation and included it in their allegations as the recipient of special credits from the government of Spain. However, the government did not identify this company as an exporter of the products under investigation, nor did

verification reveal Aceros de Llodio to be a producer or exporter of these stainless steel products.

F. Research and Development (R & D) Incentives

Firms located in Spain may receive government loans covering up to 50 percent of the cost of R & D projects. Up to 90 percent of the loan may be forgiven. The remaining 10 percent is treated as a loan at zero interest. We verified from records of the Ministry of Education and Science that none of the manufacturers, producers, or exporters in Spain of the products subject to these investigations has obtained approval for any R & D projects under this program since at least 1970.

IV. Petitioners' Comments

Comment 1

Counsel for petitioners states that by using present value to allocate the benefit from preferential loans in constant amounts over the life of a loan, we overlook the fact that the benefit affects only the company's current account. They argue that our subsidy calculations should include the actual interest differential that exists during the period for which we are measuring subsidization. Additionally, if present value continues to be used, they argue that both the benefit and company sales should be expressed as annuities. No method of forecasting future sales has been proposed.

DOC Position

Present value has been used in these determinations. Counsel's methodology would lead, for loan terms such as deferred principal repayment, to countervailing duties that exceed the total net subsidies. This is avoided with our current present value methodology. For a more comprehensive discussion of present value and our reasons for using it, see Appendix 2 to the final countervailing duty determination concerning Certain Steel Products from Spain published in the Federal Register (hereinafter referred to as Appendix 2). Counsel's second proposal has not been adopted because it requires economic analysis that could not be completed within the time frame of these investigations. Additionally, we see no advantage to such studies because the sales figures they produce are simply estimates.

Comment 2

Counsel for petitioners contends that the Department should have considered deferred principal repayment and loan

terms in excess of 10 years as preferential.

DOC Position

If the preferential loan is part of a broad lending program, we use a national average commercial interest rate with standard commercial terms as our benchmark. We have information from the Department's concurrent investigations concerning certain steel products from Spain that deferred principal repayment is a standard commercial term. Accordingly, we have not treated deferred principal repayments as a preferential benefit to the stainless steel industry.

The Department used ten years to describe for recent years the approximate length of long-term loans in Spain. We also examined recent loans obtained by the responding stainless steel companies and found them not to vary significantly from this figure.

Comment 3

Counsel argues that the nationwide benchmark interest rate used by the Department in its preferential long-term loan methodology reflects a national average of all sectors of the economy and not rates which would be available to a depressed specialty steel industry.

DOC Position

If the preferential loan is part of a broad, national lending program, we use a national average commercial interest rate as our benchmark. If the loan program is instead targeted to a particular company, the benchmark used instead, where available, is the company's actual commercial credit experience (e.g., a contemporaneous loan to the company from a private commercial lender). If there were no similar loans, the national commercial loan rate is used as a substitute rate. For a more comprehensive discussion of this issue, see Appendix 2.

Comment 4

Counsel suggests that the subsidies derived from long-term preferential loans were allocated across the entire sales figures of the subject companies without excluding from these figures items not benefiting from the loans.

DOC Position

The sales of Roldan and FASA contained no items that did not benefit from the subsidies in question.

Comment 5

Counsel argues that the absence of complete information on specific loans prevents problems in calculating subsidy levels for long-term loans.

DOC Position

During verification we reviewed for each responding company the terms and conditions of their outstanding loans during the period for which we are measuring subsidization. These terms and conditions have been incorporated in these final determinations.

Comment 6

Counsel argues that the Department should have treated the disbursements by Aceriales to Echevarria as grants. Additionally, all companies' subsidy calculations should include benefits obtained from Aceriales in 1981.

DOC Position

We learned during our verification of Aceriales that its disbursements during 1980 and 1981 were cash grants and not loans. Accordingly, we used the grant methodology to calculate the subsidy resulting from the disbursements in 1980 and 1981. Aceriales provided no further countervailable benefits to any other exporters or producers of the stainless steel products covered by these investigations.

Comment 7

Counsel for petitioners argues that the Department should not use the percentage increase in Echevarria's total sales from 1978 to 1979 to estimate the 1981 total sales figure.

DOC Position

Echevarria did not respond to our countervailing duty questionnaire. We used the percentage increase from 1978 to 1979 to estimate first 1980 and then 1981 sales figures for Echevarria. Petitioner subsequently supplied information that contained Echevarria's 1980 sales figure. We agree with petitioner and are using the 1980 sales figures with no adjustments as the best information available to calculate Echevarria's subsidies in 1981.

Comment 8

Counsel contends that Olarra should not be excluded from the Department's calculations of net subsidies because of the company's receivership status.

DOC Position

At verification we found that Olarra went into receivership in 1979 and has operated under a receivership plan since that time.

Subsequent to receivership Olarra has relied entirely on financing from private institutions, creditors, and suppliers. Therefore, the loans in issue are the privileged circuit working-capital loans contained in the pre-receivership debt. We consider any benefits associated

with the privileged circuit working-capital loans to have been lost when they were incorporated into the receivership debt and plan of the company. As no preferential loans were found in the post-receivership period, we have determined that Olarra is not receiving benefits from such loans during the period for which we are measuring subsidization. Since its subsidy rate is zero, it was excluded from the calculations. It was not excluded from these determinations, however, since it received benefits in the past and may qualify for and obtain preferential loans under the Privileged Circuit Program in the future.

Comment 9

Counsel for petitioners argues that the data base on which the DFE rebate was established is outdated.

DOC Position

The data base for the calculation of the rebates is the current-dollar, value-based coefficients of industry input relative to total industry input in 1958. These coefficients are subject to change as the technical structure of production and prices of unit inputs shift over time. We have accepted the data base and methodology used by the Spanish in estimating the tax rebate associated with the DFE. In addition, we believe that since price changes, productivity increases, technical changes in the production function and industry substitutions of inputs and outputs have a long-term tendency to compensate for each other, on the average, any additional precision that would be obtained from using more recent values and coefficients would have only a *de minimis* effect on that calculation.

V. Respondents' Comments

Comment 1

Counsel for respondents argues that the benchmark interest rates used in the preliminary determinations are extraordinarily high so that banks may recover operating losses incurred when they participate in statutorily mandated, public interest investment programs which involve low interest loans such as the privileged circuit program. The steel industry borrows significant amounts commercially as well as participating in the privileged circuit programs. Counsel contends that the steel industry in fact receives no subsidy since it ends up paying for the lower privileged circuit rates, through higher commercial rates and charges. If the program is determined to convey a countervailable benefit, counsel argues that

benchmark rates should be adjusted downward.

DOC Position

The banks may have increased their commercial interest rates to pay for the cost of the privileged circuit program. The fact that everyone, including the steel companies, pays these higher commercial rates does not eliminate the benefits conveyed to exporters participating in the privileged circuit program. We do not agree that for this reason the benchmark interest rates should be adjusted downward. We are, in fact, proscribed by law from making the kind of offset that counsel suggests. The benchmark interest rates used in these final determinations represent the commercially available rates on comparable loans.

Comment 2

Counsel argues that in the preliminary determinations the Department overstated the weighted-average subsidy in connection with the working-capital loans by not using short-term commercial interest rates published by the Bank of Spain reflecting rates actually charged for short-term loans and by not taking into account the prepayment of interest on working-capital loans.

DOC Position

The Bank of Spain interest rates referred to by counsel were first published for the period June through December 1982. They are described in a Bank of Spain publication as the weighted-average medium rates for loans with personal guarantees. During verification we found short-term loans with and without guarantees. We are not using the rates proposed by counsel because these rates do not take into consideration loans made with other forms of guarantees or loans without benefit of guarantees.

Concerning prepayment of interest, the payment terms on these loans are not mandated by the government. They are negotiated with the bank and vary with the company. It is not our policy on broad, national lending programs such as this one to make adjustments on a loan-by-loan basis. Furthermore, we do not believe that our calculations would be significantly affected since commercial loans carry the same terms and would similarly be adjusted.

Comment 3

Counsel contends that privileged circuit working-capital loans of one year or less are taken out in approximately June of each year and, therefore, any calculation of interest differential for

loans obtained in 1980 and paid in the first 6 months of 1981 should reflect the difference between the applicable June 1980 working-capital rate and short-term commercial interest rates.

DOC Position

Our calculations include the privileged circuit working-capital loans obtained in 1981. Therefore, we used the interest differential in effect in 1981 when these loans were received to calculate any benefit.

Comment 4

Respondents' counsel argue that a company-specific benchmark should be used to determine the benefit conferred to a company from the privileged circuit working-capital loan program. One counsel argues that it is inherently unfair to use the same benchmark for a company in poor financial condition with a company in good financial condition.

DOC Position

If the preferential loan is part of a broad, national lending program such as this one, we use a national average commercial interest rate as our benchmark. In general, we did not find the rates obtained by the companies on commercial loans to be affected by the financial health of the company.

Verification

In accordance with section 776(a) of the Act, we verified data used in making our final determinations. During this verification we followed normal procedures including inspection of documents, discussions with government and trade association officials, and inspection of the manufacturers' production methods and records. In certain cases where no information was provided, we used best information available as discussed in this notice.

Administrative Procedures

The Department has afforded interested parties an opportunity to present oral views in accordance with its regulations (19 CFR 335.35). A public hearing was held on September 30, 1982. In accordance with the Department's regulations (19 CFR 355.34(a)), written views have been received and considered.

Suspension of Liquidation

The suspension of liquidation ordered in our preliminary affirmative countervailing duty determinations shall remain in effect until further notice. The estimated net subsidy for each firm and

for each product is changed from the preliminary determinations as follows:

Manufacturer/producer/exporter	Ad- versum rate (percent)
Roldan:	
Hot Rolled Stainless Steel Bars	3.19
Cold-Formed Stainless Steel Bars	3.19
Stainless Steel Wire Rod	3.19
Forjas Alavesas Cold-Formed Stainless Steel Bars	2.09
Olara:	
Hot Rolled Stainless Steel Bars	
Cold-Formed Stainless Steel Bars	
S.A. Echevarria:	
Hot Rolled Stainless Steel Bars	15.43
Cold-Formed Stainless Steel Bars	15.43
Stainless Steel Wire Rod	15.43

As explained above, we have determined that no subsidy is currently being provided to Olarra. However, because of its financial condition and its past participation in certain programs known to convey countervailing benefits, Olarra is not being excluded from these final affirmative countervailing duty determinations.

	Percent
All Other Manufacturers/Producers/Exporters:	
Hot-Rolled Stainless Steel Bars	15.43
Cold-Formed Stainless Steel Bars	15.43
Stainless Steel Wire Rod	15.43

We are directing the United States Customs Service to require a cash deposit or posting of a bond in the amount indicated above for each entry of the subject merchandise entered or withdrawn from warehouse for U.S. consumption on or after the date of publication of this notice in the Federal Register. Where the manufacturer is not the exporter, and the manufacturer is known, the rate for that manufacturer shall be used in determining the amount of cash deposit or bond. If the manufacturer is unknown, the rate for all other manufacturers/producers/exporters shall be used. Where a company specifically listed above has not exported a particular product under investigation during the period for which we are measuring subsidization, the amount of cash deposit or bond for these products shall be based on the highest rate for products that were exported by that company.

ITC Notifications

In accordance with section 705(d) of the Act, we will notify the ITC of our determinations. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to these investigations. We will allow the ITC access to all privileged and confidential information in our files, provided the

ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

If the ITC determines that material injury or threat of material injury, does not exist, this proceeding will be terminated and all securities posted or cash deposited as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, within seven days of notification by the ITC of that determination, we will issue a countervailing duty order, directing Customs officers to assess a countervailing duty on certain stainless steel products from Spain entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the net subsidies determined or estimated to exist as a result of the annual review process prescribed by section 751 of the Act. The provision of section 707(a) of the Act will apply to the first directive for assessment.

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

Lawrence J. Brady,

Assistant Secretary for Trade Administration.

Appendix 1

For purpose of these investigations:

1. The term "stainless steel wire rod" covers a coiled, semi-finished, hot-rolled stainless steel product of solid cross section, approximately round in cross section, not under 0.20 inches nor over 0.74 inch in diameter, not tempered, not treated, and not partly manufactured as currently provided for in item 607.26 of the *Tariff Schedules of the United States (TSUS)* or if tempered, treated, or partly manufactured as provided for in item 607.43 of the TSUS.

2. The term "hot-rolled stainless steel bars" covers hot-rolled stainless steel products of solid section having cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons or octagons, not coated or plated with metal as currently provided for in item 606.9005 of the *Tariff Schedules of the United States Annotated*.

3. The term "Cold-formed stainless steel bars" covers cold-formed stainless steel products of solid section having cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons or octagons, not coated or plated with metal as currently provided for in item 606.9010 of the

Tariff Schedules of the United States Annotated.

Stainless steel is an alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium. Iron must predominate by weight and the alloy is malleable as first cast. Alloy steel is defined as a steel which contains one or more of the following elements in the quantity, by weight, respectively indicated:

Over 1.85 percent of manganese, or
Over 0.25 percent of phosphorus, or
Over 0.35 percent of sulphur, or
Over 0.60 percent of silicon, or
Over 0.60 percent of copper, or
Over 0.30 percent of aluminum, or
Over 0.20 percent of chromium, or
Over 0.30 percent of cobalt, or
Over 0.35 percent of lead, or
Over 0.50 percent of nickel, or
Over 0.30 percent of tungsten, or
Over 0.10 percent of any other metallic element.

(FR Doc. 82-31205 Filed 11-12-82; 8:45 am)

BILLING CODE 3510-25-M

Preliminary Determination of Sales at Less Than Fair Value; Sodium Nitrate From Chile

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of Preliminary Determination of Sales at Less Than Fair Value: Sodium Nitrate From Chile.

SUMMARY: We have preliminarily determined that sodium nitrate from Chile is being sold, or is likely to be sold, in the United States at less than fair value. Therefore, we have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend liquidation of all entries of the subject merchandise which are entered, or withdrawn from warehouse for consumption, on or after the date of publication of this notice and to require a cash deposit or bond for each such entry in an amount equal to the estimated dumping margin as described in the "Suspension of Liquidation" section of this notice.

If this investigation proceeds normally, we will make our final determination by January 22, 1983.

EFFECTIVE DATE: November 15, 1982.

FOR FURTHER INFORMATION CONTACT: Steven Morrison, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone (202) 377-3965.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have preliminarily determined that there is a reasonable basis to believe or suspect that sodium nitrate from Chile is being sold, or is likely to be sold, in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act).

For agricultural grade (less than 98% pure) sodium nitrate, we have found that the foreign market value exceeded the United States price on 55.8% of sales. These margins ranged from 0.2% to 24.2%. The overall weighted-average margin on all agricultural grade sales is \$3.56 per short ton.

For industrial grade (98% or more pure) sodium nitrate, we have found that the foreign market value exceeded the United States price on 100% of sales. These margins ranged from 20.1% to 112.9%. The overall weighted-average margin on all industrial grade sales is \$43.59 per short ton.

We have calculated two margins, one for each grade of sodium nitrate. We did so because the two grades had significantly differing costs and differing pricing policy. The ITC observed, in its preliminary determination, that sodium nitrate manufactured in the United States is generally not price competitive with the imported agricultural grade sodium nitrate. Although the lower priced agricultural grade Chilean sodium nitrate is sometimes used for industrial purposes, we believe that the limited area of grade-price competition is another reason for treating sales below margin for each of the two grades separately.

If this investigation proceeds normally, we will make our final determination by January 22, 1983.

Case History

On April 12, 1982, we received a petition from Olin Corporation of Stamford, Connecticut, the domestic producer of sodium nitrate. The petitions alleged that sodium nitrate from Chile is being, or is likely to be sold, in the United States at less than fair value, and that such sales are materially injuring, or are threatening to materially injure, a United States industry. The petitioner also alleged sales in the home market at prices below the cost of production, and that "critical circumstances," as defined in section 733(e) of the Tariff Act of 1930, as amended (the Act), exist in this case.

After reviewing the petition, we determined it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our

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APPENDIX B
COMMISSION'S NOTICE
OF
INSTITUTION OF FINAL INVESTIGATION

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so be it. Inherent in the legislative history of the 1979 Act seems to be the belief that the Commission's expertise resides largely in the application of law to different fact situations, many of which may be unique. That the language of the statute, in general, directs us to focus only on the impact of the imported merchandise cannot be read to preclude the interaction of fact and language, as a practical matter, calling for focus on the impact of the subsidy or of the practice of LTFV sales.²⁴ Indeed, consistency in the application of language to fact need not render the same analytical process in all instances. The application of our understanding of the law is made variable by virtue of the differing fact situations we confront, thus, variations that may arise in the analytical process, while maintaining consistency in the application of statutory language, ought not to be surprising or disturbing. In contrast, compelling the analytical process to be the same each time certain statutory language is used in the context of differing facts seems to run much too close to analytical rigidity.

The plain language in the statute that we are to find material injury by reason of the particular merchandise under investigation as it is applied in the context of an investigation characterized by (a) an allegation of material injury by reason of imports of subsidized merchandise, (b) a pre-existing finding of material injury by reason of imports of merchandise sold at less than fair value and (c) the merchandise in question being largely identical to that having the pre-existing finding, would seem to compel an analytical process in which we are to distinguish those factors of causation related to the former finding from those related to the instant allegation.

The best way I can see at this point to meet this obligation is to analyze the instant allegation on a basis of those features which are different in the two investigations. It may be that conditions in the marketplace are different, that the nature of the domestic industry is different, that factors related to the imports are different or that, indeed, the subsidized aspect of the merchandise has an impact different from that of the less than fair value sales aspect.

²⁴As I observed in my Additional Views in *Nolls*, which is a standard which focuses on the relationship between merchandise and harm is a lower standard than that requiring a nexus between LTFV sales and harm. If "LTFV" was, however, that if the latter is not the best standard for the purpose of the statute. The standard for the purpose of the statute is that of a causal relationship between LTFV sales and harm, not merely a correlation.

Whatever the distinction, if our finding here is to be by reason of the merchandise under investigation, to wit subsidized fireplace mesh panels from Taiwan, then it seems to me we must be able to identify how the subsidized character of the merchandise and not the LTFV character of the merchandise is causing material injury. To undertake this kind of analytical process given the fact situation here seems to me only to be logical. Moreover, it does not seem to be a disturbing inconsistency when compared to the use of a different analytical process when applying the language to a situation in which the merchandise in question has not been found otherwise to be in violation of Title VII.

As I have said before, resolving complex issues of law or fact or complex mixed questions is best left for final investigations if less complex bases for finding a reasonable indication can be relied upon. In this connection, I repeat my concurrence with the majority, but heartily invite parties to address the issue I have raised here.

By order of the Commission.

Issued: September 3, 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-25366 Filed 9-14-82; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 701-TA-176 Through 178 (Final)]

Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod From Spain

AGENCY: International Trade Commission.

ACTION: Institution of final countervailing duty investigations.

SUMMARY: As a result of a preliminary determination by the United States Department of Commerce that the government of Spain is providing subsidies to the manufacturers, producers, or exporters of certain stainless steel products within the meaning of section 701 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigations Nos. 701-TA-176 through 178 (Final) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of hot-rolled stainless steel bar, cold-formed stainless

steel bar, and stainless steel-wire rod, provided for in item 606.90 (hot-rolled and cold formed stainless steel bars) and items 607.28 and 607.43 (stainless steel wire rod) of the Tariff Schedules of the United States. These investigations will be conducted according to the provisions of part 207, subpart C, of the Commission's Rules of Practice and Procedure (19 CFR 207, 44 FR 76458).

EFFECTIVE DATE: September 9, 1982.

FOR FURTHER INFORMATION CONTACT: Mr. Larry Reavis, Office of Investigations, U.S. International Trade Commission, Room 341, 701 E Street NW., Washington, D.C. 20436; telephone 202-523-0296.

SUPPLEMENTARY INFORMATION:

Background

On June 2, 1982, the Commission unanimously determined, on the basis of the information developed during the course of investigations Nos. 701-TA-176 through 178 (Preliminary), that there was a reasonable indication that an industry in the United States was materially injured, or was threatened with material injury, by reason of imports of the above-named products alleged to be subsidized by the government of Spain. As a result of the Commission's affirmative preliminary determination, the Department of Commerce continued its investigation into the question of subsidies. Unless the investigation is extended, the final subsidiary determination will be made by the Department of Commerce on or before November 8, 1982.

A staff report containing preliminary findings of fact will be available to all interested parties on November 4, 1982.

Service of documents.—Any interested person may appear in these investigations as a party, either in person or by representative, by filing an entry of appearance with the Secretary in accordance with § 201.11 of the Commission's rules (19 CFR 201.11). Each entry of appearance must be filed with the Secretary no later than 21 days after the publication of this notice in the Federal Register.

The Secretary will compile a service list from the entries of appearance filed in these final investigations and from the Commission's record in the preliminary investigations. Any party submitting a document in connection with these investigations shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR § 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the

requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)).

In addition to the foregoing, each document filed with the Commission in the course of this investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions: Any person may submit to the Commission a written statement of information pertinent to the subject of these investigations. A signed original and fourteen (14) true copies of each submission must be filed at the Office of the Secretary, U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436, on or before November 24, 1982. All written submissions, except for confidential business data, will be available for public inspection.

Any business information for which confidential business treatment is desired must be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6).

Public hearing: The Commission will hold a public hearing in connection with these investigations on November 16, 1982, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 9:30 a.m. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.), on November 3, 1982. All persons desiring to appear at the hearing and make oral presentations must file prehearing statements and should attend a prehearing conference to be held at 9:30 a.m. on November 4, 1982, in Room 117 of the U.S. International Trade Commission Building. Prehearing statements must be filed on or before November 12, 1982.

-Testimony at the public hearing is governed by § 207.23 of the Commission's Rules of Practice and Procedure (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing statements and to new information. The Commission will not receive prepared testimony for the public hearing, as would otherwise be provided for by rule § 201.12(d). All legal arguments, economic analyses, and other materials relevant to the public hearing

should be included in prehearing statements in accordance with § 207.22.

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

This notice is published pursuant to § 207.20 of the Commission's Rules of Practice and Procedure (19 CFR 207.20, 44 FR 76472).

By order of the Commission.
Issued: September 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-25356 Filed 9-14-82; 8:45 am]
BILLING CODE 7020-02-M

NATIONAL ADVISORY COMMITTEE ON OCEANS AND ATMOSPHERE

Hydrology Panel; Meeting

Pursuant to Section 10(a)(2), of the Federal Advisory Committee Act, 5 U.S.C. App. (1976), notice is hereby given that the Hydrology Panel of the National Advisory Committee on Oceans and Atmosphere (NACOA) will meet on Friday, October 1, 1982. The Panel will meet in Washington, D.C. at Page Building #1, Room B-100A, 2001 Wisconsin Avenue, NW. The session, which will be open to the public, will convene at 9:00 a.m. and adjourn at 3:00 p.m. This panel meeting will be worksession on the draft report.

Persons desiring to attend will be admitted to the extent seating is available. Persons wishing to make formal statements should notify the Chairperson of the Hydrology Panel, Dr. Paul Bock. The Chairperson retains the prerogative to impose limits on the duration of oral statements and discussion. Written statements may be submitted before or after each session.

Additional information concerning this meeting may be obtained through the NACOA Executive Director, Mr. Steven N. Anastasion, or James A. Almazan, the Staff Member for the Hydrology Panel. The mailing address is: NACOA, 3300 Whitehaven Street, NW, (Suite 438, Page Building #1), Washington, DC 20235.

Dated: September 10, 1982.

Steven N. Anastasion,
Executive Director.

[FR Doc. 82-25356 Filed 9-14-82; 8:45 am]
BILLING CODE 3510-12-M

NATIONAL AERONAUTICS AND SPACE ADMINISTRATION

[Notice (82-51)]

NASA Advisory Council (NAC), Life Sciences Advisory Committee; Meeting

AGENCY: National Aeronautics and
Space Administration.

ACTION: Notice of meeting.

SUMMARY: In accordance with the Federal Advisory Committee Act, Pub. L. 92-463, as amended, the National Aeronautics and Space Administration announces a forthcoming meeting of the NASA Advisory Council, Life Sciences Advisory Committee (LSAC).

DATE AND TIME: October 1, 1982, 10 a.m. to 4:30 p.m.; October 2, 1982, 8:30 a.m. to 5 p.m.

ADDRESS: NASA Headquarters, Room 5026, 400 Maryland Ave. SW, Washington, DC 20548.

FOR FURTHER INFORMATION CONTACT:

Dr. William P. Bishop, Code EB-3, National Aeronautics and Space Administration, Washington, DC 20548 (202/755-3726).

SUPPLEMENTARY INFORMATION: The Life Sciences Advisory Committee consults with and advises the Council and NASA on the accomplishments and plans of NASA's Life Sciences Programs.

This meeting will be closed to the public from 3:30 p.m. to 5 p.m. on October 2 for a discussion of candidates being considered for Committee membership. During this session, the qualifications of proposed new members will be candidly discussed and appraised. Since this session will be concerned throughout with matters listed in 5 U.S.C. 552b(c)(6), it has been determined that this session should be closed to the public. The remainder of the meeting will be open to the public up to the seating capacity of the room (approximately 50 persons including committee members and other participants).

TYPE OF MEETING: Open—except for a closed session as noted in the agenda below.

October 1, 1982

10 a.m.—Space Motion Sickness (Open session).

October 2, 1982

8:30 a.m.—Space Station (Open session).
12:30 p.m.—Second Dedicated Mission (Open session).

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APPENDIX C
CALENDAR OF PUBLIC HEARING

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TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Hot-Rolled Stainless Steel Bar,
Cold-Formed Stainless Steel Bar,
and Stainless Steel Wire Rod
from Spain

Inv. Nos. : 701-TA-176 through 178 (Final)

Date and time: November 16, 1982 - 9:30 a.m., e.s.t.

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

In support of the imposition of countervailing duties:

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

Al Tech Specialty Steel Corporation,
Armco Stainless Steel Division,
Carpenter Technology Corporation,
Colt Industries, Inc. (Crucible Materials Group),
Cyclops Corporation, Guterl Special Steel Corporation,
Joslyn Stainless Steel, and Republic Steel Corporation

Paul Roedel, President and Chief Executive Officer,
Carpenter Technology Corporation

Warren Bickerton, President, Crucible Materials
Group, Colt Industries, Inc.

Bruce Malashevich, Economic Consulting Services, Inc.,
Washington, D.C.

Thomas Frappier, Director of Marketing, Joslyn
Stainless Steel

David A. Hartquist)
Alan M. Dunn)--OF COUNSEL

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In opposition to the imposition of countervailing duties:

George V. Egge, Jr.--Counsel
Washington, D.C.
on behalf of

The Unión de Empresas Siderúrgicas (UNESID), the
Spanish Steel Producers' Association, and its member
companies

George V. Egge, Jr.--OF COUNSEL

APPENDIX D
PRODUCT LIST

- PRODUCT 1: Stainless steel bars, hot-rolled, AISI grade 303, 1/2" round.
- PRODUCT 2: Stainless steel bars, hot-rolled, AISI grade 316, 2" to 2.5" round.
- PRODUCT 3: Stainless steel bars, cold-formed, AISI grade 303, 1/2" round.
- PRODUCT 4: Stainless steel bars, cold-formed, AISI grade 316, 2" to 2.5" round.
- PRODUCT 5: Stainless steel wire rod, AISI grade 304, .215" to .25" round.
- PRODUCT 6: Stainless steel wire rod, AISI grade 316, .215" to .25" round.

APPENDIX E
STATISTICAL TABLES

(Tables E-1 - E-4 are Business Confidential)

