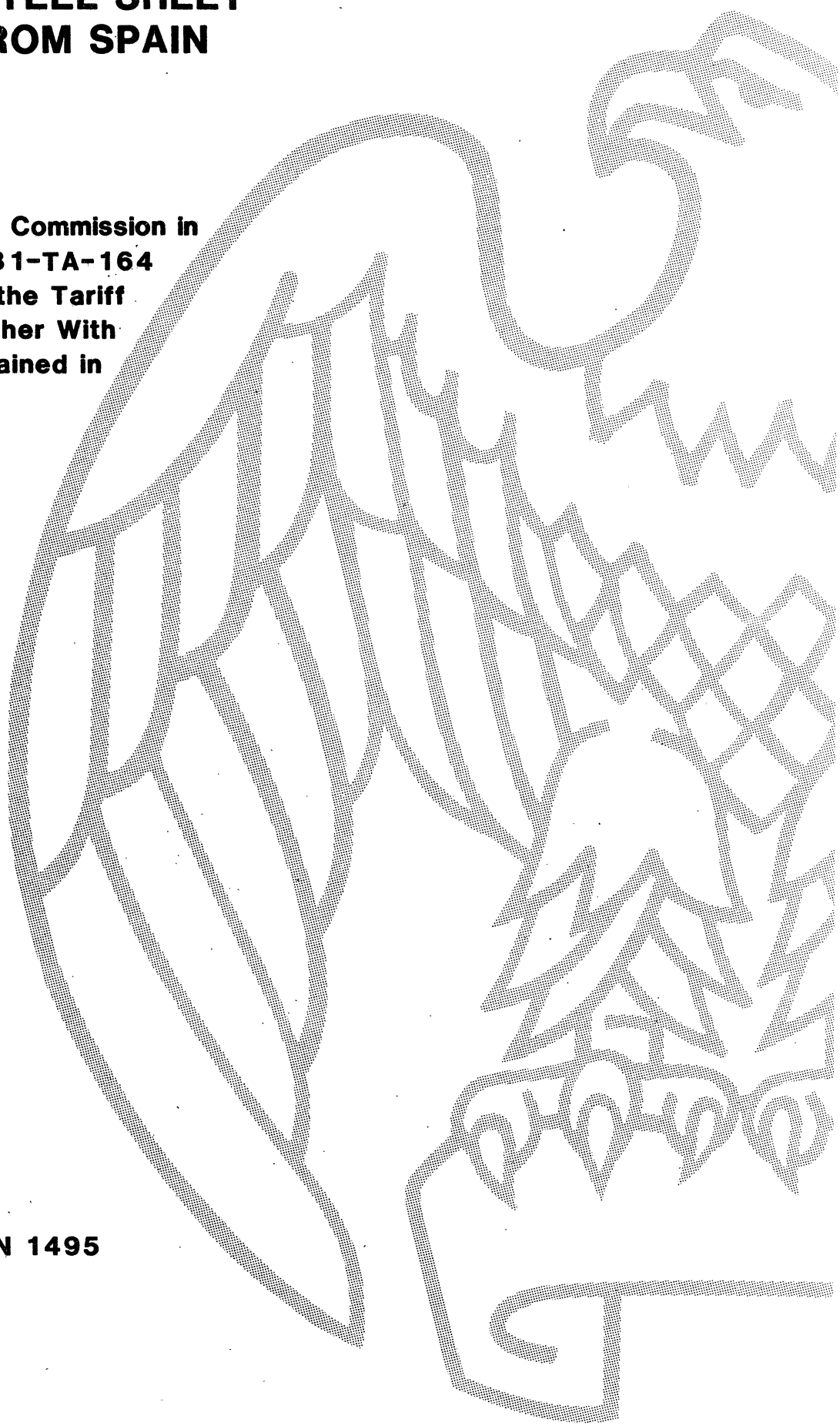
STAINLESS STEEL SHEET AND STRIP FROM SPAIN

Determination of the Commission in Investigation No. 731-TA-164 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

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Kenneth R. Mason, Secretary to the Commission

This report was prepared by:

Lawrence Rausch, Investigator
Daniel Klett, Office of Economics
Patrick Magrath, Office of Industries
Marvin Claywell, Financial Analyst
Hannelore Hasl, Office of the General Counsel

John MacHatton, Supervisory Investigator

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

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Note.--Information which would reveal the confidential operations of individual concerns may not be published and, therefore, has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-164 (Preliminary)

STAINLESS STEEL SHEET AND STRIP FROM SPAIN

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, 2/ pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Spain of stainless steel sheet and strip 3/ which allegedly are being, or are likely to be, sold in the United States at less than fair value (LTFV).

Background

On January 13, 1984, petitions were filed with the Commission and the Department of Commerce by counsel on behalf of the Specialty Steel Industry of the United States and the United Steelworkers of America, alleging that imports of stainless steel sheet and strip from Spain are being, or are likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. § 1673). Accordingly, effective January 13, 1984, the Commission instituted a preliminary antidumping investigation under section 733(a) of the Act to determine whether there is a reasonable indication that an industry in the United States is materially injured,

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

2/ Commissioner Stern dissenting.

3/ For purposes of this investigation, stainless steel sheet and strip are those products provided for in items 607.76, 607.90, 608.43, and 608.57 of the Tariff Schedules of the United States (TSUS).

or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

Notice of the institution of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on January 25, 1984 (49 F.R. 3149). The conference was held in Washington, D.C., on February 6, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRMAN ECKES, COMMISSIONER HAGGART AND COMMISSIONER LODWICK

Based on the record 1/ in this investigation, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of stainless steel sheet and strip from Spain allegedly being sold at less than fair value (LTFV). 2/

The 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) in turn defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to" this investigation. 4/

Both imported and domestic stainless steel sheet and stainless steel strip are flat-rolled products whose finished thickness is 0.1875 of an inch, or less. 5/ Metallurgically identical, containing less than 1.0 percent carbon and more than 11.5 percent chromium, 6/ they are available in various grades that reflect the alloy's corrosion resistance and strength. 7/ Stainless steel sheet and strip are distinguished from one another only by

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1/ The record is defined in section 207.2(i) of the Commission's Rules of Practice and Procedure (19 C.F.R. § 207.2(i)). The record in this investigation includes the Report to the President on Investigation No. TA-201-48, USITC Pub. 1377 (May 1983) and Report to the President on Investigation No. 332-167, USITC Pub. 1449 (February 1984).

2/ The Department of Commerce's notice of investigation was published in the Federal Register of February 9, 1984, 49 F.R. 4959, and is appended to the Commission Report ("Report") at Appendix B.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

5/ Report at A-3.

6/ Id. at A-2.

7/ Id. at A-4.

their width. 8/ They are both used in a wide range of consumer, industrial, and defense products. 9/ We conclude that the like product in this investigation is stainless steel sheet and strip 10/ and that the industry consists of the 10 domestic producers of stainless steel sheet and strip. 11/

Reasonable indication of material injury by reason of imports

In determining whether a reasonable indication of material injury exists by reason of the imports which are the subject of the investigation, the Commission is required to consider, among other factors: (1) the volume of imports, (2) the effect of imports on domestic prices, and (3) the impact of imports on domestic producers of the like product. 12/ The record establishes a reasonable indication that the domestic industry is materially injured by reason of imports from Spain.

Volume of imports

The volume of imports from Spain of stainless steel sheet and strip rose steadily during the period of investigation from 5,003 short tons in 1981 to

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8/ Id. at A-3.

9/ Id. at A-6, Figure 1.

10/ Our definition of stainless steel sheet and strip as one like product and our definition of the domestic industry are consistent with our findings in previous stainless steel sheet and strip cases. Stainless Steel and Alloy Tool Steel, Inv. No. TA-201, 48 USITC Pub. No. 1377 at 14-15 (1983); Stainless Steel Sheet and Strip from West Germany, Inv. No. 731-TA-92 (Preliminary), USITC Pub. No. 1252 at 6-7 (1982), (Final) USITC Pub. No. 1391 at 4-5 (1983); Stainless Steel Sheet and Strip from France, Inv. No. 731-TA-95 (Preliminary), USITC Pub. No. 1264 at 7 (1982), (Final) USITC Pub. No. 1391 at 4-5 (1983); Stainless Steel Sheet and Strip and Stainless Steel Plate from the United Kingdom, Inv. No. 701-TA-195 (Preliminary), USITC Pub. No. 1319 at 4 (1982), (Final) USITC Pub. No. 1391 at 4-5 (1983).

11/ The U.S. producers are Allegheny Ludlum Steel Corporation; Armco Inc.; Carpenter Technology Corporation; Eastern Stainless Steel Corporation; J & L Specialty Steels, Inc.; Jessop Steel Company; Republic Steel Corporation; Universal-Cyclops Specialty Steel Division, Cyclops Corporation; Washington Steel Corporation; and U.S. Steel Corporation.

12/ 19 U.S.C. § 1677 (7)(B) and 19 C.F.R. § 207.26.

8,387 short tons in 1982 and to 14,522 short tons in 1983. 13/ Similarly, U.S. market penetration of imports from Spain increased from .7 percent of consumption in 1981 to 1.5 percent in 1982 and to 1.9 percent in 1983.

Price effects of imports

Price trends for domestic and Spanish grades 304 14/ and 316 stainless steel sheet and strip declined between 1981 and the early part of 1983. These price trends stabilized somewhat in the second and third quarter of 1983. 15/ The domestic price for grade 316, however, continued to decline during the fourth quarter of 1983. 16/ For both domestic and Spanish grades 304 and 316 stainless steel sheet and strip, the average price in 1983 was lower than the average price in 1982.

During this same period, the domestic industry experienced significant underselling in grades 304, 316, and 430 sheet and strip. 17/ Spanish 304 sheet undersold the domestic product by margins ranging up to 8 percent in three of the eight quarters where comparisons can be made. 18/ With respect to 316 grade sheet, the Spanish product was lower priced than domestically produced sheet in all four quarters where comparisons can be made. 19/ The margins of underselling ranged up to 13 percent. 20/ Finally, in all those

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13/ Report at A-26, Table 16. Confirmed reports of first and second quarter indicate that 1984 imports from Spain reflect similar trends. Staff Submission by Office of Economics, dated February 17, 1984.
14/ Id. at A-29, Table 19. Grade 304 not only represents a significant share of domestic stainless steel sheet and strip production, but also a significant share of the imports from Spain. Report at A-50, Table D-1.
15/ Id. at A-29-30.
16/ Id. at A-29.
17/ Id. at A-29 and 31.
18/ Id. at A-29.
19/ Id.
20/ Id.

quarters where price comparisons could be made between domestic and Spanish grade 430 sheet, the Spanish product undersold the domestic product by margins ranging up to 40 percent. 21/

Impact of alleged LTFV imports on the domestic industry

Section 771 of the Act instructs the Commission to examine, with respect to the impact of the LTFV imports on the domestic industry, all relevant economic factors, including, but not limited to, actual and potential decline in output, sales, market share, profits, productivity, return on investments, utilization of capacity, factors affecting domestic prices, and actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment. 22/

During the course of this investigation and other investigations involving this industry, the Commission has collected extensive data on this industry for the period 1979 through 1983. 23/ In the most recent final countervailing duty investigations regarding this industry, the entire Commission concluded that "[t]he year 1979 was the last one in which the domestic industry exhibited a robust economic performance." 24/ The performance of the domestic industry since that time has been erratic, with key performance indicators such as production, capacity utilization, shipments, net sales, and cash flow from operations declining significantly between 1981 and 1982, but then rebounding in 1983 to 1981 levels or

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21/ Id. at A-30.
22/ 19 U.S.C. § 1677.
23/ See note 10 supra for a list of those investigations.
24/ Stainless Steel Sheet and Strip from the Federal Republic of Germany and France and Stainless Steel Sheet and Strip and Plate from the United Kingdom, Inv. Nos. 701-TA-195 and 196 (Final), and Inv. Nos. 731-TA-92 and 95 (Final), USITC Pub. 1391 (1983).

above. 25/ Although the domestic industry's performance improved in 1983, particularly in the latter half of 1983, 26/ production, capacity utilization, employment, and profit levels in 1983 were all lower than the levels reported in 1979.

Domestic production declined between 1981 and 1982 from 643,000 short tons to 487,000 short tons, but then increased to 721,000 short tons in 1983. 27/ The capacity utilization followed a similar trend with capacity utilization percentages of 66.4 to 56.8 and 78.0 percent for 1981, 1982, and 1983, respectively. 28/ Similarly, shipments fell from 1981 levels of 645,000 short tons to 484,000 short tons in 1982 and increased to 697,000 short tons in 1983. 29/ Net sales during the same period dropped from $1.3 billion to $1.0 billion and rebounded to $1.2 billion. The nine reporting firms reported operating income equal to 1.6 percent of net sales in 1981. In 1982, these firms sustained an aggregate operating loss of 1.5 percent of net sales, and in 1983 they earned an operating income equal to 6.4 percent of net sales.

The available data provide a reasonable indication that the imports from Spain have not only adversely affected the domestic industry by increasing their market share, but have suppressed U.S. producers' prices in the market. The Commission has recognized that the market for this product is more "price sensitive" than the markets for certain other stainless steel products. 30/ The existence of underselling of the domestic product by the allegedly LTFV

25/ Report at A-10-22.
26/ See note 33 infra.
27/ Report at A-13, Table 6.
28/ Id.
29/ Id. at A-14, Table 7.
30/ Stainless Steel and Alloy Tool Steel, Inv. No. TA-201-48, USITC Pub. 1377 (1983).

imports from Spain has contributed to the price suppression and depression the industry has been experiencing. 31/ Furthermore, the Commission was able to confirm that certain sales were lost to imports from Spain because of the lower prices of such imports. 32/

Thus, based on the increase in imports from Spain, both in absolute and relative terms, and the available data on pricing, we have concluded that there is a reasonable indication the imports from Spain allegedly sold at LTFV are a cause of material injury. 33/

31/ During the course of this investigation, the Commission staff prepared an analysis in an attempt to estimate the direct effect of imports from Spain on the domestic producers' profits. Such an analysis does not take into account the potential effect of Spanish imports on an important aspect of the profitability of the domestic industry, i.e., the impact of Spanish imports on U.S. producers' prices. Therefore, for purposes of this preliminary investigation, that analysis should not form the basis of a negative determination. Staff Submission by Office of Economics, dated February 17, 1984.

32/ Report at A-33-39.

33/ Less than one year ago the Commission found the stainless steel sheet and strip industry to be seriously injured under section 201 of the Trade Act of 1974. Stainless Steel and Alloy Tool Steel, Inv. No. TA-201-48, USITC Pub. No. 1377 (1983). In response to the Commission's affirmative finding, the President implemented a 4-year relief program that went into effect approximately 7 months ago. Presidential Proclamation 5074 (1983).

The volume and pricing affects of imports must be assessed in light of the facts presented in each investigation as they relate to such factors as the conditions of trade in the industry, the nature of the industry itself, and the economic condition of the industry at the time that imports are a factor in the market. Views of Chairman Eckes and Commissioner Haggart in Certain Carbon Steel Products from Spain, Inv. Nos. 701-TA-155, 157-160, and 162 (Final), USITC Pub. 1331 (December 1982).

Applying the above principles to the current investigation raises certain questions as to whether imports from Spain should be considered a cause of material injury in the context of the improving condition of the domestic industry. This issue is complicated further inasmuch as it is premature to determine the effects of the ongoing section 201 relief implemented only 7 months ago. The section 201 relief and the general economic recovery may have contributed significantly to the improved performance of the domestic industry in the latter half of 1983. During the course of any final investigation, when more extensive and reliable data should be available concerning the condition of the domestic industry, the Commission will be better able to assess the nature of the industry's recovery.

VIEWS OF COMMISSIONER PAULA STERN

I determine that there is no reasonable indication 1/ that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, 2/ by reason of alleged sales at less than fair value of stainless steel sheet and strip from Spain. 3/ My determination is based principally on the evidence that U.S. producers have returned to prosperous health during the last half of 1983, as indicated by strong increases in production, shipments, capacity utilization prices, and profitability. On the basis of the current strength of the industry, I find no reasonable indication of material injury. Even if there had been evidence that the industry was suffering some material injury, there is no evidence that imports of stainless steel sheet and strip from Spain caused such injury, or threatened the industry with material injury, given their low market penetration and minimal impact on the domestic producers' profitability.

The domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 4/ Section 771(10) in turn defines the "like product" as "a product which is

1/ 19 U.S.C. § 1673b.

2/ Material retardation of the establishment of an industry in the United States was not at issue in this investigation and therefore will not be discussed further.

3/ The Department of Commerce's notice of investigation was published in the Federal Register of Jan. 25, 1984, 49 F.R. 3149, and is appended to the Commission Report at app. A.

4/ 19 U.S.C. § 1677(4)(A).

like, or in the absence of like, most similar in characteristics and uses with, the article subject to" this investigation. 5/ Both stainless steel sheet and stainless steel strip are flat-rolled products whose finished thickness is 0.1875 of an inch, or less. 6/ Metallurgically identical, containing less than 1.0 percent carbon and more than 11.5 percent chromium, 7/ they are available in various grades that reflect the alloy's corrosion resistance and strength. 8/ Stainless steel sheet and strip are distinguished from one another only by their width. 9/ They are both, however, used in a wide range of consumer, industrial, and defense products. 10/ I therefore conclude that the like product in this investigation is stainless steel sheet and strip 11/ and that the industry consists of the U.S. producers of stainless steel sheet and strip. 12/

5/ 19 U.S.C. § 1677 (10).
6/ Report at A-3.
7/ Id. at A-3
8/ Id. at A-4.
9/ Id. at A-3.
10/ Id. at A-6, table 1.
11/ This definition of stainless steel sheet and strip as one like product is consistent with Commission findings in previous stainless steel sheet and strip cases, as found in Stainless Steel and Alloy Tool Steel: Report to the President on investigation No. TA-201-48 . . ., USITC Publication 1377, at 14-15 (1983); Stainless Steel Sheet and Strip From West Germany: Determination of the Commission in investigation No. 731-TA-92 (Preliminary) . . ., USITC Publication 1252, at 6-7 (1982) and . . . Investigation No. 731-TA-92 (Final) . . ., USITC Publication 1391, at 4-5 (1983); Stainless Steel Sheet and Strip From France: Determination of the Commission in investigation No. 731-TA-95 (Preliminary) . . ., USITC Publication 1264, at 7 (1982) and . . . Investigation No. 731-TA 95 (Final) . . ., USITC Publication 1391, at 4-5 (1983); Stainless Steel Sheet and Strip and Stainless Steel Plate From the United Kingdom: Determinations of the Commission in investigations Nos. 701-TA-195 and 196 (Preliminary) . . ., USITC Publication 1319, at 4 (1982) and . . . Investigations Nos. 701-TA-195 and 196 (Final), . . ., USITC Publication 1391, at 4-5 (1983).
12/ The U.S. producers are Allegheny Ludlum Steel Corporation; Armco Inc.; Carpenter Technology Corporation; Eastern Stainless Steel Corporation; J&L Specialty Steels, Inc.; Jessop Steel Company; Republic Steel Corporation; Universal-Cyclops Specialty Steel Division, Cyclops Corporation; Washington Steel Corporation; and U.S. Steel Corporation.

The condition of the industry

In 1982, the U.S. stainless steel sheet and strip industry had suffered one of its worst downturns since the depression, and in the last title VII investigation for this industry I had found this industry was materially injured. 13/ However, the sharp increase in consumer durables demand during the latter half of 1983 spurred a dramatic increase in demand for stainless steel sheet and strip, and has returned the industry to health. 14/ This improvement took place primarily during the last half of 1983, as the industry was still in a depressed state during the first half of the year. Because 1983 was a year of rapid recovery from depressed to healthy performance, I feel that full-year 1983 data masks to some extent the healthy state of the industry during the last half of 1983. Therefore, in my assessment of industry health I will also consider where possible indicators of performance during the latter half of 1983. 15/ Although some are available only for full-year 1983, notably profitability data, an analysis of even full-year data provides no support for finding that the industry is in poor health.

U.S. production increased from 487,000 tons in 1982 to 721,000 tons in 1983, or by 48 percent. This production level is just 18,000 tons below the 1979 production level of 739,000 tons, representing an all-time peak level

13/ Investigation No. 701-TA-195, on stainless steel sheet and strip, and stainless steel plate from the United Kingdom.

14/ The single largest end user of stainless steel sheet and strip is the automobile industry, which recently announced record profit levels for the fourth quarter of 1983.

15/ The Commission has been collecting quarterly data since the beginning of 1983 for the stainless steel industry, and analysis of some quarterly or half-year data is possible in this case. See Quarterly Survey on Certain Stainless Steel and Alloy Tool Steel, investigation No. 332-167.

of production for this industry. 16/ Production in the second half of the year totaled 433,000 tons, an annual rate of production of 866,000 tons, well above any annual production level ever achieved by this industry. U.S. producers' shipments mirrored this rate of growth, increasing from 484,000 tons in 1982 to 697,000 tons in 1983, or by 44 percent. During the second half of 1983, shipments were 402,000 tons, an annual shipment level of 804,000 tons, again above the highest annual shipment level ever achieved by the industry.

Capacity utilization increased from 56.8 percent in 1982 to 78.0 percent in 1983. One could argue that the 78.0 percent capacity utilization is a healthy level, since the industry has rarely operated at capacity utilization levels higher than 80.0 percent. 17/ Furthermore, reasonable estimates of capacity utilization rates in the second half of 1983 leave no doubt as to the current health of the industry as measured by this indicator. On the basis of the 1983 annual capacity level of 928,000 tons, the industry during the first half of 1983 was operating at a capacity utilization rate of approximately 65 percent, and during the second half of the year it was operating at a rate just below 90 percent. 18/ This estimated figure for the second half 1983 is well above any capacity utilization level achieved by this industry over at least the last 14 years. 19/

Although the average number of production and related workers decreased by 18 percent from 1982 to 1983, hours paid to these same

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16/ 1979 production levels, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission for Stainless steel sheet and strip from West Germany, investigation No. 731-TA-92.

17/ See reports listed in footnote 11.

18/ Based on half-year production levels reported in the quarterly report, and applying them to the estimated capacity levels for the first and second halves of 1983.

19/ See reports listed in footnote 11.

workers increased by 8 percent over the same period. 20/ Furthermore, the decrease in the number of workers must be viewed in the proper perspective. Because employment levels did not increase with the significant increase in production in 1983, it is apparent that the industry has undergone a structural change with respect to its labor use. The industry can now produce a ton of stainless steel sheet with lower labor input, as shown by the 36 percent increase in worker productivity from 1982 to 1983. Thus, the decrease in employment in 1983 is the result of U.S. producers' recognition of the need to become more competitive through a more efficient use of labor, rather than a decrease in employment due to lower production volume. Given this structural change, unless apparent consumption of stainless steel increases significantly, it is unlikely that the levels of employment will reach the 1981 level in the near future.

U.S. producers' prices increased by 15 to 33 percent from the beginning of 1983 to the beginning of 1984. 21/ Concurrent with increases in prices and shipment levels was an improvement in profitability, from an operating ratio of a negative 1.5 percent in 1982 to a positive 6.4 percent in 1983. Although 6.4 percent may appear low relative to rates of return in other years for this industry, it must be viewed in the proper context. First, the profit level for 1983 is a mix of a weaker first half and a stronger second half of the year. There is no reason to believe that the significant upturn in the industry's health, as shown by other economic indicators would not also be reflected

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20/ Staff report at A-17.
21/ Staff report at A-29-31, and purchaser questionnaires.

in second half 1983 profit levels, if such data were available. It is obvious that the operating ratio would be significantly greater than 6.4 percent for the second half of 1983.

Second, even an operating ratio of 6.4 percent is a healthy rate of return when viewed in the context of operating rates of return during other business cycles for this industry. The last major recession in the stainless steel sheet and strip market was in 1975, when shipments declined by 384,000 tons (47 percent) from that of shipments in 1974, and the operating rate of return dropped from 13.8 percent in 1974 to a negative 0.8 percent in 1975. In the years immediately after the 1975 recession the operating rate of return gradually increased to the 1979 peak: reaching 4.0 percent in 1976, 8.3 percent in 1977, 9.8 percent in 1978, and 12.4 percent in 1979. Thus, there is no reason to expect that the industry should return to peak operating rates of return in the year immediately following a recession: a rate of return of 6.4 percent is actually better than the 4.0 percent rate of return in the first year following the 1975 recession. To compare the 1983 operating rate with peak operating rates disregards the cyclical nature of this industry and the concurrent cyclical nature of profitability levels--cycles which are part of the normal pattern of this industry and which would occur in the absence of any imports.

No reasonable indication of material injury by reason of alleged less-than-fair-value sales

The condition of the domestic industry is relatively healthy. Even had there been a reasonable indication of been material injury, a negative determination would have still been warranted because there is no evidence that imports of stainless steel sheet and strip from Spain

could have been the cause of any material injury. I base this conclusion on the factors the Commission is required to consider in reaching its determination: (1) the volume of imports, (2) the effect of imports on domestic prices, and (3) the impact of imports on domestic producers of the like product. 22/

The volume of imports from Spain increased from 8,387 tons in 1982 to 14,522 tons in 1983, with a concurrent increase in market share from 1.5 percent to 1.9 percent. However, the aggregate numbers do not recognize the significant product mix differentials by grade of steel between the U.S.-produced and U.S.-imported stainless steel sheet. These differentials are important to understanding the conditions of trade. A large proportion of imports from Spain are 430 grade sheet and strip; an estimated 4 percent of U.S. production is in this grade. 23/ U.S. producers have concentrated their production in the 300-series grades of stainless steel sheet, whereas a much smaller proportion of imports from Spain are 300-series grade steel. Therefore, the largest portion of the imports from Spain directly affects only a small sector of the U.S. industry. And U.S. producers' prices were strongest in the 430 grade specification, the grade where imports from Spain were largest and U.S. concentration smallest. 24/ Furthermore, there is evidence that purchasers of grade 430 stainless steel sheet have had difficulty in 1983 and 1984 obtaining this grade of sheet from U.S. producers. It is,

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22/ 19 U.S.C. § 1677(7)(B) and 19 CFR § 207.26. The Commission may also consider all other relevant factors on the record.

23/ Transcript of conference, pp, 67, 76, and 78, and petition of U.S. industry, p. 17.

24/ Staff report, p. A-50.

therefore, not credible that imports of grade 430 sheet from Spain could have harmed this sector of the U.S. industry since the U.S. industry apparently did not have the capacity or willingness to supply this grade of sheet to the market. 25/ It is thus even less credible that these imports caused injury by their impact on other grades.

Furthermore, the effect on U.S. producers' profits of the increase in import market share is negligible. If U.S. producers had captured the total tonnage of sales made by imports from Spain in 1983 (14,522 tons)--an extremely unlikely event--their operating ratio would have increased from 6.4 percent to 6.54 percent, a miniscule amount. 26/ While in other respects providing an upper bound to the financial impact of imports, this profit analysis does not take into account the potential effect of Spanish competition on U.S. producers' prices for all sales in the U.S. market. A qualitative analysis of the price data collected by the Commission supports the conclusion that U.S. producers' prices were not measureably suppressed or depressed by reason of price competition from imports from Spain. First, for that specification (grade 430) where Spanish import volume was greatest, U.S. producers showed their strongest price increases. 27/ Second, in that grade which constitutes the largest portion of U.S. producers' sales (grade 304), imports from Spain were either priced higher or underselling was by margins of less than 8 percent. A U.S. industry representative testified that U.S. producers could compete with import prices if import prices were not more than 5 to 7 percent below U.S. producers' prices. 28/ Finally, prices of both the 304 and 316 grades showed healthy increases during 1983 and 1984. 29/

25/ Purchaser questionnaires.
26/ Staff memorandum of Feb. 17, 1984, on profit analysis.
27/ Staff report, p. A-31.
28/ Transcript of Conference, p. 41.
29/ Staff report, pp. A-29-30, and purchaser questionnaires.

It should be noted that the presence of Spanish imports in the U.S. market was most pronounced in 1983, the year of the industry's rapid recovery on all fronts. There is no indication that the subject imports have hindered this recovery in any fashion that could possibly constitute material injury. In short, this investigation supplies exactly the circumstances contemplated by Congress when it provided for preliminary determinations: to stop at an early stage investigations which gave not even a reasonable indication of material injury or threat thereof due to alleged LTFV sales of imports. 30/

30/ Obviously, if this case returns for a final investigation, new circumstances or developments could provide the basis for a fresh look. But the purpose of continuing a preliminary investigation should not be to provide an opportunity to examine 6 more months of data when the preliminary record does not satisfy the "reasonable indication" standard. To do so would impose restraints on international commerce based on mere speculation.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 13, 1984, petitions were filed with the United States International Trade Commission and the Department of Commerce by counsel on behalf of the Specialty Steel Industry of the United States, and the United Steelworkers of America, alleging that imports of stainless steel sheet and strip from Spain are being sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured or threatened with material injury by reason of imports of such merchandise into the United States. Accordingly, the Commission instituted investigation No. 731-TA-164 (Preliminary) 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 Spain of stainless steel sheet and strip, provided for in items 607.76, 607.90, 608.43, and 608.57 of the Tariff Schedules of the United States (TSUS), which are alleged to be sold in the United States at LTFV.

Notice of the Commission's investigation and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on January 25, 1984 (49 F.R. 3149). 1/ The conference was held in Washington, D.C., on February 6, 1984. 2/ The Commission voted on this case on February 17, 1984. The statute directs that the Commission make its determination within 45 days after its receipt of a petition, or in this case, by February 27, 1984.

Other Recent Investigations Involving Stainless Steel Sheet and Strip

Investigation No. TA-201-48

Stainless steel sheet and strip have been the subject of numerous Commission investigations under the Trade Act of 1974. The most recent Commission investigation was instituted on December 9, 1982, at the request of the United States Trade Representative. On May 6, 1983, the Commission reported to the President that certain stainless steel and alloy tool steel (including stainless steel sheet and strip) was being imported into the United

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1/ A copy of the Commission's notice of investigation is presented in app. A, and Commerce's notice of investigation is presented in app. B.

2/ A list of witnesses appearing at the Commission's conference is presented in app. C.

States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. 1/ 2/

On July 5, 1983, the President decided on a 4-year import relief program for the specialty steel industry, which included a mixture of increased tariff and quantitative limitations on the imports of specialty steel products. 3/ As concerns stainless steel sheet and strip, the President determined that imports of these products from all sources be subject to increased duties. The increased duties amounted to an additional 10 percent ad valorem on all imports entered during the first year of the relief program, from July 20, 1983 to July 19, 1984; during the period July 20, 1984 through July 19, 1985, the duty will be reduced to 8 percent ad valorem; from July 20, 1985 through July 19, 1986, it will be reduced to 6 percent ad valorem; and from July 20, 1986 through July 19, 1987, it will be reduced to 4 percent ad valorem. The import relief is scheduled to expire on July 19, 1987.

Recent countervailing duty and antidumping investigations

In June 1983, the Commission determined in investigations Nos. TA-731-92 and TA-731-95 that an industry in the United States was materially injured by reason of imports of stainless steel sheet and strip from the Federal Republic of Germany and France which had been found by the Department of Commerce to have been sold in the United States at LTFV. 4/

At the same time the Commission made a negative determination with respect to imports of stainless steel sheet and strip from the United Kingdom (inv. No. 701-TA-195).

The Product

Description and uses

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 TSUS). In a typical production process, scrap metal together with the appropriate amounts of alloying elements are melted in an electric furnance. The molten metal is further purified, and more alloys may be added, in argon-oxygen decarburization (AOD) vessels. When the molten metal is at the desired chemistry, the metal is poured or cast into semi-

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1/ Commissioner Stern dissenting with respect to stainless steel plate.

2/ Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-201-48. . ., USITC Publication 1377, May 1983.

3/ Presidential Proclamation No. 5074 (1983).

4/ Stainless Steel Sheet and Strip from the Federal Republic of Germany and France and Stainless Steel Sheet and Strip and Plate from the United Kingdom . . ., Investigations Nos. 701-TA-195, 701-TA-196, 731-TA-92, and 731-TA-95 (Final) . . ., USITC Pubication No. 1391 (1983).

finished products (ingots, slabs, or sheet bars). Stainless steel must meet certain special quality tests and requirements, and the production of such steel requires more exacting steelmaking practices and testing prior to shipment than does most other steel.

In 1982, according to American Iron & Steel Institute (AISI) statistics, stainless steel shipments accounted for 1.3 percent of all steel shipments by quantity. Approximately 65 percent of total U.S. producers' shipments of stainless steel products were composed of sheet and strip.

Stainless steel sheet and strip are flat-rolled products produced by reheating semifinished stainless steel slabs or sheet bars to a red-hot state in a reheating furnace, and passing them through a series of reducing rolls in continuous (hot-strip) or hand mills. In this process, the semifinished products are reduced in thickness and rolled into coil form (hot band). The hot band is still considered a semifinished product. The hot band is then annealed, either through a continuous or batch anneal process, descaled, and further cold-rolled/reduced to obtain improved surface and mechanical properties and lighter gages. The product may undergo additional annealing, pickling, polishing, or buffing, depending on its specifications. The finished coils are generally produced in widths from 24 to 60 inches. If a narrower width (strip) is desired, the finished coil is slit into the specified size; the slitting is the last step in the manufacturing process of strip.

Unlike carbon steel sheet and strip, stainless steel sheet and strip are usually shipped as cold-rolled products. In 1982, hot-rolled sheet and strip accounted for only 3 percent of U.S. producers' total shipments of stainless steel sheet and strip; cold-rolled products accounted for the remainder--approximately 97 percent of U.S. producers' total shipments.

Stainless steel sheet and strip are distinguished from other flat-rolled products by their dimensions. The TSUS defines sheets as "flat-rolled products whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness and over 12 inches in width," and strip as "a flat-rolled product whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness, and, if cold-rolled, over 0.50 inch but not over 12 inches in width, or, if not cold-rolled, not over 12 inches in width."

The industry and the TSUS differ in their definitions of sheet and strip. The industry defines strip as widths up to 24 inches and sheet as above 24 inches in width. The TSUSA, on the other hand, defines strip as widths up to 12 inches only; widths above 12 inches are classified in the TSUSA as sheet. Because comparable data on imports and U.S. production are not available, separate statistics for sheet and strip are not presented in this report.

Further, domestic industry and TSUSA definitions for the chemical composition of stainless steel also differ. The TSUSA requires chromium content to exceed 11.5 percent for the product to be called stainless; the U.S. industry requires only 10 percent chromium. A significant demand has

developed for less expensive (i.e., lower chromium) "stainless" products for uses where high-corrosion resistance, but no particular appearance requirements, are called for (e.g., automotive exhaust system and catalytic converter material). In response to this demand, the stainless steel industry developed grade 409 steel, which generally contains 10.5 percent chromium and costs less than higher chromium stainless steel. Grade 409 quickly became popular and accounted for 12 to 17 percent of all stainless shipments during 1978-82. Grade 409 in widths less than 12 inches is now classified as heat-resisting steel in the TSUS (4 to 11.5 percent chromium); in wider sizes, it is classified in provisions covering alloy steel. Thus, grade 409 stainless is not included within the scope of this investigation, and statistical data in this report for domestic producers exclude operations on this material.

Depending on the amount and type of alloying elements added at the melting stage, and depending on the annealing, rolling, and other manufacturing processes used, stainless steel sheet and strip products have a wide range of physical and mechanical properties, which are defined by AISI "grade" numbers. Generally, 300 grades are high in corrosion resistance, and 400 grades have increased strength and/or a nicer appearance. 1/ Most industries that use stainless steel sheet and strip use both 300 and 400 grades (see table 1). For example, the side panels of an appliance may be made of 300-grade stainless steel sheet and the visible front panels and trim of 400 grades; automobiles require both 300- and 400-grade steels. Information concerning the concentration of U.S. producers' shipments and imports from Spain, by grades, are presented in table D-1 in appendix D.

1/ There are two essential factors to consider in the decision to purchase stainless steel: corrosion resistance and strength of the alloy. Chromium and nickel are added to stainless steel in order to provide corrosion resistance, and carbon is provided to strengthen the alloy.

In general, 200- and 300-grade stainless steel have higher chromium and nickel content (above a combined 20 percent) and lower carbon content (below 0.15 percent) and are used in those applications where corrosion resistance is paramount, such as in the food-processing and oil- and chemical-processing industries.

On the other hand, 400-grade stainless steel (below grade 430) usually has low chromium and nickel content (generally below a combined 16 percent) and higher carbon content (generally 0.15 percent or over) and are used in those applications where corrosion resistance is less important and strength is more important, as in certain noncritical automotive and aerospace structural members.

In many applications, increased strength, greater resistance to corrosion, and mirror-finish appearance are all equally important. To satisfy this demand, certain 400 grades (430 and above) are available. These grades all have combined chromium and nickel content above 16 percent and high-carbon content, and are widely used as structural members in the aerospace industry and in marine atmospheres, where both strength and resistance to corrosion caused by harsh environments are critical. They are also used as visible trim material on appliances, automobiles, and so forth.

Stainless steel is used in a very wide variety of consumer, industrial, and defense 1/ products. Table 1 lists some of the major uses of stainless steel.

Although quality differences are sometimes alleged between imported and domestically produced stainless steel sheet and strip, they are fungible products when produced in the same grade and to the same specifications. Stainless sheet and strip are sold in widths from 1 to 72 inches. The bulk of the shipments are in 36- to 48-inch widths. Most widths are sold in coil form, although the wider sheets are sometimes sold in cut-to-length form.

U.S. tariff treatment

Imports of the stainless steel sheet and strip covered by this investigation are classified and reported under items 607.7610, 607.9010, 607.9020, 608.4300, and 608.5700 of the TSUSA. The current column 1 (most-favored-nation) 2/ and column 2 3/ rates of duty are shown in table 2.

Imports of stainless steel sheet and strip are currently dutiable at column 1 rates ranging from 9.5 percent to 11.5 percent ad valorem plus

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1/ U.S. purchases of foreign stainless steel sheet and strip for use in U.S.-produced military equipment are prohibited by the Specialty Metals Provision of the Defense Appropriations Act (Public Law 97-377, sec. 723). The Administration has recently submitted legislation to Congress requesting relief from the Specialty Metals Provision.

2/ The col. 1 rates of duty are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries currently eligible for MFN treatment. However, MFN rates would not apply to products of developing countries if preferential tariff treatment is granted under the Generalized System of Preferences or Caribbean Basin Initiative programs.

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

Table 1.-- Major Uses For Various Grades of Stainless Steel

Uses	Grades																						
	200's		300's											400's									
	201	202	301	302	303	304	305	309	310	316	321	347	403	410	416	420	430	431	434	436	440
Aerospac :																					
Jet engine rings									X		X	X	X	X	X						
Aircraft exhaust stacks											X	X									
Aircraft fittings					X																
Aircraft stress members																		X			
Appliances:																					
Heating elements for appliances			X	X		X											X				
Household appliances	X	X		X		X		X	X								X				
Trim			X	X		X											X				
Automotive:																	X				
Engines																	X				
Exhaust systems											X										X
Stampings			X	X		X	X			X	X			X							X
Trim	X	X															X		X	X	
Food Processing:																					
Brewing equipment, tanks				X		X															
Cooking utensils, cutlery	X	X		X										X		X	X				X
Dairy equipment milk handling	X	X		X	X	X				X							X				
Food processing equipment				X		X				X							X				
Food serving and handling equipment			X	X		X				X							X				
Refrigeration equipment				X													X				
Oil and Chemical Processing:																					
Chemical tanks, pipe, equipment	X					X		X		X	X						X				
Heat exchangers						X		X	X	X											
Oil refinery equipment and parts					X																

Source: Stainless and Heat Resisting Steels, Steel Products Manual, American Iron and Steel Institute, December 1974, and Data submitted in response to questionnaires of the U.S. International Trade Commission

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additional duties on alloy content; these rates have remained virtually unchanged since 1977. Imports of these items are not eligible for duty-free treatment under the Generalized System of Preferences (GSP), 1/ nor are least developed developing countries (LDDC's) granted preferential rates of duty. 2/ However, imports from designated Caribbean Basin countries are eligible for duty-free entry under the Caribbean Initiative program. 3/

Nature and Extent of Sales at LTFV

The petition alleges that imports from Spain of stainless steel sheet and strip are being sold in the United States at LTFV. Margins were calculated by the petitioners in two ways. One method compared ex-factory home-market prices to ex-factory average unit import values, as reported by the Department of Commerce. Using this method petitioners calculate the average LTFV margins to range from 7.5 to 221.2 percent during August-November 1983. LTFV margins were also calculated by comparing the home-market prices of the sole Spanish producer (Acerinox) with Spanish prices to the United States. Margins calculated in this manner ranged from 7 to 39 percent.

1/ The GSP is a program of nonreciprocal tariff preferences granted by the United States to developing countries to aid their economic development by encouraging greater diversification and expansion of their production and exports. The GSP, as enacted in title V of the Trade Act of 1974, and, implemented by Executive Order No. 11888, of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is expected to remain in effect until January 4, 1985. It provides for duty-free entry of eligible articles imported directly from designated beneficiary developing countries.

2/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Multilateral Trade Negotiations concession rates implemented without staging for particular items which are products of least developed developing countries, enumerated in general headnote 3(d) of the TSUSA. Where no rate of duty is provided in the "LDDC" column for an item, the provided col. 1 rates applies. Since no concessions were granted by the United States on the items covered by this investigation, there is no preferential duty applied to the LDDC's.

3/ The CBI is a program of nonreciprocal tariff preferences granted by the United States to developing countries in the Caribbean Basin area to aid their economic development by encouraging greater diversification and expansion of their production and exports. The CBI, as enacted in title II of Public Law 98-96 and implemented by Presidential Proclamation No. 5133 of Nov. 30, 1983, applies to merchandise entered, or withdrawn from warehouse for consumption, on or after Jan. 1, 1984, and is scheduled to remain in effect until Sept. 30, 1995. It provides for duty-free entry of eligible articles imported directly from designated developing countries in the Caribbean Basin area.

Table 2.--Stainless steel sheet and strip and plate: U.S. rates of duty, by TSUSA items, as of Jan. 1, 1984

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

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

TSUS item No.	Article	Rate of duty 1/	
		Col. 1	Col. 2
606.00	Chromium content over 0.2 percent by weight.	0.1% ad val.	1% ad val.
606.02	Molybdenum content over 0.1 percent by weight	0.3% ad val.	1% ad val.
606.04	Tungsten content over 0.3 percent by weight.	0.4% ad val.	1% ad val.
606.06	Vanadium content over 0.1 plated with metal, not clad	0.2% ad val. duties.	1% ad val.

U.S. Producers

U.S. producers of stainless steel sheet and strip

There are 10 U.S. firms known to currently produce the stainless steel sheet and strip subject to this investigation. The principal domestic producers and each firm's capacity to produce stainless steel sheet and strip in 1983 are shown in table 3.

As indicated, domestic capacity to produce stainless steel sheet and strip is highly concentrated, with the five largest producers, * * *, together accounting for * * * percent of total capacity in 1983. Domestic production facilities are concentrated in Pennsylvania, Ohio, and Maryland. A brief description of some U.S. producers' plants follow.

Table 3.--Stainless steel sheet and strip: Principal domestic producers and each firm's practical capacity, 1983 1/

Producer	Capacity	Percent of Total Capacity
	Short tons	Percent
Allegheny Ludlum Steel Corp. (Allegheny Ludlum)	***	***
Armco, Inc. (Armco)	***	***
Carpenter Technology Corp	***	***
Universal-Cyclops Specialty Steel Div., Cyclops Corp. (Cyclops)	***	***
Eastern Stainless Steel Crop. (Eastern)	***	***
Jones & Laughlin Specialty Steel, Inc. (J&L)	***	***
Republic Steel Corp. (Republic)	***	***
Washington Steel Corp. (Washington)	***	***
Total 2/	927,700	100.0

1/ Because of rounding, figures may not add to the totals shown.
2/ Jessup Steel Co., and U.S. Steel Corp. are also U.S. producers, but are not included in the capacity data shown.

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

Allegheny Ludlum melts and hot rolls stainless steel sheet and strip at its Brackenridge, Pa., works and subsequently cold-finishes the products at its Brackenridge, Pa., New Castle, Ind., and West Leechburg, Pa., facilities.

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

Jones & Laughlin's stainless steel melt shop is the Midland, Pa., unit acquired from Crucible, Inc., in 1982; its hot-strip mill is in Cleveland Ohio; and its cold-finishing facilities are in Detroit, Mich. (acquired from McLouth in July 1981), Midland, Pa., and Louisville, Ohio. On February 23, 1983, J&L received approval from the U.S. Department of Justice to proceed with the purchase of the assets at the Crucible plant in Midland, Pa., which had ceased operations in March 1982. Jones & Laughlin currently operates the electric furnaces, and the cold-rolling (finishing) facility at the Midland plant. Jones & Laughlin began melting at this plant in April 1983.

Recently, Jones & Laughlin, a subsidiary of LTV Corp., a subsidiary of which is currently the * * * largest stainless steel sheet and strip producer in the United States, and Republic Steel Corp., the nation's * * * largest producer, announced their intention to merge. If approved by the U.S. Government, the resulting company was to be called LTV Steel Corp. Such a merger would have given the new corporation an estimated * * * percent of the total stainless steel sheet and strip capacity in the United States. The combined output of the two firms also would have moved the new firm into first place, ahead of * * *, in terms of both production and shipments, based on 1983 data. On Feb. 14, 1984, the U.S. Department of Justice announced its decision to reject the proposed merger plan.

Armco has its stainless steel sheet and stripmaking facilities in Butler, Pa. Washington Steel's melting and casting facilities are located in Houston, Pa., and its hot-strip mill and cold-rolling facilities are in Washington, Pa. Republic melts steel in Canton, Ohio, and in Chicago; it rolls slabs and makes hot band in Cleveland and Warren, Ohio, on hot-strip mills; and has cold-rolling facilities in Massillon, Cleveland, and Warren, Ohio.

Capital expansions by U.S. producers of stainless steel sheet and strip

A number of stainless steel producers had completed or embarked upon major capital-spending projects prior to 1981. Alleghany Ludlum had planned to spend * * * million to add an additional continuous caster for sheet and strip to the one that came on line in 1979, but has postponed the investment pending an upturn in the demand for stainless steel. Armco spent nearly * * * million to increase its continuous casting capability at its Butler, Pa., plant in 1982, but has no other announced expansion or modernization plans.

U.S. Importers

The net import file maintained by the U.S. Customs Service identifies * * * firms that imported stainless steel sheet and strip from Spain during October 1982-September 1983. 1/ The majority of stainless steel sheet and strip imports from Spain are imported by Acerol, Inc., a * * * subsidiary of the sole Spanish producer Acerinox. The smaller importers are most often U.S. end users that purchase directly from the foreign source.

1/ The net import file is kept on the U.S. Government's fiscal-year basis, i.e., October-September.

U.S. Market

Apparent U.S. Consumption

Apparent U.S. consumption of stainless steel sheet and strip fluctuated during 1981-83, as shown in table 4. Consumption declined from 692,000 tons in 1981 to 565,000 tons in 1982. During 1983, consumption grew to a period high of 775,000 tons.

Table 4.--Stainless steel sheet and strip: U.S. producers' domestic shipments, imports for consumption, and apparent U.S. consumption, by calendar year, 1981-83, and quarterly, 1983

Period	Domestic shipments	Imports	Apparent consumption	Ratio of--	
				Domestic shipments to consumption	Imports to consumption
	Short tons			Percent	
1981	621,000	71,000	692,000	89.7	10.3
1982	479,000	86,000	565,000	84.8	15.2
1983	693,000	82,000	775,000	89.4	10.6
1983:					
Jan.-Mar	132,297	17,581	149,878	88.3	11.7
Apr. June	159,874	22,234	182,108	87.8	12.2
July-Sept	191,764	20,850	212,615	90.2	9.8
Oct.-Dec	209,066	21,395	230,461	90.7	9.3

Source: 1981-82: USITC publication 1391 at p. A-21; 1983: Domestic shipments, USITC publication 1487; import data compiled from official statistics of the U.S. Department of Commerce.

Channels of distribution

In the U.S. market, sales of stainless steel sheet and strip by domestic producers and importers are made to end users directly or to steel service centers/distributors, which in turn sell to end users. The major markets for domestically produced stainless steel sheet and strip in 1982 are shown in table 5, as reported to the AISI by U.S. producers. Shipments by U.S. producers to steel service centers/distributors accounted for 44 percent of total shipments in 1982, and direct exports by the U.S. producers accounted for 5 percent. The remaining 51 percent of U.S. producers' shipments were made directly to end users in the United States. The largest single end-use markets for stainless steel sheet and strip were the automotive industry (accounting for 18 percent of direct mill purchases) and the appliances, utensils, and cutlery industries (accounting for 6 percent).

Service centers buy material directly from stainless steel producers and may process the material by cutting, forming, and coating according to customer specifications before reselling it to end users. These end users tend to be smaller users, whose stainless needs are not large enough or predictable enough to buy directly from the producers in "mill-run" (about 10 tons or more) quantities.

Table 5.--Stainless steel sheet and strip: Percentage distribution of domestic producers' shipments to major U.S. markets in 1982

Market	Percent of total shipments
Service centers/distributors	44
Automotive	18
Appliances, utensils, and cutlery	6
Construction	5
Machinery, industrial equipment, and tools	3
Exports	5
Other	19
Total	100

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

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

U.S. production, capacity, and capacity utilization

Total U.S. production of stainless steel sheet and strip declined sharply in 1982, but then increased to a period high in 1983 (table 6). Production of stainless steel sheet and strip totaled 643,000 short tons in 1981, 487,000 short tons in 1982, and 721,000 short tons in 1983--an overall increase of 12 percent during 1981-83. Data on U.S. production, by firms, for 1981-83, are shown in appendix D, table D-2. Total productive capacity for stainless steel sheet and strip fluctuated during 1981-83. Plant closings followed by partial takeovers by other operating firms, and redeployments of productive capacities to other products, contributed to these fluctuations. Capacity stood at 969,000 short tons in 1981, 857,000 short tons in 1982, and 928,000 short tons in 1983. Capacity utilization by the stainless steel sheet and strip industry measured 66.4 percent in 1981, fell to 56.8 percent in 1982, but then increased to 78.0 percent in 1983.

Table 6.--Stainless steel sheet and strip: U.S. production, practical capacity, 1/ and capacity utilization, 1981-83

Item	1981	1982	1983
Production 2/-----1,000 short tons--	643	487	721
Capacity----------do----	969	3/ 857	4/ 928
Capacity utilization-------percent--	66.4	56.8	78.0

1/ Practical capacity is 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 (generally reported to be 144-160 hours per week, 50 weeks per year).

2/ Sheet and strip producers reporting to the Commission in this investigation accounted for 98 percent of all 1983 shipments that were reported by AISI.

3/ In March 1982, Crucible ceased operations. The company's reported sheet and strip capacity for 1981 was * * * short tons, or * * * percent of the total U.S. industry's capacity. The company reported production and shipments only for the first quarter of 1982. The plant was closed until J&L received approval from the U.S. Department of Justice to purchase its assets, in late February 1983. Therefore only * * * percent of Crucible's annual capacity are included in the data for 1982.

4/ In April 1983, Jones and Laughlin reactivated portions of the Crucible plant.

Source: 1981-82: USITC publication 1391 p. A-25; 1983: compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. producers' shipments

U.S. producers' shipments of stainless steel sheet and strip are presented in table 7. Total shipments including intracompany transfers decreased from 645,000 short tons in 1981 to 484,000 short tons in 1982, or by 25.0 percent. Shipments increased sharply in 1983, rising 43.9 percent to 697,000 short tons, the highest level of the 3-year period. Data on U.S. producers' shipments, by firms, for 1981-83, are shown in table D-3.

Table 7.--Stainless steel sheet and strip: U.S. producers' shipments, 1981-83

(In short tons)

Item	1981	1982	1983
Intracompany	16,541	5,627	5,243
Domestic market	603,131	463,193	678,869
Export 1/	25,637	15,090	12,447
Total	645,309	483,910	696,559

1/ Includes exports of domestic producers only. U.S. exports, as reported by the U.S. Department of Commerce and presented in table 8, include exports by these producers plus exports by service centers.

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

U.S. exports

U.S. exports of stainless steel sheet and strip decreased steadily during 1981-83 (table 8). Exports declined from 44,000 short tons in 1981 to 25,000 short tons in 1982, and to 24,000 short tons in 1983. Exports were shipped to over 100 countries in 1983, but Canada was the principal export market.

Table 8.--Stainless steel sheet and strip: U.S. exports of domestic merchandise, by principal markets, 1981-83

Market	1981	1982	1983
	Quantity (short tons)		
Canada	18,310	12,141	13,268
Taiwan	2,891	2,616	2,144
Pakistan	569	1,091	1,418
West Germany	655	460	711
Hong Kong	767	596	709
All other	20,942	7,899	5,568
Total	44,134	24,803	23,818
	Value (1,000 dollars)		
Canada	40,605	23,269	24,091
Taiwan	4,002	3,047	2,467
Pakistan	835	1,220	1,358
West Germany	3,930	2,393	3,175
Hong Kong	1,226	895	858
All other	43,875	22,369	16,198
Total	94,473	53,193	48,147

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

U.S. producers' inventories

End users and service center/distributors perform much of the inventory function in the domestic market for stainless steel products, and estimates of their inventories are unavailable. The ratio of inventories to shipments declined from 32.4 percent in 1983 to 21.3 percent in 1983. This ratio has traditionally been higher than 20 percent for stainless steel sheet and strip. 1/ U.S. producers' end-of-year inventories, by firm, are presented in table D-4. End-of-year inventories held by U.S. producers during 1981-83 are shown in the following tabulation:

1/ See USITC Publication 1377, May 1983, p. A-36.

	Inventories (short tons)	Ratio of inventories to U.S. producers' shipments (percent)
As of Dec. 31--		
1981	158,378	24.5
1982	156,613	32.4
1983	148,566	21.3

U.S. employment, wages, and productivity

The average number of production and related workers producing stainless steel sheet and strip decreased throughout 1981-83 (table 9) from 7,306 workers in 1981 to 5,381 workers in 1983, a decline of 26.3 percent. Hours paid for production and related workers producing stainless steel sheet and strip fell by 26.3 percent in 1982, but then increased by 7.9 percent in 1983.

Total wages paid to production and related workers producing stainless steel sheet and strip declined by 18.8 percent in 1982, and then increased slightly in 1983. Total compensation paid to such workers declined by 16.4 percent in 1982; no change was reported in 1983. This suggests that in 1983 workers' benefits (other than wages) decreased in an amount equal to the wage gain reported.

Hourly compensation for production workers increased by 13.4 percent to $23.91 in 1982, but fell by 7.4 percent to $22.14 in 1983. Labor productivity increased each year during 1981-83. Productivity increased by 4.2 percent in 1982, and then increased by 36 percent in 1983 as production increases outpaced the rate of increase in production worker hours.

Table 9.--Stainless steel sheet and strip: Employment and wage data for production and related workers producing stainless steel sheet and strip, 1981-83

Item	1981	1982	1983
Average employment of production and related workers:			
Number	7,306	6,531	5,381
Percentage change	5.4	-10.6	-17.6
Hours paid for production and related workers: 1/			
Number----------thousands--	13,332	9,830	10,611
Percentage change	6.0	-26.3	7.9
Wages paid to production and related workers:			
Value----------million dollars--	208	169	171
Percentage change	16.9	-18.8	1.2
Total compensation paid to production and related workers: 2/			
Value----------million dollars--	281	235	235
Percentage change	19.6	-16.4	0.0
Hourly compensation: 3/			
Value----------per worker hour--	$21.08	$23.91	$22.14
Percentage change	11.9	13.4	-7.4
Labor productivity: 4/			
Quantity----tons per worker hour--	0.048	0.050	0.068
Percentage change	4.3	4.2	36.0
Unit labor costs: 5/			
Value----------per ton--	$437	$483	$326
Percentage change	6.8	10.5	-32.5

1/ Includes hours worked plus hours of paid leave time.
2/ Includes wages and contributions to social security and other employee benefits.
3/ Based on total compensation paid.
4/ Production per hours worked.
5/ Total compensation paid per ton.

Source: For 1981-82, Stainless Steel Sheet and Strip, USITC publication 1391; 1983, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Labor cost per ton of stainless steel sheet and strip produced increased by 10.5 percent in 1982. As a consequence of both the hourly compensation decline and the productivity increase in 1983, labor cost per ton fell by 32.5 percent that year. Employment data, by firms, are shown in table D-5 through D-7.

Financial experience of U.S. producers

There were nine firms, accounting for 98 percent of total U.S. production of stainless steel sheet and strip in 1983, that furnished usable income-and-loss data relative to both their overall establishment operations and their operations on stainless steel sheet and strip alone. 1/

Overall establishment operations.--The income-and-loss experience of U.S. producers on the overall operations of their establishments within which stainless steel sheet and strip is produced is shown in table 10 for 1981-83. Net sales of all products produced in these establishments fell from $2.9 billion in 1981 to $2.0 billion in 1982, or by 29 percent. Net sales rose 10 percent to $2.2 billion in 1983. U.S. producers earned an operating income of $203 million, or 7.1 percent of net sales, in 1981. Such income fell to 27 million, or 1.3 percent of net sales, in 1982 before rising sharply to $194 million, or 8.7 percent of net sales, in 1983. Net income before income taxes followed the same trend; falling from 6.6 percent of net sales in 1981 to 0.9 percent of net sales in 1982, and then rising to 8.0 percent in 1983. Two firms sustained operating losses in 1981, three in 1982, and one in 1983. The number of firms sustaining net losses were two, four, and one in 1981, 1982, and 1983, respectively.

Operations on stainless steel sheet and strip.--The income-and-loss experience of the nine U.S. producers on their operations producing stainless steel sheet and strip is shown in table 11. Net sales of stainless steel sheet and strip fell 27 percent from $1.3 billion in 1981 to $965 million in 1982. Net sales rose 28 percent to $1.2 billion in 1983. The nine reporting firms earned an operating income of $20.6 million, or 1.6 percent of net sales, in 1981. In 1982, they sustained an aggregate operating loss of $14.9 million, or 1.5 percent of net sales, and in 1983, they earned an operating income of $78.7 million, or 6.4 percent of net sales. Net income before income taxes followed the same pattern as operating income. The 1981 and 1983 net incomes were equal to 1.1 and 6.1 percent of net sales, respectively, and the 1982 net losses were equal to 1.8 percent of net sales. There were three firms that sustained operating and net loss in 1981, four firms sustained such losses in 1982, as did two in 1983. Income-and-loss data relative to individual firms' stainless steel sheet and strip operations are shown in table D-8.

1/ One of the nine reporting firms, Crucible, ceased production in early 1982 and sold its stainless steel sheet and strip operation to Jones & Laughlin in February 1983.

Table 10.--Income-and-loss experience of 9 U.S. producers on the overall operations of their establishments within which stainless steel sheet and strip are produced, 1981-83

Item	1981	1982	1983 1/
Net sales----------1,000 dollars--	2,863,170	2,023,839	2,216,199
Cost of goods sold----------do----	2,514,794	1,863,100	1,888,880
Gross income----------do----	348,376	160,739	327,319
General, selling, and administrative expenses----------do----	145,817	133,451	133,654
Operating income or (loss)----do----	202,559	27,288	193,665
Other income or (expense):			
Interest expense----------do----	17,876	20,688	21,384
Other income or (expense)-net do----	5,218	10,957	6,025
Total other income or (expense)-net----------do----	(12,658)	(9,731)	(15,359)
Net income or (loss) before income taxes----------do----	189,901	17,557	178,306
Depreciation and amortization expense----------do----	55,133	47,098	51,065
Cash flow from operations-----do----	245,034	64,655	229,371
Ratio to net sales of--			
Gross income----------percent--	12.2	7.9	14.8
Operating income or (loss)--do----	7.1	1.3	8.7
Net income or (loss) before income taxes----------do----	6.6	0.9	8.0
Cost of goods sold----------do----	87.8	92.1	85.2
General, selling, and administrative expenses--------do----	5.1	6.6	6.0
Number of firms reporting operating losses----------	2	3	1
Number of firms reporting net losses----------	2	4	1

1/ Includes 1 firm that reported 11-month data.

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

Table 11.--Income-and-loss experience of 9 U.S. producers on their operations producing stainless steel sheet and strip, accounting years 1981-83

Item	1981	1982	1983 1/
Net sales----------1,000 dollars--	1,314,946	965,354	1,230,983
Cost of goods sold----------do----	1,239,204	932,632	1,107,910
Gross income----------do----	75,742	32,722	123,073
General, selling, and administrative expenses---------do----	55,110	47,644	44,374
Operating income or (loss)----do----	20,632	(14,922)	78,699
Other income or (expense):			
Interest expense----------do----	9,316	8,826	7,703
Other income or (expense)-net do----	2,695	6,034	4,321
Total other income or (expense)-net----------do----	(6,621)	(2,792)	(3,382)
Net income or (loss) before income taxes----------do----	14,011	(17,714)	75,317
Depreciation and amortization expense----------do----	27,587	22,170	21,951
Cash flow from operations-----do----	41,598	4,456	97,268
Ratio to net sales of--			
Gross income----------percent--	5.8	3.4	10.0
Operating income or (loss)--do----	1.6	(1.5)	6.4
Net income or (loss) before income taxes----------do----	1.1	(1.8)	6.1
Cost of goods sold----------do----	94.2	96.6	90.0
General, selling, and administrative expenses--------do----	4.2	4.9	3.6
Number of firms reporting operating losses----------	3	4	2
Number of firms reporting net losses----------	3	4	2

1/ Includes 1 firm that reported 11-month data.

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

Overall operating margins, as a percent of net sales, for their stainless steel sheet and strip operations, during the period 1972-83, are shown in the following tabulation:

Year	In percent	Year	In percent
1972	4.9	1978	9.8 2/
1973	11.0	1979	12.4
1974	13.8	1980	4.7
1975	(0.8)	1981	1.6 3/
1976	4.0	1982	(1.5) 4/
1977	8.3	1983	6.4

1/ Source: 1972-77 data are from U.S.I.T.C. publications 968, concerning the 1979 Section 203 investigation on specialty steel; 1978-80 data are from the recent section 201 investigation on specialty steel, and 1981-83 data were collected from questionnaire responses in this investigation. In some cases the margins differ slightly from those presented in other Commission studies; these differences are shown in footnotes 2-4, which follow.

2/ The operating ratio reported for 1978 in the Section 203 investigation was 10.2 percent.

3/ The operating margins reported in the 1983 201 investigation report for 1981 was 1.3 percent.

4/ The operating margins reported in the 1983 201 investigation report for 1982 was (1.4) percent.

Investment in productive facilities.--There were eight firms that supplied data relative to their investment in productive facilities used in the manufacture of stainless steel sheet and strip. As shown in table 12, their aggregate investment in such facilities, valued at cost, rose from $672 million in 1981 to $687 million in 1982 and then declined to $573 million in 1983. The book value of such investment declined annually from $300 million to $292 million during 1981-83.

The trend in the relationship of operating income to investment in productive facilities (at both cost and book value) is the same as that for the relationship of such income to net sales.

Capital expenditures and research and development expenditures.--As shown in table 13, capital expenditures for land, buildings, and machinery and equipment fell from $72 million in 1981 to $21 million in 1982. Such expenditures rebounded to $75 million in 1983. Research and development expenses declined from $7.6 million in 1981 to $4.5 million in 1982 and 1983.

Table 12.--Investment in productive facilities by 8 U.S. producers' for their operations in the production and distribution of stainless steel sheet and strip, 1981-83

Item	1981	1982	1983
Original cost--------1,000 dollars--	672,328	687,328	1/ 572,669
Book value----------do----	300,269	297,682	292,408
Ratio of operating income or (loss) to:			
Net sales----------percent--	2.7	(0.4)	7.6
Original cost----------do----	4.8	(0.5)	14.5
Book value----------do----	10.6	(1.1)	28.3

1/ Crucible ceased production in early 1982 and sold its stainless steel sheet and strip operation to Jones & Laughlin in February 1983.

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

Table 13.--U.S. producers' capital expenditures for land, building, and machinery and equipment used in the production of stainless steel sheet and strip, and research and development expenditures incurred in developing such sheet and strip, 1981-83

(In thousands of dollars)

Item	1981	1982	1983
Capital expenditures: 1/			
Land and land improvements--------	984	170	1,113
Buildings or leasehold improvements----------	6,504	524	2,323
Machinery, equipment, and fixtures----------	64,188	20,696	71,143
Total----------	71,676	21,390	74,579
Research and development expenses 2/----------	7,597	4,461	4,469

1/ Data are for 7 firms.
2/ Data are for 6 firms.

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

U.S. producers' statements as to the impact of sales of allegedly LTFV stainless steel sheet and strip from Spain on their firms' growth, investment, and ability to raise capital.--U.S. producers were asked to describe any actual or potential negative effects of imports of stainless steel sheet and strip from Spain on their firms' growth, investment, and ability to raise capital. Excerpts from their replies are shown as follows:

* * * * * * *

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

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the trends of allegedly LTFV imports, the rate of increase of U.S. market penetration by such imports, the amounts of such imports held in inventory in the United States, and the capacity of producers in the country subject to the investigation to generate exports (including the availability of export markets other than the United States). A discussion of the trends of imports of stainless steel sheet and strip from Spain and their U.S. market penetration is presented in the section entitled "Consideration of the Causal Relationship Between Alleged Material Injury or Threat Thereof and Allegedly LTFV Imports." Discussions of importers' inventories and foreign producers' capacity to generate exports follow.

U.S. importers' inventories

End-of-period inventories of stainless steel sheet and strip from Spain are shown in table 14.

Table 14.--U.S. importers' end-of-year inventories of stainless steel sheet and strip from Spain, 1981-83

Year	Imports	End-of-year inventories	Ratio of inventories to reported imports
	Short tons		Percent
1981	***	***	***
1982	***	***	***
1983	***	***	***

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

The Spanish steel industry and its capacity to generate exports

Acerinox S.A. (Acerinox) is the only Spanish producer and exporter of stainless steel sheet and strip. Incorporated in 1970, it did not become operational until 1973. In 1977, a continuous casting facility was completed along with a bright annealing line. Acerinox, at present, sends its continuous-cast slabs elsewhere to be hot-rolled, and subsequently, returned for finishing and cold-rolling. In 1984, work began on a hot-rolling line scheduled to be completed by 1986.

Acerinox ships stainless steel sheet and strip to over 45 countries in addition to its home market. The company maintains marketing offices in Germany, France, Austria, Chile, Argentina, Hong Kong, and the United States. The U.S. office opened in mid 1982.

Table 15 presents industry and trade data for Acerinox for 1981-83, and projected data for 1984-85.

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

U.S. imports

Imports from all sources.--Imports of stainless steel sheet and strip from all sources increased overall during 1981-83 (table 16). Total stainless steel sheet and strip imports from all sources increased from 71,000 tons in 1981 to 86,000 tons in 1982, or by 22 percent. These imports declined by 4 percent to 82,000 tons in 1983. Quarterly data on such imports for 1983 are shown in table 17.

Table 15.--Stainless steel sheet and strip: Industry and trade data for Spain, 1981-83, and projected data for 1984-85

* * * * * * *

Table 16.--Stainless steel sheet and strip: U.S. imports for consumption, by principal sources, 1981-83

Source	1981	1982	1983
	Quantity (short tons)		
Spain	5,003	8,387	14,522
Japan	14,287	13,053	22,012
France	13,805	21,522	19,621
Republic of Korea	3,062	2,998	6,901
Canada	6,493	5,271	4,226
United Kingdom	3,840	4,203	2,921
West Germany	15,489	19,884	3,057
Finland	3,592	1,924	2,259
Sweden	2,926	4,488	3,555
Belgium/Luxembourg	1,484	2,552	873
All other	650	1,633	2,113
Total	70,631	85,914	82,060
	Value (1,000 dollars)		
Spain	8,493	13,266	17,489
Japan	22,237	19,590	30,293
France	21,770	32,487	29,288
Republic of Korea	4,502	4,305	9,221
Canada	8,513	6,635	5,184
United Kingdom	7,720	7,043	4,379
West Germany	27,070	33,031	4,822
Finland	5,457	2,834	2,876
Sweden	9,818	12,401	8,075
Belgium/Luxembourg	2,692	3,895	1,378
All other	788	2,038	2,660
Total	119,059	137,525	115,656
	Unit value (per ton)		
Spain	$1,698	$1,582	$1,204
Japan	1,556	1,501	1,376
France	1,577	1,510	1,493
Republic of Korea	1,470	1,436	1,335
Canada	1,311	1,259	1,227
United Kingdom	2,010	1,676	1,499
West Germany	1,748	1,661	1,577
Finland	1,519	1,473	1,273
Sweden	3,355	2,763	2,272
Belgium/Luxembourg	1,814	1,526	1,579
All other	1,213	1,249	1,255
Average, all sources	1,686	1,601	1,409

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

Imports from Spain.--Imports of stainless steel sheet and strip from Spain increased annually during the period under investigation (table 16). The imports from Spain totaled 5,000 tons in 1981, then increased to 8,000 tons in 1982 and to 15,000 tons in 1983 for an overall increase of 190 percent during 1981-83. Quarterly data on such imports for 1983 are shown in table 17.

Table 17.--Stainless steel sheet and strip: U.S. imports for consumption, by quarters, 1983

(In short tons)

Source	1983			
	January-March	April-June	July-September	October-December
Spain	2,834	3,804	4,174	3,710
Japan	4,376	6,211	5,928	5,497
France	4,541	5,986	4,177	4,917
Republic of Korea	523	1,642	1,730	3,006
Canada	868	1,189	1,088	1,082
All other	4,439	3,403	3,753	3,183
Total	17,581	22,234	20,850	21,395

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

U.S. market penetration

Imports from all sources.--Market penetration of imports of stainless steel sheet and strip from all countries increased from 10.3 percent in 1981 to 15.2 percent in 1982, and then fell to 10.6 percent in 1983 (table 18). On a quarterly basis, the U.S. market share of total imports increased from the first to the second quarter, but declined in each of the last two quarters of 1983.

Imports from Spain.--Market penetration of imports of stainless steel sheet and strip from Spain increased steadily, from 0.7 percent of consumption in 1981 to 1.5 percent in 1982 and to 1.9 percent in 1983 (table 18). On a quarterly basis, U.S. market penetration of imports from Spain rose in the first two quarters of 1983, and declined in the last two quarters.

Table 18.--Stainless steel sheet and strip: Ratios of imports from Spain, and all countries, to apparent U.S. consumption, 1981-83, and by quarters, 1983

(In percent)

Item	1981	1982	1983	1983			
				January-March	April-June	July-September	October-December
Ratio of imports to U.S. consumption:							
From Spain	0.7	1.5	1.9	1.9	2.1	2.0	1.6
From all other countries	9.6	13.7	8.7	9.8	10.1	7.8	7.7
Total	10.3	15.2	10.6	11.7	12.2	9.8	9.3

Source: Compiled from tables 3 and 16.

Prices

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

Price data were collected from U.S. producers and from importers of stainless steel from Spain for four product specifications. 1/ These are average prices charged in many different transactions and do not include delivery charges. 2/ Price comparisons are available for three of the four product specifications chosen, although comparisons are not available for each quarter.

1/ U.S. producers' prices for 1981 and 1982 are those collected during an investigation of Stainless Steel and Alloy Tool Steel, Report to the President on Investigation No. TA-201-48 . . ., U.S.I.T.C. Publication 1377, May 1983; prices for 1983 are averages, compiled from Quarterly Survey on Certain Stainless Steel and Alloy Tool Steel (Covering the Third Quarter of 1983), Report to the President on Investigation No. 332-167 . . ., USITC Publication 1449, November 1983. Prices for Spanish sheet and strip were collected from importers' questionnaires specifically for this investigation.

2/ Transport costs account for a relatively small portion of the total delivered price of stainless steel sheet and strip (at most 3 percent). Therefore, a comparison of prices on an f.o.b. basis is appropriate, since the potential bias from transport cost differentials is not great. See Stainless Steel and Alloy Tool Steel, USITC Publication No. 1377, pp. A-19 to A-20 for a discussion of transport costs for stainless steel.

Price trends.--On an annual basis, U.S. producers' prices for grades 304 and 316 stainless steel sheet declined from 1981 to 1982, with the grade 304 prices declining from an average of $1,729 per ton in 1981 to $1,589 per ton in 1982, or by 8.1 percent (table 19). U.S. producers' average annual price for grade 316 sheet declined from $3,282 to $2,561 per ton, or by 22 percent, over the same period. Prices for these grades continued to decline during the early part of 1983, but showed evidence of firming in the second or third

Table 19.--Stainless steel sheet: Weighted-average sales prices by U.S. producers and by importers for sales to service centers/distributors, and margins of underselling, by types, and by quarters, January 1981-December 1983 1/

Period	Grade 304 sheet 2/				Grade 316 sheet 2/			
	United States	Spain	Margin of underselling		United States	Spain	Margin of underselling	
	---Per ton---		Dollars	Percent	---Per ton----		Dollars	Percent
1981:								
Jan.-Mar---	$1,698	3/	-	-	$3,499	3/	-	-
Apr.-June--	1,728	3/	-	-	3,399	3/	-	-
July-Sept--	1,776	3/	-	-	3,173	3/	-	-
Oct.-Dec---	1,733	3/	-	-	3,037	3/	-	-
1982:								
Jan.-Mar---	1,642	***	***	***	2,767	3/	-	-
Apr.-June--	1,581	***	***	***	2,600	3/	-	-
July-Sept--	1,607	***	***	***	2,502	***	***	***
Oct.-Dec---	1,539	***	***	***	2,417	***	***	***
1983:								
Jan.-Mar---	***	***	***	***	***	***	***	***
Apr.-June--	***	***	***	***	***	***	***	***
July-Sept--	***	***	***	***	***	***	***	***
Oct.-Dec---	***	***	***	***	***	***	***	***

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

2/ 2-B finish, 16-gage in thickness, 36 inches exact through 48 inches exact in width, and coiled.

3/ Not available.

Source: U.S. producers' prices for 1981 and 1982 are from price data collected for Stainless Steel and Alloy Tool Steel, investigation No. TA-201-48. Prices for 1983 are averages of the monthly prices reported in the quarterly reports, for investigation No. 332-167. Spanish prices were collected from importers' questionnaires specifically for this investigation.

quarter of the year. The grade 316 price, however, declined from *** per ton in July-September 1983 to *** in October-December 1983. 1/ American Metal Markets and some purchasers reported an additional 5 percent reduction of the below-list discount on January 1, 1984, effectively increasing prices. If this effective price increase is applied to October-December prices reported by three large purchasers, the price increase for grade 304 from the beginning of 1983 to the beginning of 1984 would be an average of 14 percent. 2/ For one of these purchasers, prices increased 26 percent over the same period, again assuming a 5 percent price increase in January 1984. 3/ For both grades, however, the average price in 1983, as reported by U.S. producers, was still lower than the average 1982 price, especially for grade 316 sheet.

U.S. producers' prices for grade 430 sheet and strip remained relatively stable from 1981 to 1982, although prices declined sharply in October-December 1982 relative to the previous quarter (table 20). Prices rebounded fairly strongly in 1983 for this stainless steel grade, increasing by 33.3 percent for grade 430 sheet and by 11.6 percent for grade 430 strip from October-December 1982 to October-December 1983.

Spanish prices are available only for 1982 and 1983, and a full series is available only for grade 304 sheet. Prices for grade 304 sheet declined from * * * per ton in January-March 1982 to * * * in October-December 1982, or by * * * percent. 4/ Prices increased in 1983 to * * * in October-December 1983, or by * * * percent, relative to October-December 1982. Grade 316 prices are available only from July-September 1982 to April-June 1983. Over this period grade 316 prices decreased from * * * to * * * per ton, or by * * * percent.

Spanish grade 430 prices are available only from July-September 1982 to October-December 1983. Over this period prices increased from * * * to * * * per ton, or by * * * percent.

Margins of underselling.--Direct price comparisons are available for three specifications. Spanish grade 304 sheet was higher priced than the U.S.-produced sheet from January-March 1982 to July-September 1982, by an average of * * * per ton, or by * * * percent. The price of Spanish grade 304 sheet declined in October-December 1982, and the Spanish sheet undersold the U.S. product by an average of * * * per ton, or by * * * percent, from October-December 1982 to April-June 1983. Spanish grade 304 sheet prices increased in the last two quarters of 1983, resulting in the Spanish product being about * * * percent higher-priced.

1/ This decline in the October-December 1983 price is primarily the result of a low October price reported in the quarterly report. Prices for November and December 1983 were generally higher than prices reported for other months during 1983.

2/ Purchaser questionnaires of * * *.

3/ Purchaser questionnaire of * * *.

4/ Prices for the first two quarters were reported by a different importer than for the last two quarters of 1982, and price changes may partially be the result of different importers selling to different customers.

Table 20.--Stainless steel sheet and strip: Weighted-average sales prices by U.S. producers and by importers for sales to service centers/-distributors, and margins of underselling, by types, and by quarters, January 1981-December 1983 1/

Period	Grade 430 sheet 2/				Grade 430 strip 3/
	United States	Spain	Margin of underselling		United States
	Per ton		Per ton	Percent	Per ton
1981:					
January-March	$1,800	4/	-	-	$1,772
April-June	1,765	4/	-	-	1,865
July-September	1,869	4/	-	-	1,976
October-December	1,900	4/	-	-	1,981
1982:					
January-March	1,939	4/	-	-	1,869
April-June	1,829	4/	-	-	1,825
July-September	1,815	***	***	***	1,940
October-December	1,618	***	***	***	1,795
1983:					
January-March	4/	***	***	***	***
April-June	***	***	***	***	***
July-September	4/	***	***	***	***
October-December	***	***	***	***	***

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

2/ BA finish, 20-gage in thickness, 36 inches exact through 48 inches exact in width, and coiled.

3/ BA finish, 24 gage in thickness, 12 inches exact through 24 inches exact in width, and coiled. No Spanish prices reported for this specification.

4/ Not available.

Source: U.S. producers' prices for 1981 and 1982 are from price data collected for Stainless Steel and Alloy Tool Steel, investigation No. TA-201-48. Prices for 1983 are averages of the monthly prices reported in the quarterly reports, for investigation No. 332-167. Spanish prices were collected from importers' questionnaires specifically for this investigation.

Spanish grade 316 sheet was lower-priced than U.S.-produced sheet in all four quarters where comparisons can be made. The margins of underselling averaged * * * per ton or * * * percent in July-December 1982. U.S. producers' prices declined at a faster rate than did Spanish prices in January-June 1983, and margins of underselling declined to * * * per ton, or by * * * percent.

Price comparisons for grade 430 sheet are available only for two quarters in 1982 and for one quarter in 1983. The margin of underselling decreased from * * * per ton (* * * percent) in July-September 1982 to * * * per ton (* * * percent) in October-December 1982, totally the result of a substantial decline in U.S. producers' prices. The margin of underselling increased in October-December 1983 to * * * per ton or * * * percent, as U.S. producers raised their prices by 33 percent over October-December 1982 levels.

Exchange rates.--The following tabulation shows quarterly indexes of the U.S. dollar cost of the Spanish peseta during January 1981-December 1983, as reported in the International Financial Statistics of the International Monetary Fund (January-March 1981=100.0):

Period	Nominal exchange rate	Real 1/ exchange rate
1981:		
January-March	100.0	100.0
April-June	92.3	94.2
July-September	85.9	89.4
October-December	87.6	93.6
1982:		
January-March	83.1	91.4
April-June	79.3	89.3
July-September	75.0	85.4
October-December	70.1	81.5
1983:		
January-March	64.8	79.9
April-June	60.6	76.6
July-September	55.9	2/
October-November	55.0	2/

1/ The real exchange rate is the nominal rate adjusted by Commission staff for the difference in relative inflation rates between the United States and Spain, as measured by wholesale price indexes published in the International Financial Statistics.

2/ Not available.

The nomimal value of the peseta fell by 45 percent from January-March 1981 to October-November 1983. The real value of the peseta fell by 23.4 percent from January-March 1981 to April-June 1983.

Lost sales

There were 26 firms, generally service centers/distributors, named by the U.S. industry as purchasers of Spanish stainless steel sheet and strip. Three of these firms were named in questionnaire responses; the remaining twenty-three were named in the industry petition as either direct importers or as purchasers from direct importers of the Spanish product. 1/ Purchaser questionnaires were mailed to 19 of the 26 firms. Of these 26 firms, 13, among them some of the largest purchasers of Spanish stainless steel sheet, either responded to the questionnaire or were contacted by telephone. Total 1983 purchases of Spanish stainless steel sheet reported by these firms accounted for about * * * percent of imports from Spain in 1983. Following are descriptions of information obtained from these individual purchasers.

* * *.--This service center/distributor was named in the industry petition as an importer of Spanish stainless steel sheet and strip. The petition stated that this company was scheduled for a * * *. However, this company reported that it has no outstanding orders for Spanish stainless steel sheet. This company's purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	1981	1982	1983
United States	***	***	***
Spain	***	***	***
Other, foreign 1/	***	***	***

1/ Italy, France, Japan, West Germany, the United Kingdom.

This purchaser reported no price data for the sheet and strip specifications listed, and reported that it bought only grades 301 and 304 from U.S. suppliers and only grade 430 from Acerinox (Spain). * * * reported that it purchased the Spanish product in 1983 to test its quality because * * * had had quality problems with U.S.-produced grade 430 sheet. * * * also reported that the Spanish grade 430 sheet was significantly lower priced than U.S.-produced grade 430 sheet.

1/ Five firms were also named in lost revenue allegations, but the total quantity of sales affected was less than 100 tons.

* * *.--This service center/distributor was named in the petition as an importer of Spanish stainless steel sheet and strip, but no detail concerning the quantity or value of purchases was provided. This company's purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	1981	1982	1983
United States	***	***	***
Spain	***	***	***
Other, foreign	***	***	***

* * * reported a price of * * * per ton for a purchase of * * * tons of Spanish grade 430 strip (12" to 24" wide) in July-September 1983. It reported no price for a comparable specification of U.S.-produced strip.

* * * also reported that it has been unable to obtain any stainless steel sheet and strip directly from U.S. producers, either because producers refused to make a quote or quoted prices higher than the price to * * * competitors. * * *.

* * *.--This service center/distributor was named in the industry petition as a purchaser of grade 304 sheets from Spain. A price differential of * * * percent was cited by the industry, although no quantity was reported. This company's purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	1981	1982	1983
United States	***	***	***
Spain	***	***	***
Other, foreign	***	***	***

* * * reported purchasing only grade 304 sheet. Comparable prices were available for July-September 1983 with the U.S. product purchased for * * * per ton and the Spanish product purchased for * * * per ton, a difference of * * *, or * * * percent. U.S. producers had charged * * * per ton in the first two quarters of 1983 and raised their prices in July-September 1983.

* * *.--This service center/distributor was named in the industry petition; however, no detail concerning the quantity or value of the alleged lost sales was provided. * * * reported no purchases of Spanish stainless steel sheet, although it reported purchases from France, Belgium, and Japan.

* * *.--This end user was named in the industry petition, which reported that the company had switched its * * * tons/year requirement from a service center/distributor * * * of U.S.-produced grade 304 sheet to the Spanish product. * * * purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	1981	1982	1983
United States	***	***	***
Spain	***	***	***
Other, foreign	***	***	***

* * * reported that a purchase of the Spanish product was grade 430 sheet, which was lower-priced than U.S.-produced grade 430. It also reported that it is difficult to obtain U.S.-produced grade 430, and bought no U.S. grade 430 in 1983. It purchases U.S. sheet only from service centers/distributors. It reported no comparable prices for the specifications listed.

* * *.--This service center/distributor was named in the industry petition; however, no detail concerning the quantity and value of alleged lost sales was provided. This company provided data for its aggregate purchases of stainless steel sheet * * *, which is shown in the following tabulation (in tons):

	1981	1982	1983
United States	***	***	***
Spain	***	***	***
Other, foreign 1/	***	***	***

1/ United Kingdom, Japan, West Germany, France, Finland, Korea, and Sweden.

* * * reported that it purchased only the 300-series grades of stainless steel sheet and strip. It provided a price for only one transaction, a purchase of * * * tons of Spanish grade 316L sheet in * * * for * * * per ton. It reported no purchase of a comparable specification of U.S.-produced sheet in that quarter, but estimated the U.S. price at * * * per ton. Prices estimated by * * * for the remaining quarters of 1983 for both U.S.-produced and Spanish 316L sheet show an increasing trend, from * * * per ton in April-June 1983 to * * * in October-December for U.S.-produced sheet and from * * * to * * * per ton for Spanish sheet, over the same period.

* * * reported that it has not been able to readily obtain 60-inch wide grade 316L and 317L sheet from U.S. producers because * * * is the only U.S. supplier. * * * further reported that it cannot obtain certain alloys from U.S. producers, and therefore purchases foreign sheet for these requirements.

* * *.--This service center/distributor was named in the industry petition. The industry further reported that this service center/distributor expected a shipment of * * * tons of Spanish stainless steel to be delivered in the first quarter of 1984. * * * confirmed that it had placed an order for delivery in * * *, but that this order did not start to arrive until * * *. The order was for * * * tons of Spanish sheet, primarily grade 430. This firm also reported that the importer of the Spanish product is not currently accepting orders for Spanish sheet. This firm's delivered purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	1981	1982	1983
United States----------	***	***	***
Spain----------	***	***	***
Other, foreign 1/---------	***	***	***

1/ France, Italy, Japan, Finland, and the United Kingdom.

* * * reported purchasing only 300-series sheet from U.S. suppliers, and both 300- and 400-series sheet and strip from an importer of the Spanish product. 1/ This firm reported comparable prices for two of the four selected product specifications. The Spanish grade 304 sheet undersold the U.S.-produced sheet in January-March and July-September 1983, by * * * percent, and was higher priced in the other two quarters of the year. Both U.S.-produced and Spanish grade 304 sheet showed substantial price increases in October-December 1983; U.S.-produced sheet increased from * * * to * * * per ton, and Spanish sheet increased from * * * to * * * per ton.

The Spanish grade 316 sheet undersold the U.S.-produced sheet in the three quarters of 1983 where comparisons could be made, by an average of * * *, or * * * percent below the average U.S. price of * * * per ton.

No transaction price comparisons were available for the 430 grade sheet, because this firm did not purchase U.S.-produced grade 430 sheet. However, this firm did provide estimates of U.S. prices for 430 sheet, and on this basis the Spanish product was an average of * * *, or * * * percent, below the estimated average U.S. price of * * * per ton. This firm also reported, however, that it has been unable to obtain U.S.-produced grade 430 sheet from * * *. * * * reported that it approached * * * in * * * and has still not received a reply regarding pricing and availability of this product. In a telephone conversation with Commission staff, a representative of * * * reported that he believed U.S. producers' capacity was currently tied-up in the 300-series grades, and therefore the industry was not enthusiastic about supplying grade 430 sheet. 1/

1/ According to its questionnaire response, in 1983 approximately * * * percent of its purchases of Spanish stainless steel sheet were 400-series grade steel, and * * * percent were 300-series grade steel.

* * *.--This service center/distributor was named in the industry petition. Although no detail concerning the quantity or value of the alleged lost sales for 1983 was provided, the industry claimed that * * * expected delivery of * * *. Estimates 2/ of * * * delivered purchases of stainless steel sheet and strip, as reported by the firm, are shown in the following tabulation (in tons):

	1981	1982	1983
United States----------	***	***	***
Spain-------------------	***	***	***
Other foreign 1/--------	***	***	***

1/ France, West Germany, Japan.

The Spanish sheet was exclusively grade 430 sheet, whereas purchases of U.S.-produced sheet was a mix of grade 304 and 430 sheet. * * * reported an estimated average annual price for 1983 for purchases of both U.S.-produced and Spanish grade 430 sheet. The U.S. price was * * * per ton and the Spanish price was * * * per ton, a difference of * * * per ton, or * * * percent. * * * also reported that the determining factor in its purchase decision is price, assuming comparable reliability, quality, delivery, and service. A telephone conversation with * * * confirmed that * * * had expected * * * tons of Spanish grade 304 sheet to be delivered in * * *, but that * * *. The * * * representative further reported that the price increases by U.S. producers for grade 304 sheet have recently made Spanish grade 304 sheet price competitive. This is the reason given for why this purchaser placed the order for the Spanish product in * * *.

* * *.--This service center/distributor was named in the industry petition. No detail concerning the quantity or value of the alleged lost sales was provided. This firm provided only data for its purchases of Spanish stainless steel sheet, which totaled * * * tons in 1983. Prices were reported for Spanish grade 430 sheet which averaged * * * per ton in 1983. However, no U.S. prices were reported for this specification.

1/ * * *.
2/ Estimates based on receipts by month.
3/ * * *.

* * * reported that although grade 430 sheet is available from U.S. producers, lead times have generally been extended.

* * *.--This service center/distributor was named in the industry petition. Although no detail concerning the quantity or value of the alleged lost sales was provided for 1983, the industry post-hearing brief stated that * * * expected delivery of * * * tons of grade 430 sheet in * * *. * * * reported that it had placed an order in * * * for * * * tons of Spanish grade 304 sheet and for * * * tons of Spanish grade 430-2B sheet. It reported that the supplier has acknowledged shipping all of the 304 sheet but only * * * tons of the 430 grade sheet. * * *. This firm reported that the Spanish 430-2B product was priced * * * percent below U.S.-produced sheet. No prices were reported for grade 304 sheet.

* * *.--This service center/distributor was named in the industry petition; however, no detail was provided concerning the quantity or value of the alleged lost sale. Estimates of * * * purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	1981	1982	1983
United States----------	***	***	***
Spain----------	***	***	***
Other, foreign 1/-------	***	***	***

1/ Japan, W. Germany, France, Sweden, Republic of Korea, Finland.

* * * reported that it purchased Spanish grade 304 and 316L sheet, and purchased the same grades from U.S. producers. One price comparison was available in * * *, with U.S.-produced grade 304 sheet (coiled) selling for * * * per ton and Spanish grade 304 sheet (cut-to-length) selling for * * * per ton. U.S. producers' prices for grade 304, as reported by * * *, increased to * * * per ton by October-December 1983, representing an increase of * * * percent over the January-March 1983 price.

* * *.--This service center/distributor was named in the industry petition as an importer of Spanish stainless steel sheet and strip, although no details concerning the quantity or value of the alleged lost sales was provided. The industry also claimed that * * * was scheduled for a * * * ton delivery of Spanish sheet in * * *. * * * reported that it is expecting a delivery of * * * tons of Spanish grade 430 sheet that it had ordered. * * * further reported that it has recently attempted to place an order for Spanish sheet, but that the importer was accepting no new orders. This firm's delivered purchases of stainless steel sheet are shown in the following tabulation (in tons):

	1981	1982	1983
United States----------	***	***	***
Spain----------	***	***	***
Other, foreign 1/-------	***	***	***

1/ West Germany, France, Belgium, Italy.

* * * reported that it purchases only grades 430 and 434 from Spain, and only grades 304 and 316 from U.S. producers. It reported that it has generally purchased grade 430 and 434 only from foreign sources because * * * cannot buy U.S.-produced sheets at competitive prices, at acceptable quality, or in required widths or thicknesses.

Although * * * reported no prices for comparable specifications of U.S.-produced and Spanish sheet, it did report prices for both U.S.-produced and Spanish sheet. U.S. producers' prices, as reported by * * *, increased from * * * to * * * per ton for grade 304 sheet, and from * * * to * * * per ton for grade 316 sheet, from the first to the fourth quarter of 1983. Spanish prices increased from * * * to * * * per ton for grade 430 sheet and from * * * to * * * per ton for grade 430 strip over the same period.

* * *.--This firm was named in both the petition and in a lost sales allegation involving a * * * purchase of * * * tons of Spanish grade 434 strip. This firm reported that it has never purchased Spanish stainless steel sheet or strip.

APPENDIX A

COMMISSION'S NOTICE OF INVESTIGATION

[Investigation No. 731-TA-164 (Preliminary)]

Stainless Steel Sheet and Strip From Spain

AGENCY: United States International Trade Commission.

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

EFFECTIVE DATE: January 13, 1984.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of a preliminary antidumping investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of stainless steel sheet and strip, provided for in items 607.76, 607.90, 608.43, and 608.57 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: Mr. Lawrence Rausch, Office of Investigations, U.S. International Trade Commission, 701 E St. NW., Washington, D.C. 20436, telephone 202-523-0286.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on January 13, 1984, by counsel on behalf of members of the Specialty Steel Industry of the United States, and the United Steelworkers of America. The Commission must make its determination in this investigation within 45 days after the date of the filing of the petition, or by February 27, 1984 (19 CFR 207.17).

Participation

Persons wishing to participate in this investigation 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 this investigation. 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 investigation. 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 this investigation must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written Submissions

Any person may submit to the Commission on or before February 8, 1984, a written statement of information pertinent to the subject matter of this investigation (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 conection with these investigations for 9:30 a.m. on February 6, 1984, 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, Mr. Lawrence Rausch (202-523-0286), not later than the close of business (5:15 p.m.) on February 3, 1984, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation 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 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, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, Subparts A and B (19 CFR Part 207, as amended by 47 FR 33682, Aug. 4, 1982), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 47 FR 33682, Aug. 4, 1982). Further information concerning the conduct of the conference will be provided by Mr. Rausch.

This notice is published pursuant to § 207.12 of the Commission's rules (19 CFR 207.12).

Issued: January 20, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-2033 Filed 1-24-84; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

COMMERCE'S NOTICE OF INVESTIGATION

[A-469-401]

Certain Stainless Steel Sheet and Strip Products From Spain; Initiation of Antidumping Investigations

AGENCY: International Trade Administration, Commerce.

ACTION: Notice.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating antidumping investigations to determine whether certain stainless steel sheet and strip products from Spain are being, or are likely to be, sold in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of the action, so that it may determine whether imports of this merchandise are materially injuring, or threatening to materially injure, a United States industry. If the investigations proceed normally, the ITC will make its preliminary determination or or before February 27, 1984, and we will make our own on or before June 21, 1984.

EFFECTIVE DATE: February 9, 1984.

FOR FURTHER INFORMATION CONTACT: William D. Kane, Office of Investigations, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-1776.

SUPPLEMENTARY INFORMATION: On January 13, 1984, we received a petition in proper form from counsel for

Allegheny Ludlum Steel Corporation, Armco Inc., Carpenter Technology Corporation, Eastern Stainless Steel Company, J&L Specialty Steels, Inc., Jessup Steel Company, Republic Steel Corporation, Universal-Cyclops Specialty Steel Division of Cyclops Corporation, Washington Steel Corporation, and the United Steelworkers of America, AFL/CIO–CLC.

In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports of the subject merchandise from Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industry. The allegations of sales at less than fair value of the merchandise under investigation from Spain are supported by comparisons of United States price, based variously on unit values derived from U.S. Customs import statistics and on actual sales and offers of Spanish stainless steel by a U.S. broker, and home market prices, based on the prices of a Spanish stainless steel service center netted back to reflect the manufacturer's wholesale prices.

Initiation of Investigations

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether it sets forth the allegations necessary for the initiation of an antidumping investigation and whether it contains information reasonably available to the petitioners supporting the allegations. We have examined the petition filed by counsel for the domestic stainless steel sheet and strip industry and the United Steelworkers of America, and we have found that it meets the requirements of section 732(b) of the Act. Therefore, we are initiating antidumping investigations to determine whether certain stainless steel sheet and strip products are being, or are likely to be, sold at less than fair value in the United States. If our investigation proceeds normally, we will make our preliminary determination by June 21, 1984.

Scope of Investigations

The merchandise covered by these investigations consists of certain stainless steel sheet and strip products. For a further description of these products see the appendix appearing with this notice.

Notification to the ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided it confirms that it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine within 45 days of the date the petition was received whether there is a reasonable indication that imports of certain stainless steel sheet and strip products from Spain are materially injure, or are likely to materially injuring, a United States industry. If its determination is negative, these investigations will terminate; otherwise they will proceed according to the statutory procedures.

Dated: February 1, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

Appendix

Product Description: Certain Stainless Steel Sheet and Strip Products

For the purpose of this investigation the term "certain stainless steel sheet and strip products" covers hot or cold rolled stainless steel sheet or strip, excluding hot or cold rolled stainless steel strip not over 0.01 inch in thickness, currently provided for in items 607.7610, 607.9010, 607.9020, 608.4300, and 608.5700 the Tariff Schedules of the United States Annotated.

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

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

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

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

[FR Doc. 84-3501 Filed 2-8-84; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX C

CALENDAR OF THE PUBLIC CONFERENCE

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

TENTATIVE CALENDAR OF DIRECTOR OF OPERATIONS' PUBLIC CONFERENCE

STAINLESS STEEL SHEET AND STRIP FROM SPAIN
Investigation No. 731-TA-164 (Preliminary)

February 6, 1984
9:30 A.M.

In support of the petition

Paul C. Rosenthal--Counsel
David H. Hartquist--Counsel
Washington, D.C.
on behalf of--

Allegheny Ludlum Steel Corp.
Armco, Inc.
Carpenter Technology Corp.
Eastern Stainless Steel Corp.
J & L Specialty Steel, Inc.
Jessop Steel Co.
Republic Steel Corp.
Universal-Cyclops Specialty Steel Div., Cyclops Corp.
Washington Steel Corp.
United Steelworkers of America, AFL/CIO-CLC

Richard D. Mercer, Vice President, Commercial
Allegheny Ludlum Steel Corp.
Pittsburgh, Pa.

Jack Barnett, Director of Sales, Stainless Steel Division
Armco, Inc.
Baltimore, Md.

Stanley Nehmer, President
Economic Consulting Services, Inc.
Washington, D.C.

In opposition to the petition

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

Acerinox, S.A.

APPENDIX D

SUPPLEMENTARY STATISTICAL TABLES

Table D-1.--Stainless steel sheet and strip: U.S. producers' shipments, and imports for consumption from Spain, by grade, 1983

Grade	U.S. producers' domestic shipments	U.S. imports from Spain	U.S. imports from Spain and U.S. producer's domestic shipments	Ratio of imports from Spain to U.S. apparent consumption of U.S. produced and Spanish merchandise
	Short tons			Percent
430	27,720	***	***	***
304	346,501	***	***	***
316	48,511	***	***	***
All other	270,269	***	***	***
Total	693,001	14,522	707,523	2.1
	Percentage distribution			
430	4	***	***	1/
304	50	***	***	1/
316	7	***	***	1/
All other	39	***	***	1/
Total	100	***	***	1/

1/ Not applicable.

Source: Percentage distribution of U.S. producers' shipments by grade, estimated from AISI data; percentage distribution of imports from Spain. compiled from data supplied in response to questionnaires of the U.S. International Trade Commission.

Tables D-2 through D-8.--Stainless steel sheet and strip: U.S. trade and financial data by firms, 1981-83

* * * * * * *