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

Determinations of the Commission in Investigations Nos. 701-TA-179 through 181 (Final) Under the Tariff Act of 1930 Together With the Information Obtained in the Investigations

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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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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-179 Through 181 (Final)

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

Determinations

On the basis of the record 1/ developed in investigations Nos. 701-TA-179 through 181 (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 materially injured by reason of imports of the following products which have been found by the Department of Commerce to be subsidized by the Government of Brazil:

Hot-rolled stainless steel bar, provided for in item 606.90 of the Tariff Schedules of the United States (TSUS), (investigation No. 701-TA-179 (Final));

Cold-formed stainless steel bar, provided for in item 606.90 of the TSUS, (investigation No. 701-TA-180 (Final)).

Stainless steel wire rod, provided for in items 607.26 and 607.43 of the TSUS, (investigation No. 701-TA-181 (Final)).

Background

The Commission instituted these investigations effective December 3, 1983, following preliminary determinations by the United States Department of 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 Brazil.

On February 2, 1983, Commerce suspended its countervailing duty investigations involving these stainless steel products from Brazil. The basis for the suspension was an agreement by the government of Brazil to offset all export subsidies for the subject products with an equivalent export tax (48 F.R. 4703). Consequently, the Commission suspended its final countervailing duty investigations on these products from Brazil on February 7, 1983 (48 F.R. 8875).

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

On February 22, 1983, counsel for the petitioners notified the Department of Commerce that pursuant to section 704(g) of the Tariff Act of 1930, as amended, they were requesting a continuation of Commerce's countervailing duty investigations of these products from Brazil. Accordingly, on March 7, 1983, Commerce informed the Commission by letter that it had received a request to continue its countervailing duty investigations, and would issue its final determinations on or before May 9, 1983. On the basis of Commerce's letter, the Commission continued its final countervailing duty investigations as of February 22, 1983. Notice of the Commission's continuation of the final investigations 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 March 30, 1983 (48 F.R. 13279).

On May 9, 1983, Commerce made affirmative final subsidy determinations on the products subject to these investigations (48 F.R. 21610). The Commission's hearing in these investigations was held in Washington, D.C., on May 11, 1983, and all persons who requested the opportunity were permitted to appear in person or by counsel. The Commission voted on the investigations on June 14, 1983.

If the final determinations by the Commission in these continued investigations had been negative, then the agreement between Commerce and the Government of Brazil would have had no force or effect and the investigations would have been terminated. However, because the final determinations are affirmative, the agreement will remain in effect and no countervailing duty orders will be issued unless the agreement is terminated or violated or otherwise fails to meet the requirements of section 704 (19 U.S.C. § 1671c(f)(3)).

VIEWS OF THE COMMISSION

Introduction

The following constitute our views on the three final countervailing duty investigations involving hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod from Brazil. We have found unanimously that the domestic producers are being materially injured by reason of subsidized imports of each of the three products from Brazil. In these views, we first 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 industries. Lastly, we analyze the issue of causality. 1/

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." 3/ 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." 3/

These investigations concern subsidized imports from Brazil of three products: (1) hot-rolled stainless steel bar, (2) cold-formed stainless steel bar, and (3) stainless steel wire rod. There is domestic production of each of these products. Imports of these same products from Spain were recently

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1/ We have made our determinations on a case-by-case basis and do not reach the issue of cumulation.
2/ 19 U.S.C. § 1677(4)(A).
3/ 19 U.S.C. § 1677(10).

the subject of a set of final investigations. 4/ In those investigations, the Commission determined that hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod are three separate like products and that there are three separate domestic industries consisting of the producers of each like product. 5/

The record developed in these investigations contains no additional information that would warrant a revision of these definitions. Therefore, in these investigations we adopt the same findings with respect to the appropriate like products and domestic industries.

I. HOT-ROLLED STAINLESS STEEL BAR

Condition of the Domestic Industry

The condition of the hot-rolled stainless steel bar industry has deteriorated between 1979 and 1982. Domestic production declined by 14.9 percent between 1979 and 1981, and by 31.8 percent between 1981 and 1982. 6/ Utilization of hot-rolled bar capacity declined steadily from 64.7 percent in 1979 to 55.1 percent in 1981. 7/ In 1982, utilization then fell substantially to 37.4 percent. 8/ Domestic shipments followed a similar downward trend. 9/ In addition, the ratio of end-of-period inventories to domestic shipments increased from 17.9 percent in 1979 to 22.3 percent in 1981, and to 28.7 percent in 1982. 10/

4/ Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Invs. Nos. 701-TA-176 through 178 (Final) USITC No. 1333 (December 1982).

5/ The producers of each of these products are listed in Report at A-10 (Table 5).

6/ Report at A-18 (Table 10).

7/ Id.

8/ Id.

9/ Id. at A-19 (Table 11).

10/ Id. at A-21 (Table 12).

Employment also steadily declined. The average number of production and related workers producing hot-rolled bar fell 5.2 percent between 1979 and 1981, and declined 20.9 percent between 1981 and 1982. 11/ The number of hours paid fell by 12.9 percent between 1979 and 1981, and 30 percent between 1981 and 1982. 12/

Although net sales increased by 12.7 percent during the 1979-1981 period, the ratio of operating profit to net sales decreased from 9.2 percent in 1979 to 7.6 percent in 1981. 13/ In addition, the number of firms reporting operating and net losses increased substantially. 14/ All financial indicators fell significantly from 1981 to 1982. During that period, net sales dropped 19 percent, and the ratio of operating profit to net sales fell to a negative 3 percent. 15/

Therefore, we find that the domestic hot-rolled stainless steel bar industry is currently experiencing material injury.

Material Injury by Reason of Imports from Brazil

Imports of hot-rolled stainless steel bar from Brazil increased in 1982 in both absolute and relative terms. Between 1979 and 1981, hot-rolled bar imports from Brazil remained relatively constant; in 1979 imports totaled 541 tons and in 1981, imports decreased slightly to 536 tons. However, between 1981 and 1982, imports rose sharply to 949 tons, thus increasing over

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11/ Report at A-22 (Table 13).
12/ Id.
13/ Id. at A-24 (Table 15).
14/ Id. The number of firms reporting operating losses increased from none to 3, and those reporting net losses increased from none to 4.
15/ Report at A-24 (Table 15).

77 percent. 16/ Similarly, the ratio of imports from Brazil to apparent domestic consumption rose from 0.9 percent in 1979 to 1.0 percent in 1981, and to 2.3 percent in 1982. 17/ This upward trend continued in the January-March 1983 period with an increase to 2.5 percent as compared with 1.7 percent in the corresponding period in 1982. 18/

Furthermore, imports of hot-rolled bar from Brazil have undersold the domestic product. Pricing information for 1981 through 1982 indicates that Brazilian weighted average prices to service centers for a sample grade of hot-rolled bar were consistently below weighted average domestic prices. 19/

Given the condition of the domestic industry, the increasing market share of imports of Brazilian hot-rolled bar, and the existence of underselling, we find that the domestic industry is materially injured by reason of subsidized imports of hot-rolled stainless steel bar from Brazil. 20/

II. COLD-FORMED STAINLESS STEEL BAR

Condition of the Domestic Industry

Developments within the past four years indicate that the domestic cold-formed stainless steel bar industry is experiencing material injury. Domestic production of cold-formed bar declined by 19 percent between 1979 and

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16/ Report at A-14 (Table 7).
17/ Id. at A-32 (Table 20).
18/ Id. at A-31.
19/ Id. at A-36 (Table 21). Purchasers who confirmed lost sales of stainless steel bar to imports from Brazil were unable to identify any of these lost sales as consisting of hot-rolled bar specifically. We did not rely upon information regarding lost sales in our analysis of price underselling by imports of hot-rolled bar from Brazil.
20/ Commissioner Stern notes that the subsidies of 15.44 percent found by the Department of Commerce have played a significant role in enabling the Brazilian hot-rolled bar to undersell U.S. bar by margins which have resulted in an increased Brazilian market share and material injury to U.S. producers.

1981, and by 35.2 percent between 1981 and 1982. 21/ Utilization of cold-formed capacity also declined steadily from 80.2 percent in 1979 to 65 percent in 1981, and then fell sharply to 41.8 percent in 1982. 22/ Domestic shipments declined by 21.2 and 26.9 percent respectively during these periods, and by 15 percent in the first quarter of 1983 as compared with the first quarter of 1982. 23/ 24/ The ratio of inventories to total shipments increased from 24.4 percent in 1979 to 40.0 percent in 1981, and to 46.2 percent in 1982. 25/

Employment also decreased substantially. The average number of production and related workers producing cold-formed bar decreased by 14.2 percent between 1979 and 1981, and by 25.1 percent between 1981 and 1982. 26/ Similarly, the number of hours paid fell by 20.6 percent between 1979 and 1981, and by 31.2 percent between 1981 and 1982. 27/

The ratio of operating profit to net sales increased slightly between 1979 and 1980. 28/ In 1981, however, financial data showed a decline in sales, cash flow, the ratio of operating profit to net sales, and other profit margins. 29/ This decline continued with a sharp fall in these indicators between 1981 and 1982. 30/ Of particular note, the ratio of operating profit to net sales declined to a negative 5 percent in 1982 as compared with a positive 9.8 percent in 1981. 31/ Furthermore, five domestic producers

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21/ Report at A-18 (Table 10).
22/ Id.
23/ Id. at A-19 (Table 11).
24/ Id. at A-20.
25/ Id. at A-21 (Table 12).
26/ Id. at A-22 (Table 13).
27/ Id.
28/ Id. at A-26 (Table 16).
29/ Id.
30/ Id.
31/ Id.

reported operating losses and six producers reported net losses in 1982 compared with only one in the corresponding period in 1981. 32/

Thus, these developments demonstrate that the industry is currently experiencing material injury.

Material Injury by Reason of Imports from Brazil

Imports of cold-formed stainless steel bar from Brazil have increased during the period between 1979 and 1982. Imports of cold-formed bar from Brazil increased from 1,489 tons in 1979 to 2,378 tons in 1981, and to 3,129 tons in 1982. 33/ The ratio of Brazilian imports to apparent domestic consumption has increased from 1.1 percent in 1979 to 2.0 percent in 1981, and to 3.2 percent in 1982. 34/ 35/

Moreover, pricing information indicates that imports from Brazil have generally undersold the domestic product. For example, prices for sales to service centers have fluctuated from an 8 percent margin of underselling to as high as a 19 percent margin between 1980 and 1982 for two sample grades of cold-formed bar. 36/ Margins of underselling to end-users for one product were also consistently large. 37/

32/ Report at A-25.
33/ Id. at A-15 (Table 8).
34/ Id. at A-32 (Table 20).
35/ This ratio declined to 0.9 percent in January-March 1983 from 5.0 percent in the corresponding period of 1982. However, the increase in import volume and penetration over the three-year period of 1980-1982 is considered a more reliable indication of overall import trends for this product than this decline in a single quarter.
36/ Report at A-37 and A-38 (Tables 22 and 23).
37/ Id. at A-37 (Table 22). In addition, two purchasers who confirmed lost sales of stainless steel bar to imports from Brazil were able to identify the products as cold-formed bar. We did not rely upon information regarding additional lost sales of stainless steel bar in our analysis of price underselling because the products involved could not be identified as consisting entirely of cold-formed bar.

Therefore, given the condition of the domestic industry, the increase in the market share of Brazilian cold-formed bar, and the existence of underselling by the imports, we find the domestic industry materially injured by reason of subsidized imports of cold-formed stainless steel bar from Brazil. 38/

III. STAINLESS STEEL WIRE ROD

Condition of the Domestic Industry

The condition of the domestic stainless steel wire rod industry declined significantly throughout the period between 1979 and 1982. 39/ Domestic production dropped by 22.5 percent between 1979 and 1981, and by 26.1 percent between 1981 and 1982. 40/ Utilization of wire rod capacity declined sharply from 72.9 percent in 1979 to 57.8 percent in 1981, and to 42.7 percent in 1982. 41/ Domestic shipments followed a similar trend. 42/ Furthermore, the ratio of inventories to shipments increased from 9.4 percent in 1979 to 15.7 percent in 1981, and to 15.9 percent in 1982. 43/

Employment declined substantially as well. The average number of production and related workers producing stainless steel wire rod fell by 13

38/ Commissioner Stern notes that the subsidies found by Commerce to have a weighted average value of 15.44 percent enabled the Brazilian product to undersell U.S. cold-formed bar by significant margins. They assisted in expanding the Brazilian share of the U.S. market and caused material injury to U.S. producers.

39/ Stainless steel wire rod from Brazil was first imported in the United States in 1980; Report at A-30.

40/ Report at A-18 (Table 10).

41/ Id.

42/ Id. at A-19 (Table 11); shipments in the first quarter of 1983 were also at a low level despite an increase of 6 percent over the corresponding quarter of 1982.

43/ Report at A-21 (Table 12).

percent between 1979 and 1981, and by 19.4 percent between 1981 and 1982. 44/ Similarly, the number of hours paid dropped by 19.6 percent between 1979 and 1981, and by 26.7 percent between 1981 and 1982. 45/

The wire rod industry has shown signs of substantial weakening of profitability throughout the period 1979-1982. 46/ Net sales fell by 15.7 percent between 1979 and 1981, and operating profit plummeted from $4.8 million in 1979 to a loss of $1.3 million in 1981. During this period, the ratio of operating to net sales fell from 6.4 percent in 1979 to a negative 2 percent in 1981.

This downward trend substantially worsened between 1981 and 1982. Net sales dropped 30.8 percent and operating losses increased to $8.4 million in 1982. The ratio of operating loss to net sales increased to 22.7 percent. Moreover, three domestic producers of stainless steel wire rod reported operating and net losses in 1981, and four reported both operating and net losses in 1982.

Therefore, we find that the stainless steel wire rod industry is experiencing material injury.

Material Injury By Reason of Imports from Brazil

Imports of stainless steel wire rod from Brazil increased from 13 tons in 1980 to 1,349 tons in 1981 and 1,140 tons in 1982. 47/ Similarly, the ratio of Brazilian wire rod imports to apparent domestic consumption has increased

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44/ Report at A-22 (Table 13).
45/ Id.
46/ Our discussion of financial data is based on information contained in the Report at A-27 (Table 17).
47/ Report at A-16 (Table 9). No imports of stainless steel wire rod from Brazil were recorded in 1979.

from .03 percent in 1980 to 2.7 percent in 1981 and 2.8 percent in 1982. 48/ During the January-March period 1983, the ratio of these imports to apparent domestic consumption further rose to 3.5 percent as compared with 2.4 percent in the corresponding period of 1982.

In addition, imports of wire rod from Brazil have undersold the domestic product. Pricing information for a sample grade of wire rod shows consistent underselling by imports of this product from Brazil. With regard to lost sales, two out of four purchasers that responded to the Commission's questionnaires stated that they purchased Brazilian wire rod because of consistently lower prices. 49/ Another purchaser indicated that it purchased Brazilian wire rod through its parent company, an importer of wire rod from Brazil. 50/

Given the condition of the industry, the increasing market share of imports of wire rod from Brazil, and the existence of underselling, we find that the domestic stainless steel wire rod industry is materially injured by reason of subsidized imports from Brazil. 51/

48/ Report at A-32 (Table 20).
49/ Id. at A-41 and A-42.
50/ Id.
51/ Commissioner Stern notes that the subsidies found by Commerce to have a weighted average of 15.44 percent assisted the Brazilian product in underselling U.S. stainless steel wire rod. The resulting expansion in the share of the U.S. market held by the Brazilian product caused material injury to U.S. industry.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On June 16, 1982, a petition was filed with the U.S. Department of Commerce by counsel for Al Tech Specialty Steel Corp., Carpenter Technology Corp., Colt Industries, Inc. (Crucible Materials Group, Speciality Steel Division), 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 Brazil received, directly or indirectly, subsidies from the Brazilian Government and that the U.S. industry producing these products is materially injured and is threatened with material injury by reason of the subsidized imports. Accordingly, effective June 16, 1982, the Commission instituted countervailing duty investigations Nos. 701-TA-179 through 181 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil of hot-rolled stainless steel bar (inv. No. 701-TA-179), provided for in item 606.9005 of the Tariff Schedules of the United States Annotated (TSUSA), cold-formed stainless steel bar (inv. No. 701-TA-180), provided for in TSUSA item 606.9010, and stainless steel wire rod (inv. No. 701-TA-181), provided for in TSUSA items 607.2600 and 607.4300, upon which bounties or grants are alleged to be paid.

On August 2, 1982, the Commission determined that there was a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject commodities which are alleged to be subsidized by the Government of Brazil. Commerce, therefore, continued its investigations into the question of allegedly subsidized Brazilian imports and published its preliminary determinations in the Federal Register of November 19, 1982 (47 F.R. 52207). 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 Brazil of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod. On the basis of Commerce's preliminary determinations, the Commission instituted final countervailing duty investigations on December 3, 1982.

On February 2, 1983, Commerce suspended its countervailing duty investigations involving these stainless steel products from Brazil. The basis for the suspension was an agreement by the Government of Brazil to offset all export subsidies for the subject products with an equivalent export tax (48 F.R. 4703). Consequently, the Commission suspended its final countervailing duty investigations on these products from Brazil on February 7, 1983 (48 F.R. 8875). 1/

On February 22, 1983, counsel for the petitioners notified the Department of Commerce that pursuant to section 704(g) of the Tariff Act of 1930, as amended, they were requesting a continuation of Commerce's countervailing duty investigations of these products from Brazil. Accordingly, on March 7, 1983, Commerce informed the Commission by letter, that it had received a request

1/ Published on March 2, 1983.

to continue its countervailing duty investigations, and would issue its final determinations on or before May 9, 1983. On the basis of Commerce's letter, the Commission continued its final countervailing duty investigations as of February 22, 1983. Notice of the Commission's continuation of the final investigations 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 March 30, 1983 (48 F.R. 13279). 1/ The public hearing was held on May 11, 1983. 2/

Commerce issued affirmative final determinations on May 9, 1983. 3/ By statute the Commission must notify Commerce of its final determinations within 45 days after the final Commerce action--in this case by June 23, 1983. If the Commission's final determinations are affirmative, the suspension agreement which Commerce and the Government of Brazil entered into will remain in force, and Commerce will not issue a countervailing duty order as long as the requirements of section 704(f)(3)(B) of the Tariff Act of 1930 are met. If the Commission's final determinations are negative, the suspension agreement shall have no force or effect.

A discussion of past Commission investigations of the stainless steel products which are the subject of the instant investigations is presented in appendix D.

Section 301 and Section 201 Investigations 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).

1/ A copy of the Commission's notice of continuation of final investigations is shown in app. A.

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

3/ A copy of Commerce's notice of its final subsidy determinations is shown in app. C.

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. On the basis of a new petition concerning Belgium, filed by the petitioners on June 23, 1982, the USTR initiated an investigation into the alleged subidies being provided to the Belgian specialty steel industry on August 9, 1982.

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 directed 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.

On December 10, 1982, following receipt of a request of the United States Trade Representative (USTR) for an investigation of certain imported stainless steel and alloy tool steel products, the Commission instituted investigation No. TA-201-48. The investigation covered a wide range of products including hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod. The Commission determined on March 23, 1983, that all products under investigation 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. On May 6, 1983, the Commission issued its report to the President. The Commission recommended that in order to remedy the serious injury, it would be necessary to restrict imports of stainless steel bar to 17 percent of forecasted consumption, but not to less than 27,000 short tons, and to restrict imports of stainless steel wire rod to 42 percent of forecasted U.S. consumption, but not to less than 17,000 short tons, for a 3-year period beginning January 1, 1983. The Commission further recommended that the restricted quantities should be allocated on a country-by-country basis. The President must take action on the Commission's findings and recommendations by July 5, 1983.

Nature and Extent of Alleged Bounties and Grants

Of the five known producers and exporters in Brazil of the subject stainless steel products to the United States, Commerce received information from the Brazilian Government regarding three: Acesita, Piratini, and Villares. These firms accounted for about 99 percent of the exports of these products to the United States during 1981, the period for which Commerce measured subsidization. The benefits which Commerce determined to constitute subsidies to manufacturers, producers, and exporters in Brazil of the products under investigation are as follows:

1/ 47 F.R. 10107.

1. IPI Export Credit Premium: This program provides for a reimbursement in cash to exporters of certain stainless steel products. Until March 30, 1982, the subsidy amounted to 15 percent of the adjusted f.o.b. invoice price. Subsequently, the Government of Brazil reduced the benefit to 14 percent on March 31, 1982, 12.5 percent on June 30, 1982, and 11 percent on September 30, 1982. The Department of Commerce calculated the ad valorem equivalent of the export subsidy to be 10.65 percent.

2. Preferential working capital financing for exports: Under this program, Brazilian steel producers were able to obtain working capital loans at preferential rates for up to 20 percent of the net f.o.b. value of the previous years exports. Commerce calculated the ad valorem eqivalent of this export subsidy to be 1.85 percent.

3. Income tax exemption for export earnings: Brazilian exporters of certain stainless steel products are income-tax exempt from a percentage of their profits attributable to export revenue. Commerce calculated the ad valorem equivalent of this export subsidy to be 0.55 percent.

4. Long-term loans: Of the three Brazilian stainless steel producers for which Commerce received information, only one (Villares) received this subsidy. Commerce calculated its ad valorem eqivalent to be 1.38 percent. Other indexed loans received by Brazilian steel producers were found by Commerce not to be a subsidy.

5. IPI Rebates for Capital Investment: In April 1977, the Government of Brazil passed Decree Law 1547, which provides funding for the expansion of the Brazilian steel industry through a rebate of IPI, the Brazilian federal excise tax. The ad valorem equivalent of this subsidy calculated by Commerce was 0.80 percent.

6. Industrial Development Council (CDI) Program: This program allowed for an exemption of 80 percent of the customs duties and 80 percent IPI tax on certain imported machinery for projects approved by the CDI. This program was repealed in 1979. However, several Brazilian steel producers are still receiving benefits under the program: Commerce calculated the ad valorem eqivalent of this subsidy to be 0.18 percent.

7. Accelerated depreciation for capital goods manufactured in Brazil: This program allows companies that purchase Brazilian-made capital equipment as part of an approved CDI expansion project to depreciate this equipment at twice the rate normally permitted under tax laws, Only Villares used this program. Commerce calculated the ad valorem benefit of this subsidy to be 0.03 percent.

The total net subsidy which Commerce found for hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod is 15.44 percent ad valorem.

The Product

Description and uses

Stainless steel bar is a stainless steel 1/ product of solid section, having a cross section in the shape of a circle, segment of a circle, oval, triangle, rectangle, hexagon, or octagon, and is usually cut to length. 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.

Hot-rolled stainless steel bar and cold-formed stainless steel bar are used in such diverse applications as the production of fasteners, roof flashing, pipe and tube fittings, valves, welding electrodes, ball bearings, medical and dental instruments, automotive parts, and flatware. Principal industries which make use of stainless steel bar products include the electrical equipment, industrial machinery, and oil and gas industries.

Stainless steel wire rod is similar to hot-rolled stainless steel bar of round cross section, except that it is coiled instead of cut to length, and is generally of smaller diameter, ranging from 0.20 inch to 0.74 inch. 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

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. B, pt. 2, schedule 6, of the TSUSA).

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 predominant use for stainless steel wire rod.

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/ for these items are shown in table 1.

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. 4/ Imports of these articles 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), nor are imports from the least developed developing countries granted preferential treatment. There were no concessions granted for these items under the Tokyo round of Multilateral Trade Negotiations.

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 TSUSA.

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 TSUSA.

4/ 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.

Table 1.--Stainless steel bar and wire rod: U.S. rates of duty as of Jan. 1, 1983

TSUSA item No.		Article description (abridged)	Rate of duty 1/	
1979	1980-83		Col. 1	Col. 2
		Stainless steel bars:		
608.5210	606.9005	Not cold-formed----------	10.5% ad val. + additional duties.	28% ad val. + additional duties.
608.5250	606.9010	Cold-formed----------	10.5% ad val. + additional duties.	28% ad val. + additional duties.
608.7620	607.2600	Stainless steel wire rods, not tempered, not treated, and not partly manufactured.	4.3% ad val. + additional duties.	11% ad val. + additional duties.
608.7820	607.4300	Stainless steel wire rods, tempered, treated, or partly manufactured.	4.6% ad val. + additional duties.	10% ad val. + additional 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	1980-83		Col. 1	Col. 2
607.0100	606.0000	Chromium content over 0.2 percent by weight.	0.1% ad val.	1% ad val.
607.0200	606.0200	Molybdenum content over 0.1 percent by weight.	0.3% ad val.	1% ad val.
607.0300	606.0400	Tungsten content over 0.3 percent by weight.	0.4% ad val.	1% ad val.
607.0400	606.0600	Vanadium content over 0.1 percent by weight.	0.2% ad val.	1% ad val.

Channels of distribution

Approximately 58 percent of U.S. producers' shipments of hot-rolled stainless steel bar were shipped to steel service centers and distributors in 1982 (table 2).

Table 2.--Hot-rolled stainless steel bar: U.S. producers' shipments, by major end-use markets, 1982

Market	Quantity	Percent of total 1/
	Net tons	
Electrical equipment	2,792	9.2
Machinery, industrial equipment, and tools	3,712	12.3
Steel service centers and distributors	17,562	58.1
Oil and gas industry	251	0.8
All other	5,904	19.5
Total	30,221	100.0

1/ Because of rounding, figures may not add to 100 percent.

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

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 almost 80 percent of U.S. producers' shipments of cold-formed stainless steel bar were shipped to steel service centers in 1982.

The distribution of U.S. producers' shipments of stainless steel wire rod is shown in table 4. Approximately 45 percent of all domestic shipments in 1982 were converted into wire or wire products; shipments for industrial fastener applications accounted for 20.1 percent. The steel service centers and distributors are the third largest consumer of domestic stainless steel wire rod, accounting for almost 15 percent in 1982.

Table 3.--Cold-formed stainless steel bar: U.S. producers' shipments, by major end-use markets, 1982

Market	Quantity	Percent of total 1/
	Net tons	
Automotive	465	0.7
Machinery, industrial equipment, and tools	5,622	8.5
Steel service centers and distributors	52,616	79.9
Electrical equipment	665	1.0
Professional and scientific equipment	744	1.1
All other	5,740	8.7
Total	65,852	100.0

1/ Because of rounding, figures may not add to 100 percent.

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

Table 4.--Stainless steel wire rod: U.S. producers' shipments, by major end-use markets, 1982

Market	Quantity	Percent of total 1/
	Net tons	
Converting into wire and wire production	9,825	44.6
Steel service centers and distributors	3,294	14.9
Automotive	552	2.5
Machinery, industrial equipment, and tools	2,411	10.9
Industrial fasteners	4,434	20.1
All other	1,528	6.9
Total	22,044	100.0

1/ Because of rounding, figures may not total 100 percent.

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

Stainless steel bar and rod were distributed throughout the United States in 1982 with a concentration of shipments to the industrial States of Illinois, Ohio, New York, California, and Texas.

U.S. Producers

Nine firms in the United States produce one or more of the products under investigation. 1/ Their plant locations and relative shares of shipments of

1/ One other U.S. producer--Timken Co., Canton, Ohio--has produced small quantities of these products on special order.

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.

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, 1982

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. Reading, Pa.	HRB, CFB, WR	***	***	***
Crucible, Inc	Syracuse, N.Y.	HRB, CFB, WR	***	***	***
Cyclops Corp	Bridgeville, Pa. Titusville, Pa.	CFB	***	***	***
Slater Steel, Inc	Fort Wayne, Ind.	HRB, CFB	***	***	***
Republic Steel Corp	Canton, Ohio Massilon, Ohio	HRB, CFB	***	***	***
Eastern Stainless Steel Co	Baltimore, Md.	HRB	***	***	***
Jessop Steel Co.	Washington, Pa.	HRB, CFB	***	***	***

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 carbon steel producers like Republic. Stainless steel wire rod and/or bar accounted for at least * * * percent of the value of all stainless steel products produced by firms which made bar and rod in 1982.

U.S. Importers

At least 11 firms imported stainless steel bar and/or wire rod from Brazil during 1980-82; however, seven companies accounted for the vast majority of the imports. These companies and the types of stainless steel products under investigation that they import are shown below:

Importer	Type of product
U.N.A. Corporation	HRB, CFB, WR
Alloy and Stainless Inc	HRB, CFB, WR
Guggenheim International Corp	HRB, CFB, WR
The Crispin Corp	HRB, CFB
Commonwealth Metals Corp	HRB, CFB
Kanematsu Gosho Inc	CFB
Gould Metals Inc	CFB

The method of operation of importers varies: most are service centers that import only quantities for which they have firm orders from U.S. customers; others warehouse/inventory the imported merchandise. Some importers own and/or operate further processing/finishing facilities. The latter import coiled wire rod, cut the coiled rod to length, straighten the rod, and sell it as stainless bar, thereby avoiding the higher rate of duty for the latter.

U.S. Imports

Overall U.S. imports of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod combined increased from 47,146 tons, valued at $82.2 million, in 1979 to 61,934 tons, valued at $113.2 million, in 1982. Although imports in 1982 were higher than the level recorded in 1981, the value of such imports declined by 6 percent (table 6). The dominant source of these imports throughout this period was Japan, although Japan's share of imports declined from 46.6 percent in 1979 to 35.7 percent in 1982. Stainless steel bar and wire rod from France, the largest source of imports after Japan, irregularly increased from 11.7 percent of the import market in 1979 to 12.6 percent in 1982. In 1982, Brazil ranked fifth in terms of import market share. Stainless steel bar and wire rod from Brazil declined from 2,030 short tons in 1979 to 1,716 short tons in 1980, but thereafter increased each year to 5,218 short tons in 1982, an increase of more than 150 percent for the 1979-82 period. As a share of total imports of stainless steel bar and wire rod, imports from Brazil increased from 4.3 percent in 1979 to 8.4 percent in 1982.

Table 6.--Stainless steel bar and wire rod: U.S. imports for consumption, by principal sources, 1979-82

Source	1979	1980	1981	1982
	Quantity (short tons)			
Japan	21,962	23,056	22,051	22,085
Brazil	2,030	1,716	4,263	5,218
France	5,529	7,766	5,242	7,827
Spain	3,057	6,135	9,538	7,400
Sweden	6,590	5,144	6,085	6,371
West Germany	1,601	3,206	2,774	4,131
Italy	1,498	3,474	2,881	2,827
United Kingdom	603	916	1,613	2,210
Republic of Korea	751	3,971	1,688	2,332
Other	3,525	3,082	3,847	1,533
Total	47,146	58,466	59,982	61,934
	Percent of total quantity			
Japan	46.6	39.4	36.8	35.7
Brazil	4.3	2.9	7.1	8.4
France	11.7	13.3	8.7	12.6
Spain	6.5	10.5	15.9	11.9
Sweden	14.0	8.8	10.1	10.3
West Germany	3.4	5.5	4.6	6.7
Italy	3.2	5.9	4.8	4.6
United Kingdom	1.3	1.6	2.7	3.6
Republic of Korea	1.6	6.8	2.8	3.8
Other	7.5	5.3	6.4	2.5
Total	100.0	100.0	100.0	100.0
	Value (1,000 dollars)			
Japan	41,508	48,129	45,294	41,527
Brazil	3,061	3,157	8,052	8,447
France	9,093	15,454	11,302	15,341
Spain	4,779	11,498	19,352	12,427
Sweden	11,096	10,850	12,766	13,196
West Germany	2,825	5,917	5,325	7,003
Italy	1,681	4,414	4,182	3,949
United Kingdom	839	1,708	3,186	3,936
Republic of Korea	1,066	6,382	2,915	3,726
Other	6,263	6,751	8,455	3,673
Total	82,212	114,260	120,829	113,225

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 Brazil, the fourth largest source of these imports in 1982 after Japan, Sweden and the United Kingdom, declined from 541 short tons in 1979 to 450 short tons in 1980, but then rebounded to 536 short tons in 1981. In 1982 imports of hot-rolled bar from Brazil increased by 77 percent to 949 short tons. The unit value of the Brazilian hot-rolled bar imports in 1982 declined significantly (by 31 percent) from the unit value of imports in 1981. Imports of cold-formed bar from Brazil, the fourth largest source of imports after Japan, Spain, and France, increased irregularly from 1,489 short tons in 1979 to 3,129 short tons in 1982, an increase of 110 percent for 1979-82. There were no imports of stainless steel wire rod from Brazil in 1979. From 1980 to 1981, however, Brazil's exports of this product to the United States increased from 13 short tons to 1,349 short tons. In 1982 imports of stainless steel wire rod from Brazil declined by 15 percent to 1,140 short tons.

Imports of stainless steel bar and wire rod from Brazil for the first quarters of 1983 and 1982 are shown in the tabulation below:

	January-March 1982 (short tons)	January-March 1983
Hot-rolled stainless steel bar	225.5	187.3
Cold-formed stainless steel bar	1,350.6	224.8
Stainless steel wire rod	323.7	444.7

Imports of hot-rolled stainless steel bar declined from 225.5 tons to 187.3 tons, or by 17 percent, during the period; and imports of cold-formed stainless steel bar declined from 1,350.6 tons to 224.8 tons, or by 83 percent. Imports of stainless steel wire rod, on the other hand, increased from 323.7 tons to 444.7 tons, or by 37 percent.

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

Due to revisions in the data reported in U.S. producers' questionnaires, the data presented in the following section differ somewhat from the data presented in the Commission's previous stainless steel investigations for Brazil (701-TA-179-181, Preliminary) and Spain (701-TA-179-181, Final), although the trends for both sets of data are similar.

Table 7.--Hot-rolled stainless steel bar: U.S. imports for consumption, by principal sources, 1979-82

Source	1979	1980	1981	1982
	Quantity (short tons)			
Japan	2,845	3,853	2,722	3,077
Brazil	541	450	536	949
Sweden	1,729	1,564	1,284	1,212
United Kingdom	211	199	970	1,562
Spain	872	614	766	731
Republic of Korea	136	418	602	409
Other	799	1,036	719	750
Total	7,133	8,134	7,599	8,690
	Percent of total quantity 1/			
Japan	39.9	47.4	35.8	35.4
Brazil	7.6	5.5	7.1	10.9
Sweden	24.2	19.2	16.9	13.9
United Kingdom	3.0	2.4	12.8	18.0
Spain	12.2	7.5	10.1	8.4
Republic of Korea	1.9	5.1	7.9	4.7
Other	11.2	12.7	9.5	8.6
Total	100.0	100.0	100.0	100.0
	Value (1,000 dollars)			
Japan	5,722	8,348	5,375	5,813
Brazil	779	782	1,088	1,327
Sweden	3,119	3,658	2,957	2,688
United Kingdom	295	374	1,705	2,513
Spain	1,215	1,172	1,231	1,202
Republic of Korea	142	566	1,100	1,003
Other	1,341	1,834	1,380	1,321
Total	12,613	16,734	14,836	15,867
	Unit value (per ton)			
Japan	$2,011	$2,166	$1,974	$1,889
Brazil	1,440	1,738	2,030	1,398
Sweden	1,804	2,339	2,303	2,218
United Kingdom	1,397	1,879	1,758	1,609
Spain	1,393	1,909	1,608	1,645
Republic of Korea	1,044	1,354	1,827	2,452
Other	1,678	1,770	1,919	1,761
Average	1,768	2,057	1,953	1,826

1/ Because of rounding, figures may not add to 100 percent.

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, 1979-82

Source	1979	1980	1981	1982
	Quantity (short tons)			
Japan	12,498	12,929	11,748	14,395
Brazil	1,489	1,253	2,378	3,129
Spain	2,185	3,847	6,010	4,290
France	1,233	2,141	1,863	3,572
Republic of Korea	615	3,468	1,052	1,581
West Germany	1,493	2,238	1,043	2,069
United Kingdom	369	715	643	602
Other	1,853	2,098	2,511	1,725
Total	21,735	28,689	27,248	31,363
	Percent of total quantity			
Japan	57.5	45.1	43.1	45.9
Brazil	6.8	4.4	8.7	10.0
Spain	10.1	13.4	22.1	13.7
France	5.7	7.5	6.8	11.4
Republic of Korea	2.8	12.1	3.9	5.0
West Germany	6.9	7.8	3.8	6.6
United Kingdom	1.7	2.5	2.4	1.9
Other	8.5	7.3	9.2	5.5
Total	100.0	100.0	100.0	100.0
	Value (1,000 dollars)			
Japan	24,799	28,440	26,766	28,017
Brazil	2,282	2,353	4,546	5,220
Spain	3,564	7,535	13,306	7,458
France	2,066	4,369	4,138	5,912
Republic of Korea	924	5,691	1,770	2,335
West Germany	2,474	4,330	2,464	3,778
United Kingdom	508	1,328	1,480	1,309
Other	3,168	4,096	6,007	4,120
Total	39,785	58,142	60,477	58,149
	Unit value (per ton)			
Japan	$1,984	$2,200	$2,278	$1,946
Brazil	1,532	1,878	1,911	1,668
Spain	1,631	1,958	2,214	1,739
France	1,675	2,041	2,221	1,655
Republic of Korea	1,502	1,641	1,682	1,477
West Germany	1,657	1,934	2,363	1,826
United Kingdom	1,377	1,856	2,302	2,175
Other	1,710	1,952	2,392	2,388
Average	1,830	2,027	2,219	1,854

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, 1979-82

Source	1979	1980	1981	1982
	Quantity (short tons)			
Japan	6,619	6,274	7,580	4,613
Brazil	0	13	1,349	1,140
Sweden	4,840	3,483	4,085	4,650
France	4,124	5,477	3,230	4,088
Spain	0	1,674	2,763	2,379
Italy	1,452	3,083	2,118	2,081
West Germany	108	659	1,574	1,888
Belgium-Luxembourg	1,228	867	2,403	676
Other	37	113	34	366
Total	18,408	21,643	25,136	21,881
	Percent of total quantity			
Japan	36.0	29.0	30.2	21.1
Brazil	-	0.1	5.4	5.2
Sweden	26.3	16.1	16.2	21.2
France	22.4	25.3	12.8	18.7
Spain	-	7.7	11.0	10.9
Italy	7.9	14.2	8.4	9.5
West Germany	0.6	3.0	6.3	8.6
Belgium-Luxembourg	6.7	4.0	9.6	3.1
Other	0.2	0.5	0.1	1.7
Total	100.0	100.0	100.0	100.0
	Value (1,000 dollars)			
Japan	10,987	11,342	13,153	7,697
Brazil	-	22	2,418	1,900
Sweden	7,929	6,883	7,384	8,768
France	6,737	10,786	6,847	9,005
Spain	-	2,791	4,814	3,767
Italy	1,621	3,866	3,011	2,796
West Germany	146	1,120	2,572	2,921
Belgium-Luxembourg	2,333	2,354	5,269	1,770
Other	61	220	48	585
Total	29,814	39,384	45,516	39,209

Table 9.--Stainless steel wire rod: U.S. imports for consumption, by principal sources, 1979-82--Continued

Source	1979	1980	1981	1982
	Unit value (per ton)			
Japan	$1,660	$1,808	$1,735	$1,668
Brazil	-	1,692	1,792	1,666
Sweden	1,638	1,976	1,808	1,885
France	1,637	1,970	2,120	2,203
Spain	-	1,668	1,743	1,583
Italy	1,116	1,254	1,422	1,344
West Germany	1,349	1,700	1,634	1,547
Belgium-Luxembourg	1,900	2,715	2,193	2,619
Other	1,649	1,947	1,412	1,598
Average	1,620	1,820	1,811	1,792

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

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 that capacity, is shown in table 10. Domestic production of hot-rolled stainless steel bar declined from 54,809 short tons in 1979 to 46,658 short tons in 1981, and then fell sharply to 31,805 short tons in 1982--a decline of 42 percent for the 1979-82 period. Domestic production of cold-formed stainless steel bar fell from 118,483 short tons in 1979 to 62,236 short tons in 1982, or by 47 percent, while wire rod production declined from 33,501 short tons to 19,183 short tons, or by 43 percent, in the same period. 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 in 1979-82. Capacity utilization for hot-rolled bar fell from 64.7 percent in 1979 to 37.4 percent in 1982; that for cold-formed bar, from 80.2 percent to 41.8 percent; and that for wire rod, from 72.9 percent to 42.7 percent. Most producers reported capacity on the basis of either 144 hours or 160 hours a week, 50 weeks a year. From 1979 through 1981, the aggregate capacity of U.S. producers to manufacture stainless steel bar and wire rod changed by less than 1 percent. * * *.

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 significantly from 1979 to 1982. Shipments of hot-rolled

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, 1979-82

Product and period	Production	Practical capacity	Capacity utilization
	Short tons		Percent
Hot-rolled bar:			
1979	54,809	84,650	64.7
1980	47,935	84,650	56.6
1981	46,658	84,650	55.1
1982	31,805	85,150	37.4
Cold-formed bar:			
1979	118,483	147,750	80.2
1980	114,802	147,750	77.7
1981	96,005	147,750	65.0
1982	62,236	2/ 148,850	41.8
Wire rod:			
1979	33,501	45,935	72.9
1980	29,268	44,900	65.2
1981	25,958	44,900	57.8
1982	19,183	44,900	42.7
Total:			
1979	206,793	278,335	74.3
1980	192,005	277,300	69.2
1981	168,621	277,300	60.8
1982	113,224	278,900	40.6

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

2/ Does not take into account the closing of Cyclop's facilities in October 1982.

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

bar, cold-formed bar and wire rod combined fell by almost 42 percent from 1979 to 1982. Unlike total shipments, aggregated exports of the three products increased each year from 1979 to 1981, but then fell in 1982 to a level that was 27 percent below the 1979 export level. Total exports for the three products ranged between 1 and 1.6 percent of total shipments. Principal markets for these products during 1979-82 were Canada and Mexico.

Table 11.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: U.S. producers' shipments, by types, 1979-82

(In short tons)

Product and Year	Intercompany and intra-company transfers	Domestic market shipments	Exports	Total shipments
Hot-rolled bar:				
1979	270	53,147	798	54,215
1980	264	46,041	669	46,974
1981	209	45,805	1,148	47,162
1982	175	31,656	441	32,272
Cold-formed bar:				
1979	21	117,634	973	118,628
1980	18	106,943	1,433	108,394
1981	17	92,737	1,083	93,837
1982	10	67,899	675	68,584
Wire rod:				
1979	0	33,285	214	33,499
1980	0	29,043	317	29,360
1981	0	24,568	451	25,019
1982	0	19,441	326	19,767
Total:				
1979	291	204,066	1,985	206,342
1980	282	182,027	2,419	184,728
1981	226	163,110	2,682	166,018
1982	185	118,996	1,442	120,623

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

U.S. producers' total shipments of stainless steel bar and wire rod for the first quarters of 1983 and 1982, as reported by the American Iron and Steel Institute, are shown in the tabulation below:

	January-March 1982 (short tons)	January-March 1983
Hot-rolled stainless steel bar	10,560	6,855
Cold-formed stainless steel bar	19,826	16,774
Stainless steel wire rod	6,166	6,543

U.S. producers' shipments of hot-rolled stainless steel bar declined from 10,560 tons to 6,855 tons, or by 35 percent, during the period, while their shipments of cold-formed stainless steel bar declined from 19,826 tons to 16,774 tons, or by 15 percent. On the other hand, U.S. producers' shipments of stainless steel wire rod increased from 6,166 tons to 6,543 tons, or by 6 percent.

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 41,834 tons at the end of 1979 to 51,986 tons at the end of 1981, or by 24 percent. However, in 1982 U.S. producers' inventories declined by 15 percent compared to the 1981 inventory level. The trend for each product is roughly similar to that for the aggregate, with cold-formed bar accounting for 72 percent of the combined product inventories in 1982. Inventories also increased relative to shipments. The ratio of the combined inventories of all three products to shipments increased from 20.3 percent in 1979 to 36.5 percent in 1982. An increasing trend in the ratio of inventories to shipments, with some irregularity, characterized each of the products.

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, 1979-82

	December 31--			
	1979	1980	1981	1982
	Quantity (short tons)			
Inventories:				
Hot-rolled bar	9,682	10,643	10,499	9,259
Cold-formed bar	29,001	35,407	37,554	31,684
Wirerod	3,151	2,490	3,933	3,149
Total	41,834	48,540	51,986	44,092
	Percent			
Ratio of inventories to total shipments during the preceding period:				
Hot-rolled bar	17.9	22.6	22.3	28.7
Cold-formed bar	24.4	32.7	40.0	46.2
Wire rod	9.4	8.5	15.7	15.9
Average	20.3	26.3	31.3	36.6

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 production and related workers producing products subject to these investigations followed a downward trend from 1979 through 1982. The average number of production and related workers producing all three products fell from 4,839 to 3,241 between 1979 and 1982, or by 33 percent. Similar patterns are evident in hours paid for production and related workers. For the three products combined, productivity, in terms of tons produced per hour worked, declined from 1979 to 1980, increased in 1981, and then fell to 1980 levels in 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 in 1982 to an average of $22.02 per hour. 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 48 percent from 1979 to 1982.

Table 13.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: Production and related workers, hours paid for these workers, and labor productivity, 1979-82

Product and Year	Employment of Production and related workers producing--	Hours paid for production and related workers producing--	Labor productivity
		1,000 hours	Tons per hour
Hot-rolled bar:			
1979	897	1,923	0.028
1980	890	1,775	0.027
1981	851	1,675	0.028
1982	673	1,223	0.026
Cold-formed bar:			
1979	3,336	7,212	0.016
1980	3,419	7,095	0.016
1981	2,861	5,730	0.017
1982	2,143	3,940	0.016
Wire rod:			
1979	606	1,286	0.026
1980	572	1,169	0.025
1981	527	1,034	0.025
1982	425	758	0.025
Total:			
1979	4,839	10,421	0.0198
1980	4,881	10,039	0.0191
1981	4,239	8,439	0.0200
1982	3,241	5,921	0.0191

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, hourly compensation, and unit labor costs, 1979-82

Product and year	Wages paid to production and related workers producing--	Total compensation paid to production and related workers producing--	Hourly compensation for those producing specified products	Unit labor costs
	1,000 dollars			Per ton
Hot-rolled bar:				
1979	23,186	29,774	2/ $15.48	$543.23
1980	23,589	30,782	2/ 17.34	642.16
1981	24,962	32,945	2/ 19.67	706.10
1982	19,374	26,878	21.98	845.09
Cold-formed bar:				
1979	85,213	110,644	2/ 15.34	933.83
1980	92,149	122,493	2/ 17.26	1,066.99
1981	82,152	111,467	2/ 19.45	1,161.05
1982	61,265	86,212	21.88	1,385.24
Wire rod:				
1979	16,112	20,482	2/ 15.93	611.38
1980	16,519	21,148	2/ 18.09	722.56
1981	15,768	20,532	2/ 19.85	790.97
1982	12,710	17,261	22.77	899.81
Total:				
1979	124,511	160,900	3/ 15.44	778.07
1980	132,257	174,423	3/ 17.37	908.43
1981	122,882	164,944	3/ 19.55	978.19
1982	93,349	130,351	22.02	1,151.27

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.

Financial experience of U.S. producers

Hot-rolled stainless steel bar.--Financial data on hot-rolled stainless steel bar operations were received from seven producers which accounted for virtually all of U.S. producers' shipments in 1982. These data are presented in table 15.

Table 15.--Selected financial data of seven U.S. producers on their hot-rolled stainless steel bar operations, 1/ 1979-82 2/

Item	1979	1980	1981	1982
Net sales-------1,000 dollars--	124,471	133,166	140,331	113,712
Cost of goods sold-------do----	103,186	111,046	115,901	102,568
Gross profit or (loss)---do----	21,285	22,120	24,430	11,144
General, selling, and administrative expense 1,000 dollars--	9,867	11,311	13,803	14,612
Operating profit or (loss) do----	11,418	10,809	10,627	(3,468)
Interest expense---------do----	576	830	2,163	2,804
Other income-------------do----	92	141	244	397
Net profit or (loss) before income taxes--1,000 dollars--	10,934	10,120	8,708	(5,875)
Depreciation and amortization expense included above 1,000 dollars--	2,490	2,769	3,178	3,936
Cash flow (deficit) from operations-------------do----	13,424	12,889	11,886	(1,939)
As a share of net sales:				
Gross profit or (loss) percent--	17.1	16.6	17.4	9.8
Operating profit or (loss) do----	9.2	8.1	7.6	(3.0)
Net profit or (loss) before income taxes------percent--	8.8	7.6	6.2	(5.2)
Number of firms reporting operating losses----------	0	3	3	5
Number of firms reporting net losses----------	0	3	4	5

1/ The 7 firms reporting accounted for virtually all of U.S. shipments in 1982.

2/ Al Tech reported data on its fiscal year ending March 31 for 1979-80 and on a calendar year basis for 1981-82. Eastern reported data on its fiscal year ending July 1. All other producers reported data on a calendar year basis.

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

Net sales of hot-rolled stainless steel bar increased by 13 percent from $124.5 million in 1979 to $140.3 million in 1981; then dropped by 19 percent to $113.7 million in 1982. Operating profit declined from $11.4 million, or 9.2 percent of net sales, in 1979 to $10.6 million, or 7.6 percent of net sales, in 1981, and then to a loss of $3.5 million in 1982. Gross profit margins (except in 1981) and net profit or loss margins before income taxes followed a similar trend as did the operating profit margins. Interest expense increased from $576,000 (0.5 percent of net sales) in 1979 to $2.8 million (2.5 percent of net sales) in 1982 because of * * *. Cash flow from operations on hot-rolled stainless steel bar dropped from $13.4 million in 1979 to $11.9 million in 1981 and then turned into a deficit of $1.9 million in 1982. Three firms in 1980 and 1981 reported operating losses. In 1982, the number of firms sustaining operating losses increased to five.

* * * * * * *

Cold-formed stainless steel bar.--Financial data on cold-formed stainless steel bar were received from seven producers accounting for more than 99 percent of U.S. producers' shipments in 1982. These data are presented in table 16.

Net sales of cold-formed stainless steel bar increased from $358.6 million in 1979 to $386.2 million in 1980, then declined to $354.6 million in 1981, and further declined by 29 percent to $251.8 million in 1982. Operating profit increased from $34.1 million in 1979 to $43.5 million in 1980, declined to $34.8 million in 1981, and then fell to a loss of $12.5 million in 1982. During 1979-82, net profit margins before income taxes followed a similar trend. In the same period, interest expense increased by more than 150 percent mainly because of * * *. Cash flow from operations increased from $38.6 million in 1979 to $48.3 million in 1980 and dropped thereafter to $38.8 million in 1981 and turned into a deficit of $8.1 million in 1982. Five firms reported operating losses in 1982 compared with one firm during 1979-81.

* * * * * * *

Table 16.--Selected financial data of 7 U.S producers on their cold-formed stainless steel bar operations, 1/ 1979-82 2/

Item	1979	1980	1981	1982
Net sales-------1,000 dollars--	358,594	386,198	354,599	251,814
Cost of goods sold-------do----	297,916	312,406	286,603	231,816
Gross profit or (loss)---do----	60,678	73,792	67,996	19,998
General, selling, and administrative expense 1,000 dollars--	26,585	30,323	33,204	32,478
Operating profit or (loss) do----	34,093	43,469	34,792	(12,480)
Interest expense---------do----	1,909	1,830	3,863	5,067
Other income-------------do----	206	424	855	1,106
Net profit or (loss) before income taxes--1,000 dollars--	32,390	42,063	31,784	(16,441)
Depreciation and amortization expense included above 1,000 dollars--	6,238	6,243	7,024	8,303
Cash flow (deficit) from operations-------------do----	38,628	48,306	38,808	(8,138)
As a share of net sales:				
Gross profit or (loss) percent--	16.9	19.1	19.2	7.9
Operating profit or (loss) do----	9.5	11.3	9.8	(5.0)
Net profit or (loss) before income taxes------percent--	9.0	10.9	9.0	(6.5)
Number of firms reporting operating losses----------	1	1	1	5
Number of firms reporting net losses----------	2	2	1	6

1/ The 7 firms reporting accounted for more than 99 percent of U.S. shipments in 1982.

2/ Al Tech reported data on its fiscal year ending March 31 for 1979-80 and on a calendar-year basis for 1981-82. All other producers reported data on a calendar-year basis.

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

Stainless steel wire rod.--Financial data on stainless steel wire rod operations were received from four producers accounting for all of U.S. producers' shipments in 1982. * * *. These data are presented in table 17.

Table 17.--Selected financial data of U.S producers on their stainless steel wire rod operations, 1/ 1979-82 2/

Item	1979	1980	1981	1982
Net sales-------1,000 dollars--	74,447	69,605	62,785	43,444
Cost of goods sold-------do----	65,379	63,820	58,480	46,324
Gross profit or (loss)---do----	9,068	5,785	4,305	(2,880)
General, selling, and administrative expense 1,000 dollars--	4,278	5,180	5,554	5,532
Operating profit or (loss) do----	4,790	605	(1,249)	(8,412)
Interest expense---------do----	711	957	1,045	1,767
Other income-----------do----	90	233	271	301
Net profit or (loss) before income taxes--1,000 dollars--	4,169	(119)	(2,023)	(9,878)
Depreciation and amortization expense included above 1,000 dollars--	800	1,191	1,315	1,610
Cash flow (deficit) from operations----------do----	4,969	1,072	(708)	(8,268)
As a share of net sales:				
Gross profit or (loss) percent--	12.2	8.3	6.9	(6.6)
Operating profit or (loss) do----	6.4	0.9	(2.0)	(19.4)
Net profit or (loss) before income taxes------percent--	5.6	(0.2)	(3.2)	(22.7)
Number of firms reporting operating losses----------	2	3	3	4
Number of firms reporting net losses----------	2	3	3	4

1/ * * *. Hence 5 firms reporting in 1979 and 4 firms reporting in 1980-82, accounted for all of U.S. producers' shipments in 1982.

2/ Al Tech reported data on its fiscal year ending March 31 for 1979-80 and on a calendar-year basis for 1981-82. All other producers reported data on a calendar-year basis.

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

Net sales of stainless steel wire rod declined from $74.4 million in 1979 to $43.4 million in 1982, or by 42 percent. The majority of the decline in net sales was reported in 1982. Operating profit dropped sharply by 87 percent from $4.8 million, or 6.4 percent of net sales, in 1979 to $605,000, or 0.9 percent of net sales, in 1980. Reporting firms sustained aggregate operating losses of $1.2 million, or 2.0 percent of net sales, in 1981 and such losses increased to $8.4 million, or 19.4 percent of net sales, in 1982. Gross profit margins and net profit or loss margins before income taxes followed the same trend as did the operating profit margins. During 1979-82, interest expense increased by about 150 percent largely because of * * *. Cash flow from operations declined from $5.0 million in 1979 to deficits of $708,000 in 1981 and $8.3 million in 1982. The number of firms reporting operating and net losses increased from two in 1979 to three in 1980 and 1981. All four producers of stainless steel wire rod reported losses in 1982.

* * * * * * *

Capital expenditures and research and development

Hot-rolled stainless steel bar.--Four domestic producers' capital expenditures and six producers' research and development expenses associated with their hot-rolled stainless steel bar operations are presented in the following tabulation (in thousands of dollars):

	Capital expenditures	Research and development
1979	4,495	1,805
1980	5,182	1,944
1981	8,386	2,149
1982	13,007	2,346

Total capital expenditures increased from $4.5 million in 1979 to $13.0 million in 1982. * * *. Total reported research and development expenditures increased steadily from $1.8 million in 1979 to $2.3 million in 1982.

Cold-formed stainless steel bar.--Three domestic producers' capital expenditures and seven producers' research and development expenses in connection with their cold-formed stainless steel bar operations are presented in the following tabulation (in thousands of dollars):

	Capital expenditures	Research and development
1979	11,278	5,075
1980	11,598	5,208
1981	17,458	5,184
1982	19,158	5,589

Total capital expenditures increased from $11.3 million in 1979 to 19.2 million in 1982. * * *. Total reported research and development expenditures increased from $5.1 million in 1979 to $5.2 million in 1980, remained at same level in 1981, and then rose to $5.6 million in 1982.

Stainless steel wire rod.--Two domestic producers' capital expenditures and four producers' research and development expenses associated with their stainless steel wire rod operations are presented in the following tabulation (in thousands of dollars):

	Capital expenditures	Research and development
1979	***	1,304
1980	***	1,539
1981	***	1,567
1982	***	2,177

Total capital expenditures increased from * * * in 1979 to * * * in 1982. * * *. Total reported research and development expenditures increased steadily from $1.3 million in 1979 to $2.2 million in 1982.

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

In its examination of the question of threat of material injury to an industry in the United States, the Commission, according to rule 207.26 of its Rules of Practice and Procedure, may take into consideration such factors as the rate of increase of alleged subsidized imports, the capacity of producers in the exporting country to generate exports, and 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. Discussions of foreign producers' capacity to generate exports and the availability of other export markets follow.

Data regarding Brazilian production and exports of stainless steel bar and wire rod are shown in tables 18 and 19. The data relate to the two largest Brazilian producers 1/ of these products and account for approximately 88 percent of all stainless steel bar and wire rod produced in Brazil in recent periods.

* * *.

Table 18.--Stainless steel bar (HRB and CFB): Brazilian production and exports, 1979-82

* * * * * * *

1/ Villares and Piratini.

Table 19.--Stainless steel wire rod: Brazilian production and exports, 1979-82

* * * * * * *

Data on the Brazilian capacity for the production of the subject products has been requested from the Brazilian Iron and Steel Institute, but has not been made available as of the date of publication of this report.

On May 29, 1980, the European Community accepted the pledge by Brazilian exporters of certain stainless steel bars to increase their export prices on these products destined for the European Economic Community nations. As a result, the European Community agreed to drop the antidumping proceedings which began in December 1979. Under its investigaton, the Community found that dumping margins on certain stainless steel bar items ranged from 0 to 72 percent depending on the quality and size of the bar, and averaged 30 percent for all bars investigated. In addition, the Community found that the Brazilian Government provided export subsidies equivalent to approximately 20 percent of the f.o.b. export price through the excessive remission of the tax on industrial products (IPI) to companies exporting stainless steel bars.

Brazil's two leading producers of specialty steel, Companhia Acos Especias Itabira (Acesita) and Villares Industrias de Base SA (Vibasa), both increased their capacities to produce specialty steel in 1980 and 1981; however, it is not known how much of this expansion, if any, is related to the products which are the subject of these investigations. In 1981, Vibasa completed a plant with capacity to produce 364,000 tons of specialty steel per year. Acesita, which is Brazil's largest producer of stainless steel products, completed expansion of its sole plant by 300,000 tons of annual specialty steel-making capacity. 1/ Because domestic demand for specialty steel in 1981 was sluggish, Brazilian producers have concentrated instead on exports. In 1981, Acesita set as a goal, a 25-percent increase in its exports of stainless steel bars over that in 1980. Acesita's principal export markets are South America, Mexico, and the United States. Acesita is among 25 steel companies participating in a Government program to promote exports. Principal targets of this export effort are the North and South American markets in general, and the United States market in particular. These companies are expected to receive financial aid from the Government in an effort to stimulate exports. 2/ Given recent substantial additions to Brazilian stainless steelmaking capacity and only moderate growth in domestic stainless steel consumption, Brazil is expected to continue to place heavy emphasis on exports in order not to create a situation of overcapacity in its domestic industry.

1/ American Metal Market, August 10, 1981. p. 10A.
2/ Ibid.

In May 1981, the Brazilian Government in conjunction with the Sidebras group, the state-owned holding company composed of seven firms (producing roughly 60 percent of Brazilian crude steel production in 1980), announced future plans for steel production in the decade of the 1980s. These plans call for expansion and completion of existing plants in an effort to increase steelmaking capacity for both carbon and speciality steels.

The Question 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 declined from 251,633 tons in 1979 to 181,115 tons in 1982, or by 28 percent (table 20). The trend for each product approximates that for the aggregate. Hot-rolled stainless steel bar consumption declined by 33 percent from 1979 to 1982, cold-formed stainless steel bar consumption declined by 29 percent, and stainless steel wire rod consumption fell by 20 percent. From 1981 to 1982 hot-rolled consumption declined by 24 percent while cold-formed bar and wire rod consumption each declined by 17 percent.

Despite the decline in apparent consumption, total imports increased. As a share of total U.S. consumption of the products under investigation, imports from all countries increased from 18.8 percent in 1979 to 34.2 percent in 1982. Imports of these products from Brazil, while increasing irregularly during 1979-82, increased as a share of the U.S. market from 0.8 percent in 1979 to 2.9 percent in 1982. Imports from Brazil of hot-rolled bar increased as a share of the market from 0.9 percent in 1979 to 2.3 percent in 1982, while Brazilian cold-formed bar and wire rod increased as a share of the U.S. market from 1.1 percent to 3.2 percent and from nil to 2.8 percent, respectively.

Imports of stainless steel bar and wire rod from Brazil as a share of U.S. consumption for the first quarters of 1983 and 1982 are shown in the tabulation below. 1/

	January-March 1982	January-March 1983
Hot-rolled bar	1.7	2.5
Cold-formed bar	5.0	0.9
Wire rod	2.4	3.5

Imports of hot-rolled bar and wire rod increased from 1.7 percent to 2.5 percent of consumption and from 2.4 percent to 3.5 percent of consumption, respectively. Imports of cold-formed bar, however, declined from 5.0 percent

1/ Import and export data for these calculations were extracted from official statistics of the U.S. Department of Commerce; the shipment data used was taken from reports of the American Iron and Steel Institute.

Table 20.--Stainless steel bar and wire rod: U.S. producers' shipments, imports for consumption, exports of domestic merchandise, and apparent consumption, 1979-1982

(short tons)

Product and Period	Producers' shipments	Imports			Producers' exports	Apparent consumption	Ratio (percent of imports to consumption)		
		From Brazil	From other countries	Total			From Brazil	From other countries	Total
Hot-rolled bar:									
1979	54,215	541	6,592	7,133	798	60,550	0.9	10.9	11.8
1980	46,974	450	7,684	8,134	669	54,439	0.8	14.1	14.9
1981	47,162	536	7,063	7,599	1,148	53,613	1.0	13.2	14.2
1982	32,272	949	7,741	8,690	441	40,521	2.3	19.1	21.4
Cold-formed bar:									
1979	118,628	1,489	20,246	21,735	973	139,390	1.1	14.5	15.6
1980	108,394	1,253	27,436	28,689	1,433	135,650	0.9	20.2	21.1
1981	93,837	2,378	24,870	27,248	1,083	120,002	2.0	20.7	22.7
1982	68,584	3,129	28,234	31,363	675	99,272	3.2	28.4	31.6
Wire-rod:									
1979	33,499	-	18,408	18,408	214	51,693	-	35.6	35.6
1980	29,360	13	21,630	21,643	317	50,686	.03	42.7	42.7
1981	25,019	1,349	23,787	25,136	451	49,704	2.7	47.9	50.6
1982	19,767	1,140	20,741	21,881	326	41,322	2.8	50.2	53.0
Total all products:									
1979	206,342	2,030	45,246	47,276	1,985	251,633	0.8	18.0	18.8
1980	184,728	1,716	56,750	58,466	2,419	240,775	0.7	23.6	24.3
1981	166,018	4,263	55,719	59,982	2,682	223,318	1.9	24.9	26.9
1982	120,623	5,218	56,716	61,934	1,442	181,115	2.9	31.3	34.2

Source: Imports compiled from official statistics of the U.S. Department of commerce; all other data compiled from responses to questionnaires of the U.S. International Trade Commission.

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to 0.9 percent of consumption. U.S. consumption of each of these products declined during the period, hot-rolled bar by 42.3 percent, cold-formed bar by 7.6 percent, and wire rod by 5.1 percent.

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 more extensively in the capital goods industry than are stainless steel sheet and strip. 2/

A large proportion of U.S.-produced stainless steel bar (about 73 percent in 1982) is sold through service centers/distributors to user manufacturers. 3/ Large users include the manufacturers of industrial equipment, tools, electrical equipment, industrial fasteners, aircraft, and forgings. Hot-rolled bar is proportionately more important in the electrical equipment, industrial equipment, and forging sectors; cold-formed bar is used more in the production of nonelectrical machinery, drive shafts, and cutlery.

Manufacturers which convert stainless steel wire rod into wire are the single largest user market for stainless steel wire rod, accounting for about 45 percent of wire rod purchases in 1982. Other large user markets include producers of industrial fasteners, machinery, industrial equipment, and tools. Most wire rod is purchased directly from the producers by user manufacturers--only 15 percent of U.S.-produced wire rod was sold through service centers/distributors in 1982. 4/

Changes in the level of demand for stainless steel are reflected by indexes of business activity. A business activity index often used as an indicator of aggregate demand for stainless steel is the index of industrial production for durable manufactures. 5/ On a quarterly basis, this index shows that industrial production steadily decreased from January-March 1979 to July-September 1980, by a total of 11.8 percent. It then increased through April-June 1981 before declining again through October-December 1982. Durable manufactures production increased 3 percent in January-March 1983, compared to October-December 1982, as shown in the following tabulation:

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/ Report on the Stainless Steel Industry, Organization for Economic Cooperation and Development, Paris, 1982, p. 51.

3/ American Iron and Steel Institute, AIS 16-S, 1982.

4/ Ibid.

5/ From January-March 1979 to October-December 1982, a correlation coefficient of .71 existed between this index and apparent consumption of stainless steel bar. The coefficient was .56 for stainless steel wire rod. A correlation of 1.00 shows a perfect correlation.

	Index of Industrial Production, Durable Manufactures (January-March 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-September	84.5
October-December	81.1
1983:	
January-March	83.8

Source: Bureau of Labor Statistics.

An increase or decrease in the business activity of user industries has generally resulted in a correspondingly greater increase or decrease in stainless steel consumption. This is largely due to changes in inventory holdings of purchasing firms.

> a fairly large proportion of fabricated stainless steel is delivered to merchants and service centers. The stock policies of these intermediate branches, although usually not completely in phase with the cycle of demand of end consumers, often cause a reinforcement of part of the cycle. 1/

Thus, in a recessionary market, stainless steel purchasers may postpone the replacement of stainless steel inputs by drawing down existing inventories, causing a decrease in demand for stainless steel greater than the decrease in business activity.

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 alloy content of the stainless steel, with chromium a necessary addition, and nickel

1/ Report on the Stainless Steel Industry, OECD, 1982, p. 54.

and molybdenum two other metals which are often added. Extra charges for bar primarily depend on the type of finish required. The Commission requested data on average net selling prices for specific stainless steel bar and wire rod products from domestic producers and from importers.

Hot-rolled stainless steel bar.--Price data for one representative sample product of hot-rolled stainless steel bar was received from three domestic producers for sales to service centers/distributors, and from six domestic producers for sales to endusers. Producer's prices for sales to both service center and end-user markets increased from an average of $2,354 per ton in January-March 1980 to $2,606 per ton in April-June 1980, or by 10 percent (table 21). Prices fluctuated slightly but showed no clear trend from April-June 1980 to April-June 1981. Price trends for sales to the two different markets differed thereafter. For sales to service centers/ distributors prices increased from $2,560 per ton in April-June 1981 to $2,751 per ton in July-September 1981, or by 10 percent. Domestic producers' prices to the end-user market continued to increase through April-June 1982, increasing from $2,607 per ton in April-June 1981 to $2,864 per ton in April-June 1982. Prices to end users declined in the last two quarters of 1982 to $2,499 in October-December 1982, or by 13 percent. A U.S. producer stated that stainless steel bar prices stabilized in the first half of 1983. 1/

Two importers provided price data for sales to service centers of hot-rolled bar from Brazil, although the price series was incomplete. From January-March 1981 to January-March 1982 importers' prices declined from * * *, or by 9 percent. Prices were not provided for the remaining quarters of 1982 for this product. The Brazilian product consistently undersold that produced by U.S. manufacturers, by from * * *. In January-March 1982 the margin of underselling was * * *.

Cold-formed stainless steel bar.--Price data for two sample products of cold-formed stainless steel bar were received from six domestic producers for sales to service centers/distributors and endusers. U.S. producers' prices for both specifications increased from January-March 1980 to October-December 1980 by an average of 11 percent (tables 22 and 23). For three of the four markets, U.S. producers' prices declined in January-March 1981 (the exception was the price of grade 303 stainless steel bar to end-user markets). U.S. producers' prices then increased by an average of 9 percent from January-March 1981 to July-September 1981, before showing a general decline throughout the remainder of the period. From July-September 1981 to October-December 1982, U.S. producers' prices declined by an average of 13 percent. A U.S. producer stated that stainless steel bar prices stabilized in the first half of 1983. 2/

1/ Transcript of hearing, May 11, 1983, p. 49.
2/ Transcript of hearing, May 11, 1983, p. 49.

Table 21.--Hot-rolled stainless steel bar (AISI grade 304, 1-1/2" to 4-3/4" round): Weighted-average net selling prices for sales by U.S. producers, and by importers of the product from Brazil, and margins of underselling, by quarter, 1980-82

Period	Prices for sales to service centers--			Prices for sales to end-users 2/--
	Of U.S.-produced steel by U.S. producers	Of Brazilian produced steel by U.S. importers 1/	Margin of underselling	Of U.S.-produced steel by U.S. producers
	dollars per ton		percent	dollars per ton
1980:				
Jan.-Mar----	2,317	***	***	2,390
Apr.-June---	2,543	***	***	2,669
July-Sept---	2,526	***	***	2,526
Oct.-Dec----	2,447	***	***	2,669
1981:				
Jan.-Mar----	2,489	***	***	2,584
Apr.-June---	2,560	***	***	2,607
July-Sept---	2,751	***	***	2,768
Oct.-Dec----	2,700	***	***	2,704
1982:				
Jan.-Mar----	2,647	***	***	2,838
Apr.-June---	2,708	***	***	2,864
July-Sept---	2,616	***	***	2,729
Oct.-Dec----	2,458	***	***	2,499

1/ For one importer, prices were a composite of sales to service centers and to end-users. However, this importer indicated that its prices did not differ significantly for sales to these markets.

2/ No importers provided prices for sales to end users exclusively.

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

Four importers provided price data for sales of Brazilian cold-formed stainless steel bar to service centers/distributors and one provided for sales to end-users. Although little price data were collected for 1980, price series were generally complete for 1981 and 1982. Importers' prices for grade 304 bar were highest in January-March to April-June 1981, and showed steady declines thereafter. Importers' prices declined from an average of * * * per ton in January-March 1981 to * * * per ton in October-December 1982, or by 18 percent. Importers' prices for grade 303 bar increased from $2,575 per ton in January-March 1981 to $2,735 per ton in July-September 1981, or by 6 percent. Although the quarterly trend of prices was erratic thereafter, prices generally declined in 1982 from * * *.

Importers' prices were consistently lower than U.S. producers' prices. For sales to service centers, margins of underselling ranged from $190 to $425 per ton, or from 8 to 15 percent. In 1982, margins of underselling for sales to endusers were generally higher, ranging from * * *.

Table 22.—Cold-formed stainless steel bar (AISI grade 304, 1-1/2" to 4-3/4" round): Weighted-average net selling prices for sales, by U.S. producers, and by importers of the product from Brazil, and margins of underselling, by quarter, 1980-82

Period	Prices for sales to service centers—				Prices for sales to end-users—			
	Of U.S.-produced steel by U.S. producers	Of Brazilian produced steel: by U.S. importers	Margin of underselling		Of U.S. produced steel by U.S. producers	Of Brazilian produced steel: by U.S. importers 1/	Margins of underselling	
	Dollars per ton			Percent	Dollars per tons			Percent
1980:								
Jan.-Mar.	2,544	2/	—	—	3,087	***	***	***
Apr.-June	2,728	2/	—	—	3,312	***	***	***
July-Sept.	2,711	2,184	527	19	3,393	***	***	***
Oct.-Dec.	2,716	2/	—	—	3,522	***	***	***
1981:				—				
Jan.-Mar.	2,675	2,669	6	3/	3,417	***	***	***
Apr.-June	2,764	2,455	309	11	3,600	***	***	***
July-Sept.	2,882	2,476	406	14	3,803	***	***	***
Oct.-Dec.	2,810	2,425	385	14	3,720	***	***	***
1982:								
Jan.-Mar.	2,774	2,468	306	11	3,717	***	***	***
Apr.-June	2,744	2,464	280	10	3,531	***	***	***
July-Sept.	2,818	2,393	425	15	3,401	***	***	***
Oct.-Dec.	2,409	2,219	190	8	3,440	***	***	***

1/ These prices represent small quantities of imports from 1 importer only.
2/ Not available.
3/ Less than 1 percent.

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

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Table 23.--Cold-formed stainless steel bar (AISI grade 303, 20/32" to 31/32" round): Weighted-average net selling prices for sales, by U.S. producers, and by importers of the product from Brazil, and margins of underselling, by quarter, 1980-82

Period	Prices for sales to service centers--			Prices for sales endusers 2/--
	Of U.S.-produced steel by U.S. producers	Of Brazilian produced steel by U.S. importers 1/	Margin of underselling	Of U.S.-produced steel by U.S. producers
	Dollars per ton		Percent	Dollars per ton
1980:				
Jan.-Mar----	2,883	1/	-	3,544
Apr.-June---	3,053	1/	-	3,852
July-Sept---	3,098	1/	-	3,884
Oct.-Dec----	3,101	1/	-	3,921
1981:				
Jan.-Mar----	2,923	2,575	348	12	3,962
Apr.-June---	2,948	2,609	339	11	4,132
July-Sept---	3,096	2,735	361	12	4,129
Oct.-Dec----	3,093	2,661	432	14	4,136
1982:				
Jan.-Mar----	3,059	2,717	342	11	4,073
Apr.-June---	3,097	2,631	466	15	4,025
July-Sept---	2,870	2,638	232	8	3,989
Oct.-Dec----	2,650	2,391	259	10	3,596

1/ Not available.
2/ Prices for sales to this market were not provided by importers.

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

Stainless steel wire rod.--Price data for one sample product of stainless steel wire rod was received from three domestic producers for sales to end-users. Prices for sales to end-users were highest in 1980, and generally declined in 1981 and 1982. From April-June 1980 to October-December 1982 prices decreased from $2,287 to $1,754 per ton, or by 23 percent. A U.S. producer stated that wire rod prices have continued to deteriorate in 1983 compared to fourth quarter 1982 price levels.

Brazil did not export stainless steel wire rod to the United States until late in 1980. Prices for sales of this product in the United States were provided by the primary importer of stainless steel wire rod from Brazil. 1/

1/ This importer is Alloy and Stainless, Inc. which accounts for * * * of stainless steel wire rod imported from Brazil.

From the first reported price in July-September 1980 to October-December 1982, prices declined from * * *. Importers' prices were consistently lower than U.S. producers' prices, by from * * *. In 1982, the margin of underselling averaged * * *.

Table 24.--Stainless steel wire rod (AISI grade 303 and 304, .217 -.250 inch round): Weighted-average selling prices for sales to endusers by U.S. producers, and by importers of the product from Brazil, and margins of underselling, by quarter, 1980-82

Period	U.S. producers prices for U.S.-produced steel	Importers' prices for Brazilian-produced steel	Margin of underselling
	dollars per ton		percent
1980:			
Jan.-Mar	2,164	***	***
Apr.-June	2,287	***	***
July-Sept	2,265	***	***
Oct.-Dec	2,235	***	***
1981:			
Jan.-Mar	2,214	***	***
Apr.-June	2,170	***	***
July-Sept	2,138	***	***
Oct.-Dec	2,106	***	***
1982:			
Jan.-Mar	2,021	***	***
Apr.-June	1,980	***	***
July-Sept	1,829	***	***
Oct.-Dec	1,754	***	***

1/ Not available.

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

Lost Sales and Lost Revenues

Stainless steel bar.--U.S. producers provided the Commission with 18 allegations concerning lost sales and/or lost revenue by reason of competition from stainless steel bar imported from Brazil. Fifteen individual firms were the subject of these allegations, which generally involved lost sales from mid- to late 1982. The total quantity involved was 194 tons. Ten of the allegations related specifically to cold-formed bar, and one to hot-rolled bar; for seven of the allegations, it was not specified whether the bar was cold-formed or hot-rolled.

Thirteen of the fifteen firms were contacted by Commission staff. Six of these firms verified that they had purchased Brazilian stainless steel bar, and all six reported that it was because of lower price. Two of the firms that did not purchase Brazilian stainless steel bar had purchased from other foreign sources. Three firms purchase only from domestic mills, and one firm reported that it has never purchased stainless steel bar. One firm reported that since it purchases from an importer that stocks steel from a variety of foreign sources, it is not sure of the origin of the steel it purchases. None of the firms reported that it had ever used a price quote of Brazilian bar to negotiate a more favorable price from U.S. producers. Purchasers reported that the Brazilian bar was comparable in quality to U.S.-produced bar. Details relating to each purchaser follow:

Purchaser 1.--U.S. producers alleged that this firm had used a price quote of Brazilian stainlesss steel cold-formed bar to negotiate a more favorable price from a U.S. producer in mid-1982. This purchaser reported that it has never purchased Brazilian stainless steel bar, nor used a price of Brazilian bar to negotiate a lower price from U.S. producers.

Purchaser 2.--This allegation involved the purchase of * * * tons of Brazilian cold-formed grade * * * bar in 1981. This purchaser reported that it had bought 28 tons of Brazilian bar in 1981, at a price that was about 40 percent lower than U.S. producers' prices.

Purchaser 3.--This allegation involved the purchase of * * * tons of Brazilian grade * * * stainless steel bar. This purchaser stated that it does not purchase stainless steel bar.

Purchaser 4.--The allegation involved the purchase of * * * tons of Brazilian cold-formed grade * * * bar in * * * 1982. This purchaser reported that it had made one purchase of 125 tons of Brazilian bar in 1982 through its parent company. The primary reason for purchasing the Brazilian bar was its lower price.

Purchaser 5.--U.S. producers alleged that this firm had used a price quote of Brazilian bar to negotiate a lower price from U.S. producers. This purchaser reported that it has never used a price quote from a supplier of Brazilian steel to negotiate a lower price from U.S. mills. This firm reported that it purchased Brazilian steel bar in 1983 from importers at prices about 20 percent lower than U.S. producers' prices for 1-inch grade 303 bar. This firm reported that it also has received price quotes directly from Brazilian producers, in which the price differential is greater than 20 percent. This firm stated that if it had bought the higher priced U.S.-produced steel, it would have had to have sold the steel at a loss.

Purchaser 6.--U.S. producers provided no details on quantity for this lost sales allegation. This purchaser reported that it has never purchased Brazilian stainless steel bar.

Purchaser 7.--U.S. producers provided no details on quantity for this lost sales allegation. This purchaser reported that although it does purchase foreign stainless steel bar, it has never purchased Brazilian stainless steel bar.

Purchaser 8.--U.S. producers provided no details on quantity for this lost sales allegation. This purchaser reported that it has purchased about 50 tons of Brazilian stainless steel bar per year because of its lower price.

Purchaser 9.--U.S. producers provided no details on quantity for this lost sales allegation. This firm reported that it has received quotes from suppliers of Brazilian bar, but it has never purchased the Brazilian product.

Purchaser 10.--U.S. producers provided no details on quantity for this lost sales allegation. This firm reported that it has purchased Brazilian stainless steel bar because of lower price, but provided no other details.

Purchaser 11.--This lost sales allegation involved the purchase of * * * tons of Brazilian grade * * * stainless steel bar in * * * 1982. This purchaser reported that since it purchases from an importer that stocks from various foreign sources, it is not sure of the origin of the steel when it places the order. However, it did report that import prices were about 35 percent lower than U.S. producers' prices in 1982 and early 1983.

Purchaser 12.--This lost sales allegation involved the purchase of *** tons of Brazilian hot-rolled bar in * * * 1982. This firm reported that although it has purchased from other foreign sources that it has never purchased Brazilian stainless steel bar.

Purchaser 13.--U.S. producers provided no specific quantities for this lost sales allegation. This purchaser reported that it knows the origin of the foreign bar it purchases only after the steel has reached them from a trading company. This firm estimated that, at most, they purchased 50 tons of Brazilian stainless steel bar in 1982. The primary reason for purchasing foreign steel was lower price. Prices of Brazilian stainless steel bar were 10 to 30 percent lower than U.S.-producers' prices.

Stainless steel wire rod.--U.S. producers provided the Commission with four allegations concerning lost sales and/or lost revenue of stainless steel wire rod. The quantity specifically alleged to have been lost was 80 tons, but the producers did not provide a specific quantity for one purchaser * * *.

Three of the firms verified that they had purchased Brazilian stainless steel wire rod; one firm stated that it does not purchase the Brazilian product. However, two of the three firms had purchased from the third firm, * * *. The U.S. producers of stainless stee wire rod likely compete with Brazilian wire rod at two different levels of distribution. First, U.S. producers compete directly with the Brazilian producer in making sales to an importer/distributor such as * * *. Second, U.S. producers compete with the importer/distributor for sales to endusers. * * *. Details relating to the four firms that were alleged to have purchased Brazilian wire rod follow:

Purchaser 1.--The U.S. producer making this lost sales allegation * * * was formerly * * *. This purchaser reported that it did not import wire rod prior to 1980. In 1980 it imported * * * tons of wire rod from Brazil, and in 1981 * * * tons. It estimated that it is currently importing about * * * a month from all sources. * * *.

1/ * * *.

This purchaser reported that it has purchased Brazilian stainless steel wire rod because it has been consistently priced lower than U.S.-produced wire rod.

Purchaser 2.--This allegation involved the purchase of * * * tons of Brazilian wire rod. This purchaser reported that it makes no direct purchases of wire rod from Brazil, but purchases through * * *.

Purchaser 3.--This allegation involved the purchase of * * * tons of Brazilian wire rod in * * * 1982 from * * *. This purchaser verified that it had bought 40 tons of Brazilian * * * wire rod in 1982 because of lower price.

Purchaser 4.--This allegation involved the purchase of * * * tons of Brazilian wire rod, and * * *. This purchaser reported that it purchases only from U.S. producers, and has only been made offers for French, Italian, and Swedish wire rod.

APPENDIX A

COMMISSION'S NOTICE
OF
CONTINUATION OF FINAL INVESTIGATION

Since the Department of Commerce has postponed its final determination in its investigation on certain tool steels from the Federal Republic of Germany until May 27, 1983, the Commission is likewise rescheduling its final determination in accordance with section 735 (b)(2) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)(2)) and is postponing its hearing in that investigation. Notice of the Commission's new hearing date will be published as soon as it is determined.

FOR FURTHER INFORMATION CONTACT: Mr. Stephen P. Miller, Office of Investigations, U.S. International Trade Commission, (202) 523-0305.

This notice is published pursuant to § 207.40 of the Commission's Rules of Practice and Procedure (19 CFR 207.40).

Issued: March 21, 1983.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-8223 Filed 3-29-83; 8:45 am]

BILLING CODE 7020-02-M

[332-160]

A Competitive Assessment of the U.S. Video Game Industry

AGENCY: International Trade Commission.

ACTION: In accordance with the provisions of section 332(b) of the Tariff Act of 1930 (19 U.S.C. 1332(b)), the Commission has instituted on its own motion investigation No. 332-160 for the purpose of assessing the current and prospective competitiveness of the U.S. video game industry. The study will analyze the rapid growth of the U.S. industry, the growing reliance on overseas assembly of video games, and markets for such games in Canada, Europe, and Japan. The study will also assess conditions of competition between U.S. producers and producers in Europe, Canada, Japan, Taiwan, and Hong Kong.

EFFECTIVE DATE: February 25, 1983.

FOR FURTHER INFORMATION CONTACT: Mr. Ralph Watkins or Mr. Rbett Leverett, General Manufactures Division, U.S. International Trade Commission, Washington, D.C. 20436, telephone 202-724-0976, or 202-724-1725, respectively.

Written Submissions: While there is no public hearing scheduled for this study, written submissions from interested parties are invited. Commercial or financial information which a party desires the Commission to treat as confidential must be submitted on separate sheets of paper, each clearly marked "Confidential Business Information" at the top. All submissions requesting confidential treatment must conform with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6). All written submissions, except for confidential business information, will be made available for inspection by interested parties. To be ensured of consideration by the Commission, written statements should be received by the close of business on October 30, 1983. All submissions should be addressed to the Secretary at the Commission's office in Washington, D.C.

Issued: March 22, 1983.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-8224 Filed 3-29-83; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 701-TA-179 Through 181 (Final)]

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

AGENCY: International Trade Commission.

ACTION: Continuation of final countervailing duty investigations.

EFFECTIVE DATE: February 22, 1983.

SUMMARY: On February 2, 1983, the United States Department of Commerce suspended its countervailing duty investigations concerning hot-rolled stainless steel bar, cold-formed stainless steel bar and stainless steel wire rod (certain stainless steel products) from Brazil (48 FR 4703). The basis for the suspension was an agreement by the Government of Brazil to offset all benefits which Commerce found to constitute subsidies with an export tax on all exports of the subject products to the United States. Accordingly, pursuant to section 704(f)(1)(B) of the Tariff Act of 1930 (19 U.S.C. 1671c(f)(1)(B)), the United States International Trade Commission suspended its countervailing duty investigations on the subject products from Brazil (48 FR 8875). On February 22, 1982, however, a request to continue the investigations was filed with Commerce and the Commission pursuant to section 704(g)(2) of the Tariff Act (19 U.S.C. 1671c(g)(2)) by counsel for the petitioners. Accordingly, the Commission hereby gives notice of the continuation of investigations Nos. 701-TA-179 through 181 (Final), Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Brazil. Unless the investigations are extended, the Department of Commerce will make its final subsidy determinations in these cases by May 9, 1983, and the Commission will make its final injury determinations by June 23, 1983.

FOR FURTHER INFORMATION CONTACT: Larry Reavis, (202/523-0296), Office of Investigations, U.S. International Trade Commission, Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION:

Participation in the investigation.—Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11, as amended by 47 FR 6189, February 10, 1982), not later than 21 days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to this investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c), amended by 47 FR 33682, August 4, 1982).

Staff report.—A public version of the staff report containing preliminary findings of fact in this investigation will be placed in the public record on April 29, 1983, pursuant to § 206.21 of the Commission's rules (19 CFR 207.21).

Hearing.—The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m., on May 11, 1983, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436. 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 May 2, 1983. All persons desiring to appear at the hearing and make oral presentation should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m., e.s.t., on May 5, 1983, in room 117 of the U.S. International Trade

Commission Building. The deadline for filing prehearing briefs is May 6, 1983.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (19 CFR 207.23, as amended by 47 FR 33682, August 4, 1982). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22, as amended by 47 FR 33682, August 4, 1982). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on May 23, 1983.

Written submissions.—As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before May 23, 1983. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

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

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and C (19 CFR Part 207, as amended by 47 FR 33682, August 4, 1982), and part 201, subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, August 4, 1982).

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

Issued: March 22, 1983.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 83-8221 Filed 3-29-83; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 731-TA-127, 128 and 129 (Preliminary)]

Thin Sheet Glass From Switzerland, Belgium, and the Federal Republic of Germany

AGENCY: International Trade Commission.

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

EFFECTIVE DATE: March 16, 1983.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of preliminary antidumping investigations under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Switzerland, Belgium, and the Federal Republic of Germany of thin sheet glass, provided for in items 542.11 and 542.13 of the Tariff Schedules of the United States, which are alleged to be sold in the United States at less than fair value.

FOR FURTHER INFORMATION CONTACT: Ms. Judith Zeck, Office of Investigations, U.S. International Trade Commission, 701 E St., NW., Washington, D.C. 20436, telephone 202-523-0339.

SUPPLEMENTARY INFORMATION:

Background.— These investigations are being instituted in response to a petition filed on March 16, 1983, on behalf of Jeannette Sheet Glass Corp., Jeannette, Pa., a domestic producer of the subject merchandise. The Commission must make its determinations in the investigations within 45 days after the date of the filing of the petition, or by May 2, 1983 (19 CFR 207.17).

Participation.—Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided for in section 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

Service of documents.—The Secretary will compile a service list from the entries of appearance filed in the investigations. Any party submitting a document in connection with the 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)), as amended by 47 FR 33682, Aug. 4, 1982).

In addition to the foregoing, each document filed with the Commission in the course of these investigations 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 on or before April 14, 1983, a written statement of information pertinent to the subject matter of these investigations (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

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

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m., on April 11, 1983, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the staff investigator, Ms. Judith Zeck (202-523-0339), not later than April 4, 1983, to arrange for their appearance. Parties in support of the imposition of antidumping duties in the investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

Public inspection.—A copy of the petition and all written submission, except for confidential businesss data, will be available for public inspection

APPENDIX B

CALENDAR OF PUBLIC HEARING

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 Brazil

Inv. Nos. : 701-TA-179 through 181 (Final)

Date and time: May 11, 1983 - 10:00 a.m.

Sessions were held 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
Carpenter Technology Corporation
Colt Industries, Inc.
Crucible Specialty Metals Division
Cyclops Corporation
Guterl Special Steel Corporation
Joslyn Stainless Steels
Republic Steel Corporation

Dr. Adolph J. Lena, Chairman of the Board and Chief Executive Officer, Al Tech Specialty Steel Corporation, Dunkirk, New York and Chairman Specialty Steel Industry of the United States

James H. Mintun, Sr. Vice President, Al Tech Specialty Steel Corporation

Economic Consulting Services, Washington, D.C.

Bruce Malashevich, Vice President

Vincent Honnold, Staff Economist

Alan M. Dunn--OF COUNSEL

- more -

In opposition to the imposition of countervailing duties:

Arter, Hadden & Hemmendinger--Counsel
Washington, D.C.
on behalf of

Acos Villarges,
Acos Finos Piratini,
Companhia Acos Especiais Itabira (ACESITA), and
Instituto Brasilerio Siderurgia (IBS)

Royal Daniel, III--OF COUNSEL

APPENDIX

COMMERCE'S NOTICE
OF
FINAL SUBSIDY DETERMINATIONS

position as a manufacturer in relation to the company's plants abroad, leading to a potential increase in employment of 100 persons.

In accordance with the Board's regulations, an examiners committee has been appointed to investigate the application and report to the Board. The committee consists of: Dennis Puccinelli (Chairman), Foreign-Trade Zones Staff, U.S. Department of Commerce, Washington, D.C. 20230; Edward A. Goggin, Assistant Regional Commissioner, U.S. Customs Service, Northeast Region, 100 Summer St., Boston, MA 02210; and Colonel Carl B. Sciple, Division Engineer, U.S. Army Engineer Division New England, 424 Trapelo Rd., Waltham, MA 02254.

Comments concerning the proposed subzone are invited in writing from interested persons and organizations. They should be addressed to the Board's Executive Secretary at the address below and postmarked on or before June 20, 1983.

A copy of the application is available for public inspection at each of the following locations:

Port Director's Office, U.S. Customhouse, Norton, VT 05907
Office of the Executive Secretary, Foreign-Trade Zones Board, U.S. Department of Commerce, Room 1872, 14th and Pennsylvania Ave. NW., Washington, D.C. 20230.

Dated: May 6, 1983.

John J. Da Ponte, Jr.,
Executive Secretary.

[FR Doc. 83-12883 Filed 5-12-83; 8:45 am]
BILLING CODE 3510-25-M

International Trade Administration

Fiber Optic Subcommittee of the Telecommunications Equipment Technical Advisory Committee; Closed Meeting

A meeting of the Fiber Optic Subcommittee of the Telecommunications Equipment Technical Advisory Committee will be held on June 1, 1983, at 10:00 a.m., Herbert C. Hoover Building, Room 5611, 14th Street and Constitution Avenue, N.W., Washington, D.C. The Subcommittee was established to study the fiber optic communications equipment with the goal of making recommendations to the Department of Commerce relating to the appropriate parameters for controlling exports for reasons of national security.

The Subcommittee will meet only in executive session to discuss matters properly classified under Executive Order 12356, dealing with the U.S. and COCOM control programs and strategic criteria related thereto.

A Notice of Determination to close meetings or portions of meetings of the Subcommittee to the public on the basis of 5 U.S.C. 552b(c)(1) was approved on September 29, 1981, in accordance with the Federal Advisory Committee Act.

A copy of the Notice is available for public inspection and copying in the Central Reference and Records Inspection Facility, Room 6628, U.S. Department of Commerce, telephone: 202-377-4217.

For further information contact Mrs. Margaret Cornejo, 202-377-2583.

Dated: May 9, 1983.

Milton Baltas,
Director of Technical Programs, Office of Export Administration.

[FR Doc. 83-12932 Filed 5-12-83; 8:45 am]
BILLING CODE 3510-25-M

Telecommunications Equipment Technical Advisory Committee; Closed Meeting

A meeting of the Telecommunications Equipment Technical Advisory Committee will be held on June 2, 1983, at 10:00 a.m., Herbert C. Hoover Building, Room 3708, 14th Street and Constitution Avenue, N.W., Washington, D.C. The Committee Advises the Office of Export Administration with respect to technical questions which affect the level of export controls applicable to telecommunications equipment or technology.

The committee will meet only in executive session to discuss matters properly classified under Exective Order 12356, dealing with the U.S. and COCOM control program and strategic criteria related thereto.

A Notice of Determination to close meetings or portion of meetings of the Committee to the public on the basis of 5 U.S.C. 552b(c)(1) was approved on September 29, 1981, in accordance with the Federal Advisory Committee Act.

A copy of the Notice of Determination to close meetings or portions thereof is available for public inspection and copying in the Central Reference and Records Inspection Facility, Room 6628, U.S. Department of Commerce, telephone: 202-377-4217.

For further information contact Mrs. Margaret Cornejo 202-377-2583.

Dated: May 9, 1983.

Milton Baltas,
Director of Technical Programs, Office of Export Administration.

[FR Doc. 83-12933 Filed 5-12-83; 8:45 am]
BILLING CODE 3510-25-M

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

AGENCY: International Trade Administration, Commerce.

ACTION: Final Affirmative Countervailing Duty Determinations.

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 Brazil of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod (certain stainless steel products). The estimated net subsidy is 15.44 percent *ad valorem*. 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 are threatening to materially injure, a U.S. industry.

The Department of Commerce (the Department) and the government of Brazil have entered into a suspension agreement. We continued the investigations at the request of the petitioners in accordance with section 704(g) of the Tariff Act of 1930, as amended (the Act). If the final determinations by the ITC are negative, the suspension agreement shall have no force or effect. If the final determinations by the ITC are affirmative, the suspension agreement shall remain in force.

EFFECTIVE DATE: May 13, 1983.

FOR FURTHER INFORMATION CONTACT: Francis R. Crowe, 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 Act, are being provided to manufacturers, producers, or exporters in Brazil of certain stainless steel products. For purposes of thse investigations, the following programs are found to confer subsidies:

- IPI export credit premium.
- Preferential working capital financing for exports.
- Income tax exemption for export earnings.
- Long-term loans.
- IPI rebates for capital investment.

• Industrial Development Council (CDI) program.
• Accelerated depreciation for capital goods manufactured in Brazil.

We have determined the estimated net subsidy on certain stainless steel products from Brazil to be 15.44 percent *ad valorem*.

The Department and the government of Brazil have entered into a suspension agreement. If the final ITC determinations are affirmative, the agreement will remain in force, and we will not issue a countervailing duty order as long as the requirements of section 704(f)(3)(B) of the Act are met.

Case History

On June 16, 1982, the Department received a petition from A1 Tech Specialty Steel Corporation, Carpenter Technology Corporation, Colt Industries, Inc., Crucible Specialty Metals Division, Cyclops Corporation, Guterl Special Steel Corporation, Joslyn Stainless Steels and Republic Steel Corporation, filed on behalf of the U.S. industry producing certain stainless steel products. The petition alleged that certain benefits which constitute subsidies within the meaning of section 701 of the Act are being provided, directly or indirectly, to the manufacturers, producers, or exporters in Brazil of certain stainless steel products.

We found the petition to be sufficient and on July 6, 1982, we initiated countervailing duty investigations (47 FR 30274). We stated that we expected to issue preliminary determinations by September 9, 1982. We subsequently determined that the investigations are "extraordinarily complicated," as defined in section 703(c) of the Act, and postponed our preliminary determinations for 65 days until November 15, 1982 (47 FR 40202).

Since Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act, injury determinations are required for these investigations. Therefore, we notified the U.S. International Trade Commission (ITC) of our initiations. On August 2, 1982, the ITC determined that there is a reasonable indication that these imports are materially injuring, or are threatening to materially injure, a U.S. industry (47 FR 36038).

We presented a questionnaire concerning the allegations to the government of Brazil in Washington, D.C. on July 21, 1982. On November 1, 1982, we received the response to that questionnaire.

On November 15, 1982, we preliminarily determined that the government of Brazil was providing subsidies to manufacturers, producers, or exporters of certain stainless steel products under six programs. The programs preliminarily found to confer subsidies were:

• Industrialized Products Tax (IPI) export credit premium.
• Preferential working capital financing for exports.
• Income tax exemption for export earnings.
• Long-term loans.
• IPI rebates for capital investment.
• Industrial Development Council (CDI) program.

Notice of the preliminary affirmative countervailing duty determinations was published on November 19, 1982 (47 FR 52207). We directed the U.S. Customs Service to suspend liquidation of all entries of the certain stainless steel products entered or withdrawn from warehouse, for consumption on or after November 19, 1982, and to require the posting of a cash deposit, or bond, or other security in the amount of 12.5 percent of the f.o.b. value of the merchandise.

On December 28, 1982, the Department and the government of Brazil initialed a proposed agreement to suspend the countervailing duty investigations involving certain stainless steel products from Brazil. The basis for the proposed agreement was that the goverenment of Brazil would offset by an export tax the entire amount of benefits we found to confer subsidies on exports of certain stainless steel products to the United States.

On the same date, in compliance with the procedural reguirements of section 704(e) of the Act, we consulted with the petitioners and provided them a copy of the proposed agreement. We received comments on the proposed agreement and addressed them in the notice announcing the suspension of the investigations.

On January 27, 1983, the Department and the government of Brazil signed a suspension agreement, as provided for under section 704 of the Act. The agreement became effective with its publication in the Federal Register on February 2, 1983 (48 FR 4703). Under the agreement, the government of Brazil is required to offset completely by an export tax the amount of the net subsidy determined by the Department to exist on Brazilian exports of certain stainless steel products to the United States.

By letter of February 22, 1983, counsel for the petitioners requested that the investigations be continued under section 704(g) of the Act. Therefore, we are required to complete the investigations and issue final determinations.

Scope of Investigations

The products covered by these investigations are hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod. For a further description of these products, see Appendix A to this notice.

There are five known producers and exporters in Brazil of certain stainless steel products to the United States. We have received information from the government of Brazil regarding three of these companies, Companhia Acos Especiais Itabira (ACESITA), Acos Finos Piratini S/A (PIRATINI), and Acos Villares S/A (VILLARES), which represented approximately 99 percent of Brazilian exports of certain stainless steel products to the United States in calendar year 1981.

The period for which we are measuring subsidization is that fiscal year for each company which most closely corresponds to calendar year 1981. That period is calendar year 1981 for ACESITA and PIRATINI, and February 1, 1981 to January 31, 1982 for VILLARES. We have referred to these periods as fiscal year 1981 in this notice.

In its response, the government of Brazil provided data for the applicable periods.

Changes Since the Preliminary Determinations

We preliminarily determined that the program "accelerated depreciation for capital goods manufactured in Brazil" was not used by manufacturers, producers or exporters in Brazil of certain stainless steel products. However, after analysis of the information received during verification which took place during December 13–17, 1982, we have determined that one company, VILLARES, benefitted from that program. We also found additional benefits under the long-term loan program. These major changes as well as others which have resulted from alterations in calculations necessitate modification of the export tax established pursuant to the suspension agreement. Such subsequent determinations are provided for under the terms of the agreement. By letter of March 29, 1983, we notified the government of Brazil that such changes may occur as the result of these determinations. We will officially notify the government of Brazil of these determinations so that they may adjust the export tax accordingly.

Analysis of Programs

I. *Programs Determined to Confer Subsidies.* We have determined that subsidies are being provided to

manufacturers, producers, or exporters in Brazil of certain stainless steel products under the programs described below.

A. *Industrialized Products Tax (IPI) Export Credit Premium.* Under this program the bank involved in the export transaction reimburses in cash to the exporter a percentage of the "adjusted" f.o.b. invoice price of the exported merchandise. After having suspended this program in December 1979, the government of Brazil reinstated it on April 1, 1981. Since the IPI export credit premium program is designed to promote exports and is tied to export performance, we have determined that the program is an export subsidy and therefore is countervailable. The program has also been found to be countervailable in previous countervailing duty investigations involving Brazilian products.

Exporters of certain stainless steel products are eligible for the maximum IPI export credit premium, which, up until March 30, 1982, was 15 percent of the "adjusted" f.o.b. invoice price of the exported merchandise.

Subsequently, the government of Brazil reduced the benefit to 14 percent on March 31, 1982, 12.5 percent on June 30, 1982, and 11 percent on September 30, 1982.

In calculating the amount the exporter is to receive, several deductions may be made to the invoice price to obtain the "adjusted" f.o.b. value. These adjustments include: any agent commissions, rebates or refunds resulting from quality deficiencies or damage during transit, contractual penalties, and the value of imported inputs. In order to receive the maximum export credit premium, the exported product must consist of a minimum of 75 percent value added in Brazil. If this minimum limit is not met, there is a specific calculation to reduce the f.o.b. invoice price when calculating the base upon which the IPI export credit premium is paid.

To determine the amount of benefit, we calculated the value of the IPI credits as of the date of shipment rather than the date of receipt and did not take into account the devaluation of the cruzeiro, in accordance with section 771(6)(B) of the Act. We then divided the value of the IPI credits by the value of exports and calculated a subsidy of 14.53 percent.

This rate is premised on an IPI export credit premium of 15 percent during the period for which we were measuring subsidization.

The government of Brazil has made three reductions in the level of the IPI credit during 1982, the most recent on September 30, 1982 to 11 percent. When there is a fundamental change in the benefit from a program after the period of investigation, which is applicable to all recipients, we take cognizance of that change if we have been able to confirm that the change has occurred and if there is no reason to believe that there has been a shift of these benefits to other programs. We then announce the adjustment in the rate for the deposit of estimated countervailing duties in the next notice published in the normal course of the proceeding. Using 1981 information on the amount of benefit received, we have made a proportional reduction in the amount of estimated net subsidy from this program. On this basis, we calculated a current subsidy of 10.65 percent *ad valorem.*

B. *Preferential Working Capital Financing For Exports: Resolution 674.* Under this program companies are declared eligible to receive working capital loans by the Department of Foreign Commerce of the Banco Central do Brasil (CACEX). These loans may have a duration of up to one year. Firms in the steel industry can obtain this financing at preferential rates for up to 20 percent of the net f.o.b. value of the previous year's exports. The maximum dollar eligibility under this program is established by CACEX and is stated on the "Certificado de Habilitacao" issued to recipients. Since this program is designed to promote exports and is tied to export performance, we have determined that such financing is an export subsidy and therefore is countervailable. This program has also been found to be countervailable in previous investigations involving Brazilian products.

The net export value is calculated by taking numerous deductions from the export value of the merchandise, including agent commissions, contractual penalties or refunds, exports denominated in cruzeiros, imported inputs over 20 percent of the export value, and a deduction for the company's trade deficit as a percentage of the value of its exports. In addition, any growth in the cruzeiro value of exports over the previous year will reduce the value of the benefit as a percentage of the current year's exports.

To determine the value of loans in existence under this program during 1981, we prorated any loans that straddled other years. For loans taken out in fiscal year 1980, only that portion extending into fiscal year 1981 was included in our calculation. Any fiscal year 1981 loans extending into fiscal year 1982 were similarly adjusted.

As in previous Brazilian countervailing duty cases, we are using the rate established by the Banco do Brasil for discounting sales of accounts receivable as the commercial rate for the acquisition of short-term working capital. We have used this comparison because information provided by the government of Brazil indicates that, within the Brazilian financial system, working capital is normally raised through the sale of accounts receivable. In the review period the rate for discounting sales of accounts receivable was 59.6 percent plus a 6.9 percent tax on financial transactions (IOF). The subsidy is the difference between the interest rate available under Resolution 674 and the commercial rate.

The interest rate on loans under Resolution 674 is 40 percent, with interest payable semiannually and the principal fully payable on the due date of the loan. The effective rate of interest for these loans is 44 percent. These loans are also exempt from the IOF. Therefore, the differential between these two types of financing is 22.5 percent. When multiplying this differential by the amount of preferential financing received and dividing the result by the value of exports, we calculated a subsidy of 1.85 percent *ad valorem.*

On February 11, 1983, the government of Brazil notified the Department that the Banco do Brasil rate for discounting accounts receivable had increased from 59.6 percent to 72 percent effective January 3, 1983. In addition, effective January 11, 1983, the tax on financial transactions was reduced from 6.9 percent to 4.6 percent. These changes result in a subsidy rate differential of 32.6 percent rather than 22.5 percent as stated above. Consequently, since the rate established for purposes of the suspension agreement is prospective, we will use 32.6 percent as the applicable differential in determining the subsidy rate from this program for determination of the net subsidy rate which must be offset by an export tax under the terms of the agreement.

C. *Income Tax Exemption For Export Earnings.* Exporters of certain stainless steel products are eligible to participate in this program, under which the percentage of their profit attributable to export revenue is exempt from income tax. To arrive at this percentage, export revenue is divided by total revenue. The amount of profit exempt from the income tax is then multiplied by the 35 percent corporate income tax rate to determine the amount of the benefit. Since the program is designed to promote exports and is tied to export performance, we have determined that it is an export subsidy and therefore is countervailable. This program has also

been found to be countervailable in previous investigations involving Brazilian products.

In a program of this kind, benefits cannot be determined with finality until the books are closed sometime in the following year. Therefore, we must look at fiscal year 1980 income tax returns to determine if any benefit was received in fiscal year 1981. VILLARES received benefits under this program in 1981. By dividing the benefit received by the value of exports of the companies under investigation, we calculated a subsidy of 0.55 percent *ad valorem.*

D. *Long-term loans.* Long-term financing in cruzeiros is available in Brazil only through government-controlled financial institutions, such as the National Bank for Economic Development (BNDE) and FINAME, a program of BNDE for the purchase of capital equipment manufactured in Brazil. Generally, these loans are fully indexed to the inflation rate in Brazil and are made at fixed real interest rates. The index used for these loans is the ratio established for the Readjusted Bonds of the National Treasury (ORTN). FINAME loans are granted through commercial banks rather than directly from BNDE and carry higher real interest rates than BNDE loans.

VILLARES received direct BNDE loans. As in previous steel countervailing duty investigations, we have determined that BNDE loans, when fully indexed, are not made at preferential rates. We compared the BNDE loan rates to a constructed benchmark based on the real interest rates of the only private long-term loans commercially available in Brazil—foreign currency loans. Such loans are granted at the London Interbank Offered Rate (LIBOR) plus a certain percentage or spread over LIBOR. Since LIBOR loans are continually readjusted at the prevailing interest rates, we constructed the benchmark by calculating the average real interest component of LIBOR-plus-spread on long-term loans to Brazil for the period 1977–81 during which these BNDE loans were made. We then compared that average real interest rate to the rates at which the long-term BNDE loans were made. Our comparison showed that all the fully-indexed BNDE loans were made at rates above the benchmark. Therefore, we have determined that such BNDE loans are not countervailable.

However, some long-term cruzeiro loans have been granted that are not fully indexed. Under a program instituted in 1975 and no longer in operation, BNDE granted loans that were adjusted at only 20 percent of the variation in ORTN. These loans were granted only to certain sectors of the economy, including the iron and steel industry, for implementing "priority projects." Because they were granted to a group of enterprises or industries we have determined that the program is countervailable. We have also found this program countervailable in previous cases involving Brazilian products.

VILLARES has been granted such a loan and still has an outstanding balance on this loan. We calculated the interest portion of the benefit to VILLARES for this loan as the difference between the amount actually paid in fiscal year 1981 and the amount which would have been paid had the loan been fully adjusted. Even though principal repayments have yet begun for this VILLARES loan, the principal balance is recalculated yearly subject to the 20 percent limit on monetary correction. Therefore, VILLARES benefited from an abatement in principal as well as a reduction in interest. We divided the sum of VILLARES' interest and principal benefits by total sales of all companies under investigation and calculated subsidy of 1.38 percent *ad valorem.*

FINAME loans have been received by ACESITA, PIRATINI, and VILLARES and are available to a wide variety of sectors in Brazil. The steel industry has received such loans in proportions similar to other large capital-intensive industries in Brazil. This appears to be warranted by the capital requirements of such industries. In addition, numerous other sectors also received loans from FINAME during this period. Based on the general availability of these fully-indexed loans, we have determined that they do not confer a subsidy.

E. *IPI rebates for capital investment.* Decree Law 1547 (April 1977) provides funding for the expansion of the Brazilian steel industry through a rebate of the IPI, the Brazilian federal excise tax. Under this tax system, a company determines its liability for the tax at the end of each month. The net tax owed is calculated as the difference between the total IPI the company paid on purchases and the total IPI collected on domestic sales. Normally, within five months after the end of each month, a company must pay the amount of the net tax owed directly to the Brazilian government. This net IPI tax is the basis for calculating the rebate for investment. A Brazilian steel company may deposit 95 percent of the net IPI tax in a special account with the Banco do Brasil. The amounts deposited are to be applied to steel expansion projects, and when rebated to the firms constitute tax-free capital reserves which must eventually be converted into subscribed capital. Benefits under this program are received only by the steel sector. Because they are received by a specific industry, we have determined that the benfits are countervailable. We have also found this program countervailable in previous cases involving Brazilian products.

PIRATINI received benefits under this program from 1977 to 1981, while ACESITA and VILLARES continue to receive them. With the enactment of Decree Law 1843 (December 1980), PIRATINI must now pay the IPI tax to the government which in turn rebates 95 percent to SIDERBRAS, the government holding company to which PIRATINI belongs, to increase its capital.

In these investigations, we considered the amount rebated each year as an untied grant received in that year. As such, we have allocated the grants over 15 years. Under our grant methodology, we determine the present value of grants in order to calculate the current value of the benefit to the grant recipient. The calculation of the present value of funds received is a mechanism for allocating money received in one year to other years and is calculated using a discount rate. For these determinations, we determine that the most appropriate discount rate is the "risk-free" rate as indicated by the secondary market rate for long-term government debt in the country under investigation. The foundation of a country's interest rate structure is usually its government's debt interest rate (the risk-free rate). In this methodology, we have allocated a grant over the useful life of equipment purchased with it when the value of that grant was large (greater than $50 million) and specifically tied to pieces of capital equipment. Where the grant was small (generally less than one percent of the company's gross revenues and tied to items generally expensed in the year purchased, such as wages or purchases of materials), we have allocated the subsidy solely to the year of the grant receipt. We construe that a grant is "tied" when the intended use is known to the subsidy giver and so acknowledged prior to or concurrent with the bestowal of the subsidy. All other grants, such as in this case, are allocated 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 U.S.

To calculate the benefit, we have taken the amount rebated in each month, converted the cruzeiro value to an ORTN value by using the ORTN index rate in that month, added the monthly ORTN amounts to determine the amount of the grant in each year and

used as the discount rate for each year the interest rate of 4 percent on ORTN-indexed long-term government debt. The total benefit in ORTN for fiscal year 1981 was converted into cruzeiros using the average ORTN index rate for the year and then divided by the total value of sales for the 1981 fiscal year. The benefit of this subsidy is 0.80 percent *ad valorem*.

F. *Industrial Development Council (CDI) program.* This program allowed an exemption of 80 percent of the customs duties and 80 percent of the IPI tax on certain imported machinery for certain industrial projects approved by the CDI. Because benefits under the program are limited to "approved" development projects we have determined that they were granted to a group of enterprises or industries and are countervailable. We have also found the CDI program countervailable in previous countervailing duty investigations involving Brazilian products.

Decree Law 1726 repealed this program in 1979 and no new projects are eligible for these benefits. However, companies with projects approved prior to repeal may still receive these benefits pending the completion of the project. ACESITA received such benefits during 1981. By dividing the benefit received by the total value of sales of the companies under investigation, we calculated a subsidy of 0.18 percent *ad valorem*.

G. *Accelerated depreciation for capital goods manfactured in Brazil.* This program allows companies that purchase Brazilian-made capital equipment as part of an approved CDI expansion project to depreciate this equipment at twice the rate normally permitted under tax laws. This program is authorized by the same legislation as the previous CDI program, is likewise countervailable and has been found to be countervailable in previous countervailing duty investigations involving Brazilian products.

During verification we found that VILLARES used the accelerated depreciation provisions of this program. The benefit of such a program is reduced taxable income and a subsequent reduction in tax liabilities. In a program of this kind, benefits connot be determined with finality until the books are closed sometime in the following year. Therefore, we must look at fiscal year 1980 income tax returns to determine if any benefit was received in fiscal year 1981. VILLARES claimed that they could have depreciated at a higher "normal" rate than that actually used to compute its tax liability for the 1980 fiscal year thus offsetting any subsidy that they might receive under this program. However, we used the actual amount of accelerated depreciation claimed by VILLARES in excess of the normal depreciation that was used by VILLARES in that year. To calculate the benefit to VILLARES, we determined the amount by which depreciation under this program exceeded normal depreciation, multiplied that amount by 35 percent, the corporate tax rate in Brazil, and then divided the result by the total value of sales for the 1981 fiscal year of the companies under investigation. The *ad valorem* benefit of this subsidy is 0.03 percent.

II. *Program Determined not to Confer Subsidies.* We have determined subsidies are not being provided to manufacturers, producers, or exporters in Brazil of certain stainless steel products under the following program.

Transportation subsidies from preferential port rates. The government of Brazil, in its response to our questionnaire, states that none of the exporters of certain stainless steel products receive preferential port rates. At verification we examined shipping documents for Brazilian and non-Brazilian carriers, compared the freight rates and port charges to published schedules and found that the rates paid by steel exporters were not preferential and therefore not countervailable.

III. *Programs Determined not to be Used.* We have determined that the following programs were not used by the manufacturers, producers, or exporters in Brazil of certain stainless steel products.

A. *The Commission for the Granting of Fiscal Benefits for Special Export Programs (BEFIEX).* BEFIEX grants several types of benefits to companies that are part of certain targeted industries and that sign contracts that include specific export commitments. These benefits include the following: a reduction of between 70 percent and 90 percent of the import duties and the IPI tax on the import of machinery, equipment, apparatus, instruments, accessories and tools necessary to meet the approved export commitment; an extension of the period for carrying tax losses forward from four to six years, provided no dividends are paid during that time; and amortization of pre-operational expenses of BEFIEX projects at the discretion of the company rather than the normal straight-line amortization over ten years. As a general rule, companies that sign BEFIEX contracts guaranteeing these and any other benefits must make an export commitment that over the life of the project it will generate export earnings of at least three times the value of imports for the project. The government of Brazil states that since manufacturers of certain stainless steel products export only a small portion of their production, they are not in a position to make the required export commitments. We found that non of the companies under investigation received benefits from this program with respect to certain stainless steel products.

B. *Export financing under Resolution 68.* This program provides financing for the export of Brazilian goods for a minimum period of 181 days. Such financing is granted on a transaction-by-transaction basis and may cover up to 85 percent of the f.o.b. invoice price for the merchandise (plus freight and insurance). To be eligible, the exporter must show that the foreign purchaser has prepaid 15 percent of the invoice price. We found that none of the exporters of certain stainless steel products used Resolution 68 to finance exports.

C. *Transportation subsidies from preferential rail rates.* We found that exporters of certain stainless steel products almost exclusively utilize trucks to ship their products to the ports of exportation because of the low tonnages of these shipments.

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 company and government officials and inspection of manufacturers' records.

Administrative Procedures

The Department has afforded interested parties an opportunity to present oral views in accordance with its regulations (19 CFR 355.35). There was no request for a public hearing and no written views were received. We received comments on the suspension agreement and addressed those comments in the notice announcing the suspension of the investigations (48 FR 4703).

Suspension of Liquidation

The suspension of liquidation of entries of certain stainless steel products pursuant to the preliminary affirmative determinations was terminated upon publication of the notice of suspension of the investigations.

ITC Notification

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. The ITC will determine within 45 days of the publication of this notice whether imports of certain stainless steel products from Brazil are materially injuring, or threatening to materially injure, a U.S. industry. If the ITC determines that material injury, or threat of material injury, does not exist, the suspension agreement will have no force or effect and these investigations will be terminated. If, however, the ITC determines that such injury does exist, the suspension agreement shall remain in force, and we will not issue a countervailing duty order as long as the requirements of section 704(f)(3)(B) of the Act are met.

These determinations are published in accordance with section 705(d) of the Act.

Lawrence J. Brady,

Assistant Secretary for Trade Administration.

May 9, 1983.

Appendix A—Certain Stainless Steel Products From Brazil

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 0.020 inch 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* (TSUSA).

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 TSUSA. 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. Allow steel is defined as a steel which contains one or more of the following elements in the quantity, by weight, respectively indicated:

over 1.65 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

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Final Determination of Sales at Less Than Fair Value; Industrial Nitrocellulose From France

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of final determination of sales at less than fair value.

SUMMARY: We have determined that industrial nitrocellulose from France is being sold in the United States at less than fair value. The U.S International Trade Commission (ITC) will determine within 75 days of publication of this notice whether these imports are materially injuring, or are threatening to materially injure, a U.S. Industry.

EFFECTIVE DATE: May 13, 1983

FOR FURTHER INFORMATION CONTACT: Betty H. Laxague or Stuart Keitz, Office of Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230 (202-377-3601/0171).

SUPPLEMENTARY INFORMATION:

Case History

On July 2, 1982, we received a petition from Hercules Incorporated (Hercules) of Wilmington, Delaware, the only domestic producer of industrial nitrocellulose. The petition alleged that industrial nitrocellulose from France 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. After reviewing the petition, we determined it contained sufficient grounds to initiate an antidumping investigation. We notified the ITC of our action and initiated the investigation on July 28, 1982 (47 FR 32557). On August 16, 1982, the ITC subsequently found that there was a reasonable indication that imports of industrial nitrocellulose from France were materially injuring or were threatening to materially injure a United States industry (47 FR 37314). On Novermber 26, 1982, we published a notice determining that this case was "extraordinarily complicated," as defined in section 733(c)(1)(B) of the Act (47 FR 53441). Therefore, we extended the period for making the preliminary determination by 14 days until, December 23, 1982.

A questionnaire was presented to Societe Nationale des Poudres et Explosifs (SNPE), the respondent in this case, and to its attorney, on August 5, 1982. Responses were received on September 10 and 16, 1982. A verification was conducted at SNPE's plant in Berqerac, France from October 18–20, 1982, and at the headquarters of SNPE in Paris, France, on October 21 and 22, 1982. The home market cost of production section of the response was verified for a second time from February 18 through 24, 1983. On December 23, 1983, we preliminarily determined that industrial nitrocellulose from France is not being sold, or is not likely to be sold, in the United States at less than fair value (47 FR 57308).

Our notice of preliminary determination provided interested parties with an opportunity to submit views orally and in writing. On March 30, 1983, we held a public hearing.

On March 1, 1983, we published a notice extending the period for making the final determination until May 9, 1983, at the request of the petitioner in accordance with section 735(a)(2)(B) of the Act (48 FR 1529).

Scope of the Investigation

The product covered by this investigation is industrial nitrocellulose containing between 10.8 percent and 12.2 percent nitrogen. It should not be confused with explosive grade nitrocellulose which contains over 12.2 percent nitrogen. Industrial nitrocellulose is a dry, white, amorphous synthetic chemical produced by the action of nitric acid on cellulose. The product comes in several viscosities and is used to form films in lacquers, coatings, furniture finishes and printing inks. It is currently classified as cellulosic plastic materials, other than cellulose acetate, under item number 445.2500 of the Tariff Schedules of the United States Annotated.

Approximately three percent of total sales to the U.S. were of butyl nitrocellulose. Since this was such a small quantity and since the cost for producing this product is different from the remaining 97 percent of sales, we disregarded these sales for purposes of the fair value investigation.

APPENDIX D

PAST COMMISSION INVESTIGATIONS

Past Commission Investigations

The Commission has conducted recent antidumping investigations (Nos. 701-TA-176, 177 and 178) concerning stainless steel products from Spain. The products involved in the Spanish cases were identical to the products in the instant investigation. On the basis of the record developed in investigation Nos. 701-TA-176 and 177 (Final), the Commission determined 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 by reason of imports from Spain of the following products for which the Department of Commerce has made final affirmative determinations:

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); 1/
Cold-formed stainless steel bar, provided for in item 606.90 of the TSUS, (investigation No. 701-TA-177 (Final), 2/

On the basis of the record, the Commission also determined 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 TSUS, (investigation No. 701-TA-178 (Final)).

The Commission made an affirmative determination in a prior antidumping investigation concerning stainless steel wire rod from France 3/ and in three investigations on certain specialty steel products, including stainless steel

1/ Chairman Eckes dissenting.
2/ Chairman Eckes dissenting.
3/ Stainless Steel Wire Rod From France, investigation No. AA1921-119, TC Publication 596, 1973.

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

bar and wire rod, under sections 201 and 203 of the Trade Act of 1974. 1/ 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 steel 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 acticles 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. 2/

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, 3/ providing for the limitation of imports from Japan for a 3-year period beginning June 14, 1976.

1/ 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.

2/ 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.

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

UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

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...23.20 through 923.26, inclusive.

...erminate on July 13, 1979, unless

..., Commissioners Alberger and Stern advised the President ...mination of the quantitative restrictions imposed on imports of ...nless and alloy tool steel would have little, if any, adverse impact on the domestic industry producing such articles. Commissioners Moore and Bedell advised the President that 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.