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STAINLESS STEEL FLANGES FROM INDIA AND TAIWAN

Determinations of the Commission in
Investigations Nos. 731-TA-639
and 640 (Preliminary) Under the
Tariff Act of 1930, Together With
the Information Obtained in the
Investigations

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Washington, DC 20436



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigations Nos. 731-TA-639 and 640 (Preliminary)

STAINLESS STEEL FLANGES FROM INDIA AND TAIWAN

Determinations

On the basis of the record¹ developed in the subject investigations, 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 India and Taiwan of stainless steel flanges, finished or unfinished,³ provided for in subheadings 7307.21.10 and 7307.21.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On December 31, 1992, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by Flowline Division, Markovitz Enterprises, Inc. (Flowline), New Castle, PA; Gerlin, Inc. (Gerlin), Carol Stream, IL; Ideal Forging Corp. (Ideal),

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

² The Commission's vote was unanimous with respect to India; the vote with respect to Taiwan was 5 to 0, with Commissioner Carol T. Crawford not participating.

³ As defined by Commerce, stainless steel flanges covered by these investigations "[A]re flanges both finished and not finished made in alloys such as 304, 304L, 316, and 316L. The scope includes 5 general types of flanges. They are Weld Neck, used to make butt-weld line connections, Threaded, used to make threaded line connections, Slip-On & Lap Joint, used to make stub end/butt-weld line connections, Socket Weld, used to fit pipe into machined recessions, and Blind, used to seal off lines. The sizes of the flanges covered in the scope range generally from one to six inches. However, all sizes of the above described merchandise are included within the scope. The flanges subject to these investigations are classifiable under subheadings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes, but our written description of the scope of these investigations is dispositive."

Southington, CT; and Maass Flange Corp. (Maass), Houston, TX, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of stainless steel flanges, finished or unfinished, from India and Taiwan. Accordingly, effective December 31, 1992, the Commission instituted antidumping investigations Nos. 731-TA-639 and 640 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of January 12, 1993 (58 F.R. 3967). The conference was held in Washington, DC, on January 21, 1993, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION¹

Based on the record in these preliminary investigations, we unanimously determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of stainless steel flanges from India and Taiwan that allegedly are sold at less than fair value (LTFV).²

I. THE LEGAL STANDARD FOR PRELIMINARY INVESTIGATIONS

The legal standard in preliminary antidumping duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly LTFV imports.³ In applying this standard, the Commission may weigh the evidence before it to determine whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final investigation."⁴ The U.S. Court of Appeals for the Federal Circuit has held that this interpretation of the standard "accords with clearly discernible legislative intent and is sufficiently reasonable."⁵

II. LIKE PRODUCT

A. In General

In determining whether there is a reasonable indication that an industry

¹ Commissioner Crawford did not participate in Inv. No. 731-TA-640 (Taiwan).

² 19 U.S.C. § 1673b(a). Whether the establishment of an industry in the United States is materially retarded is not an issue in these investigations.

³ 19 U.S.C. § 1673b(a). See also American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. United States, 794 F. Supp. 377, 386 (Ct. Int'l Trade 1992).

⁴ American Lamb, 785 F.2d at 1001. See also, Torrington Co. v. United States, 790 F. Supp. 1161, 1165 (CIT 1992).

⁵ American Lamb, 785 F.2d 994 at 1004.

in the United States is materially injured or is threatened with material injury by reason of the allegedly LTFV imports, the Commission must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant 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" ⁶ In turn, the Act 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 an investigation" ⁷

The Department of Commerce ("Commerce") has identified the articles subject to these investigations as:

certain stainless steel flanges . . . both finished and not-finished made in alloys such as 304, 304L, 316, and 316L. The scope includes 5 general types of flanges. They are Weld Neck, used to make butt-weld line connections, Threaded, used to make threaded line connections, Slip-On & Lap Joint, used to make stub end/butt-weld line connections, Socket Weld, used to fit pipe into machined recessions, and Blind, used to seal off lines. The sizes of the flanges covered in the scope range generally from one to six inches. However, all sizes of the above

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10). The Commission's determination of what is the appropriate like product or products is a factual determination, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis. In analyzing like product issues, the Commission considers a number of factors including: (1) physical characteristics and uses, (2) interchangeability of the products, (3) channels of distribution, (4) customer and producer perceptions of the products, (5) the use of common manufacturing facilities and production employees, and (6) where appropriate, price. Calabrian Corp. v. United States, 794 F. Supp. at 382, n.4 (Ct. Int'l Trade 1992). No single factor is dispositive, and the Commission may consider other factors relevant to its like product determination in a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. E.g., S. Rep. No. 249, 96th Cong. 1st Sess. 90-91 (1979); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (CIT 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

described merchandise are included within the scope.⁸

The imported products subject to investigation are stainless steel flanges, both finished and unfinished, from India and Taiwan. Stainless steel flanges are used to connect stainless steel pipe sections and piping system components (such as pumps, valves, tanks, gauges, etc.) at points in "process" piping systems where conditions require a connect and disconnect capability.⁹ They are manufactured in several types and sizes for various pressure and temperature applications.¹⁰

B. Like Product Analysis

In these preliminary investigations, we have considered whether unfinished and finished stainless steel flanges constitute one or two like products; and we determine that there is one like product.¹¹

In analyzing whether both an unfinished product and a finished product should be included in the same like product, the Commission typically examines five factors, including: 1) the necessity for, and costs of, further processing; 2) the degree of interchangeability of articles at different stages of production; 3) whether the article at an earlier stage of production is dedicated to use in the finished article; 4) whether there are significant independent uses or markets for the finished and unfinished articles; and 5) whether the article at an earlier stage of production embodies or imparts

⁸ See 58 Fed. Reg. 6619, 6620 (February 1, 1993). Report at A-4.

⁹ See Report at I-4. Process piping systems include: chemical plants, petrochemical plants, pharmaceutical plants and breweries. *Id.* at I-8.

¹⁰ *Id.* at I-4.

¹¹ The two respondents both argued that unfinished and finished flanges constitute two separate like products. Respondent's (India) Postconference Brief at 4. Respondent's (Taiwan) Postconference Brief at 2.

to the finished article an essential characteristic or function.^{12 13}

In past investigations, the Commission has applied the semifinished or component product criteria in instances in which the finished, or further processed product, is included within the articles subject to investigation,¹⁴ as is the case in these investigations.^{15 16 17}

¹² See, e.g., DRAMs Of One Megabit and Above From the Republic of Korea, Inv. No. 731-TA-556 (Preliminary), USITC Pub. 2519 at 6 and 7 (June 1992) ; Certain Telephone Systems and Subassemblies Thereof from Japan and Taiwan, Inv. Nos. 731-TA-426 and 428 (Final), USITC Pub. 2237 (November 1989).

¹³ Commissioner Brunsdale notes that she has criticized the five-factor test in rather harsh terms. See Sulfur Dyes from China, India, and the United Kingdom, Invs. Nos. 731-TA-548, 550, and 551 (Preliminary), USITC Pub. No. 2514, at 36-37; Magnesium from Canada, Invs. Nos. 701-TA-309 and 731-TA-528 (Final). She urges the parties to any final investigation to discuss its continuing usefulness. She particularly urges the parties in any final investigation in this case to consider in great detail the Commission's opinions in the final investigation in Sulfur Dyes.

¹⁴ Bulk Ibuprofen from India, Inv. No. 701-TA-308 and 731-TA-526 (Preliminary), USITC Pub. 2428 at 9 (September 1991); Tungsten Ore Concentrates from the People's Republic of China, Inv. No. 731-TA-497 (Preliminary), USITC Pub. 2367 (March 1991).

¹⁵ Respondents urged the Commission to apply the same like product analysis in Circular, Welded Steel Pipes and Tubes to the subject investigations. However, we find that the relevant issue and facts in that case are different and do not support the same analysis. In Circular, Welded Steel Pipes and Tubes, Commerce specifically excluded the finished or further processed product (i.e., finished rigid conduit) from the investigations. The Commission also found it should not be included in the like product and, thus, not included in its investigations. Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Inv. Nos. 731-TA-532-537 (Final), USITC Pub. 2564 at 11 and 12, n.31 (October 1992).

¹⁶ Commissioner Brunsdale notes that in cases (like Circular, Welded Steel Pipes and Tubes) where the finished product is not included in the scope of the investigation, its inclusion in the like product could only dilute the impact of the subject imports on an American industry, and so undermine the protectionist goal of the antidumping law. As the Commission held in Tungsten Ore Concentrates from the PRC, Inv. No. 731-TA-497 (Preliminary), USITC Pub. No. 2367 at 9,

Broadening the definition of like product, and hence the definition of the domestic industry, to include products which result from further processing of the articles subject to investigation, has the effect of including within the definition of the domestic "industry" producers of a

(continued...)

Applying the semifinished product analysis to these facts, we begin by noting that stainless steel flanges are machined and drilled from forgings that are hot-forged from stainless steel bar¹⁸ and that meet established specifications for annealing and tensile strength. A number of production steps are common to every type of flange from forging to finishing. For the finishing process, bolt holes are drilled, a mating surface is machined to accommodate gaskets, and the flange is processed for corrosion-resistance for its end use in piping system components.

The processing costs incurred in transforming the forging into a finished flange average less than the cost of producing the unfinished product.¹⁹ The Commission previously has included semifinished goods within the finished like product even when the cost of finishing constituted more than half of the cost of producing the finished product.²⁰

¹⁶(...continued)

downstream product whose interest, as consumers, in the investigation is contrary to the domestic producers of those articles

¹⁷ The Taiwanese respondent also maintained that "the further manufacturing operations required to produce a flange from a forging results in a 'substantial transformation' of the forging" as determined by the United States Customs Court in Midwood Industries, Inc. v. United States, 313 F. Supp. 951 (1970). Respondent's (Taiwan) Postconference Brief at 4. In past investigations, we have noted that the Customs Service definition of "substantial transformation," while a factor to be considered, is not binding upon the Commission in its determination of like product under title VII. Erasable Programmable Read Only Memories from Japan, Inv. No. 731-TA-288 (Final), USITC Pub. 1927 at 6, n.10 (December 1986).

¹⁸ American Society for Testing and Materials (ASTM) A-314 bar.

¹⁹ The value added (the weighted average of conversion costs as a percent of cost of goods sold) by U.S. producers on their conversion process (finishing) varied significantly for individual producers in 1991. Report at Table 12, I-20.

²⁰ For example, in Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, the Commission determined that the fact that up to two-thirds of the value of the finished crankshaft was added by the machining process did not preclude the conclusion that machined and unmachined crankshafts are like. Certain Forged Steel Crankshafts from the Federal

(continued...)

Because of the necessity for further processing, unfinished flanges and finished flanges are not interchangeable in use.²¹ Purchasers of finished flanges generally do not have the facilities to finish a flange and could not use an unfinished flange to connect stainless steel pipe sections.²² Furthermore, when the hot blank is forged into shape it is dedicated to being manufactured as a finished flange. The unfinished flange or forging has virtually no independent use other than further processing into a finished flange.^{23 24}

While there is a market for the unfinished flanges, it is limited to converters who purchase this intermediate product for the express purpose of

²⁰ (...continued)

Republic of Germany and the United Kingdom, Inv. Nos. 731-TA-351 and 353 (Final), USITC Pub. 2014 at 7 (September 1987). See also, Stainless Steel Pipes and Tubes from Sweden, Inv. No. 731-TA-354 (Final), USITC Pub. 2033 at 8 (November 1987) (Commission treated as included in a single like product, seamless pipe and tube, the cold-working of the pipe by redrawers or integrated producers, which added substantial value -- approximately 50 percent -- to the product); Tapered Roller Bearings and Parts Thereof, and Certain Housings Incorporating Tapered Rollers from Hungary, The People's Republic of China, and Romania, Inv. Nos. 731-TA-341, 344 and 345 (Final), USITC Pub. 1983 (June 1987) (Commission noted that substantial finishing was required in order for taper roller bearings to perform their function of reducing friction).

²¹ The Indian respondent stated that: "[f]orgings are of no use whatsoever for the uses required of flanges." Respondent's (India) Postconference Brief at 5. See e.g., Certain Granite from Italy and Spain, Inv. Nos. 731-TA-381-382 (Final), USITC Pub. 2110 at 9 (Aug 1988) ("fact that slab is not interchangeable with the various finished products it is used in producing . . . is not necessarily basis for determining that slab is a separate, intermediate 'like product.' An intermediate or semi-finished product, by definition, is not a finished end product.") Id. at 9, n.26.

²² The Taiwanese respondent stated that: "[e]nd users and distributors of flange products will only purchase a finished flange, as a flange forging is of no value to them." Respondent's (Taiwan) Postconference brief at 5-6.

²³ At the conference Flow Components asserted that about five percent of forgings are used for other related products. Tr. at 96.

²⁴ Certain Stainless Steel Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-376 (Preliminary), USITC Pub. 1978 (May 1987) (finished and unfinished fittings found to constitute one like product because fittings cannot be used for their intended purposes unless completely finished, and finishing does not alter essential function of fitting).

conducting the finishing process.²⁵ These intermediate products, unfinished flanges, have no useful commercial application; sales are confined to integrated producers, finishers, and forgers, that transform the products into the finished state.²⁶ Therefore, there is no independent end-use market for unfinished flanges.²⁷

Finally, two of the most essential characteristics of the finished product -- their metallurgy and shape which largely determine the resulting mechanical qualities -- are present in both the unfinished and finished flanges.^{28 29}

Based on the foregoing discussion, particularly, the fact that the unfinished flange imparts essential characteristics to the finished flange and is dedicated to use as a finished flange, and the absence of an independent end-use market for unfinished flanges, we define the like product in these preliminary investigations to be stainless steel flanges, both finished and unfinished. This like product definition corresponds to the class or kind of imported merchandise subject to investigation.³⁰

²⁵ Report at I-11 and I-13.

²⁶ Id.

²⁷ The Taiwanese respondent stated that: "[t]here is no market or use for flange forgings other than for further manufacture by converters." Respondent's (Taiwan) Postconference Brief at 6.

²⁸ These products typically are manufactured from stainless steel alloy grades 304, 304L, 316, and 316L (which are subsets of ASTM A-314 bar) and are usually designated under the performance specifications of ASTM A-182/A-182M-91 and the dimensional specifications of the American Society of Mechanical Engineers (ASME)/American National Standards Institute (ANSI) B16.5. Report at I-4 and I-6.

²⁹ End users generally require that finished flanges meet industry specifications including required manufacturing processes such as annealing. Report at I-7.

³⁰ Commissioner Brunsdale notes that there is a good chance that she would find two like products, finished and unfinished flanges, in any final investigation. It appears increasingly likely that the Commission is, without explaining its reasons, creating a per se rule of finding one like product if

(continued...)

III. DOMESTIC INDUSTRY AND RELATED PARTIES

A. Domestic Producers

As noted previously, the domestic industry consists of the "domestic producers" of a "like product."³¹ In light of the definition of the like product, the domestic industry consists of the domestic producers of finished and unfinished stainless steel flanges.³²

The domestic manufacturing sector consists of both forger/finishers and converters.³³ Forger/finishers begin with a piece of stainless steel bar as their raw material and perform forging, machining, and finishing operations.

³⁰ (...continued)

the scope of investigation lists both upstream and downstream products and the upstream product has no independent use apart from incorporation into the downstream product. (This appears, at least from an unsystematic review of past semifinished product analyses, to explain nearly all the results reached using the traditional five part test.) None of the parties to this investigation even mentioned semifinished product analysis, much less discussed it in any critical way, however, making her reluctant to find two like products at this time. Moreover, given the substantial level of imports of both finished and unfinished flanges, she would have reached the same result even if there were two like products.

³¹ See 19 U.S.C. § 1677(4) (A).

³² The Indian respondent in this case raised the issue of whether the petitioner has the requisite standing to bring an antidumping case "on behalf of" the domestic forgings industry. This respondent refers to the Federal Circuit's Suramerica de Aleaciones Laminadas C.A. v. United States decision to contend that "the Commission is not precluded from exercising the identical responsibility [as Commerce] to decide issues of standing." Respondent's (India) Postconference Brief at 13. We note that in a recent decision the Federal Circuit reconfirmed its Suramerica decision by explicitly stating that "[u]nder the statutory scheme, the ITA [Department of Commerce] is alone charged with the responsibility of determining whether an interested party has standing to file an antidumping duty petition . . . and whether to commence an investigation on the basis of that petition." Minebea v. United States, Slip Op. 92-1289 at 7 (Fed. Cir. Jan. 26, 1993) citing Suramerica de Aleaciones Laminadas C.A. v. United States, 966 F.2d 660, 665, n.6 (Fed. Cir. 1992).

³³ In past investigations, the Commission has included in the domestic industry all producers, regardless of whether they were fully integrated producers and converters of unfinished pipe fittings. See Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520 and 521 (Final), USITC Pub. 2528 at 7 (June 1992) ("Carbon Butt-Weld Pipe"). See also Sandvik AB v. United States, 721 F. Supp. 1322, 133031 (CIT 1989) aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990).

Converters purchase flange forgings and perform machining and finishing operations.

B. Related Parties

Petitioner alleged that two of the domestic producers "are strictly 'converters' who import not-finished flanges primarily from India and Taiwan, finish them, and sell them to distributors...."³⁴ In these preliminary investigations, we considered whether either of these domestic converters (Flow Components and J&R Metals³⁵) constitutes a related party and, if so, whether appropriate circumstances exist to exclude them from the domestic industry.³⁶

Under section 771(4)(B) of the Act, producers who are related to exporters or importers, or who are themselves importers of allegedly dumped or subsidized merchandise, may be excluded from the domestic industry in appropriate circumstances.³⁷ Application of the related parties provision is within the Commission's discretion based upon the facts presented in each case.³⁸

While Flow Components' President acknowledged that, for at least one purchase his firm has been the importer of record from India, he indicated

³⁴ Petition at 7.

³⁵ J&R Metals did not respond to the Commission's request for questionnaire information and to numerous attempts by Commission staff to obtain information. However, J&R Metal's President stated his opposition to the petition in an affidavit attached to the postconference submission of the Indian Respondent (Mukand). Report at I-9. In this affidavit, J&R Metal's President also indicated that J&R is not in the forging business but is a producer of finished flanges. Respondent's (India) Postconference Brief at Appendix 2. The petition alleges that J&R Metals accounts for a significant share of U.S. production of finished stainless steel flanges. Petition at 7.

³⁶ See 19 U.S.C. § 1677(4)(B).

³⁷ Id.

³⁸ Torrington v. United States, Slip. Op. 92-49 at 12 (CIT April 3, 1992); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (CIT 1987).

they generally purchase forgings from a distributor or importing company, such as Gulf and Northern Trading Company, which is the importer of record.³⁹ However, Flow Components also submitted an importer's questionnaire which reported imports of unfinished flanges.⁴⁰ While J&R Metals did not respond with any information on whether it imports subject merchandise, there is evidence based on the petition and on statements by purchasers to suggest that J&R Metals purchases unfinished imports.

Given these facts, we must decide whether Flow Components and J&R Metals should be considered "related to . . . importers, or . . . themselves importers" for the purposes of the related party provision.⁴¹ Neither the term "related" nor the term "importer" is defined by the statute or explained in the legislative history. Thus, the Commission, as the agency charged with the administration of this provision, is responsible for filling in any "interpretational gap" in the statute.⁴²

Our application of the related party provision to Flow Components and J&R Metals must be consistent with the underlying purpose of that provision, which is to exclude from the industry those producers "shielded" from the effects of unfair imports.⁴³ For example, in Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, we considered a converter of unfinished imports who relied largely on the purchase of subject imports to be a related party.⁴⁴

³⁹ Tr. at 78 and 79.

⁴⁰ Report at I-10 and I-11.

⁴¹ 19 U.S.C. § 1677(4) (B).

⁴² See, e.g., Suramerica, 966 F.2nd at 665 (Fed. Cir. 1992).

⁴³ See S. Rep. No. 249, 96th Cong., 1st Sess. at 83 (1979).

⁴⁴ Carbon Steel Butt-Weld Pipe, Inv. Nos. 731-TA-520 and 521 (Final), USITC Pub. 2528 at 12 (June 1992). The Commission's determination stated:

(continued...)

Examination of the record in these investigations reveals that Flow Components purchased a significant amount of imports of unfinished stainless steel flanges from India in 1991.⁴⁵ Flow Components' President stated that he imports through the Indian supplier Gulf and Northern Trading Company.⁴⁶ Flow Components produces a significant percentage of its finished flanges from imports of unfinished stainless steel flanges.⁴⁷ There also is evidence in the record that J&R Metals may buy a significant amount of imported unfinished flanges.⁴⁸

If a company qualifies as a related party under section 771(4)(B), the Commission determines whether "appropriate circumstances" exist to exclude the company in question from the domestic industry.⁴⁹ We traditionally have examined at least three factors in deciding whether a related party is being

⁴⁴ (...continued)

the related party provision may apply to all domestic producers who have a special relationship with the importer of record or otherwise control the purchase of large volumes of imports by the importers of record. Such producers, by reason of that control, could shield themselves from the effects of unfair imports, and their inclusion would distort the condition of the domestic industry as a whole. Examination of whether, in fact, they shielded themselves from the effects of unfair imports would occur in the consideration of whether "appropriate circumstances" exist for their exclusion. We believe that it is not appropriate to short-circuit that inquiry by adopting a narrow definition of the terms "related" (to require corporate affiliation) and "importer" (to mean "importer of record").

⁴⁵ Report at I-20 and I-21 and at Table 20, I-31.

⁴⁶ Tr. at 79.

⁴⁷ Report at I-20 and I-21 and at Table 19, I-30.

⁴⁸ Report at I-63.

⁴⁹ See Sandvik AB v. United States, 721 F. Supp. 1322, 1331 (CIT 1989), aff'd, 904 F. 2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1353-54 (CIT 1987) (An analysis of "[b]enefits accrued from the relationship" as a major factor in deciding whether to exclude a related party held to be "a reasonable approach in light of the legislative history").

"shielded" from the effects of the subject imports.⁵⁰ Those factors are:

- (1) the percentage of domestic production attributable to related producers;
- (2) the reason why importing producers choose to import the articles under investigation -- to benefit from the unfair trade practice or to enable them to continue production and compete in the domestic market; and
- (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.⁵¹

The Commission has also considered whether each company's books are kept separately from its "relations" and whether the primary interests of the related producer lies in domestic production or in importation.⁵²

During the period of investigation, Flow Components accounted for a moderate share of reported U.S. production of finished stainless steel flanges.⁵³ The petition alleged that J&R Metals accounted for a significant share of total U.S. production of stainless steel flanges.⁵⁴ Flow Components' President stated at the conference that the "two reasons [that he shifted from domestic and other foreign producers to Indian imports of unfinished flanges] would be availability and pricing."⁵⁵ However, Flow Components also admitted that they did not stop purchasing from French and U.S. suppliers because these suppliers could no longer supply the product.⁵⁶ Flow Components was on the

⁵⁰ See, e.g., Empire Plow Co., 675 F. Supp. at 1353 (CIT 1987); Digital Readout Systems and Subassemblies Thereof from Japan, Inv. No. 731-TA-390 (Final), USITC Pub. 2150 at 15 (January 1989).

⁵¹ See, e.g., Torrington Co., Slip Op. 92-49 at 10 and 11 (CIT April 3, 1992) (Court upheld the Commission's practice of examining these factors in determining that appropriate circumstances did not exist to exclude related party).

⁵² See, e.g., PET Film, USITC Pub. 2383 at 17-18 (May 1991); Rock Salt from Canada, Inv. No. 731-TA-239 (Final), USITC Pub. 1798 at 12 (January 1986).

⁵³ Report at Table 1, I-10.

⁵⁴ Petition at 7.

⁵⁵ Tr. at 80 and 81.

⁵⁶ Tr. at 82.

verge of bankruptcy when it was acquired in April 1991 by a group of investors who have made some changes in its operations, including the shifting of supply sources.⁵⁷ Therefore, it is difficult to assess its financial condition, which appears to have improved in 1991 and in the interim period of 1992, in relation to the rest of the industry. We do not have information for a comparable analysis of J&R Metals.

While there is some evidence that these two converters benefit from the alleged LTFV imports, there is insufficient data available for us to conclude that they are related parties and that appropriate circumstances exist to exclude them. Accordingly, in these preliminary investigations, we do not find that there are appropriate circumstances to exclude either of these converters as related parties; however, we will seek additional information and reconsider this issue in any final investigation.⁵⁸

IV. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication of material injury to a domestic industry by reason of allegedly dumped imports, the Commission is instructed to consider "all relevant economic factors which have a bearing on the state of the industry in the United States"⁵⁹ These factors include: consumption, production, shipments, capacity utilization, employment, wages, financial performance, capital investment, and research and development expenses.⁶⁰ No single factor is considered dispositive in

⁵⁷ Report at I-10 and I-20 and I-21.

⁵⁸ Commissioner Brunsdale again urges the parties, in any final investigation in this case, to consider the usefulness of the Commission's traditional related parties test. See Sulfur Dyes from China, India, and the United Kingdom, Invs. Nos. 731-TA-548, 550, and 551 (Preliminary), USITC Pub. No. 2514, at 40-43.

⁵⁹ 19 U.S.C. § 1677(7) (C) (iii).

⁶⁰ See 19 U.S.C. § 1677(7) (C) (iii).

evaluating the condition of the domestic industry. In each investigation, the Commission considers the particular nature of the industry⁶¹ in the "context of the business cycle and conditions of competition that are distinctive to the affected industry."⁶²

Respondents contended that this industry is cyclical in nature and should be viewed in the context of the business cycle, which they identified as the economic recession.⁶³ We note that the record shows that demand for finished stainless steel flanges is closely tied to the level of industrial spending for new construction and for modernization and retrofitting of existing facilities.⁶⁴ We also note that the value of industrial construction fell by about 5 percent from 1990 to 1991 with a further decline projected for 1992 due in part to weak corporate profits.⁶⁵ Spending levels, however, are expected to increase over the next five years as companies begin long overdue modernization projects of existing facilities.⁶⁶

While apparent U.S. consumption of all stainless steel flanges by quantity declined by 20 percent between 1989 and 1990, it increased 33 percent between 1990 and 1991, for an overall increase of 5.7 percent from 1989 to 1991.^{67 68} Apparent U.S. consumption by quantity increased by less than one

⁶¹ See 19 U.S.C. § 1677(7)(C)(iii). See also H.R. Rep. No. 317, 96th Cong., 1st Sess. 36 (1979); S. Rep. No. 249, 96th Cong., 1st Sess. 88 (1979).

⁶² 19 U.S.C. § 1677(7)(C)(iii). No argument addressing distinctive conditions of competition was raised by any of the parties to these investigations. Nor did the Commission receive any information relevant to such considerations.

⁶³ Respondent's (India) Postconference Brief at 19; Respondent's (Taiwan) Postconference Brief at 28.

⁶⁴ Report at I-11.

⁶⁵ Id.

⁶⁶ Id.

⁶⁷ Data referred to in this section are summarized in Staff report at Table C-5, C-6, unless otherwise noted.

percent from interim period (January-September) 1991 to interim period (January-September) 1992.⁶⁹ There was a steadily declining trend reported for apparent U.S. consumption by value for this industry, with a decline of 7.2 percent from 1989 to 1991, and 11.8 percent between interim period 1991 and interim period 1992.

The record reveals mixed trends from 1989 to 1991 in most quantity indicators relevant to the condition of the finished stainless steel flange industry, and mostly declines in value indicators.⁷⁰ Domestic production of finished stainless steel flanges increased irregularly, but significantly from 1989 to 1991. There was a modest decline reported for domestic production from interim period 1991 to interim period 1992. Further, production capacity grew at an even faster rate than production from 1989 to 1991 and between interim periods. The lower domestic production rates resulted in a decline in capacity utilization for the finished stainless steel flange industry from 1989 to 1991, with a significant decline between interim periods. However, overall capacity utilization rates were relatively high for the domestic industry over the period of investigation.

The domestic industry's U.S. shipments of finished stainless steel flanges by quantity and value did not parallel trends in apparent U.S. consumption from 1989 to 1991. U.S. shipments increased significantly by quantity, but decreased slightly by value for the 1989-1991 period. The industry reported modest increases in U.S. shipments by quantity and declines

⁶⁸ (...continued)

⁶⁸ We consider data on apparent U.S. consumption of finished stainless steel flanges to be understated due to incomplete reporting for the industry. Report at I-11, n.23.

⁶⁹ We are careful not to draw any conclusions about the full year based on interim data.

⁷⁰ Data referred to in this section are summarized in Staff report at Table C-3, C-4, unless otherwise noted.

similar to the 1989-1991 period by value between interim periods. Export shipments accounted for a small but growing share of the domestic industry's shipments from 1989 to 1991, with a sharp drop reported between interim periods.

Domestic producers had increased year-end inventories of stainless steel flanges for the 1989-1991 period, despite a sharp decline from 1989 to 1990. Between interim periods, inventory levels increased significantly to the highest level reported during the period of investigation. In contrast, inventories as a ratio of shipments decreased moderately for the 1989-1991 period, with a decline from 1989 to 1990, but with modest increases between 1990 and 1991 and the interim periods.

Employment increased moderately from 1989 to 1991. Hours worked increased modestly from 1989 to 1991, while hourly compensation rose sharply for the same period. Between interim periods, employment declined⁷¹ and hours worked increased, which was reflected in a moderate decrease in the total hourly compensation rate. Productivity also increased significantly between 1989 and 1991, with a moderate decline between interim period 1991 and interim period 1992.

Most financial performance indicators showed declines in profitability for the stainless steel flange industry from 1989 to 1991 and between interim periods. One domestic producer reported an operating loss for 1990 and for interim 1991.⁷²

⁷¹ At the conference, Flowline's President stated that on March 24, 1992, the U.S. Department of Labor granted Flowline's petition for trade adjustment assistance for its workers that were separated from employment on or after January 1, 1992, as a result of imports. While the sources of the imports were not specified by the Labor Department, Flowline's petition included imports from subject countries, among others. Report at I-17, n.28.

⁷² Report at I-19, and at I-32, Table 11.

The stainless steel flange industry experienced a slight decline in net sales from 1989 to 1991.⁷³ Aggregate operating income and aggregate net income, while positive for each year in the 1989-1991 period, dropped sharply from 1989 to 1990 and remained at that level from 1990 to 1991. Between interim periods 1991 and 1992, domestic producers experienced another significant decline in aggregate operating income and in aggregate net income.

The cost of goods sold increased moderately from 1989 to 1991, with another similar increase between interim periods. Selling, general, and administrative expenses declined moderately over the period of investigation with a modest increase reported between interim periods.

Research and development expenditures for the stainless steel flange industry were small, but declined overall for the 1989-1991 period.⁷⁴ A significant increase in research and development expenditures was reported between the interim periods.⁷⁵ Finally, capital expenditures increased sharply for stainless steel flanges from 1989 to 1990, with a significant decline reported for 1990 to 1991, and a dramatic drop between the interim periods.^{76 77}

⁷³ Data referred to in this section are summarized in Report at Table 10, I-19, unless otherwise noted.

⁷⁴ Report at I-22.

⁷⁵ Id.

⁷⁶ Report at I-22, Table 14.

⁷⁷ Based on the domestic industry's declining financial performance and declines in net sales, Chairman Newquist and Commissioner Rohr conclude that there is a reasonable indication that the domestic stainless steel flange industry is currently experiencing material injury.

V. CUMULATION

A. General Considerations

In making its determination, the Commission generally is required to cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports are reasonably coincident with one another and "compete with each other and with like products of the domestic industry in the United States market."⁷⁸ The Commission may exclude imports from a subject country from its cumulative assessment only if such imports are negligible and have no discernible adverse impact on the domestic industry.⁷⁹

There is no dispute that imports from both India and Taiwan are subject to investigation, have been marketed in the United States throughout the period of investigation, and compete with the domestic like product in the U.S. market. The only cumulation issue raised in these preliminary investigations is whether the imports from India and Taiwan compete with one another.⁸⁰

In assessing whether imports compete with each other and with the domestic like product, the Commission generally has considered four factors.⁸¹

⁷⁸ 19 U.S.C. § 1677(7)(C)(iv); Chaparral Steel Co. v. United States, 901 F.2d 1097, 1105 (Fed. Cir. 1990).

⁷⁹ 19 U.S.C. § 1677(7)(C)(v). The negligible imports exclusion is not an issue in these investigations. Report at Table C-5, C-6.

⁸⁰ The Taiwanese respondent argued that cumulation of imports is inappropriate because the products, finished flanges from Taiwan and unfinished flanges from India, do not compete with each other. Respondent (Taiwan) Postconference Brief at 13-14.

⁸¹ These factors are:

- (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographical

(continued...)

In applying these competition factors, this record indicates that imported and domestic products at the same stage of production are essentially fungible, although there are some perceived quality differences among various flanges, both unfinished and finished.⁸² The Taiwanese respondent argued that the Taiwanese merchandise is of the highest quality while contending that the Indian product, although meeting ASTM standards, is uneven in terms of cosmetic qualities.⁸³ In contrast, Flow Components indicated that while earlier there might have been quality problems with the Indian product, it now had significantly higher control of quality with its Indian vendors than with others.⁸⁴ The record also indicates that end users require that stainless steel flanges meet particular specifications regarding the raw material used, tolerances, and dimension.⁸⁵

The Taiwanese respondent acknowledged that the "stainless steel Indian and Taiwanese forgings and machined flanges are simultaneously present in the

⁸¹ (...continued)

markets of imports from different countries and the domestic like product;

(3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product;

(4) whether the imports are simultaneously present in the market.

See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (CIT 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988). While no single factor is determinative and the list of factors is not exclusive, these factors provide a framework for determining whether the imports compete with each other and with the domestic like product. Furthermore, only a "reasonable overlap" of competition is required, and the Commission need not find that "all imports compete with all other imports and all domestic like products." See Wieland Werke, AG v. United States, 718 F.Supp. 50-52 (CIT 1989); Granges Metallwerken AB v. United States, 716 F.Supp. 17, 21, 22 (CIT 1989); Florex v. United States, 705 F.Supp. 582, 592 (CIT 1989).

⁸² Report at I-6.

⁸³ Respondent's (Taiwan) Postconference Brief at 20.

⁸⁴ Tr. at 81.

⁸⁵ Report at I-6.

U.S. market and present in the same geographic markets."⁸⁶ The evidence on the record indicates that the subject imports from Taiwan and India have been simultaneously present in the U.S. market during the period of investigation. Imports of Indian stainless steel flanges have accounted for a moderate, but increasing share of the U.S. market from 1989 to 1991, and a significantly increasing share between the interim periods.⁸⁷ Imports of Taiwanese stainless steel flanges have accounted for a moderate and constant share of the U.S. market over the period of investigation.⁸⁸

The record indicates that subject imports from Taiwan and India are present in the same geographical markets as are the domestic like product. In particular, imports of flanges from both countries are sold through importers located in the same mid-atlantic region (New Jersey and New York) as well as in other locations.⁸⁹ Some of the domestic product is produced in the same or nearby region (Pennsylvania and Connecticut).⁹⁰

Finally, the record indicates that the bulk of all finished stainless steel flanges, whether forged and finished in the United States or imported into the U.S. market in a finished or forged state, are sold to distributors/wholesalers, who in turn sell directly to the end user or to other wholesalers.⁹¹ Therefore, subject imports and the domestic product have similar channels of distribution.

Based on the evidence in the record, we determine that there is a

⁸⁶ Respondent's (Taiwan) Postconference Brief at 13.

⁸⁷ Report at Table C-5, C-5.

⁸⁸ Id.

⁸⁹ Report at I-11.

⁹⁰ Report at I-10, Table 1.

⁹¹ Report at I-13 and I-14. There is evidence that channels of distribution, although similar, are not common between unfinished and finished flanges because their purchasers are different.

reasonable overlap of competition between imports from India and Taiwan. We, therefore, have cumulated imports of stainless steel flanges, finished and unfinished, from India and Taiwan.

VI. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

A. Legal Standard

In determining whether there is a reasonable indication that the domestic industry is materially injured by reason of the imports under investigation, the statute directs the Commission to consider:

(I) the volume of imports of the merchandise which is the subject of the investigation,

(II) the effect of imports of that merchandise on prices in the United States for like products, and

(III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States⁹²

In making its determination, the Commission may consider "such other economic factors as are relevant to the determination" ⁹³ Although we may consider information that indicates that injury to the industry is caused by factors other than the allegedly LTFV imports, we do not weigh causes.^{94 95 96} For the reasons discussed below, we find that there is a

⁹² 19 U.S.C. § 1677(7)(B)(i).

⁹³ 19 U.S.C. § 1677(7)(B)(ii).

⁹⁴ Chairman Newquist, Commissioner Rohr, and Commissioner Nuzum further note that the Commission need not determine that imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249, 96th Cong., 1st Sess. 57 and 74 (1979). Rather, a finding that imports are a cause of material injury is sufficient. E.g., Metallwerken Nederland, B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989); Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

⁹⁵ Vice Chairman Watson notes that the courts have interpreted the statutory requirement that the Commission consider whether there is material injury "by reason of" the subject imports in a number of different ways. Compare, e.g.,
(continued...)

reasonable indication that the domestic stainless steel flange industry is materially injured by reason of allegedly LTFV imports from India and Taiwan.

The volume of subject imports of stainless steel flanges is significant despite some fluctuations in quantity, value and market share during the period of investigation. The subject imports' share of apparent U.S. consumption by quantity increased significantly during the period of

⁹⁵ (...continued)

United Engineering & Forging v. United States, 779 F. Supp. 1375, 1391 (Ct. Int'l Trade 1991) ("rather it must determine whether unfairly-traded imports are contributing to such injury to the domestic industry. Such imports, therefore need not be the only cause of harm to the domestic industry." (citations omitted)) with Metallwerken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989) (affirming a determination by two Commissioners that "the imports were a cause of material injury") and USX Corporation v. United States, 682 F. Supp. 60, 67 (Ct. Int'l Trade 1988) ("any causation analysis must have at its core, the issue of whether the imports at issue cause, in a non de minimis manner, the material injury to the industry. . .").

Accordingly, for purposes of these preliminary investigations Vice Chairman Watson has decided to adhere to the standard articulated by Congress in the legislative history of the pertinent provisions, which states that the Commission must satisfy itself that, in light of all the information presented, there is a "sufficient causal link between the less-than-fair-value imports and the requisite injury." S. Rep. No. 249 at 75.

⁹⁶ Commissioner Crawford and Commissioner Brunsdale note that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly LTFV imports. Many, if not most domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently is causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports." S. Rep. No. 249 at 75. However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317 at 47. The Commission is not to determine if the allegedly LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249 at 74. Rather, it is to determine whether any injury "by reason of" the allegedly LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis supplied).

investigation, and almost doubled between interim periods.⁹⁷ The subject imports as a share of U.S. apparent consumption by value was lower than by quantity, but also increased over the period of investigation.⁹⁸ We find the increasing share of domestic consumption accounted for by the subject imports to be significant and an important factor in our preliminary affirmative determination.

The Commission requested pricing information from U.S. producers and importers for three different types of stainless steel flanges -- slip-on, weld-neck, and blind. Prices of each type of Indian and Taiwanese stainless steel flange were lower than those of the corresponding U.S. product for every quarter throughout the period of investigations for which prices were observed.⁹⁹ Further, the margins of underselling for each type of flange generally were very high.¹⁰⁰ Although prices for each of these types of U.S. flanges fluctuated, there was an overall decrease over the period of investigation.¹⁰¹ Price movements for the imported product roughly paralleled trends in domestic prices during most of the period of investigation.^{102 103}

The Commission received 13 lost sales and lost revenue allegations from

⁹⁷ Report at I-32, Table 21.

⁹⁸ Id.

⁹⁹ Report at I-34, Tables 22, 23 and 24.

¹⁰⁰ Id.

¹⁰¹ Id. We note that price changes for domestically and internationally produced flanges are strongly influenced by fluctuations in the world price of its principal raw material, stainless steel billets. Prices of billets increased in 1989 and then declined. Report at I-33 and I-35.

¹⁰² Report at I-35.

¹⁰³ Commissioner Brunsdale rarely gives much weight to evidence of underselling since it usually reflects some combination of differences in quality, other nonprice factors, or fluctuations in the market during the period in which comparisons were sought.

the domestic industry.¹⁰⁴ The staff contacted all eight major purchasers involved in an attempt to confirm these allegations. However, the Commission was able to verify only one specific instance of a lost sale because of lower prices offered by the subject imports.¹⁰⁵

Domestic and subject import flanges are essentially fungible.¹⁰⁶ Furthermore, there are no practical substitutes for stainless steel flanges.¹⁰⁷ Since the like product is of a near-commodity type and domestic demand is price inelastic, the market for stainless steel flanges appears to be relatively price sensitive. In this price sensitive market, evidence of wide margins of underselling and price declines suggests that increases in imports of subject stainless steel flanges were a cause of declining prices in the U.S. market.¹⁰⁸

CONCLUSION

The information of record in these preliminary investigations, particularly the pattern of underselling, the depression of domestic prices,

¹⁰⁴ Commissioners Brunsdale and Crawford do not rely on anecdotal evidence showing that competition from the imports caused domestic producers to lose particular sales or forced them to reduce their prices on other sales.

¹⁰⁵ Report at I-36 and I-37.

¹⁰⁶ Report at I-6. Purchasers indicated that U.S., Indian, and Taiwanese flanges can be used interchangeably in many applications and that they could detect no noticeable difference in the quality of domestically-forged product and products fabricated to U.S. specifications from Indian forgings. Report at I-33 and I-37.

¹⁰⁷ Report at I-8.

¹⁰⁸ Commissioner Brunsdale finds an absence of clear and convincing evidence that there is no material injury to the U.S. flange industry based on the nonnegligible market share of the Taiwanese and Indian imports and the dumping margins of between 12 and 210 percent the petitioner alleges. Although only an allegation, these margins (which are the best evidence available now) are sufficiently large that she has to assume that these imports would not be sold in this country at all if they were fairly priced. Her conclusion is based in substantial part on the potentially high degree of substitutability of the like product and the subject imports, both at the unfinished and finished stages of production.

and the significant and increasing share of apparent U.S. consumption held by stainless steel flanges from India and Taiwan, establish a reasonable indication that allegedly dumped imports of stainless steel flanges from India and Taiwan have had an adverse effect on domestic prices and the domestic industry.

For all the reasons set forth above, we determine that there is a reasonable indication that the domestic stainless steel flange industry is materially injured by reason of the subject imports from India and Taiwan.

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

On December 31, 1992, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by Flowline Division, Markovitz Enterprises, Inc. (Flowline), New Castle, PA; Gerlin, Inc. (Gerlin), Carol Stream, IL; Ideal Forging Corp. (Ideal), Southington, CT; and Maass Flange Corp. (Maass), Houston, TX (collectively hereinafter "petitioners"), alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from India and Taiwan of stainless steel flanges, finished or unfinished, that are allegedly being, or are likely to be, sold in the United States at less than fair value (LTFV).¹ Accordingly, effective December 31, 1992, the Commission instituted investigations Nos. 731-TA-639 and 640 (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 such imports.

Notice of the institution of these investigations 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, DC, and by publishing the notice in the Federal Register of January 12, 1993 (58 F.R. 3967).² The conference was held in Washington, DC, on January 21, 1993.³ Effective February 1, 1993, Commerce initiated antidumping investigations to determine whether the subject imports are being sold or are likely to be sold in the United States at LTFV. The Commission voted on these investigations on February 9, 1993, and transmitted its determinations to Commerce on February 16, 1993.

A summary of the data collected in these investigations is presented in appendix C. Stainless steel flanges (finished or unfinished) have not been the subject of previous Commission investigations.

¹ As defined by Commerce, stainless steel flanges covered by these investigations "[A]re flanges both finished and not finished made in alloys such as 304, 304L, 316, and 316L. The scope includes 5 general types of flanges. They are Weld Neck, used to make butt-weld line connections, Threaded, used to make threaded line connections, Slip-On & Lap Joint, used to make stub end/butt-weld line connections, Socket Weld, used to fit pipe into machined recessions, and Blind, used to seal off lines. The sizes of the flanges covered in the scope range generally from one to six inches. However, all sizes of the above described merchandise are included within the scope. The flanges subject to these investigations are classifiable under subheadings 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes, but our written description of the scope of these investigations is dispositive."

² Copies of the Commission's and Commerce's cited Federal Register notices are presented in app. A.

³ A list of participants in the public conference is presented in app. B.

NATURE AND EXTENT OF ALLEGED SALES AT LTFV

Petitioners estimate dumping margins ranging from 20 percent to 210 percent for stainless steel flanges imported from India and from 12 percent to 48 percent for the subject products imported from Taiwan. These estimated dumping margins were based on a comparison of the U.S. price and foreign market value of stainless steel flanges produced in India and Taiwan.⁴ Petitioners also alleged "critical circumstances" pursuant to section 733(e) of the Tariff Act of 1930.

THE PRODUCT

Description

Stainless steel flanges are used to connect stainless steel pipe sections and piping system components, such as pumps, valves, tanks, gauges, and so forth, at points in piping systems where conditions require a connect-and-disconnect capability. A typical piping system flange assembly consists of two flanges, each of which is attached to a piece of pipe or a pipe fitting, bolted together. To prevent leakage, a gasket is placed between the flanges. Stainless steel flanges are used when one or more of the following conditions become a factor in the design of the piping system: (1) corrosion resistance, (2) contamination prevention, (3) high temperatures (in excess of 300 degrees Fahrenheit), (4) extreme low temperatures, or (5) pressure containment.

Stainless steel flanges are manufactured in several types and sizes for various pressure and temperature applications (figure 1). Blind flanges are used to seal off a line; lap-joint and slip-on flanges are used with stub-end fittings in butt-welded pipeline connections; socket-weld flanges allow a pipe to fit inside a machined recession (socket) of a flange prior to welding; threaded flanges allow for a threaded pipeline connection; and weld-neck flanges allow for a butt-weld pipeline connection.

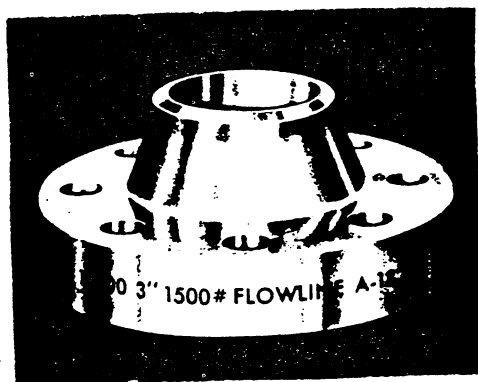
Stainless flanges commonly range from 1 to 12 inches in nominal pipe size and have bolt holes and a mating surface to accommodate gaskets for sealing.⁵ The mating surface may be machined smooth for metallic, teflon, or rubber type gaskets, or serrated like a phonograph record to accommodate fiber-type gasket materials.

For tariff purposes, the term "stainless steel" includes by definition all grades of steel containing 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The products in these investigations are typically manufactured from stainless steel alloy grades

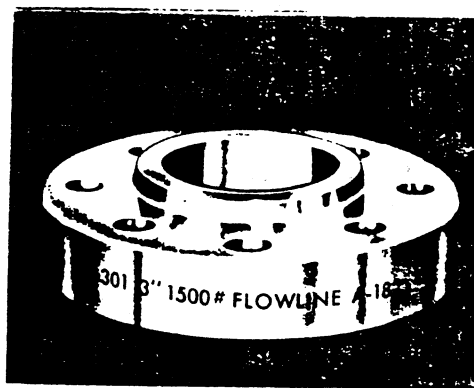
⁴ The method which petitioners use in forming the basis for establishing U.S. price and foreign market value is presented in Commerce's Federal Register notice, app. A.

⁵ Field visit to ***.

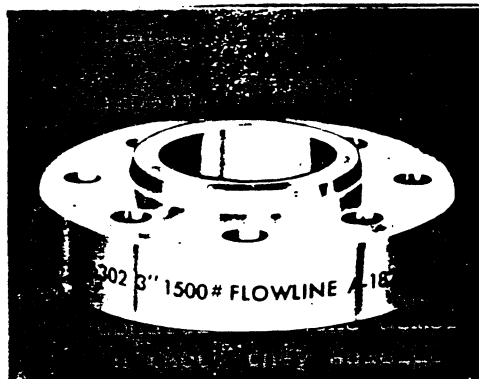
Figure 1: Typical stainless steel flanges



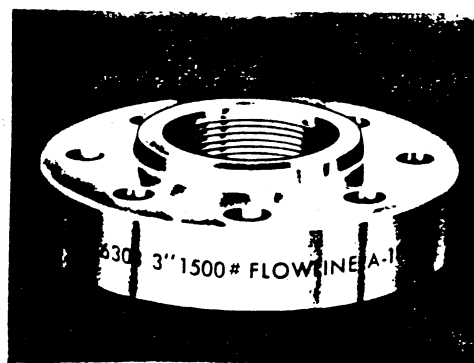
WELDING-NECK



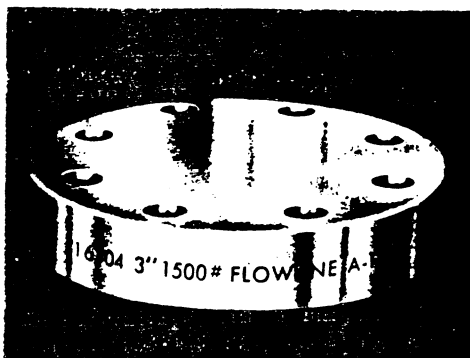
LAP JOINT



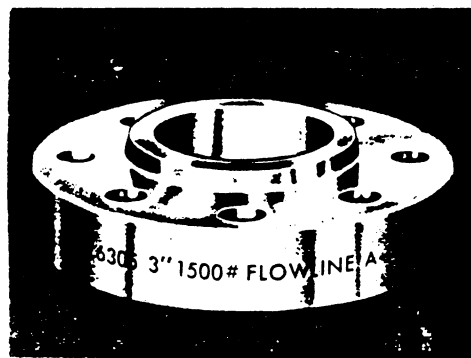
SLIP-ON



THREADED



BLIND



SOCKET WELD

304, 304L, 316, and 316L and are usually designated under performance specifications A-182/A-182M-91 of the American Society for Testing and Materials (ASTM) and dimensional specification B16.5 of the American Society of Mechanical Engineers (ASME)/American National Standards Institute (ANSI).⁶

Because stainless steel flanges must meet particular specifications regarding raw material usage, tolerances, and dimensions, the imported and domestic products are essentially fungible,⁷ although there are some perceived quality differences among various flanges, unfinished and finished.⁸

Manufacturing Process

The domestic manufacturing sector consists of both integrated producers and converters. Integrated producers begin with a piece of stainless bar as their raw material and perform forging, machining, and finishing operations. Converters purchase flange forgings and perform machining and finishing operations.

Stainless steel flanges are generally machined and drilled from forgings that are hot-forged from ASTM A-314 bar and that meet established specifications for annealing and tensile strength. A number of production steps are common to every type of flange. Steps related to forming the flange vary, however, depending on its shape.

⁶ Both finished flanges under these classifications and unfinished flanges designed to meet, or capable of meeting, these specifications are subject to these investigations. The petitioners state that unfinished flanges are not considered to be a product category distinct from finished flanges. Respondents disagree. Unfinished flanges are a semifinished stage in the overall production process for finished stainless steel flanges and have only one end-use--conversion to finished flanges. They are made from the same alloys as the finished flanges, which they ultimately become, and are produced to the same ASTM and ASME/ANSI specifications as finished flanges (petition, pp. 1-2 and petitioners postconference brief, pp. 7-9). At the Commission's conference, Mr. Phil Mavrigh, president, Flowline, stated that in terms of overall costs, the value added in transforming an unfinished flange (or flange forging) into a finished flange is minimal (conference transcript, p. 21). However, in his testimony at the conference, Mr. Read Boles, president and chief executive officer, Flow Components, Inc., stated that there is a substantial amount of value added to convert a flange forging into a finished flange and that the cost of the forging can range from 40 percent to 80 percent of the cost of producing the finished flange (ibid., pp. 47 and 51). Counsel for respondent Mukand Ltd. also stated at the conference that forgings are produced using different equipment than that used to produce finished flanges and that they are sold to different customers (ibid., pp. 86-87).

⁷ Testimony of Phil Mavrigh, president of Flowline, conference transcript, pp. 24-25.

⁸ Postconference brief of Enlin Steel Corp., p. 20, and testimony of Mr. Read Boles, Flow Components, conference transcript, p. 58.

In general, to produce a slip-on flange, a bar is cut into blanks of specified length. The blank is then degreased, chamfered to remove rough edges, and heated in an induction coil furnace. The hot blank may be forged in a press to achieve the desired shape, or it may be forged into shape by a series of hammer blows.⁹ Most producers utilize a philosophy of "net shape forging," meaning that the flange is forged as close as possible to the final finished dimensions in order to minimize scrap loss, machine time, and tooling costs.¹⁰ The flange is then annealed (a controlled, cyclical heat-treatment process) to relieve stresses that build up during the forming process. Immediately after annealing, the flange is quenched in water; the oxide scale formed during heat treatment is then removed in a pickling bath. The flange's outside diameter is rough-machined, a bore hole is drilled in the middle of the flange, then the entire flange is final-machined to achieve exact size requirements.¹¹ Bolt holes are drilled into the flange on a multi-spindle drill press according to specifications. The holes are deburred, after which the flange is degreased and passivated in hot diluted nitric acid to activate a chromium oxide film on the surface of the metal, which gives it a corrosion-resistant character. Various types of identification, such as alloy grade, heat number, size, trademark, and ASTM designation, are stamped onto the flange at different stages of the production process. In addition to random inspections performed throughout the manufacturing process, finished flanges are inspected for flaws, defects, dimensions, and tolerances.¹² End users generally require that flanges meet specifications of the ASTM, the ANSI, and/or the ASME, depending on the application. These specifications include required manufacturing processes (such as annealing) as well as sizing tolerance and performance standards.

According to industry officials, little difference exists between the production techniques and machinery used by domestic and foreign producers because of the global diffusion of technology and forming methods.¹³

⁹ Press-forging, a more automated process than hammer-forging, can shape a flange in approximately one-fourth to one-third the number of blows required using hammer forging. Many producers have both press- and hammer-forging capabilities. The choice of press- or hammer-forging depends on the flange configuration and the endurance and wear-resistance of the associated tooling. (Field visit to ***)

¹⁰ Petitioners' postconference brief, p. 8.

¹¹ In the postconference brief of Mukand Ltd. (a producer/exporter in India) is an affidavit of Read Boles of Flow Components of Houston, TX, in which he delineates a nine-step process involved in the machining, drilling, stamping, and cleaning necessary to convert a forging (unfinished flange) to a finished flange. The process involves the use of costly computer numerical control (CNC) machinery.

¹² Petition, app. D.

¹³ Field visit to ***.

Uses

The primary uses for stainless steel flanges are in "process" operations, such as those in chemical plants, petrochemical plants, pharmaceutical plants, food processing facilities, breweries, cryogenic plants, waste treatment facilities, pulp and paper production facilities, gas processing (gas separation) facilities, and commercial nuclear power plants and nuclear Navy applications. In these various process operations, stainless steel flanges are used to connect stainless steel pipe sections and piping system components.

Substitute Products

There are no practical substitutes for stainless steel flanges. The composition of the type of fluid being conveyed or the piping system's operating pressure limit the use of flanges of other materials. Carbon and other alloy steel flanges do not meet temperature and corrosion-resistance requirements, and plastic flanges would not be used in high-pressure or high-heat applications.¹⁴ Threaded pipe fittings cannot endure the frequent pipeline connect and disconnect operations demanded of stainless steel flanges.¹⁵

U.S. Tariff Treatment

Imports of the subject stainless steel flanges are classified in Harmonized Tariff Schedule (HTS) subheadings 7307.21.1000 (not machined, not tooled and not otherwise processed after forging) and 7307.21.5000 (finished). The column 1-general (most-favored-nation) rates of duty on stainless steel flanges (including those from Taiwan) are 4.1 percent ad valorem for unfinished flanges and 6.2 percent ad valorem for finished flanges. For both subheadings, goods that are the product of India are eligible for duty-free entry under the Generalized System of Preferences (GSP). The U.S. Customs Service has held, with judicial accord, that the manufacturing of flanges from forgings constitutes a "substantial transformation" for purposes of U.S. customs laws (Midwood Industries, Inc. v. United States, 313 F. Supp. 951, 957 Customs Court 1970), thus shifting a particular good from HTS 7307.21.10 into 7307.21.50.

THE U.S. MARKET

U.S. Producers

As previously stated, the U.S. industry that produces stainless steel flanges consists of two types of firms: integrated producers (forger/finishers) and converters. The petition listed 11 firms that currently produce or that previously produced stainless steel flanges. The

¹⁴ Conference transcript, testimony of Phil Mavrich, pp. 32-33.

¹⁵ Field visit to ***.

Commission sent producers' questionnaires to all 11 firms listed in the petition and to one additional firm believed to produce stainless steel flanges. Responses were received from 9 firms, two of which, Ladish Co., Inc. (Cudahy, WI) and Taylor Forge Stainless, Inc. (Somerville, NJ), confirmed, as stated in the petition, that they did not produce the subject products during the period for which information was requested.¹⁶ One of the 7 remaining firms that responded, Liberty Forge, Inc. (Liberty, TX), has indicated that it produces forgings in carbon and stainless steel but that it does not produce finished flanges. The names of the remaining 6 firms that responded to the Commission's questionnaire, together with the location of their production facilities, shares of aggregate production, and position on the petition, are shown in table 1.¹⁷ Of the 6 firms shown in the table, 4 are integrated producers and 2 are converters.

Five of the six firms shown in the table are privately owned or owned and controlled by another U.S. entity. ***.¹⁸ None of the firms shown produces stainless steel flanges in U.S. foreign trade zones.

With the exception of Gerlin, which is a converter, each of the remaining three petitioners (Flowline, Ideal, and Maass) is an integrated producer of stainless steel flanges. Flowline forges and finishes its flanges at its New Castle, PA, plant, and Ideal and Maass do the same at their respective production plants located in Southington, CT, and Houston, TX. Gerlin has its production operations in Carol Stream, IL. The bulk of the quantity of stainless steel flanges produced by all four firms in 1991 was in the 6 inches and under nominal diameter size category.¹⁹ Each of the four firms also produces products other than stainless steel flanges in its production facilities in which stainless steel flanges are produced. Flowline produces butt-weld fittings in stainless, aluminum, nickel, and other alloys; Gerlin also produces butt-weld fittings; Ideal produces pipe fittings, test and metering components, and valve components; and Maass produces carbon forgings.

¹⁶ See petition at app. C.

¹⁷ Based on information presented in the petition, J & R Metals, Inc. (Houston, TX) accounts for a significant share of U.S. production of finished stainless steel flanges; see petition, p. 7. J & R Metals converts imported and domestic unfinished stainless steel flanges into finished product. After several followup attempts by the Commission's staff, J & R Metals did not respond to the Commission's request for questionnaire information. However, in an affidavit submitted in the postconference brief of respondent Mukand Ltd., Mr. Jeffrey Smith, president of J & R Metals, stated his opposition to the petition. (See "Affidavit of Jeffrey R. Smith," exhibit 2, p. 8, respondent Mukand's postconference brief.)

¹⁸ ***.

¹⁹ In terms of sales dollars, however, *** estimates that stainless steel flanges measuring over 6 inches in nominal diameter account for *** percent of its total sales of stainless steel flanges.

Table 1
Stainless steel flanges: Current U.S. producers, location of production facility, position on the petition, and shares of reported production in 1991

<u>Firm</u>	<u>Location of production facility</u>	<u>Share of reported U.S. production in 1991¹</u> <u>Percent</u>	<u>Position on petition</u>
Flowline	New Castle, PA	***	Petitioner
Flow Components, Inc. ²	Channelview, TX	***	Opposes
Gerlin ²	Carol Stream, IL	***	Petitioner
Ideal.	Southington, CT	***	Petitioner
Maass.	Houston, TX	***	Petitioner
Western Forge & Flange Co., Inc.	Santa Clara, CA	***	***

¹ Based on production of finished stainless steel flanges, whether or not forged in the United States.

² Converter.

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

Flow Components, Inc. (Flow) was on the verge of bankruptcy when it was acquired in 1991 by a group of outside investors.²⁰ Flow's sole production activity is the finishing of purchased unfinished stainless steel flanges, *** percent of which in 1991 were flanges measuring 6 inches and under in nominal diameter.

Western Forge & Flange Co. (Western) is an integrated producer that produces stainless steel flanges at its plant located in Santa Clara, CA. Although sales of stainless steel flanges account for *** of its overall establishment sales in dollar terms, Western also produces forgings in nonstainless steel alloys, such as aluminum, carbon, copper, and nickel.

U.S. Importers

The Commission sent importers' questionnaires to 53 firms believed to be involved in the importation and distribution of finished and unfinished stainless steel flanges. Importers' questionnaires were also sent to known U.S. producers of such products. Thirty-five firms, including 7 U.S. producers, responded to the questionnaire. Of these, 21 firms indicated that they did not import the subject products during the period for which information was requested, 2 were unable to supply usable information, and 12 were able to supply the information requested in a usable form.

²⁰ Conference transcript, p. 44.

*** reported imports of finished stainless steel flanges from India and Taiwan during the period for which information was requested. *** reported imports of unfinished stainless steel flanges from both countries.²¹ *** and *** each reported imports of finished and unfinished flanges from India; *** reported imports of finished flanges from India; *** reported imports of unfinished flanges from Taiwan; and ***, ***, and *** reported imports of finished stainless steel flanges from Taiwan only.

Apparent U.S. Consumption

Demand for finished stainless steel flanges is closely tied to the level of industrial spending for new construction and for modernization and retrofitting of existing facilities. According to data published by Commerce, the value of industrial construction fell by about 5 percent from 1990 to 1991.²² A further decline in spending was projected for 1992, due in part to weak corporate profits and to large debt burdens carried by many companies. However, over the next 5 years, Commerce's forecast calls for increased spending levels as companies begin long overdue modernization projects of existing facilities.

Data on apparent U.S. consumption of stainless steel flanges are presented in tables 2 and 3. The quantity of apparent U.S. consumption of finished stainless steel flanges fell by 20 percent from 1989 to 1990, increased by about the same percentage from 1990 to 1991, and declined by less than one percent from January-September 1991 to January-September 1992 (table 2).²³ The value of apparent U.S. consumption declined steadily throughout the period for which information was requested, declining by 11 percent from 1989 to 1991 and falling by 9 percent from January-September 1991 to the corresponding period in 1992.

Apparent U.S. consumption of unfinished stainless steel flanges is shown in table 3. As shown in the table, the quantity and value of apparent U.S. consumption fell from 1989 to 1990 but increased significantly from 1990 to 1991, increasing by 50 percent by quantity and 45 percent by value. The quantity and value of apparent U.S. consumption rose minimally from January-September 1991 to January-September 1992.

Unfinished stainless steel flanges are intermediate products that have no useful commercial application. Sales transactions involving these

²¹ In testimony presented at the conference, Mr. Read Boles, president and chief executive officer of Flow Components, stated that in only one instance was his firm the importer of record for stainless steel flanges of Indian origin purchased by his firm (conference transcript, p. 79).

²² U.S. Industrial Outlook 1992, Construction, U.S. Department of Commerce, 1992.

²³ Data on consumption of finished stainless steel flanges is understated principally because they exclude the data of *** and also exclude unreported finished flanges produced by *** from purchases of foreign and domestic forgings. *** purchases were below ***.

Table 2

Finished stainless steel flanges:¹ U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	January-September--	
				1991	1992
	<u>Quantity (1,000 pounds)</u>				
U.S. shipments of U.S. forger/finishers	***	***	***	***	***
U.S. shipments of U.S. converters	***	***	***	***	***
U.S. imports from--					
India	1,455	788	615	297	704
Taiwan	1,202	763	1,217	808	685
Subtotal	2,656	1,551	1,832	1,105	1,389
All other sources	8,136	5,104	6,182	4,788	3,789
Subtotal	10,792	6,655	8,014	5,893	5,178
Apparent U.S. consumption . .	***	***	***	***	***
	<u>Value (1,000 dollars)</u>				
U.S. shipments of U.S. forger/finishers	***	***	***	***	***
U.S. shipments of U.S. converters	***	***	***	***	***
U.S. imports from--					
India	2,221	1,548	1,081	795	1,305
Taiwan	4,026	2,412	3,980	2,626	2,197
Subtotal	6,247	3,960	5,061	3,421	3,502
All other sources	21,341	22,170	16,597	13,445	10,044
Subtotal	27,588	26,130	21,658	16,866	13,545
Apparent U.S. consumption . .	***	***	***	***	***

¹ Data on consumption of finished stainless steel flanges is understated principally because they exclude the data of *** and also exclude unreported finished flanges produced by *** from ***. ***.

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

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

Table 3

Unfinished stainless steel flanges: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	January-September--	
				1991	1992
<u>Quantity (1,000 pounds)</u>					
U.S. shipments of U.S. producers ¹	***	***	***	***	***
U.S. imports from--					
India	213	199	2,411	1,013	2,664
Taiwan	33	55	12	8	128
Subtotal	246	254	2,423	1,021	2,793
All other sources	3,249	3,256	3,225	2,847	1,935
Subtotal	3,495	3,510	5,648	3,868	4,727
Apparent U.S. consumption . .	***	***	***	***	***
<u>Value (1,000 dollars)</u>					
U.S. shipments of U.S. producers ^{1 2}	***	***	***	***	***
U.S. imports from--					
India	673	316	3,771	1,698	4,019
Taiwan	140	221	51	33	242
Subtotal	814	536	3,822	1,731	4,261
All other sources	8,112	7,341	6,301	5,490	3,368
Subtotal	8,925	7,877	10,123	7,221	7,629
Apparent U.S. consumption . .	***	***	***	***	***

¹ Includes U.S. producers' company transfers of product consumed internally.

² Data are for two firms, ***.

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

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

products, therefore, are confined to firms that transform the products into a finished state.

Channels of Distribution

Whether finished stainless steel flanges sold in the United States are forged and finished in the United States, imported into the United States in a finished state, or finished in the United States from imported forgings, the bulk of all sales are made to distributors/wholesalers, who in turn sell

directly to the end-user customer or to other wholesalers.²⁴ Most distributors handle not only stainless steel flanges but also a full line of piping systems products, such as pipes, fittings, other flanges, couplings, and so forth. Direct sales to end users most often occur when the need is for noncommodity type or modified stainless steel flanges.

CONSIDERATION OF ALLEGED MATERIAL INJURY

The information presented in this section of the report is based on the questionnaire responses of ***.²⁵ Information excluding converters that use imported forgings from India and Taiwan is presented in appendix C.

U.S. Production, Capacity, and Capacity Utilization

Of the *** firms named above, only one, ***, reported a change in the character of its stainless steel flange operations in terms of curtailment of production, plant openings, relocations, acquisitions, and expansions during the period in which information was requested. ***.

U.S. producers' production of finished stainless steel flanges increased irregularly by 37 percent from 1989 to 1991 and declined by 5 percent from January-September 1991 to January-September 1992 (table 4). U.S. producers' capacity, however, grew at an even faster rate (66 percent) from 1989 to 1991 and continued to rise in January-September 1992, increasing by 32 percent over the corresponding period in 1991. Despite a drop in capacity utilization from 1989 to 1990 and from interim 1991 to interim 1992, U.S. producers maintained a relatively high utilization rate over the period for which information was requested.

Table 4

Finished stainless steel flanges: U.S. producers' average-of-period capacity, production, and capacity utilization, 1989-91, January-September 1991, and January-September 1992

* * * * *

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

²⁴ Conference transcript, pp. 101 and 102, and data submitted in response to questionnaires of the U.S. International Trade Commission.

²⁵ The data exclude unreported shipments of finished flanges produced by *** from purchases of foreign and domestic forgings. *** purchases were ***. The data also exclude shipments by ***, which ***.

U.S. Producers' Domestic and Export Shipments

The quantity and value of U.S. producers' domestic and export shipments of finished stainless steel flanges increased by 34 percent and by nearly 3 percent, respectively, from 1989 to 1991 (table 5). From January-September 1991 to January-September 1992, the quantity of such shipments increased by 4 percent while the value fell by 5 percent. The average unit value of these shipments deteriorated steadily over these same periods, falling by \$*** per pound from 1989 to 1991 and declining by another *** cents per pound from January-September 1991 to the corresponding period in 1992.

On average, the quantity of domestic shipments by forger/finishers exceeded those of converters by a ratio of *** to 1.²⁶ The quantity of domestic shipments by forger/finishers increased annually from 1989 to 1991 and declined somewhat from the interim period in 1991 to the interim period in 1992. The value of these shipments fluctuated upward by 5 percent from 1989 to 1991 and declined from January-September 1991 to January-September 1992 by 12 percent. The quantity and value of U.S. converters' domestic shipments fluctuated downward from 1989 to 1991. However, from January-September 1991 to January-September 1992 the quantity and value of such shipments increased significantly, by *** percent by quantity and by *** percent by value. Both forger/finishers and converters experienced a steady erosion in the average unit values of their respective domestic shipments.

Forger/finishers' U.S. shipments of unfinished stainless steel flanges amounted to *** pounds in 1989, *** pounds in 1990, *** pounds in 1991, *** pounds in January-September 1991, and *** pounds in January-September 1992. Most of these shipments were for captive use in the production of finished flanges.

U.S. Producers' Purchases

Forger/finishers generally purchase finished stainless steel flanges for one of two reasons, either to fill orders when their own inventory of a particular item is depleted or to carry stock in flange sizes (usually over 6 inches) that they themselves cannot or do not produce. Converters, of course, have no forging capability and, therefore, must purchase unfinished forgings to convert into a finished product. U.S. producers acquire these products in one of several ways--from other U.S. producers, from U.S. sources other than producers, usually U.S. importers, or by direct import. Only one firm, Flow Components, imported unfinished flanges from the subject countries.²⁷ Two firms, ***, imported both finished and unfinished flanges. ***.

U.S. producers' purchases from domestic sources and U.S. producers' imports of stainless steel flanges are shown in table 6. As shown in the table, unfinished stainless steel flanges comprised the bulk of U.S.

²⁶ Data on converters do not include unreported shipments of finished flanges produced by *** from purchases of foreign and domestic forgings. ***.

²⁷ A summary of Flow Components' purchases is presented in the section of this report entitled "Financial Experience of U.S. Producers."

Table 5

Finished stainless steel flanges: U.S. producers' domestic and export shipments, 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Table 6

Stainless steel flanges: U.S. producers' purchases, by types and by sources, 1989-91, January-September 1991, and January-September 1992

* * * * *

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

producers' domestic and import purchases. Only about *** percent of U.S. producers' total purchases of unfinished stainless steel flanges were sourced from other domestic producers, while *** percent were imported directly.

U.S. Producers' Inventories

U.S. producers' inventories of stainless steel flanges are shown in table 7. As shown in the table, end-of-period inventories of finished and unfinished stainless steel flanges increased irregularly over the period for which information was requested. The ratios of inventories to production of finished flanges and inventories to shipments of the same were generally significantly lower for flanges finished by converters versus those finished by forger/finishers.

Table 7

Stainless steel flanges: U.S. producers' end-of-period inventories, by types, 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Employment, Wages, and Productivity

All six firms that responded to the Commission's producers' questionnaire also supplied usable employment information. However, when asked if they could report the requested employment information separately for finished and unfinished stainless steel flanges, all six firms answered "no." The employment data for stainless steel flanges, therefore, pertains to both finished and unfinished products. Also, because forger/finishers usually produce nonsubject products using the same production and related workers used to produce stainless steel flanges, the methods used in allocating employment resources and costs are generally based on pounds produced of specific products or on the specific product's contribution to overall establishment sales.

The employment trends for U.S. producers on their stainless steel flange operations were somewhat mixed. The number of production and related workers producing stainless steel flanges increased by 12 percent from 1989 to 1991, but then decreased by nearly 4 percent from January-September 1991 to January-September 1992 (table 8).²⁸ The number of hours worked by these same production and related workers rose by 8 percent from 1989 to 1990, fell by 5 percent from 1990 to 1991, and increased by 3 percent from January-September 1991 to January-September 1992. U.S. producers' employment costs in terms of hourly wages and total compensation paid to production and related workers increased steadily from 1989 to 1991. However, such costs declined from the interim period in 1991 to the corresponding period in 1992, reflecting the overall decrease in the number of production and related workers employed and the number of hours worked by such workers. Productivity of production and related workers fell by 11 percent from 1989 to 1990, recovered in 1991, and fell again from January-September 1991 to January-September 1992. U.S. producers' unit labor costs fluctuated downward from 1989 to 1991 and continued to decline from the interim period in 1991 to the corresponding period in 1992.

Financial Experience of U.S. Producers

Six producers, accounting for *** percent of estimated total U.S. production of stainless steel flanges in 1991, furnished financial data on both their overall establishment operations and their operations producing stainless steel flanges.²⁹

²⁸ From the interim period in 1991 to the corresponding period in 1992, the number of production and related workers producing all products in Flowline's New Castle, PA, plant declined by *** percent. Over the same period, the number of such workers producing the subject products fell from *** workers to *** workers. At the conference, Flowline's president, Mr. Phil Mavrigh, stated that, on March 24, 1992, the U.S. Department of Labor granted Flowline's petition for trade adjustment assistance for its workers who were separated from employment on or after January 1, 1992, as a result of imports. The Department of Labor did not specify the sources of the imports, but Flowline's petition to Labor specified mainly imports from ***.

²⁹ These producers are ***.

Table 8

Average number of total employees and production and related workers in U.S. establishments wherein stainless steel flanges are produced, hours worked, wages and total compensation paid to such employees, and hourly wages, productivity, and unit labor costs, by products, 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Overall Establishment Operations

The responding producers have indicated that in addition to producing the products under investigation, they also produce various types of fittings and forged products in their establishments. Stainless steel flanges accounted for *** percent of producers' overall establishment sales in 1991. A breakdown for each producer is shown in the following tabulation (in percent):

* * * * *

The income-and-loss experience of the U.S. producers' overall establishment operations are shown in table 9.

Table 9

Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein stainless steel flanges are produced, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Operations on Stainless Steel Flanges

The aggregate income-and-loss experience of the U.S. producers is presented in table 10. Net sales increased by 2.6 percent from \$*** in 1989 to \$*** in 1990. Sales in 1991 were \$***, a decline of 6.2 percent from 1990 sales. Operating income was \$*** in 1989, \$*** in 1990, and \$*** in 1991. Operating income ratios as a share of net sales were 13.9 percent in 1989, 8.5

Table 10

Income-and-loss experience of U.S. producers on their operations producing stainless steel flanges, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * *

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

percent in 1990, and 8.9 percent in 1991. One firm incurred an operating loss in 1990.

Net sales in interim 1992 were \$***, an increase of 3.1 percent from interim 1991 sales of \$***. Operating income was \$*** in interim 1991 and \$*** in interim 1992. Operating income margins were 11.9 percent in interim 1991 and 6.4 percent in interim 1992. One firm incurred an operating loss in interim 1991.

Selected income-and-loss data of the U.S. producers, by firms, are shown in table 11. Of the six producers, ***. ***.³⁰

Table 11

Selected income-and-loss data of U.S. producers on their operations producing stainless steel flanges, by firms, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Cost of Goods Sold

Raw materials cost is the largest component cost in producing stainless steel flanges, accounting for approximately *** percent of the total cost of goods sold in 1991. Direct labor and overhead accounted for *** percent and *** percent, respectively. For converters, the percentage cost breakdown was

³⁰ Questionnaire response, p. 7.

***, ***, and ***, respectively. A breakdown of the aggregate raw material, labor, and overhead costs for each period is shown in the following tabulation (in thousands of dollars):

* * * * *

Unit Sales/Cost Analysis

The product mix for the producers has not remained constant over the course of the investigations; therefore, per-pound computations may be influenced by changing product types as well as changes in a particular product's per-pound sales value or cost. This effect is exacerbated as overall average per-pound sales values have declined and the overall quantity sold has increased.

The unit sales and costs of the producers differ because of product mix and degree of integration. A summary of the sales unit values and cost unit values for each producer is shown in the tabulation below (in dollars per pound, except as noted:):

* * * * *

Value Added by U.S. Producers

Value added in finishing stainless steel flanges as a percent of cost of goods sold and total operating expenses for the producers of stainless steel flanges are presented in table 12. The data presented on value added cover all the production of each firm and exclude any resale of purchased finished product.

Table 12

Value added by U.S. producers on their operations producing stainless steel flanges, by firms, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * *

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

At the conference Mr. Read Boles (president and CEO of Flow Components, Inc., a U.S. convertor of unfinished flanges) spoke in opposition to the

petition.³¹ In 1991 he acquired March Industries (predecessor name), a company that was strapped financially. He made some changes in its operations, including the shifting of purchases of unfinished flanges towards sources such as India and Taiwan.³² He stated that there is considerable work (i.e., value added) between the forgings stage and meeting the specific requirements of a particular customer for finished flanges.³³

In its questionnaire response, *** reported that ***. A summary of its purchases are shown in the following tabulation (in thousands of pounds):

* * * * *

Other producers purchase unfinished flanges from Japan, Korea, France, Germany, and Italy, as well as from India or Taiwan.

Investment in Productive Facilities

U.S. producers' investment in property, plant, and equipment and returns on investment for the overall establishments are shown in table 13. Most (four) of the companies were unable to provide specific asset data for stainless steel flanges.

Table 13
Value of assets and return on assets of U.S. producers' establishments wherein stainless steel flanges are produced, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Capital Expenditures

Capital expenditures by U.S. producers are shown in table 14.

³¹ Mr. Boles described himself as an entrepreneur who becomes involved with financially distressed companies and tries to "turn them around." Conference transcript, p. 44.

³² Ibid, p. 67.

³³ Ibid, pp. 46-49.

Table 14

Capital expenditures by U.S. producers of stainless steel flanges, by products, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Research and Development Expenses

Research and development expenses for stainless steel flanges were \$*** in 1989, \$*** in 1990, \$*** in 1991, \$*** in interim 1991, and \$*** in interim 1992.

Impact of Imports on Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of stainless steel flanges from India and/or Taiwan on their existing development and production efforts, growth, investment, and ability to raise capital. Their responses are shown in appendix D.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors³⁴--

(I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

³⁴ Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 706 or section 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.³⁵

³⁵ Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

Information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury;" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of Alleged Material Injury." Items (I) and (IX) above are not applicable in these investigations.

Available information follows on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets.

U.S. Importers' Inventories

As shown in table 15, U.S. importers' end-of-period inventories of finished and unfinished stainless steel flanges increased significantly from 1989 to 1991 and fell sharply from January-September 1991 to January-September 1992. As a share of total inventories, inventories of finished stainless steel flanges accounted for *** percent in 1989, *** percent in 1990, *** percent in 1991, and *** percent in the interim 1992 period.

Table 15

Stainless steel flanges: End-of-period inventories of U.S. importers, by types and by sources, 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets Other Than the United States

The petition listed 14 firms in India and 6 firms in Taiwan that produce and/or export stainless steel flanges to the United States. To obtain information on the stainless steel flange industry in the subject countries, the Commission requested information from the American Embassy in New Delhi, India, and from the American Institute in Taiwan (AIT). Foreign producers' questionnaires were also sent to the 2 respondents in these investigations, Mukand Ltd. (Mukand), an Indian producer/exporter, and Enlin Steel Corp. (Enlin), a Taiwanese producer/exporter. The information that follows is based

on information supplied by the AIT and on the questionnaire responses of Mukand and Enlin.³⁶

The information supplied by Mukand Ltd. on its stainless steel operation in India is somewhat limited because ***. According to information supplied by counsel, ***.³⁷ Mukand's exports and inventories of stainless steel flanges are shown in table 16. As shown in the table, Mukand's reported exports of unfinished stainless steel flanges to the United States in 1991 (***) pounds) are *** than the quantity of U.S. imports from India as shown in official statistics. The quantity of Mukand's reported exports of finished stainless steel flanges account for about *** percent of the data shown in official statistics. As the data show, *** the primary export market for Mukand's world sales of flanges.

Based on information developed by the AIT, the stainless steel flange industry in Taiwan, which began about 15 years ago, currently consists of 14-15 producers.³⁸ The industry, over recent years, has become more modernized and capital intensive, using technology and equipment developed in Japan. Two of the industry's leading firms are ***. According to data published by Taiwan's Custom's office, Taiwan's exports of stainless steel flanges declined from 855,000 pounds in 1989 to 780,000 pounds in 1991 and were about 550,000 pounds in the first 9 months of 1991 and 1992.³⁹

Information supplied by Enlin on its production, production capacity, exports, and inventories of stainless steel flanges is shown in table 17.⁴⁰ As shown in the table, Enlin's production capacity *** from 1990 to 1991. Enlin reported that the ***. Enlin's reported home market shipments *** compared with its export shipments, most of which were to ***. Overall, Enlin expects *** in its production and shipments of stainless steel flanges in 1993 compared with 1992.

With respect to unfinished stainless steel flanges, Enlin supplied information only for January-September 1992 and projected annual information for 1992-93. Based on these projections, Enlin's production of unfinished

³⁶ The American Embassy in New Delhi did not provide the requested information.

³⁷ Baker & McKenzie, counsel to respondent Mukand Ltd., telephone conversation with Mr. Bruce Linskens, international trade economist, Feb. 1, 1993.

³⁸ The information supplied by the AIT was developed from information provided by individual firms and from published sources.

³⁹ In interviews with the AIT, *** indicated that it is a trading company and had no exports to the United States; *** stated that it does not produce the subject products; *** stated that it only exports to Indonesia; and *** stated that it made only one export shipment, valued at \$***, to the United States. Enlin and *** were the only two firms that reported exports to the United States.

⁴⁰ Enlin reported that *** percent of its total sales in its most recent fiscal year was generated by finished stainless steel flanges, compared with *** percent for unfinished.

Table 16

Stainless steel flanges: Mukand Ltd.'s exports and end-of-period inventories, by types, 1989-91, January-September 1991, January-September 1992, and projected 1992-93

* * * * *

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

Table 17

Finished stainless steel flanges: Enlin Steel's capacity, production, inventories, capacity utilization, and shipments, 1989-91, January-September 1991, January-September 1992, and projected 1992-93

* * * * *

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

flanges is expected to *** by about *** percent to *** pounds in 1993, of which *** is expected to be exported to the United States.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

U.S. imports of stainless steel flanges, based on official import statistics of the U.S. Department of Commerce, are shown in table 18. The majority of stainless steel flanges imported into the United States are of the finished variety. However, unfinished stainless steel flanges, as a share of the quantity of total imports, increased from 24 percent in 1989 to 41 percent in 1991 and nearly 50 percent in January-September 1992. For India, however, this shift in import product mix was even more dramatic. In 1989, for example, U.S. imports of unfinished stainless steel flanges from India accounted for 13 percent of India's total exports of stainless steel flanges to the United States. By 1991, the share of unfinished flanges had increased to 80 percent.

U.S. imports of stainless steel flanges from all sources fell by 4.1 million pounds, or 29 percent, from 1989 to 1990, increased by 3.5 million pounds, or 34 percent, from 1990 to 1991, and increased by less than 2 percent from January-September 1991 to the corresponding period in 1992. The value of such imports fell from \$36.5 million in 1989 to \$31.8 million in 1991, a

Table 18
 Stainless steel flanges: U.S. imports, by types and by sources, 1989-91,
 January-September 1991, and January-September 1992

Item	1989	1990	1991	January-September--	
				1991	1992
	Quantity (1,000 pounds)				
Finished:					
India	1,455	788	615	297	704
Taiwan	1,202	763	1,217	808	685
Subtotal	2,656	1,551	1,832	1,105	1,389
All other sources	8,136	5,104	6,182	4,788	3,789
Total	10,792	6,655	8,014	5,893	5,178
Unfinished:					
India	213	199	2,411	1,013	2,664
Taiwan	33	55	12	8	128
Subtotal	246	254	2,423	1,021	2,793
All other sources	3,249	3,257	3,225	2,847	1,935
Total	3,495	3,510	5,648	3,868	4,727
Total, all stainless steel flanges:					
India	1,667	987	3,026	1,309	3,369
Taiwan	1,235	818	1,229	816	813
Subtotal	2,902	1,804	4,255	2,126	4,182
All other sources	11,384	8,360	9,407	7,635	5,723
Total	14,286	10,165	13,663	9,761	9,905
	Value (1,000 dollars) ¹				
Finished:					
India	2,221	1,548	1,081	795	1,305
Taiwan	4,026	2,412	3,980	2,626	2,197
Subtotal	6,247	3,960	5,061	3,422	3,501
All other sources	21,341	22,170	16,597	13,445	10,044
Total	27,588	26,130	21,658	16,866	13,545
Unfinished:					
India	673	316	3,771	1,698	4,019
Taiwan	140	221	51	33	242
Subtotal	814	536	3,822	1,731	4,261
All other sources	8,112	7,341	6,301	5,490	3,368
Total	8,925	7,877	10,123	7,221	7,629
Total, all stainless steel flanges:					
India	2,894	1,864	4,851	2,493	5,323
Taiwan	4,166	2,633	4,031	2,659	2,439
Subtotal	7,061	4,496	8,882	5,152	7,762
All other sources	29,452	29,511	22,898	18,935	13,411
Total	36,513	34,007	31,780	24,087	21,174

Continued on next page.

Table 18--Continued

Stainless steel flanges: U.S. imports, by types and by sources, 1989-91, January-September 1991, and January-September 1992

Source	1989	1990	1991	January-September--	
				1991	1992
	Unit value (per pound)				
Finished:					
India	\$1.53	\$1.96	\$1.76	\$2.68	\$1.85
Taiwan	3.35	3.16	3.27	3.25	3.21
Average	2.35	2.55	2.76	3.10	2.52
All other sources	2.62	4.34	2.68	2.81	2.65
Average	2.56	3.93	2.70	2.86	2.62
Unfinished:					
India	3.17	1.59	1.56	1.68	1.51
Taiwan	4.24	4.02	4.28	4.17	1.89
Average	3.31	2.11	1.58	1.70	1.53
All other sources	2.50	2.25	1.95	1.93	1.74
Average	2.55	2.24	1.79	1.87	1.61
Total, all stainless steel flanges:					
India	1.74	1.89	1.60	1.90	1.58
Taiwan	3.37	3.22	3.28	3.26	3.00
Average	2.43	2.49	2.09	2.42	1.86
All other sources	2.59	3.53	2.43	2.48	2.34
Average	2.56	3.35	2.33	2.47	2.14

¹ Landed, duty-paid value.

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

decrease of 13 percent. A decrease of a similar magnitude occurred from January-September 1991 to January-September 1992. The average unit value of total U.S. imports rose sharply from 1989 to 1990,⁴¹ rising by 31 percent to \$3.35 per pound, and declined thereafter, falling by 30 percent from 1990 to 1991 and by 13 percent from January-September 1991 to the corresponding period in 1992.

Combined U.S. imports from India and Taiwan fluctuated from 20 percent of total U.S. imports in 1989 to 31 percent in 1991, but increased from 22 percent of the total in January-September 1991 to 42 percent in the corresponding 1992 period. The quantity of U.S. imports of finished and unfinished stainless steel flanges from all sources declined irregularly by 4 percent from 1989 to 1991 and increased only slightly from January-September 1991 to the corresponding period in 1992. The value of such imports, however, fell steadily over the period for which information is presented, falling by 7

⁴¹ This increase was accounted for by imports from nonsubject countries. The average unit value of aggregate imports from India and Taiwan fell in 1990.

percent annually from 1989 to 1991 and by 12 percent from January-September 1991 to January-September 1992. The average unit value of such imports rose sharply by 31 percent from 1989 to 1990, fell equally as sharply from 1990 to 1991, and declined by 13 percent from January-September 1991 to the corresponding period in 1992.

Market Penetration of Imports

U.S. market penetration ratios of imported stainless steel flanges are shown in tables 19-21. Based on quantity, the market penetration ratio for U.S. imports of finished stainless steel flanges from India fell from *** percent in 1989 to *** percent in 1991 and rose from *** percent in January-September 1991 to *** percent in the corresponding 1992 period (table 19).⁴² On the basis of value, the penetration ratios were slightly lower but followed similar trends. The penetration ratios for U.S. imports from Taiwan fluctuated between *** percent and *** percent, by quantity, and between *** percent and *** percent, by value, from 1989 to 1991 and from the interim period in 1991 to the interim period in 1992.

The market penetration ratio of U.S. imports of unfinished stainless steel flanges from India increased from *** percent, by quantity, in 1989 to *** percent in 1991 (table 20). The ratio increased from *** percent in January-September 1991 to *** percent in the corresponding 1992 period. On the basis of value, the ratio was somewhat higher in all periods. The market penetration ratio for U.S. imports from Taiwan was minimal, in terms of quantity and value, in all periods, failing to rise above *** percent.

The market penetration ratio of U.S. imports of all stainless steel flanges (finished and unfinished) from India increased from *** percent, by quantity, in 1989 to *** percent in 1991 (table 21). The ratio increased from *** percent in January-September 1991 to *** percent in January-September 1992. On the basis of value, the ratio was lower. The market penetration ratio for U.S. imports from Taiwan, by quantity, decreased from *** percent in 1989 to *** percent in 1991 and was *** percent in January-September 1992 compared with *** percent in January-September 1991; in terms of value, the percentages tended to be higher. The market penetration ratio, by quantity, for U.S. imports from India and Taiwan combined increased from *** percent in 1989 to *** percent in 1991 and was *** percent in January-September 1992 compared with *** percent in January-September 1991; in terms of value, the respective percentages were lower.

⁴² Market penetration ratios are somewhat overstated, and apparent consumption understated, by the failure of a U.S. converter, ***, to provide data and from ***.

Table 19

Finished stainless steel flanges: U.S. consumption and market shares, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	January-September--	
				1991	1992
Quantity (1,000 pounds)					
Apparent U.S. consumption . . .	***	***	***	***	***
U.S. producers' U.S. shipments ¹	***	***	***	***	***
U.S. imports from--					
India	1,455	788	615	297	704
Taiwan	1,202	763	1,217	808	685
Subtotal	2,656	1,551	1,832	1,105	1,389
All other sources	8,136	5,104	6,182	4,788	3,789
Total imports	10,792	6,655	8,014	5,893	5,178
As a share (percent) of the quantity of apparent U.S. consumption					
U.S. producers' U.S. shipments ¹	***	***	***	***	***
U.S. imports from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***
Value (1,000 dollars)					
Apparent U.S. consumption . . .	***	***	***	***	***
U.S. producers' U.S. shipments ¹	***	***	***	***	***
U.S. imports from--					
India	2,221	1,548	1,081	795	1,305
Taiwan	4,026	2,412	3,980	2,626	2,197
Subtotal	6,247	3,960	5,061	3,421	3,501
All other sources	21,341	22,170	16,597	13,445	10,044
Total imports	27,588	26,130	21,658	16,866	13,545
As a share (percent) of the value of apparent U.S. consumption					
U.S. producers' U.S. shipments ¹	***	***	***	***	***
U.S. imports from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***

¹ Consists of stainless steel flanges forged and finished by U.S. forger/finishers and those finished but not forged by U.S. converters.

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

Table 20
 Unfinished stainless steel flanges: U.S. consumption and market shares,
 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	January-September--	
				1991	1992
<u>Quantity (1,000 pounds)</u>					
Apparent U.S. consumption . . .	***	***	***	***	***
U.S. shipments of U.S. producers ¹	***	***	***	***	***
U.S. imports from--					
India	213	199	2,411	1,013	2,664
Taiwan	33	55	12	8	128
Subtotal	246	254	2,423	1,021	2,793
All other sources	3,249	3,256	3,225	2,847	1,935
Total imports	3,495	3,510	5,648	3,868	4,727
<u>As a share (percent) of the quantity of apparent U.S. consumption</u>					
U.S. shipments of U.S. producers ¹	***	***	***	***	***
U.S. imports from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***
<u>Value (1,000 dollars)</u>					
Apparent U.S. consumption . . .	***	***	***	***	***
U.S. shipments of U.S. producers ¹	***	***	***	***	***
U.S. imports from--					
India	673	316	3,771	1,698	4,019
Taiwan	140	221	51	33	242
Subtotal	814	536	3,822	1,731	4,261
All other sources	8,112	7,341	6,301	5,490	3,368
Total imports	8,925	7,877	10,123	7,221	7,629
<u>As a share (percent) of the value of apparent U.S. consumption</u>					
U.S. shipments of U.S. producers ¹	***	***	***	***	***
U.S. imports from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***

¹ Includes U.S. producers' company transfers of product consumed internally.

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

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

Table 21

All stainless steel flanges: U.S. imports and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	January-September--	
				1991	1992
Quantity (1,000 pounds)					
Apparent U.S. consumption ¹	***	***	***	***	***
U.S. imports from--					
India	1,667	987	3,026	1,309	3,369
Taiwan	1,235	818	1,229	816	813
Subtotal	2,902	1,804	4,255	2,126	4,182
All other sources	11,384	8,360	9,407	7,635	5,723
Total imports	14,286	10,165	13,663	9,761	9,905
As a share (percent) of the quantity of apparent U.S. consumption					
U.S. imports from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***
Value (1,000 dollars)					
Apparent U.S. consumption ¹	***	***	***	***	***
U.S. imports from--					
India	2,894	1,864	4,851	2,493	5,323
Taiwan	4,166	2,633	4,031	2,659	2,439
Subtotal	7,061	4,496	8,882	5,152	7,762
All other sources	29,452	29,511	22,898	18,935	13,411
Total imports	36,513	34,007	31,780	24,087	21,174
As a share (percent) of the value of apparent U.S. consumption					
U.S. imports from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
All other sources	***	***	***	***	***
Total imports	***	***	***	***	***

¹ Apparent U.S. consumption in this table is higher than apparent U.S. consumption in table 19 mainly because two firms (***) did not provide data on their shipments of finished flanges.

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

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

Pricing and Marketing⁴³ Considerations

All prices of finished flanges at the distributor level are based upon, but not necessarily closely adherent to, published price lists. Prompt-payment discounts⁴⁴ as well as volume discounts are offered. Suppliers of flanges typically quote prices on an f.o.b. plant-of-manufacture or point-of-entry (duty-paid) basis for orders of less than \$4,000 after discount. Producers and importers usually pay freight charges only on orders exceeding \$4,000 after discount. The freight-charge-absorption practice, however, is not widespread. Transport expenses are relatively small, ranging from 1 to 3 percent of the total delivered price of flange products. Most market participants conduct a nationwide business, and evidence obtained indicates that prices do not vary regionally to any significant extent.

In periods of slack demand, buyers can usually demand and receive lower prices in this highly competitive market. Industry sources indicate that although the abandonment of list prices is common in periods of excess supply, the price-list system is used as a benchmark by suppliers because it is in itself responsive to the volatility of the product's value.

Most producers and importers of the subject product reported that U.S., Indian, and Taiwanese flanges can be used interchangeably in many applications. Several respondents, however, reported that the quality of the domestically-forged flanges was noticeably higher than that of the imported products. Customers that buy domestic products despite the availability of lower-priced comparable imported flanges cited such factors as shorter delivery time,⁴⁵ reputation for service, desirable financial arrangements, and quality as primary considerations in their purchasing decisions. For a detailed discussion on the issues of quality and product interchangeability, see the sections of this report entitled "The Product" and "Lost Sales and Lost Revenues."

Prices

Industry sources indicate that price changes for domestically and internationally produced flanges are strongly influenced by fluctuations in the world price of stainless steel billets, the principal raw material used in the production of the subject flange products. Since the cost of billets constitutes a significant proportion of the price of a flange, this dependence is not surprising.

Quarterly prices for both the domestic and subject imported flanges are presented in tables 22 through 24. Price comparisons were developed from data

⁴³ A brief analysis of market channels is presented in the section of the report entitled "Channels of Distribution."

⁴⁴ Payment terms are typically 2-percent reduction for prompt payment (10 days or less) or total balance within 30 days.

⁴⁵ Response time for delivery of domestic flanges to customers is significantly shorter than that associated with the foreign product.

Table 22

Stainless steel finished flanges, slip-on model, 3-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of imported and domestic merchandise to distributors, and margins of underselling, by quarters, January 1989-September 1992

* * * * *

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

Table 23

Stainless steel finished flanges, weld-neck model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of imported and domestic merchandise to distributors, and margins of underselling, by quarters, January 1989-September 1992

* * * * *

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

Table 24

Stainless steel finished flanges, blind model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of imported and domestic merchandise to distributors, and margins of underselling, by quarters, January 1989-September 1992

* * * * *

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

submitted by three U.S. manufacturers of flanges and seven importers,⁴⁶ who were asked to report quarterly prices charged and quantities sold to unrelated distributors for three different types of stainless steel flanges--slip-on, weld-neck, and blind--which, by agreement of producers and importers, typified the main categories of flanges under investigation. The product specifications for which pricing data were requested are as follows:

Slip-on: Stainless steel flanges, finished, 3-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Weld neck: Stainless steel flanges, finished, 2-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Blind: Stainless steel flanges, finished, 2-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Pricing data obtained were not necessarily for all products or quarters during January 1989-September 1992. On the basis of the data received, weighted-average quarterly prices for all producers and importers were calculated.

Available data indicate that prices of domestic and imported flanges initially increased during 1989, coinciding with increasing prices of billets. Prices of both the domestic and imported product reached their peaks in various months between April and December 1989, after which they declined. Data in tables 22 and 23 show that in the case of the slip-on and weld-neck model flanges, domestic prices increased from \$*** and \$*** per unit in January-March 1989 to respective peaks of \$*** and \$*** per unit in July-September 1989, before decreasing irregularly to \$*** and \$*** per unit in the third quarter of 1992. Price movements for the imported product roughly paralleled trends in domestic prices during most of this period.⁴⁷ Domestic prices of the blind model reached a peak of \$*** per unit during the final quarter of 1989 and then decreased irregularly from January 1990 (\$*** per unit) through December 1991 (\$*** per unit), before recovering to a price of \$*** per unit in the second quarter of 1992. It is apparent from data in table 24 that imported prices for the blind model have also moved fairly closely with the prices of the domestic product during the period under

⁴⁶ The three U.S. manufacturers (Flowline Inc., Maass Flange Corp., and Ideal Forging Inc.) accounted for *** percent of total reported 1991 shipments of finished stainless steel flanges forged and finished in the United States. Responding importers of the Indian or Taiwanese products (***) accounted for respective shares equivalent to *** percent and *** percent of reported imports of finished flanges in 1991. Two domestic converters (***) that responded to the Commission's questionnaire use imported forgings, but their data are not included in the price tables; price data submitted by these respondents were not of sufficient detail to determine trends.

⁴⁷ Sufficiently broad and reliable import price series could not be obtained for the full period under study.

consideration. Reduced costs of raw materials and an increase in inventories in 1991 may offer a partial explanation for the downward trend in domestic prices.⁴⁸ However, the petitioner has alleged that strong competition from low-priced imports since 1989 has also been an important factor in the declining price of flanges. The Indian and Taiwanese flanges undersold domestic products in every period for which comparisons could be made.

Margins of underselling for the Indian slip-on model during 1989-92 ranged from 5.8 percent in April-June 1992 to 51.7 percent in January-March 1989. Margins of underselling for the weld-neck model ranged from 14.3 percent in July-September 1982 to 53.4 percent in July-September 1989. The Indian blind model undersold its domestically produced counterpart by margins ranging from 7.4 percent in April-June 1989 to 60.5 percent in January-March 1989.

Margins of underselling by the Taiwanese slip-on model for periods for which data were available ranged from 5.2 percent in July-September 1992 to 27.2 percent in October-December 1991. Similarly, the Taiwanese weld-neck model undersold the domestic product by margins ranging from 7.4 percent in July-September 1990 to 22.8 percent in October-December 1990. Margins of underselling for the blind model ranged from 20.2 percent in October-December 1990 to 38.9 percent in January-March 1992.

Lost Sales and Lost Revenues

Three domestic producers--***--submitted 13 specific instances involving eight firms in which alleged sales of 4,500 stainless steel flanges were lost in various months between July and November of 1992 as a result of competition from imports of flanges from India.⁴⁹ The lost sales occurred in the *** regions--one in ***, ***, and ***, six in ***, and four in ***.

The Commission staff was able to contact all eight purchasers. Only one firm (***) was able to verify one instance of a lost sale, involving approximately *** flanges. Lower price was the principal reason cited by this firm for its decision to buy product from ***, ***. The buyer advised that, at its receiving point, the price of *** product was two dollars lower than that of the U.S.-forged product. Forgings imported by ***, advanced through U.S. machining labor to finished condition and then resold in the United States, have, according to this source, been traded in the U.S. market at prices below those of domestically forged flanges.

Because most purchasers buy flange products simultaneously from multiple domestic and international suppliers, the remaining seven firms could not verify specific allegations involving a total of *** flanges. However, all seven firms indicated that they might have purchased Indian or Taiwanese flanges in lieu of the domestically sourced product during the period under consideration. *** stated that during 1991-92 most lost sales of

⁴⁸ See tables 7 and 15.

⁴⁹ No allegations were submitted with respect to Taiwan.

U.S. product were to lower-priced models fabricated to U.S. specifications from Indian forgings.⁵⁰

Four of the seven remaining firms contacted stated that low prices of imported flanges were an important but usually secondary consideration in their purchasing decision. The primary considerations in their purchasing decisions were such factors as the desire to maintain multiple supply sources, quality, and reputation for service. All four reported that buying flanges simultaneously from several suppliers forces domestic producers to be more competitive in their pricing policies.

One firm indicated that it had been shifting increasingly to the domestic product and now buys almost entirely from domestic sources. This buyer stated that he prefers to support domestic producers and that his customers specify that domestic flanges be used. He noted that in some instances domestic prices are lower than import prices for small purchases.

Two firms that buy from domestic and international sources⁵¹ on a regular basis reported that they had reduced their overall purchases of flanges in recent periods as a result of adverse market conditions. Both stated that the decrease in purchases in 1990 and 1991 was due to a decrease in the firms' overall sales of flanges. Both firms reportedly have *** and do not intend to resume purchasing in volume until inventories are depleted.

Most of the purchasing directors of the distributing firms queried stated that they could detect no noticeable difference in the quality of domestically forged product and products fabricated to U.S. specifications from Indian forgings. With the exception of ***, these purchasers had dealt with no other agent for the Indian material. The purchasers did indicate, however, that they preferred not to buy directly from India and Taiwan because quality standards are perceived to be not entirely uniform for many types of flanges.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of the two countries subject to these investigations fluctuated widely in relation to the U.S. dollar over the period from January-March 1989 through July-September 1992 (table 25).⁵² The nominal value of the Indian currency depreciated by 41 percent while the Taiwanese currency appreciated

⁵⁰ The domestic producers commented on their inability to match low prices from ***, or direct foreign prices from India and Taiwan, but could not cite specific instances of lost revenues. *** submitted sales call reports documenting rejected quotes as evidence of price suppression. These reports showed requests from purchasers for *** to lower its price. No quotes, however, were discussed.

⁵¹ International suppliers cited included producers in France, Germany, Italy, Japan, and Korea.

⁵² International Financial Statistics, January 1993.

Table 25

Exchange rates:¹ Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in those countries,² by quarters, January 1989-September 199

Period	U.S. producer price index	<u>India</u>			<u>Taiwan</u>		
		Nominal Producer price index	exchange rate index	Real Exchange rate index ³	Nominal Producer price index	Real exchange rate index	exchange rate index ³
1989:							
Jan.-Mar.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June.....	101.8	103.4	94.9	96.4	99.7	105.3	103.1
July-Sept.....	101.4	106.7	92.0	96.8	97.9	107.4	103.7
Oct.-Dec.....	101.8	107.9	90.4	95.8	96.6	106.5	101.0
1990:							
Jan.-Mar.....	103.3	108.6	89.7	94.4	96.1	105.6	98.3
Apr.-June.....	103.1	112.5	88.1	96.2	96.9	102.8	96.6
July-Sept.....	104.9	116.2	87.1	96.4	98.8	101.5	95.6
Oct.-Dec.....	108.1	119.3	84.5	93.3	99.8	101.5	93.7
1991:							
Jan.-Mar.....	105.9	123.5	81.2	94.8	99.2	101.7	95.3
Apr.-June.....	104.8	126.3	74.4	89.7	98.7	101.4	95.5
July-Sept.....	104.7	134.2	59.3	76.1	98.0	103.3	96.7
Oct.-Dec.....	104.8	136.2	59.1	76.7	96.5	106.2	97.7
1992:							
Jan.-Mar.....	104.6	139.9	59.0	78.9	94.7	109.7	99.4
Apr.-June.....	105.7	142.1	59.0	79.3	95.3	110.5	99.6
July-Sept.....	106.1	146.3	59.0	81.3	95.2 ⁴	110.8 ⁴	99.4 ⁴

¹ Exchange rates expressed in U.S. dollars per unit of foreign currency.

² Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.

³ The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified countries.

⁴ Derived from Taiwanese exchange rate and price data reported for July-August only.

Note.--January-March 1989 = 100. The real exchange rates, calculated from precise figures, cannot in all instances be derived accurately from previously rounded nominal exchange rate and price indexes.

Source: International Monetary Fund, International Financial Statistics, January 1993

10.8 percent. When adjusted for movements in producer price indexes in the United States and the specified countries, the respective values of the Indian and Taiwanese currencies depreciated 18.7 and less than 1 percent during the period for which data were collected.

APPENDIX A

THE COMMISSION'S AND COMMERCE'S FEDERAL REGISTER NOTICES

(Investigations Nos. 731-TA-639 and 640
(Preliminary))

**Stainless Steel Flanges From India and
Taiwan**

AGENCY: United States International
Trade Commission.

ACTION: Institution and scheduling of
preliminary antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-639 and 640 (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 India and Taiwan of stainless steel flanges, finished or unfinished, provided for in subheadings 7307.21.10 and 7307.21.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by February 16, 1993.

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

EFFECTIVE DATE: December 31, 1992.

FOR FURTHER INFORMATION CONTACT:
Woodley Timberlake (202-205-3188),
Office of Investigations, U.S.
International Trade Commission, 500 E
Street SW., Washington, DC 20436.
Hearing-impaired persons can obtain
information on this matter by contacting
the Commission's TDD terminal on 202-
205-1810. Persons with mobility
impairments who will need special
assistance in gaining access to the
Commission should contact the Office
of the Secretary at 202-205-2000.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to a petition filed on December 31, 1992, by Flowline Division, Markovitz Enterprises, Inc., New Castle, PA; Gerlin, Inc., Carol Stream, IL; Ideal Forging Corp., Southington, CT; and Maass Flange Corp., Houston, TX.

Participation in the Investigations and Public Service List

Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the Federal Register. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than seven (7) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on January 21, 1993, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Woodley Timberlake (202-205-3188) not later than January 19, 1993, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before January 26, 1993, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection

with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to these investigations must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to section 207.12 of the Commission's rules.

Issued: January 5, 1993.

By order of the Commission.

Paul R. Bardos,

Acting Secretary.

[FR Doc. 93-828 Filed 1-8-93; 4:06 pm]

BILLING CODE 7020-02-M

[A-533-809 and A-533-821]

Initiation of Antidumping Duty Investigations: Certain Stainless Steel Flanges From India and Taiwan

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: February 1, 1993.

FOR FURTHER INFORMATION CONTACT: Raphael Hampton, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-0176.

INITIATION OF INVESTIGATIONS:

The Petitions

On December 31, 1992, we received petitions filed in proper form by the Flowline Division of Markovitz Enterprises Inc., Corlin Inc., Ideal Forging Corporation, and Masses Flange Corporation (petitioners). In accordance with 19 CFR 353.12, petitioners allege that certain stainless steel flanges from India and Taiwan 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 (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

The petitioners have stated that they have standing to file the petitions because they are interested parties, as defined under section 771(9)(C) of the

Act, and because the petitions were filed on behalf of the U.S. industry producing the product subject to these investigations. If any interested party, as described under paragraphs (C), (D), (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, these petitions, it should file a written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements are contained in 19 CFR 353.14.

Scope of Investigations

For purposes of these investigations, certain stainless steel flanges are flanges both finished and not-finished made in alloys such as 304, 304L, 316, and 316L. The scope includes 5 general types of flanges. They are Weld Neck, used to make butt-weld line connections, Threaded, used to make threaded line connections, Slip-On & Lap Joint, used to make stub end/butt-weld line connections, Socket Weld, used to fit pipe into machined recessions, and Blind, used to seal off lines. The sizes of the flanges covered in the scope range generally from one to six inches. However, all sizes of the above described merchandise are included within the scope. The flanges subject to these investigations are classifiable under subheading 7307.211.1000 and 7307.215.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

United States Price (USP) and Foreign Market Value (FMV)

Petitioners based USP for India on observed price quotes of flanges provided by Indian manufacturers to U.S. distributors. Petitioners made one adjustment to this price. They deducted the per piece ocean transportation costs required to deliver the good to a U.S. port. USP quotes for Taiwan were provided by Taiwanese manufacturers to (a) one of the petitioners and (b) a U.S. distributor. Again, petitioners made only one adjustment to USP. They deducted the per piece ocean transportation costs. For India, petitioner based foreign market value on price quotes from Indian distributors of the subject merchandise. The petitioners made one adjustment to these prices. They subtracted from the prices an

estimate of the mark-up charged by Indian distributors in order to arrive at the price paid by the Indian distributor to the Indian manufacturer. Petitioners based this figure on estimates of U.S. distributors' mark-ups for the subject merchandise. FMV for Taiwan came from a market survey performed by a consultant in Taiwan, which based FMV on price quotes from a Taiwanese supplier. Based on petitioners' calculations, dumping margins range from 20% to 210% with respect to India and from 12% to 48% with respect to Taiwan. For purposes of this initiation, no adjustments were made to petitioners' calculations. If it becomes necessary at a later date to consider the petition as a source of best information available (BIA), we may review all of the bases for the petitioners' estimated dumping margins in determining BIA.

Initiation of Investigations

We have examined the petitions on flanges from India and Taiwan and have found that the petitions meet the requirements of section 732(b) of the Act. Therefore, we are initiating antidumping duty investigations to determine where imports of flanges from India and Taiwan are being, or are likely to be, sold in the United States at less than fair value.

International Trade Commission (ITC) Notification

Section 732(d) of the Act requires us to notify the ITC of these actions and we have done so.

Preliminary Determinations by the ITC

The ITC will determine by February 16, 1993, whether there is a reasonable indication that imports of flanges from India and Taiwan are materially injuring, or threaten material injury to, a U.S. industry. A negative ITC determination will result in the investigation(s) being terminated; otherwise, the investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 732(c) of the Act and 19 CFR 353.13(b).

Dated: January 21, 1993.

Joseph A. Spetrini,
Acting Assistant Secretary for Import
Administration.
[FR Doc. 93-2206 Filed 1-29-93; 8:45 am]
BILLING CODE 3510-06-01

APPENDIX B

LIST OF PARTICIPANTS IN THE PUBLIC CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-639 and 640 (Preliminary)

STAINLESS STEEL FLANGES FROM INDIA AND TAIWAN

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigations on January 21, 1993, in the main hearing room of the USITC Building, 500 E Street, SW, Washington, DC.

In support of the imposition of antidumping duties

Robert J. Gilbert, Gilbert Development Group, petitioners' representative

Phil Mavrich, president, Flowline Division, Markovitz Enterprises, Inc.

In opposition to the imposition of antidumping duties

Brownstein, Zeidman and Lore--Counsel
Washington, DC
on behalf of--

Enlin Steel Corporation

Mr. Selim Bahar, vice president, Norca Corp.

David R. Amerine) --OF COUNSEL
Ronald M. Wisla)

Baker & MacKenzie--Counsel
Washington, DC
on behalf of--

Mukand Ltd.

Mr. Read Boles, president and chief executive officer, Flow Components, Inc.

Thomas Ondeck--OF COUNSEL

APPENDIX C

SUMMARY DATA CONCERNING THE U.S. MARKET

Table C-1
Stainless steel flanges finished by forgers: Summary data concerning the U.S. market, 1989-91,
January-September 1991, and January-September 1992

* * * * *

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

Table C-2
Stainless steel flanges finished by nonforgers: Summary data concerning the U.S. market, 1989-91,
January-September 1991, and January-September 1992

* * * * *

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

Table C-3

All finished stainless steel flanges: Summary data concerning the U.S. market, 1989-91, January-September 1991, and January-September 1992

(Quantity=1,000 pounds, value=1,000 dollars, unit values and unit labor costs are per pound, period changes=percent, except where noted)

Item	Reported data			Period changes					
	1989	1990	1991	Jan.-Sept.--		1989-91	1989-90	1990-91	Jan.-Sept. 1991-92
				1991	1992				
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	-4.7	-19.9	+19.0	-0.9
Producers' share <u>1</u> /.....	***	***	***	***	***	+13.2	+13.7	-0.6	+5.1
Importers' share: <u>1</u> /									
India.....	***	***	***	***	***	-4.5	-2.6	-1.9	+3.2
Taiwan.....	***	***	***	***	***	+0.4	-1.4	+1.8	-0.9
Subtotal.....	***	***	***	***	***	-4.1	-4.0	-0.1	+2.3
Other sources.....	***	***	***	***	***	-9.1	-9.8	+0.6	-7.4
Total.....	***	***	***	***	***	-13.2	-13.7	+0.6	-5.1
U.S. consumption value:									
Amount.....	***	***	***	***	***	-11.2	-2.9	-8.5	-9.3
Producers' share <u>1</u> /.....	***	***	***	***	***	+5.5	+1.2	+4.3	+4.7
Importers' share: <u>1</u> /									
India.....	***	***	***	***	***	-1.7	-1.1	-0.6	+1.6
Taiwan.....	***	***	***	***	***	+0.8	-2.6	+3.4	-0.5
Subtotal.....	***	***	***	***	***	-0.9	-3.7	+2.7	+1.1
Other sources.....	***	***	***	***	***	-4.5	+2.5	-7.0	-5.8
Total.....	***	***	***	***	***	-5.5	-1.2	-4.3	-4.7
U.S. Importers' imports from--									
India:									
Imports quantity.....	1,455	788	615	297	704	-57.7	-45.8	-22.0	+137.0
Imports value.....	2,221	1,548	1,081	795	1,305	-51.3	-30.3	-30.2	+64.2
Unit value.....	\$1.53	\$1.96	\$1.76	\$2.68	\$1.85	+15.0	+28.7	-10.6	-30.9
Ending inventory qty.....	***	***	***	***	***	<u>2</u> /	<u>2</u> /	-22.9	-36.6
Taiwan:									
Imports quantity.....	1,202	763	1,217	808	685	+1.2	-36.5	+59.5	-15.2
Imports value.....	4,026	2,412	3,980	2,626	2,197	-1.1	-40.1	+65.0	-16.3
Unit value.....	\$3.35	\$3.16	\$3.27	\$3.25	\$3.21	-2.4	-5.6	+3.4	-1.2
Ending inventory qty.....	***	***	***	***	***	0	0	0	<u>2</u> /
Subject sources:									
Imports quantity.....	2,656	1,551	1,832	1,105	1,389	-31.0	-41.6	+18.1	+25.7
Imports value.....	6,247	3,960	5,061	3,421	3,501	-19.0	-36.6	+27.8	+2.3
Unit value.....	\$2.35	\$2.55	\$2.76	\$3.10	\$2.52	+17.4	+8.6	+8.2	-18.6
Ending inventory qty.....	***	***	***	***	***	<u>2</u> /	<u>2</u> /	-22.9	-20.3
Other sources:									
Imports quantity.....	8,136	5,104	6,182	4,788	3,789	-24.0	-37.3	+21.1	-20.9
Imports value.....	21,341	22,170	16,597	13,445	10,044	-22.2	+3.9	-25.1	-25.3
Unit value.....	\$2.62	\$4.34	\$2.68	\$2.81	\$2.65	+2.3	+65.6	-38.2	-5.6
Ending inventory qty.....	***	***	***	***	***	+28.9	+50.7	-14.5	-52.1
All sources:									
Imports quantity.....	10,792	6,655	8,014	5,893	5,178	-25.7	-38.3	+20.4	-12.1
Imports value.....	27,588	26,130	21,658	16,866	13,545	-21.5	-5.3	-17.1	-19.7
Unit value.....	\$2.56	\$3.93	\$2.70	\$2.86	\$2.62	+5.7	+53.6	-31.2	-8.6
U.S. producers'--									
Average capacity quantity..	***	***	***	***	***	+65.6	+10.8	+49.4	+32.3
Production quantity.....	***	***	***	***	***	+37.0	-3.4	+41.8	-4.9
Capacity utilization <u>1</u> /....	***	***	***	***	***	-6.8	-14.0	+7.2	-32.3
U.S. shipments:									
Quantity.....	***	***	***	***	***	+26.5	+7.5	+17.7	+8.4
Value.....	***	***	***	***	***	-2.0	-0.8	-1.3	-2.2
Unit value.....	\$***	\$***	\$***	\$***	\$***	-22.6	-7.6	-16.2	-9.7
Export shipments:									
Quantity.....	***	***	***	***	***	+546.3	+509.3	+6.1	-57.2
Exports/shipments <u>1</u> /....	***	***	***	***	***	+5.6	+6.3	-0.7	-3.8
Value.....	***	***	***	***	***	+842.6	+807.7	+3.8	-63.9
Unit value.....	\$***	\$***	\$***	\$***	\$***	+45.8	+49.0	-2.1	-15.7
Ending inventory quantity..	***	***	***	***	***	+13.7	-35.6	+76.7	+24.3
Inventory/shipments <u>1</u> /....	***	***	***	***	***	-14.1	-23.7	+9.5	+3.6
Production workers.....	***	***	***	***	***	+11.8	+7.3	+4.2	-3.5
Hours worked (1,000s).....	***	***	***	***	***	+3.3	+8.2	-4.5	+3.4
Total comp. (\$1,000).....	***	***	***	***	***	+22.3	+9.8	+11.3	-12.2
Hourly total compensation..	\$***	\$***	\$***	\$***	\$***	+18.4	+1.5	+16.6	-15.1
Productivity (pounds/hr)...	***	***	***	***	***	+32.7	-10.7	+48.6	-8.0
Unit labor costs.....	\$***	\$***	\$***	\$***	\$***	-10.8	+13.6	-21.5	-7.7

1/ 'Reported data' are in percent and 'period changes' are in percentage points.

2/ Not applicable.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

Table C-4

Unfinished stainless steel flanges: Summary data concerning the U.S. market, 1989-91, January-September 1991, and January-September 1992

(Quantity=1,000 pounds, value=1,000 dollars, unit values and unit labor costs are per pound, period changes=percent, except where noted)

Item	Reported data					Period changes			
	1989	1990	1991	Jan.-Sept.--		1989-91	1989-90	1990-91	1991-92
				1991	1992				
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	+46.4	-2.1	+49.5	+0.9
Producers' share <u>1/</u>	***	***	***	***	***	-3.5	-0.9	-2.6	-7.0
Importers' share: <u>1/</u>									
India.....	***	***	***	***	***	+13.7	-0.1	+13.8	+14.0
Taiwan.....	***	***	***	***	***	-0.2	+0.2	-0.5	+1.0
Subtotal.....	***	***	***	***	***	+13.5	+0.1	+13.3	+15.0
Other sources.....	***	***	***	***	***	-10.0	+0.7	-10.7	-8.0
Total.....	***	***	***	***	***	+3.5	+0.9	+2.6	+7.0
U.S. consumption value:									
Amount <u>2/</u>	***	***	***	***	***	+26.2	-13.2	+45.4	+1.6
Producers' share <u>1/</u> <u>2/</u>	***	***	***	***	***	+6.7	-1.1	+7.8	-2.2
Importers' share: <u>1/</u>									
India.....	***	***	***	***	***	+17.0	-2.3	+19.3	+16.9
Taiwan.....	***	***	***	***	***	-0.7	+0.8	-1.6	+1.5
Subtotal.....	***	***	***	***	***	+16.3	-1.4	+17.7	+18.4
Other sources.....	***	***	***	***	***	-22.9	+2.5	-25.5	-16.2
Total.....	***	***	***	***	***	-6.7	+1.1	-7.8	+2.2
U.S. importers' imports from--									
India:									
Imports quantity.....	213	199	2,411	1,013	2,664	<u>3/</u>	-6.6	<u>3/</u>	+163.0
Imports value.....	673	316	3,771	1,698	4,019	+460.3	-53.0	<u>3/</u>	+136.7
Unit value.....	\$3.17	\$1.59	\$1.56	\$1.68	\$1.51	-50.6	-49.8	-1.6	-10.0
Ending inventory qty.....	***	***	***	***	***	<u>4/</u>	<u>4/</u>	+100.0	-48.8
Taiwan:									
Imports quantity.....	33	55	12	8	128	-63.6	+66.7	-78.2	<u>3/</u>
Imports value.....	140	221	51	33	242	-63.6	+57.9	-76.9	+633.3
Unit value.....	\$4.24	\$4.02	\$4.28	\$4.17	\$1.89	+1.2	-5.1	+6.6	-54.6
Ending inventory qty.....	***	***	***	***	***	0	0	0	<u>4/</u>
Subject sources:									
Imports quantity.....	246	254	2,423	1,021	2,793	+885.0	+3.3	+853.9	+173.6
Imports value.....	814	536	3,822	1,731	4,261	+369.5	-34.2	+613.1	+146.2
Unit value.....	\$3.31	\$2.11	\$1.58	\$1.70	\$1.53	-52.4	-36.1	-25.4	-10.0
Ending inventory qty.....	***	***	***	***	***	<u>4/</u>	<u>4/</u>	+100.0	-41.3
Other sources:									
Imports quantity.....	3,249	3,256	3,225	2,847	1,935	-0.7	+0.2	-1.0	-32.0
Imports value.....	8,112	7,341	6,301	5,490	3,368	-22.3	-9.5	-14.2	-38.7
Unit value.....	\$2.50	\$2.25	\$1.95	\$1.93	\$1.74	-21.8	-9.7	-13.3	-9.7
Ending inventory qty.....	***	***	***	***	***	<u>4/</u>	0	<u>4/</u>	0
All sources:									
Imports quantity.....	3,495	3,510	5,648	3,868	4,727	+61.6	+0.4	+60.9	+22.2
Imports value.....	8,925	7,877	10,123	7,221	7,629	+13.4	-11.7	+28.5	+5.7
Unit value.....	\$2.55	\$2.24	\$1.79	\$1.87	\$1.61	-29.8	-12.1	-20.1	-13.5
U.S. producers'--									
Production quantity.....	***	***	***	***	***	+45.3	-3.8	+50.9	-14.0
U.S. shipments: <u>2/</u>									
Quantity.....	***	***	***	***	***	+38.8	-3.3	+43.6	-9.8
Value.....	***	***	***	***	***	+50.6	-16.0	+79.3	-3.2
Unit value.....	\$***	\$***	\$***	\$***	\$***	-28.6	+0.9	-29.2	+3.0
Export shipments:									
Quantity.....	***	***	***	***	***	0	0	0	0
Value.....	***	***	***	***	***	0	0	0	0
Ending inventory quantity..	***	***	***	***	***	+16.3	-8.9	+27.6	+45.6
Inventory/shipments <u>1/</u>	***	***	***	***	***	-6.3	-2.2	-4.1	+16.3

1/ 'Reported data' are in percent and 'period changes' are in percentage points.

2/ Considerably understated in that the data do not include values of company transfers for *** and ***, which accounted for *** pounds in 1989, *** pounds in 1990, *** pounds in 1991, *** pounds in Jan.-Sept. 1991, and *** pounds in Jan.-Sept. 1992.

3/ An increase of 1,000 percent or more.

4/ Not applicable.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

Table C-5
Stainless steel flanges: Summary data concerning the U.S. market, 1989-91, January-September 1991, and
January-September 1992

(Quantity=1,000 pounds, value=1,000 dollars, unit values and unit labor costs
are per pound, period changes=percent, except where noted)

Item	Reported data					Period changes			
	1989	1990	1991	Jan.-Sept.-- 1991	1992	1989-91	1989-90	1990-91	Jan.-Sept. 1991-92
U.S. consumption quantity:									
Amount.....	***	***	***	***	***	+5.7	-20.4	+32.9	+0.5
Producers' share $\frac{1}{2}$	***	***	***	***	***	+6.9	+7.7	-0.7	-0.6
Importers' share: $\frac{1}{2}$									
India.....	***	***	***	***	***	+6.1	-2.2	+8.2	+13.2
Taiwan.....	***	***	***	***	***	-0.4	-1.0	+0.7	2/
Subtotal.....	***	***	***	***	***	+5.7	-3.2	+8.9	+13.2
Other sources.....	***	***	***	***	***	-12.6	-4.4	-8.2	-12.5
Total.....	***	***	***	***	***	-6.9	-7.7	+0.7	+0.6
U.S. consumption value:									
Amount.....	***	***	***	***	***	-7.2	-6.5	-0.8	-11.8
Producers' share $\frac{1}{2}$	***	***	***	***	***	+3.8	+0.3	+3.6	+0.2
Importers' share: $\frac{1}{2}$									
India.....	***	***	***	***	***	+3.9	-1.5	+5.5	+8.3
Taiwan.....	***	***	***	***	***	+0.3	-2.3	+2.6	+0.3
Subtotal.....	***	***	***	***	***	+4.2	-3.8	+8.0	+8.5
Other sources.....	***	***	***	***	***	-8.1	+3.5	-11.6	-8.7
Total.....	***	***	***	***	***	-3.8	-0.3	-3.6	-0.2
U.S. importers' imports from--									
India:									
Imports quantity.....	1,667	987	3,026	1,309	3,369	+81.5	-40.8	+206.6	+157.4
Imports value.....	2,894	1,864	4,851	2,493	5,323	+67.6	-35.6	+160.2	+113.5
Unit value.....	\$1.74	\$1.89	\$1.60	\$1.90	\$1.58	-7.7	+8.8	-15.1	-17.0
Ending inventory qty.....	***	***	***	***	***	3/	3/	+17.4	-43.5
Taiwan:									
Imports quantity.....	1,235	818	1,229	816	813	-0.5	-33.8	+50.2	-0.4
Imports value.....	4,166	2,633	4,031	2,659	2,439	-3.2	-36.8	+53.1	-8.3
Unit value.....	\$3.37	\$3.22	\$3.28	\$3.26	\$3.00	-2.8	-4.6	+1.9	-7.8
Ending inventory qty.....	***	***	***	***	***	0	0	0	3/
Subject sources:									
Imports quantity.....	2,902	1,804	4,255	2,126	4,182	+46.6	-37.8	+135.9	+96.7
Imports value.....	7,061	4,496	8,882	5,152	7,762	+25.8	-36.3	+97.6	+50.7
Unit value.....	\$2.43	\$2.49	\$2.09	\$2.42	\$1.86	-14.2	+2.4	-16.2	-23.4
Ending inventory qty.....	***	***	***	***	***	3/	3/	+17.4	-32.2
Other sources:									
Imports quantity.....	11,384	8,360	9,407	7,635	5,723	-17.4	-26.6	+12.5	-25.0
Imports value.....	29,452	29,511	22,898	18,935	13,411	-22.3	+0.2	-22.4	-29.2
Unit value.....	\$2.59	\$3.53	\$2.43	\$2.48	\$2.34	-5.9	+36.4	-31.0	-5.5
Ending inventory qty.....	***	***	***	***	***	+52.5	+50.7	+1.2	-52.1
All sources:									
Imports quantity.....	14,286	10,165	13,663	9,761	9,905	-4.4	-28.8	+34.4	+1.5
Imports value.....	36,513	34,007	31,780	24,087	21,174	-13.0	-6.9	-6.5	-12.1
Unit value.....	\$2.56	\$3.35	\$2.33	\$2.47	\$2.14	-9.0	+30.9	-30.5	-13.4
U.S. forgers'--									
U.S. shipments: $\frac{4}{1}$									
Quantity.....	***	***	***	***	***	+32.3	+1.7	+30.1	-1.3
Value.....	***	***	***	***	***	+2.1	-5.8	+8.4	-11.5
Unit value.....	\$***	\$***	\$***	\$***	\$***	-22.8	-7.4	-16.7	-10.4
Export shipments:									
Quantity.....	***	***	***	***	***	+546.3	+509.3	+6.1	-57.2
Exports/shipments $\frac{1}{2}$	***	***	***	***	***	+6.9	+8.7	-1.8	-4.3
Value.....	***	***	***	***	***	+842.6	+807.7	+3.8	-63.9
Unit value.....	\$***	\$***	\$***	\$***	\$***	+45.8	+49.0	-2.1	-15.7
Ending inventory quantity..	***	***	***	***	***	+16.3	-14.4	+35.8	+38.8
U.S. producers'--									
Production workers.....	***	***	***	***	***	+11.8	+7.3	+4.2	-3.5
Hours worked (1,000s).....	***	***	***	***	***	+3.3	+8.2	-4.5	+3.4
Total comp. (\$1,000).....	***	***	***	***	***	+22.3	+9.8	+11.3	-12.2
Hourly total compensation..	\$***	\$***	\$***	\$***	\$***	+18.4	+1.5	+16.6	-15.1
Productivity (pounds/hr)...	***	***	***	***	***	+32.7	-10.7	+48.6	-8.0
Unit labor costs.....	\$***	\$***	\$***	\$***	\$***	-10.8	+13.6	-21.5	-7.7
Net sales value.....	***	***	***	***	***	-3.7	+2.6	-6.2	+3.1
COGS/sales $\frac{1}{2}$	***	***	***	***	***	+5.9	+6.7	-0.9	+5.2
Operating income (loss)....	***	***	***	***	***	-38.8	-37.7	-1.7	-44.3
Op. income (loss)/sales $\frac{1}{2}$..	***	***	***	***	***	-5.1	-5.5	+0.4	-5.5

$\frac{1}{2}$ / Reported data' are in percent and 'period changes' are in percentage points.

$\frac{2}{2}$ / A decrease of less than 0.05 percentage points.

$\frac{3}{3}$ / Not applicable.

$\frac{4}{4}$ / To avoid double counting, data do not include internal consumption of unfinished flanges used to produce the finished flanges.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

Table C-6
Stainless steel flanges finished by nonforgers: Summary data concerning U.S. market (excluding Flow Components), 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Table C-7
All finished stainless steel flanges: Summary data concerning U.S. market (excluding Flow Components), 1989-91, January-September 1991, and January-September 1992

* * * * *

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

Table C-8
Stainless steel flanges: Summary data concerning U.S. market (excluding Flow Components), 1989-91, January-September 1991, and January-September 1992

* * * * *

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

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS
OF STAINLESS STEEL FLANGES FROM INDIA AND TAIWAN ON THEIR GROWTH,
INVESTMENT, ABILITY TO RAISE CAPITAL, OR EXISTING
DEVELOPMENT AND PRODUCTION EFFORTS, INCLUDING EFFORTS TO
DEVELOP A DERIVATIVE OR MORE ADVANCED VERSION OF THE PRODUCT

The Commission requested U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of stainless steel flanges from India and Taiwan on their growth, investment, ability to raise capital, or existing development and production efforts (including efforts to develop a derivative or improved version of stainless steel flanges). Producers were also asked whether the scale of capital investments undertaken has been influenced by the presence of imports of this product from India and Taiwan. Their responses are shown below:

Actual Negative Effects

* * * * *

Anticipated Negative Effects

* * * * *

Influence on the Scale of Captial Investments

* * * * *