FERROSILICON FROM THE PEOPLE'S REPUBLIC OF CHINA

Determination of the Commission in Investigation No. 731–TA–567 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

USITC PUBLICATION 2606

MARCH 1993

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation No. 731-TA-567 (Final)

FERROSILICON FROM THE PEOPLE'S REPUBLIC OF CHINA

Determination

On the basis of the record[1] developed in the subject investigation, the Commission determines,[2] pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from China of ferrosilicon,[3] provided for in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective November 5, 1992, following a preliminary determination by the Department of Commerce that imports of ferrosilicon from China were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC,

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[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] Commissioners Brunsdale and Crawford dissent.

[3] For purposes of this investigation, the subject product is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than 8 percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorus, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

and by publishing the notice in the Federal Register of December 2, 1992 (57 FR 57076). The hearing was held in Washington, DC, on January 22, 1993, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in this investigation, we determine that an industry in the United States is materially injured [1] by reason of LTFV imports of ferrosilicon from the People's Republic of China (the "PRC" or "China"). [2]

I. LIKE PRODUCT AND DOMESTIC INDUSTRY

In this, as in other investigations under Title VII of the Tariff Act of 1930 (the "Act"), we must first define the "like product" and the "industry". Section 771(4)(A) of 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 . . ." [3] In turn, the statute 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. . ." [4]

The Department of Commerce has defined the imported product subject to this investigation as:

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[1] Whether the establishment of an industry in the United States is materially retarded is not an issue in this investigation.

[2] Commissioners Brunsdale and Crawford dissent from this determination. See Dissenting Views of Commissioner Brunsdale and Commissioner Crawford.

[3] 19 U.S.C. § 1677(4)(a).

[4] 19 U.S.C. § 1677(10). The Commission applies the standard "like" and "most similar in characteristics and uses" on a case-by-case basis. The Commission generally considers a number of factors in analyzing like product issues including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities and production employees; (5) customer or producer perceptions; and, where appropriate, (6) price. No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a given investigation. The Commission looks for clear dividing lines between like products, and has found minor distinctions to be an insufficient basis for finding separate like products. Torrington Company v. United States, 747 F. Supp. 744, 748-749 (Ct. Int'l Trade 1990), aff'd 938 F.2d 1278 (1991).

> ferrosilicon, a ferroalloy containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.[5]

Ferrosilicon is used primarily as an alloying agent in the production of iron and steel [6] and is sold in different grades. The principal characteristic defining the grades is the percentage of silicon present in the product as measured by contained weight; grades are referred to primarily by silicon percentage. Ferrosilicon grades are further defined by the percentages of minor elements present in the product, some of which are considered impurities and others of which are considered enhancements. [7]

Low-silicon-content ferrosilicon is defined as ferrosilicon containing by weight more than 8 percent but not more than 55 percent of silicon, and includes ferrosilicon 50 and silvery pig iron. High-silicon-content ferrosilicon contains by weight more than 55 percent but not more than 96 percent of silicon, and includes ferrosilicon 65 and 75. The great majority of ferrosilicon manufactured in the United States and consumed in the iron and steel industries consists of standard grades of ferrosilicon 50 and ferrosilicon 75. [8]

Generally, ferrosilicon is available in "standard" grades and "specialty" grades. The standard ferrosilicon grades include "regular", "high-purity", "low-aluminum" and "foundry grade" material. [9] Specialty grades include ferrosilicon with specific percentages of supplemental minor

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5 58 F.R. 5356 (January 21, 1993).
6 Report at I-6.
7 Id.
8 Report at I-5.
9 Report at I-6.

elements that add desired properties to the ferrosilicon. By convention, specialty grades also refer to ferrosilicon that is neither ferrosilicon 50 nor ferrosilicon 75, such as ferrosilicon 65. [10] Ferrosilicon is also sold according to various size characteristics which affect the performance of the product.

The like product issue we address in this investigation is whether all grades of ferrosilicon should be included within one like product or whether there should be two like products, consisting of low-silicon-content ferrosilicon and high-silicon-content ferrosilicon. [11] We find a single like product consisting of all grades of ferrosilicon.

Few differences exist in the physical characteristics and end uses of the various grades of ferrosilicon. Iron and steel producers have the technical capability to use either grade of ferrosilicon in their production process. [12] Although switching between grades is not frequent once a particular grade is selected, some end-users have switched between ferrosilicon 50 and 75 when the price gap [13] between the two grades is wide enough, and of long enough duration, to justify the short-term costs of switching. [14] [15]

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[10] Id.

[11] While no party to this investigation argued for two like products, one respondent to the concurrent final investigations of subject imports from Kazakhstan, Russia and Ukraine made this argument. See Posthearing Brief of Minerais U.S., Inc. ("Minerais") at 3 in Ferrosilicon from Kazakhstan, the People's Republic of China, Russia, Ukraine and Venezuela, Invs. Nos. 731-TA-566-570 (Final).

[12] Report at I-7.

[13] Prices for the various grades of ferrosilicon are based on the silicon content of the product. Report at I-7.

[14] Report at I-7; EC-Q-017 at 34.

[15] In addition, although some end-users indicated that they would not or could not switch between ferrosilicon grades because of complexities of their production processes, material handling and inventory requirements, other

(continued...)

Channels of distribution also overlap. The largest end use markets are the steel and foundry industries, both of which purchase 50, 75, and other specific grades of ferrosilicon. [16] The same manufacturing facilities can be, and in some circumstances are, used to produce both grade 50 and grade 75 ferrosilicon. [17] Although there is evidence that it is preferable to use different furnaces for the production of ferrosilicon 50 and 75, [18] it is possible to produce ferrosilicon 50 in a furnace designed for ferrosilicon 75, and more than one producer does so commercially. [19] There is also evidence that various grades of ferrosilicon are produced using the same employees. [20] Although perceptions of ferrosilicon 50 and 75 differ to some extent based on the different chemical properties of the grades, actual switching between the grades indicates that at least some producers and customers consider the goods to be interchangeable. [21]

Thus, there is no clear dividing line between high-silicon-content and low-silicon-content ferrosilicon. Accordingly, we find that the like product

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[15](...continued)
ferrosilicon purchasers indicated that switching between the commodity grades of ferrosilicon 50 and 75 was possible. See EC-Q-017 at 35; Report at I-7.

[16] Report at I-22.

[17] Report at I-8 and I-26.

[18] Report at I-8.

[19] Report at I-26.

[20] Report at I-7; EC-Q-017 at 22 and 23.

[21] Report at I-7; EC-Q-017 at 34.

consists of all grades of ferrosilicon. [22] We further find that the domestic industry [23] includes producers of all grades of ferrosilicon.

II. CONDITION OF THE DOMESTIC INDUSTRY

In determining whether the domestic industry is materially injured by the LTFV imports, the statute directs us to consider "all relevant economic factors which have a bearing on the state of the industry in the United

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[22] We also note that the Commission generally has not found differing grades of a product to be separate like products. See, e.g., Ferrosilicon from Brazil and Egypt, Invs. Nos. 731-TA-641-642 (Preliminary), USITC Pub. 2605 (February 1993); Magnesium from Canada, Invs. Nos. 701-TA-309, 731-TA-528 (Final), USITC Pub. 2550 (July 1992); Potassium Hydroxide from Canada, Italy, and the United Kingdom, Invs. Nos. 731-TA-542-544 (Preliminary), USITC Pub. 2482 (February 1992); Silicon Metal from Brazil, Inv. No. 731-TA-471 (Final), USITC Pub. 2404 (July 1991); Silicon Metal from the People's Republic of China, Inv. No. 731-TA-472 (Final), USITC Pub. 2385 (June 1991).

[23] We find that the domestic industry consists of all U.S. producers of ferrosilicon. Although no party to this investigation has argued that any U.S. producer is related to any Chinese producer or exporter, we have considered whether any domestic producer is related to any producer or exporter in the countries currently subject to investigation and, if so, whether appropriate circumstances exist to exclude them from the domestic industry under the provisions of 19 U.S.C § 1677(4)(B).

In Ferrosilicon from Argentina, Kazakhstan, the People's Republic of China, Russia, Ukraine, and Venezuela, Invs. Nos. 303-TA-23, 731-TA-565-570 (Preliminary), USITC Pub. 2535 (July 1992), the Commission considered whether Keokuk Ferro-Sil, Inc. or Elkem Metals Co. were related parties in those investigations, and if so, whether appropriate circumstances existed to exclude either firm from the domestic industry. Although the Commission determined that both firms were related parties, the Commission concluded that appropriate circumstances did not exist to exclude either firm from the domestic industry. See USITC Pub. 2535 at 11-12. We received no additional evidence in the course of this final investigation or any of the other concurrent investigations that indicates that appropriate circumstances exist to exclude these two related parties from the domestic industry.

Further, in Ferrosilicon from Brazil and Egypt, Invs. Nos. 731-TA-641-642 (Preliminary), USITC Pub. 2605 (February 1993), the Commission determined that appropriate circumstances did not exist to exclude one U.S. producer from the domestic market based on a single importation of Brazilian material during the period of investigation. The Commission also has received no additional information in the course of this final investigation that warrants reconsideration of this issue.

Accordingly, we determine that no U.S. producer should be excluded from the domestic industry.

States." [24] These factors include production, consumption, shipments, inventories, capacity utilization, market share, employment, wages, productivity, financial performance, capital expenditures, and research and development. [25] No single factor is determinative, and the Commission considers all relevant factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry." [26]

The demand for ferrosilicon is directly tied to the steel and foundry industries. [27] Weak demand from the construction, automotive, and appliance sectors contributed to a decline in output in the steel industry from 1989 to 1991. Technological advances in the composition and production processes of cast iron also have contributed to a decline in cast iron production. [28] Total U.S. consumption of ferrosilicon, measured in quantity, decreased by 13.0 percent from 1989 to 1991, but increased by 25.7 percent between January 1 - September 30, 1991 and January 1 - September 30, 1992 (the "interim periods"). [29] In terms of value, total U.S. consumption fell by 31.9 percent from 1989 to 1991, but rose by 11.5 percent from interim 1991 to interim 1992. [30]

Generally, indicators of the condition of the domestic industry fell during the period of investigation. U.S. production of ferrosilicon decreased by 31.8 percent from 1989 to 1991, and declined by 12.1 percent between the interim periods. [31] Similarly, U.S. producers' total U.S. ferrosilicon

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24 19 U.S.C. § 1677(7)(C)(iii).
25 Id.
26 Id.
27 Report at I-13.
28 See, Report at I-13; see also, EC-Q-017 at 13.
29 Report at I-13.
30 Id.
31 Report at I-23.

shipments decreased steadily, by 23.8 percent from 1989 to 1991 and by 13.8 percent between the interim periods. [32] In terms of value, U.S. producers' domestic shipments decreased by 38.5 percent from 1989 to 1991 and by 17.8 percent between the interim periods. [33]

Average U.S. capacity also decreased from 318,332 silicon-content-short tons ("short tons") in 1989 to 300,918 short tons in 1991 and continued to decline to 217,194 short tons through interim 1992. [34] Average capacity utilization decreased from 85.1 percent in 1989 to 61.4 percent in 1991, and continued to decline from 62.8 percent in interim 1991 to 59.5 percent in interim 1992. [35]

The number of production and related workers producing ferrosilicon decreased by 36.7 percent from 1989 through 1991 and by 16.2 percent between the interim periods. The number of hours worked by production and related workers producing ferrosilicon also declined by 38.5 percent from 1989 to 1991, and continued to fall, by 20.8 percent, between the interim periods. Hourly total compensation paid to U.S. producers' production and related workers increased from $17.22 in 1989 to $17.98 in 1990 and then decreased to $17.75 in 1991. Hourly total compensation increased to $18.37 in interim 1992 compared with $17.85 in the corresponding period of 1991. Productivity of production and related workers increased by 5.8 percent from 1989 to 1991, and continued to rise, by 16.1 percent, between the interim periods. [36]

Domestic prices also declined during the period of investigation. With respect to ferrosilicon 75, the U.S. producers' average selling price declined

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32 Report at I-24, Table 6.
33 Id.
34 Report at I-23, Table 5.
35 Id.
36 Report at I-28, Table 10.

by 43.1 percent from the first quarter of 1989 to the first quarter of 1992. Prices of ferrosilicon 75 rose somewhat through September 1992, but remained 37.7 percent below the first quarter of 1989. [37] Similarly, the U.S. producers' average price of ferrosilicon 50 fell by 29.3 percent from the first quarter of 1989 to the first quarter of 1992. Like ferrosilicon 75, prices of ferrosilicon 50 rose slightly through September 1992, but remained 24.8 percent below the first quarter of 1989. [38]

Overall financial experience of domestic ferrosilicon producers also deteriorated during the period of investigation. For example, 1991 net sales value was less than two-thirds of the corresponding 1989 figure. Positive 1989 operating and net income became losses, and cash flow became negative in the remainder of the period of investigation. Financial results in most of these categories continued to decline between the interim periods. Finally, total capital expenditures decreased from $13.4 million in 1989 to $4.7 million in 1991 and increased only slightly from $3.5 million in interim 1991 to $3.6 million in interim 1992. [39] [40]

III. CUMULATION [41]

A. In General

In determining whether there is material injury by reason of the LTFV or subsidized imports, the Commission is required to cumulatively assess the

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[37] Report at I-56 -- I-57, Table 26.

[38] Id.

[39] Report at I-34 -- I-35.

[40] Based on the declines in all indicators of the domestic industry's performance, including substantial declines in production, capacity utilization, employment, net sales, and a shift from net income to substantial net losses, Chairman Newquist and Commissioner Rohr find that the domestic ferrosilicon industry is experiencing material injury.

[41] Commissioners Brunsdale and Crawford do not join in the remainder of the opinion. See, Dissenting Views of Commissioner Brunsdale and Commissioner Crawford.

volume and effect of imports from two or more countries subject to investigation if such imports are reasonably coincident with one another and "compete with each other and with products of the domestic industry in the United States market." [42] Cumulation is not required, however, when imports from a subject country are negligible and have no discernible adverse impact on the domestic industry. [43]

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

> (1) the degree of fungibility between the imports from different countries and the domestic like product, including consideration of specific customer requirements and other quality related questions;
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> (2) the presence of sales or offers to sell in the same geographic 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; and
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> (4) whether the imports are simultaneously present in the market. [44]

While no single factor is determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product. [45] Only a "reasonable overlap" of competition is

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[42] 19 U.S.C. § 1677(7)(C)(iv)(I); Chaparral Steel Co. v. United States, 901 F.2d 1097 (Fed. Cir. 1990).

[43] 19 U.S.C. § 1677(7)(C)(v).

[44] See, Cast Iron Pipe Fittings from Brazil, Korea and Taiwan, Invs. Nos. 731-TA-278 through 280 (Final), USITC Pub. 1845 (May 1988), aff'd, Fundicao Tupy S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[45] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (Ct. Int'l Trade 1989).

required. [46] Further, the Commission generally has cumulated imports even where there were alleged differences in quality between imports and domestic products, although considerations of quality differences are relevant to whether there is "reasonable overlap" of competition. [47] In addition to ferrosilicon imports from China, imports from Argentina, Brazil, Egypt, Kazakhstan, Russia, Ukraine, and Venezuela are all subject to investigation and can be cumulated. [48]

Chairman Newquist, and Commissioners Rohr and Nuzum cumulated the volume and effect of imports from all countries subject to investigation. Vice Chairman Watson cumulated the volume and effect of imports from all countries subject to investigation except Egypt. [49] There is no issue concerning a reasonable overlap of competition with respect to imports from Brazil, other subject imports, and the domestic like product. Competition among all these products exists. [50] There is further no issue that imports from Brazil, Venezuela, or Kazakhstan are negligible, thus exempting them from the

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[46] See, e.g., Granges Metallverken AB v. United States, 716 F. Supp. 17 (Ct. Int'l Trade 1989).

[47] See, e.g., Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom, Invs. Nos. 701-TA- 319-354 and 731-TA-573-620 (Preliminary), USITC Pub. No. 2549 at 44-46 (August 1992); Silicon Metal from the People's Republic of China, Inv. No. 731-TA-472 (Final), USITC Pub. 2385 at 22-24 (June 1991).

[48] Although imports from Argentina were the subject of a negative preliminary determination by the Commerce Department, 57 F.R. 61874 (December 29, 1992), they remain subject to investigation. See United Engineering & Forging v. United States, 779 F. Supp. 1375, 1392-93 (Ct. Int'l Trade 1991), affirming, Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, Invs. Nos. 731-TA-351 and 353 (Final), USITC Pub. 2014 (September 1987) at 14.

[49] See, Concurring and Dissenting Views of Vice Chairman Watson in Ferrosilicon from Brazil and Egypt, USITC Pub. 2605.

[50] Report at I-79 and Section V.A.1(b) infra.

cumulation requirement. [51] We address below other issues relevant to cumulation of imports subject to investigation.

1. The Competition Requirement

a. Ferrosilicon from the PRC.

Respondent CVG-Venezolana de Ferrosilicio, C.A. ("CVG") argued that imports from the PRC are of inferior quality due to their high aluminum content, and are therefore unsuitable for the carbon steel and foundry industries. [52] CVG contends that Chinese imports are restricted for use only by certain stainless steel producers for whom aluminum content is not critical. [53] In our preliminary determination, we found that a reasonable overlap of competition existed with respect to imports from the PRC because, "even if it is true that ferrosilicon from China is suitable only for the production of stainless steel, the production of stainless together with heat-resisting steels accounted for about 47 percent of the consumption of ferrosilicon in 1990." [54]

In this final investigation, petitioners argued that there was no evidence in the record to support CVG's assertion that ferrosilicon from the PRC contains unacceptably high levels of aluminum. [55] Rather, there is evidence on the record showing that at least one U.S. producer and one importer found little difference between the domestic and imported Chinese product. [56] Finally, no party presented any additional information in this investigation supporting a determination that Chinese ferrosilicon is of

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51 Report at I-67.
52 CVG's Prehearing Brief at 13-14.
53 Id.
54 See, USITC Pub. 2535 at 22-23 and n. 89.
55 Petitioners' Posthearing Brief, Attachment A at 15.
56 Report at I-50 -- I-51.

insufficient quality to compete with other imports and the domestic like product. [57] We accordingly find that a reasonable overlap of competition exists between imports from the PRC, other imports, and the domestic like product and find cumulation is proper on these grounds.

b. Ferrosilicon from Kazakhstan, Russia and the Ukraine

We find that there is a reasonable overlap in competition between all countries' imports of ferrosilicon 50 and ferrosilicon 75 and the domestic like product and do not find any basis for declining to cumulate any country's imports based on differences between the grades. [58] Purchasers generally have the technical ability to use either grade, with some producers more readily able than others to use either grade. [59] Further, some purchasers report actual, albeit limited, switching between ferrosilicon 50 and ferrosilicon 75. [60] Finally, although Minerais has argued that it alone imports ferrosilicon 50 into the United States, [61] there is evidence on the record showing that

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[57] No Chinese producer or importer entered an appearance in this investigation as a party; however we obtained data from importers of Chinese material through Commission questionnaire responses.

[58] Respondent to the final investigations on imports from Kazakhstan, Russia and Ukraine, Minerais U.S., Inc. ("Minerais") has argued that there is no reasonable overlap in competition between ferrosilicon 50 and ferrosilicon 75. Petitioners, on the other hand, argued that virtually complete fungibility exists between the two grades, and that both grades are used primarily as alloying agents in steel and cast iron production. See, Hearing Tr. in Ferrosilicon from China, Kazakhstan, Russia, Ukraine and Venezuela, Invs. Nos. 303-TA-23 and 731-TA-566-570 (Final) at 133-34 ("Hearing Tr."); Minerais' Posthearing Brief at 6-7, 21; see also, Petitioners' Prehearing Brief at 41.

[59] Report at I-7. Indeed, one U.S. producer indicated that in the vast majority of cases ferrosilicon 50 and ferrosilicon 75 are substitutable and many end users request prices of both products when buying the standard grade. See, Memorandum EC-Q-004 at 26.

[60] See, EC-Q-017 at 33.

[61] See, Hearing Tr. at 50; Minerais' Prehearing Brief at 21-22 ("All of the imports from Kazakhstan are FeSi 50, while all of the other imports are FeSi 75").

ferrosilicon 50 has been imported from other countries subject to investigation.

Respondent Minerais has also argued that Kazakh ferrosilicon does not compete with domestic and other imported sources because Kazakh importers are unable to provide SPC [62] quality standard documentation, which is required by a number of iron and steel producers. [63] In the preliminary investigation with respect to Kazakh imports, we acknowledged that "a significant portion" of Minerais' sales do not compete with the domestic industry, but concluded that there was sufficient competition to satisfy the "reasonable overlap" standard. [64] In this investigation, although available data indicate that the subject imports have not been able to supply SPC documentation, [65] data also indicate that only 23 percent of U.S. producers' sales to iron foundries and 14 percent of reported sales to steel producers required SPC documentation during the period of investigation. [66] While SPC documentation appears to be an increasing requirement, [67] imports were not thereby foreclosed on this ground for competing for most sales during the period of investigation. We thus do not find a basis for declining to cumulate any country's subject imports on these grounds. [68]

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[62] "SPC" refers to Statistical Production Controls documentation used by the iron foundry and steel industry. Report at I-75, n. 67.

[63] Minerais' Prehearing Brief at 23, n. 8.

[64] See, USITC Pub. 2535 at 23.

[65] Report at I-62.

[66] Report at I-55, n. 90.

[67] Report at I-55.

[68] While Respondent Minerais also argues that it sells a large proportion of its imports from Kazakhstan, Russia and Ukraine to a single customer to which the domestic industry did not "seriously" attempt to market its product, a significant amount of imports from these countries are sold to other customers which do compete with the domestic industry. See, Minerais' Posthearing Brief at 10.

c. Ferrosilicon from Venezuela.

Respondent CVG has also argued that the export practices of China, Kazakhstan, Russia and the Ukraine are entirely different from Venezuelan exporters' practices and do not compete with Venezuelan product because they do not have the same long-term commitment to the domestic market. [69] We find CVG's arguments unpersuasive. The legislative history of the competition requirement of the cumulation provision indicates Congressional concern over "simultaneous unfair imports from different countries." While marketing of imports to be cumulated are to be "reasonably coincident," [70] there is no requirement of a long-standing commitment to the U.S. market. We accordingly find that any such differences in marketing practices do not negate an otherwise reasonable overlap in competition.

d. Ferrosilicon from Egypt. [71]

Respondents Egyptian Ferroalloy Company ("EFACO"), MG Ores & Alloys ("MG") and ACI Chemical, Inc. ("ACI") ("Egyptian Respondents") argued in the preliminary investigations on imports from Brazil and Egypt [72] that the allegedly LTFV imports from Egypt do not compete with the domestic like product or with other imports because they serve a narrow market niche that those products either do not serve or serve only to a limited extent. [73] With the exception of what Respondents characterized as a "small parcel" of

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[69] CVG contends that the "hit or run" export tactics of these countries reflect a lack of long-standing commitments to market their goods, and are simply short term efforts to "flood the market" to raise hard currency. See CVG's Prehearing Brief at 14-15.

[70] See, H.R. No. 1156, 98th Cong., 2nd Sess. 173 (1984); H.R. Rep. No. 725, 98th Cong., 2d Sess. 37 (1984).

[71] Vice Chairman Watson does not join in this section of the Views of the Commission. See, Concurring and Dissenting Views of Vice Chairman Watson in Ferrosilicon from Brazil and Egypt, USITC Pub. 2605.

[72] See, USITC Pub. 2605 (February 1993).

[73] Egyptian Respondents' Postconference Brief at 2-9.

ferrosilicon 75, the Egyptian Respondents indicated that their imports consisted of "waste (slag), by-product (fines) and off-specification (65%) product." [74]

They further argued that these articles were sold through channels of distribution that differed from the normal channels of distribution in which the domestic products were sold. Rather than being sold directly to end-users, Egyptian subject imports were sold to "processors" who then sold the product to the steel and iron foundry industries. Furthermore, while arguing that sales of slag and fines were insignificant, the Egyptian Respondents did concede that the domestic ferrosilicon industry also may sell slag and fines to processors, including processors that purchase Egyptian material. [75]

Although mindful of some apparent differences between a large portion of the Egyptian imports, other imports, and the domestic like product, we determined in those preliminary investigations that there was a sufficiently reasonable overlap of competition between all such products to cumulate Egyptian imports with all other imports under investigation. First, with respect to channels of distribution, specifically sales to processors rather than to end users, we noted that the Egyptian imports were not the only imports to require some additional processing (i.e., screening). Some of the Argentine, Brazilian, Kazakh, Russian, Ukrainian, and Venezuelan product also had to be screened. [76] The Petitioners to those investigations also claimed that screening is done by U.S. producers, and "bagging" or "briquetting" of fines such as is performed on the Egyptian imports is also done for the U.S. product. Second, we noted that the limited amount of ferrosilicon 75 imported

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[74] Egyptian Respondents' Postconference Brief at 2-3 and n. 6.
[75] Egyptian Respondents' Postconference Brief at 6.
[76] Report at I-50 -- I-52 and notes thereto, and at E-2, n. 2.

by Egyptian Respondents appeared to be generally comparable to the domestic like product and to other imports of ferrosilicon 75. [77] Finally, we noted that some domestic producers do sell slag and fines, [78] and that there were imports, albeit limited, of slag from other countries during the period of investigation. [79] We adopt these findings for purposes of this investigation.

2. Negligible Imports Exception.

We must next determine whether the negligible import exception applies to any of the subject imports. In determining whether imports are negligible, the Commission shall consider all relevant economic factors including whether:

> (I) the volume and market share of the imports are negligible;
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> (II) sales transactions involving the imports are isolated and sporadic; and
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> (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression. [80]

In addition to the three enumerated statutory factors, the Commission has in the past considered additional factors, for example: whether imports have

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77 Report at I-51.

78 Report at I-18, n. 23.

79 See, e.g., EC-Q-017 at 40.

80 19 U.S.C. § 1677(7)(C)(V). Chairman Newquist, Commissioner Rohr and Commissioner Nuzum note that both the House Ways and Means Committee Report and the Conference Committee Report stress that the Commission is to apply the exception sparingly and that it is not to be used to subvert the purpose and general application of the mandatory cumulation provision of the statute. See H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. at 621. They note further that the House Ways and Means Committee Report emphasizes that whether imports are "negligible" may differ from industry to industry and for that reason the statute does not provide a specific numeric definition of negligibility. H.R. Rep. No. 40, 100th Cong., 1st. Sess. 130 (Part I, 1987) at 131. In addition, they note that the legislative history indicates this exception should be applied with "particular care in situations involving fungible products, where a small quantity of low-priced imports can have a very real effect on the market." Id.; see also, H.R. Rep. 576, 100th Cong., 2d Sess. at 621 (April 20, 1988).

been increasing; [81] whether the domestic industry is "already suffering considerable injury and has long been battered by import price competition"; trends in market penetration; the degree of competition between the imported product and the domestic product; and any relationships of foreign producers to one another and to common importers. [82]

a. Ferrosilicon Imports from China.

We reaffirm our preliminary finding that imports from China are not negligible. [83] The level of imports from China, although small at the beginning of the period of investigation, has increased dramatically from 1989 to 1991 and also increased between interim periods. [84] Further, even relatively small amounts of imports may adversely affect an industry under severe stress when the like product is sold in a price sensitive market, as is the case here. [85] [86] [87] We find it particularly relevant that all four

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[81] See, Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom, Invs. Nos. 731-TA-486 through 494 (Preliminary), USITC Pub. 2359 (February 1991) at 31.

[82] See, e.g., Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom, Invs. Nos. 701-TA-319 -- 354 (Preliminary) and Invs. Nos. 731-TA- 573-620 (Preliminary), USITC Pub. 2549 (August 1992) at 49 ("the Commission has considered upward trends in imports as a reason not to exercise its discretion to find imports are negligible. The Commission has also examined the degree of competition between the imported product and the domestic product."); Certain Stainless Steel Butt-Weld Pipe Fittings from Korea and Taiwan, Invs. Nos. 731-TA-563 and 564 (Preliminary), USITC Pub. 2534 (July 1992) at 16, n. 61.

[83] See, USITC Pub. 235 at 25.

[84] Report at I-43, I-46.

[85] See, e.g., H.R. Rep. 40, 100th Cong. 1st Sess. at 131.

[86] In this context we also find the low and declining levels of capacity utilization to be relevant.

[87] As explained more fully below, Vice Chairman Watson does not believe this to be a price sensitive market.

available price comparisons in this investigation showed underselling of the domestic product, with margins averaging 4.1 percent. [88]

b. Ferrosilicon Imports from Russia and Ukraine.

In contrast to information presented in the preliminary investigations on imports from these countries, there is now evidence on the record that there have been imports of ferrosilicon from Russia and Ukraine during the period of investigation. Although imports from Russia and Ukraine, as a share of consumption, each fluctuated at very low levels until 1992, imports from Russia and Ukraine each increased substantially in interim 1992. [89] These levels lead us to conclude that imports from Russia and Ukraine are not negligible.

Respondent Minerais has also raised an issue relevant to considering whether imports are "isolated and sporadic." Minerais suggests that the Commission should examine import market share based on U.S. import shipments in the United States, and not imports [90] as such, because a substantial portion of Minerais' imports are held in inventory, and may be re-exported.[91] As discussed further below with respect to the volume of imports, we find that the statute requires the Commission to consider "imports", and not import shipments, [92] although the Commission may consider the degree to which imports are held in inventory instead of being immediately sold as a factor in

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88 Report at I-64.

89 Report at I-45, I-46.

90 "Imports" are actual importations into the United States while "import shipments" are shipments of the imports within the United States. 19 U.S.C. § 1677(7)(C)(i) requires the Commission to consider imports rather than import shipments in evaluating the volume of subject imports.

91 See, Minerais' Prehearing Brief at 25-27; Minerais' Posthearing Brief, ex. 1 at 15-16.

92 19 U.S.C. 1677(7)(C)(i).

assessing the significance of the imports. [93] Even measuring import shipments, as opposed to imports, however, we find no negligibility with respect to ferrosilicon from Russia and Ukraine. [94]

c. Ferrosilicon Imports from Argentina.[95]

The Commission reaffirms its preliminary finding that imports from Argentina are not negligible. [96] Imports from Argentina were made in all periods of the investigation except the first three quarters of 1992. [97] [98] Shipments of Argentine product were made in every period, including interim 1992. [99] Information on the record demonstrates that the level of imports throughout the period of investigation exceeds the level which the Commission has generally considered to be negligible in the past, and that imports increased from 1990 to 1991. [100]

d. Ferrosilicon Imports from Egypt. [101]

We also reaffirm our preliminary finding that Egyptian imports are not negligible. Egyptian import levels are higher than the levels the Commission

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93 See, Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1513-14 (Ct. Int'l Trade 1991) citing USX Corporation v. United States, 655 F. Supp. at 490); Wells Manufacturing co. v. United States, 677 F. Supp. 1239, 1240 (Ct. Int'l Trade 1987).

94 While less dramatic than the increase in imports, import shipments of Russian and Ukrainian product also increased during interim 1992.

95 See n.48, supra.

96 See, USITC Pub. 2535 at 24.

97 Report at I-46.

98 The Commission generally evaluates negligibility based on the entire period of investigation. See, e.g. Certain Telephone Systems and Subassemblies Thereof from Japan and Taiwan, Invs. Nos. 731-TA-426 and 428 at 32 (November 1989).

99 Report at I-46.

100 Report at I-44.

101 Vice Chairman Watson does not join in this section of the Views of the Commission. See Concurring and Dissenting Views of Vice Chairman Watson, in Ferrosilicon from Brazil and Egypt, USITC Pub. 2605.

has in the past considered to be negligible. [102] Further, Egyptian imports are not isolated and sporadic. [103] [104] While Egyptian products were imported in only 3 of 15 quarters during the period of investigation, Egyptian products are sold to processors who in turn resell these products in a form which competes more directly with the domestic like product over a longer period of time than is reflected by the initial importation or sale to the processor. Additionally, as with imports from the PRC, we find even small amounts of imports from Egypt to be significant in light of the price sensitive nature of the ferrosilicon market and the fact that the domestic industry is in severe stress.

We thus find that cumulation of all imports under investigation is appropriate under the statute.

IV. MATERIAL INJURY BY REASON OF LTFV IMPORTS [105]

In its determination of whether the domestic injury is materially injured by reason of the subject imports, the statute directs the Commission to consider: [106]

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

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[102] Report at I-46 -- I-47. All imports of Egyptian material subject to investigation entered the U.S. in 1990 or in interim 1992. See also, Report at I-43 -- I-44.

[103] The statute directs us to examine whether sales transactions involving the subject imports are isolated and sporadic. See, 19 U.S.C. 1677(7)(C)(V)(II).

[104] Egyptian Respondents argued that imports from Egypt should be considered negligible based on importations in only 3 out the 15 quarters, different channels of distribution, lack of fungibility and the fact that the sales were spot transactions as opposed to long-term contracts. Egyptian Respondents' Postconference Brief at 11-15.

[105] Vice Chairman Watson does not concur in the discussion as it applies to Egypt.

[106] See, 19 U.S.C. § 1677(7)(B).

(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 in the United States.

In making this determination, the Commission may consider "such other economic factors as are relevant to the determination. . ." [107] However, the Commission is not to weigh causes. [108] [109] [110] Finally, the Commission is directed to "evaluate all relevant factors . . . within the context of the . . . conditions of competition that are distinctive to the affected industry." [111] The volume and market share of cumulated imports was

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[107] 19 U.S.C. § 1677(7)(B)(ii).

[108] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

[109] Chairman Newquist, Commissioner Rohr, and Commissioner Nuzum 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. See, e.g., Metallverken 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).

[110] 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., United Engineering & Forging v. United States, 779 F. Supp. 1375, 1391 (Ct. Int'l Trade 1989)("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)); Metallverken 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"); 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, Vice Chairman Watson has decided to adhere to the standard provisions, which state 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, 96th Cong., 1st Sess. 75 (1979).

[111] 19 U.S.C. § 1677(7)(C).

significant and increasing over the period of investigation. Both increased from 1989 through 1991 and further increased substantially in interim 1992. [112] These import volume and market share increases were in contrast to the declining shipments and market share of domestic ferrosilicon producers which continued to decline even when consumption rose in 1992. [113] [114]

Respondent Minerais argued that we should examine market share based on import shipments because a substantial portion of Minerais' imports are held in inventory and may be re-exported and never sold in the United States. [115] The statute directs the Commission to consider the volume of imports rather than import shipments but also indicates that we are to consider whether the volume of imports are "significant." [116] Further, where the industry customarily maintains large inventories, as appears to be the case here, [117] the Commission may adjust import penetration figures to account for inventories, particularly when a large initial shipment was used to establish an inventory. [118] Regardless of whether the Commission considers total imports

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[112] Report at I-44, I-45, Table C-1; EC-Q-017 at 8.

[113] Report at I-24, Table C-1.

[114] Vice Chairman Watson notes that while he did not cumulate imports from Egypt in making his determination, the trends in the imports from the other countries are the same as those discussed in the text.

[115] Minerais has contended in the course of these proceedings that it intends to re-export a portion of these inventories, and as such, its import shipments would be a more accurate indication of volume and import penetration in the domestic market. We are not persuaded by Minerais' arguments or its "intent".

[116] 19 U.S.C. § 1677(7)(C)(i); Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1513-14 (Ct. Int'l Trade 1991).

[117] See, Report at I-28 (while inventories declined, they represented 21 to 29 percent of domestic shipments); Tr. at 64 (Mr. Beard)("[W]e always have inventory on hand for customer demands."), 65 (customers try to maintain zero inventory for themselves), 66 (Mr. Koestner) (greater burden on producers to maintain inventory).

[118] See, Wells Manufacturing co. v. United States, 677 F. Supp. 1239, 1240 (Ct. Int'l Trade 1987).

and market share or import shipments and market share, however, we find the import volume to be significant. [119]

The increase in imports is especially significant due to the price sensitive nature of competition among ferrosilicon suppliers and among purchasers. [120] [121] Domestic and imported ferrosilicon products are closely substitutable. In addition, suppliers and purchasers frequently refer to several publications as a general guide to price trends and price levels, [122] leading to clear price signaling in the U.S. market. [123] Thus, price

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[119] Report at I-46.

[120] See, Sodium Thiosulfate from the Federal Republic of Germany, the People's Republic of China, and the United Kingdom, Invs. Nos. 731-TA-465, 466 and 468 (Final), USITC Pub. 2358 (February 1991) at 16.

[121] Vice Chairman Watson notes that the market for ferrosilicon is not price sensitive and he does not join in the following lengthy discussion of the price depressing effects of the subject imports. Because of the historically unprecedented high level of prices in 1988 and 1989 and the decline in demand that has occurred since that time, he does not believe it is possible to determine from the record whether the price decline is due in part to the subject imports or whether it was solely the result of other economic factors. In 1990, 1991 and interim 1992, prices returned to levels consistent with the previous decade. Again, he notes that the market for ferrosilicon is not price sensitive. Changes in the price of ferrosilicon do not lead to greater changes in the amount of ferrosilicon demanded. In common economic terms, demand for ferrosilicon is price inelastic; a lower price does not lead to increases in demand, nor a higher price to decreases in demand. Indeed, this was illustrated with striking clarity during the period of investigation. In 1989, as noted above, ferrosilicon prices were just below their all-time high but more was consumed than in 1991 when prices had returned to previous market levels. This is not surprising given that demand for ferrosilicon is derived from demand for iron and steel products, and more basically, that ferrosilicon inputs account for only 2% or less of the price of those finished products. See, Report at I-48.

[122] Report at I-47, n. 55.

[123] See, e.g., Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom, Invs. Nos. 731-TA-486 through 494 (Preliminary), USITC Pub. 2359 (February 1991) at 39.

differences of less than a penny per pound of contained silicon can lead purchasers to switch suppliers. [124]

Moreover, total domestic ferrosilicon demand is price inelastic. Changes in ferrosilicon prices have little effect on the quantities demanded by the iron and steel industries or on the total cost of iron and steel production. There are few substitutes for ferrosilicon in iron and steel production, [125] and the cost of ferrosilicon as an input is relatively small compared to the total cost of the finished product. [126] Hence, an increase in the volume of unfairly low-priced imports, which causes declining U.S. prices, comes at the expense of U.S. producers' domestic sales instead of increasing the quantities of ferrosilicon demanded.

In evaluating the effect of the subject imports on prices, the Commission considers whether there has been significant price underselling of imports and whether the imports suppress or depress prices to a significant degree. [127] We find that the subject imports significantly depressed domestic prices.

A number of factors indicate the price depressing effect of the subject imports on domestic prices. [128] First, there was significant underselling, both in terms of absolute price differences and frequency. When considering

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[124] For example, prices are typically quoted to four digits past the decimal in dollars per pound of contained silicon. See, e.g., Report at I-74 -- I-78.

[125] Report at I-10. Those that generally exist either cost more, introduce undesired elements, or both.

[126] Report at I-48, EC-Q-017 at 46. See also, Iwatsu, 758 F. Supp. at 1514.

[127] 19 U.S.C. § 1677(7)(C)(ii).

[128] See, Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1514, 1515 (Ct. Int'l Trade 1991). See also, CEMEX S.A. v. United States, 790 F. Supp. 290, 298, n. 12 (holding that the Commission may rely on incomplete price information in cumulatively assessing the price effects of imports subject to investigation when imports subject to preliminary investigations are cumulated with imports subject to final investigations).

all countries under investigation, 52 of a total of 75 price comparisons showed underselling by subject imports. [129] Second, this underselling occurred in conjunction with increasing market penetration by the cumulated imports at a time of declining market share of the U.S. industry. [130] Third, the U.S. selling price of the domestic and subject imported ferrosilicon generally fell during the period of investigation, [131] and import prices declined at somewhat higher rates than domestic prices during this same period. [132] [133] Fourth, domestic producers lost sales to the subject imports due to the lower prices of the imports, which is consistent with the price sensitivity of the domestic market involving ferrosilicon suppliers and purchasers. [134]

We have evaluated arguments that the decline in U.S. ferrosilicon prices during the period of investigation is due to the operation of the business cycle rather than the effects of the subject imports. [135] While ferrosilicon prices in 1988-89 were at record high levels and current prices are arguably more similar to prices that existed prior to that unprecedented peak, price depression in the domestic ferrosilicon industry is significant regardless of the high price levels in 1988-89. We note in particular that although total

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129 Report at I-62, E-4.

130 See, Iwatsu, 758 F. Supp. at 1514 (evidence of price depression corroborated by both lost sales data (including data on underselling) and other data which indicated that the purchasing decision was price sensitive); see also Metallverken Nederland, 728 F. Supp. 730, 745.

131 EC-Q-017 at 10.

132 Id.

133 See, Iwatsu 758 F. Supp. 1506, 1514 (prices of the subject imports well below domestic prices is evidence of price depression).

134 See, Report at I-75 -- I-78 (providing evidence of lost sales); see also, Report at I-48 (noting that domestic producers and importers reported that they would consider lowering their price for the next bid request if the prior sale had been awarded to a competitor).

135 CVG's Prehearing Brief at 7-8.

unit costs have decreased somewhat during the period of investigation, [136] the cost of goods sold as a share of net sales increased.[137] This indicates that pricing has not been at sufficient levels to allow the industry to recover costs at the same rate as it had early in the period of investigation.

Finally, we find that the significant volume and price effects of the subject imports have had an adverse impact on the domestic producers of like products. First, domestic producers experienced actual declines in output, sales, market share, profits, return on investments, and capacity utilization during the period of investigation. [138] Second, several domestic producers ceased or decreased production during the period of investigation because of generally poor market conditions and their ability to purchase imported ferrosilicon more cheaply than they could produce it themselves. [139] There have also been negative effects on the domestic industry's cash flow, inventories, employment, wages, growth, ability to raise capital, research and development and investment. [140] Third, as previously discussed, we find that the subject imports have contributed to price depression in the domestic industry, through significantly increasing market share and by significant underselling of the domestic like product.

CONCLUSION

For all the reasons set forth above, we determine that the domestic industry producing all grades of ferrosilicon is materially injured by reason of LTFV imports of ferrosilicon from the People's Republic of China.

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136 Report at I-31, I-33.
137 Report at I-32.
138 See, Section on Conditions of Domestic Industry infra.
139 See, Report at I-19 -- I-21.
140 Id.

DISSENTING VIEWS OF COMMISSIONERS BRUNSDALE AND CRAWFORD

Ferrosilicon from China
Inv. No. 731-TA-567 (Final)

Based on the record in this investigation, we determine that the domestic industry producing ferrosilicon is not materially injured or threatened with material injury by reason of imports of ferrosilicon from China. We join in the majority's determination of like product and domestic industry. We also join in the discussion on conditions in the industry.

Cumulation and Negligibility

The Commission must cumulatively assess the volume and price effects of imports from two or more countries of the like product subject to investigation if such imports compete with each other and with the domestic like product. There is an exception in any case where the Commission determines that the imports are negligible and have no discernable impact on the domestic industry. In deciding if imports are negligible, we are instructed to consider (1) the volume and market share of imports, (2) whether sales transactions have been isolated or sporadic, and (3) whether the domestic market is price sensitive so that a small quantity of imports can result in price suppression or depression.[1]

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[1] 19 U.S.C. 1677(7)(C)(v).

The volume of imports of ferrosilicon from China ranged from a low of [***] short tons in 1989 to [***] short tons in 1991. In terms of quantity, their market share ranged from [***] percent in 1989 to [***] percent in 1991 and also in the January-to-September period of 1992. In terms of value, Chinese market shares ranged from [***] percent in 1989 to [***] percent in 1991.[2]

There is only limited information on the record as to whether shipments of imported ferrosilicon from China are sporadic. However, the available information is consistent with sporadic shipments. Chinese ferrosilicon has been imported into the United States very few times and, where the information is available, it shows that importers have made few shipments from these imports.[3] In 1991, there were only two importers of Chinese ferrosilicon, and each of them imported Chinese ferrosilicon only once.[4] Furthermore, one of these importers made only [***] shipments out of the imports acquired in that

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[2] Report at I-46, Table 24. We note that the market share of the Chinese imports was [***] percent in the interim 1991 period.

[3] The distinction here is between importing Chinese ferrosilicon into the United States and shipping the imported Chinese ferrosilicon from the importers' warehouses located in the United States to their customers.

[4] Transcript of Commission Meeting, June 30, 1992, at 8.

shipment.[5] In 1992, there [***] importer of Chinese ferrosilicon and that importer entered [***] shipment.

We do not find the domestic market for ferrosilicon to be price sensitive, as that term is defined in the statute. The statute defines a domestic market to be price sensitive, for purposes of negligibility, where, "by reason of the nature of the product, ... a small quantity of imports can result in price suppression or depression".[6] Price sensitivity is not defined in terms of fixed versus variable costs, nor does it address the issue of how price affects an industry's profitability. These concepts are addressed elsewhere in the statute in consideration of material injury. As used in the discussion of negligibility, price sensitivity is concerned only with the effect of a small change in the volume of imports on the price at which the domestic industry can sell its output.

In determining whether a domestic industry is price sensitive, we considered several factors. First, the industry producing ferrosilicon in the United States consists of a number of competing domestic firms and a significant amount of fairly traded imports. Second, this industry has had significant excess capacity throughout the period of investigation. Only 61.4 percent of U.S. capacity available to produce ferrosilicon was

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[5] The record does not provide information on the number of shipments made by the other importer.

[6] 19 U.S.C. 1677(&)(C)(v)(III).

used in 1991, and only 59.5 percent of available capacity was used in the January-to-September period of 1992.[7] Therefore, a small increase in the demand for domestic ferrosilicon resulting, for example, from the elimination of dumped imports from China, would be unlikely to cause any perceptible increase in the price received by domestic producers. If any domestic producer attempted to raise its price in response to such a small increase in demand, it is very likely that other competitors -- either domestic or foreign -- would offer to supply that firm's customers at the lower existing price. Therefore, the market for ferrosilicon cannot be characterized as being price sensitive.[8]

In conclusion, the market share of Chinese imports was very small throughout the period of investigation, and the ferrosilicon market is not "price sensitive ... so that a small quantity of imports can result in price suppression or depression." For these reasons, we determine that the subject imports from China are negligible under the statute.[9] We

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[7] Report at I-24, Table 5.

[8] We note that a change in the price of ferrosilicon will not lead to much change in the quantity of ferrosilicon purchased -- that is, the demand for ferrosilicon is price inelastic. In some situations, this could cause a market to be price sensitive for purposes of determining negligibility. However, in this case the fact that a change in the quantity supplied would not result in any appreciable change in price -- that is, supply is very elastic -- is sufficient to conclude that the market is not price sensitive.

[9] We do not believe that the absence of complete information on whether shipments from imports are sporadic precludes such a determination. The Court of International Trade has ruled that the Commission is not precluded from finding imports were negligible

therefore do not cumulate imports from China with those from other subject countries in determining whether there is material injury or a threat of material injury by reason of imports from China.

No Material Injury By Reason of Subject Imports

In determining that imports of ferrosilicon from China were negligible, we determined, as the statute requires, that these imports had "no discernable adverse impact on the domestic industry."[10] It therefore follows directly from that determination that the Chinese imports are not causing material injury to the domestic industry that is producing ferrosilicon.[11]

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even when sales transactions are not sporadic or isolated. (See Torrington v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade, 1992). Therefore, such a finding would not be precluded where the available information, though incomplete, supports a finding that shipments were sporadic.

[10] 19 U.S.C. 1677(7)(C)(v).

[11] While our determination that imports from China are negligible and therefore have no discernable adverse impact directly implies a finding of no material injury and means that we need not conduct an extensive review of the record as it relates to material injury, we note that such a review would also lead us to the conclusion that there is no material injury. As noted above, the market share of the Chinese imports has been very small throughout the period of investigation and there is no reason to believe that the elimination of these imports from the U.S. market would have a discernable effect on the prices received by U.S. ferrosilicon producers. Therefore, even in the worst case where the imports from China are in the U.S. market only because they are being dumped, these imports could not be causing injury that would rise to the level of material.

Threat of Material Injury by Reason of Subject Imports

In determining whether an industry is threatened with material injury, the Commission considers, among other relevant economic factors, a number of statutory threat criteria.[12] A determination that an industry is threatened with material injury "shall be made on the basis of evidence that the threat is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."[13] The evidence on the record must show more than a "mere possibility" that injury might occur.[14]

We note first that the record on the Chinese ferrosilicon industry is scant at best. The petition lists 56 firms producing ferrosilicon in China. The record further indicates that the principal market for Chinese exports is Japan, and there is some evidence that Chinese exports to Japan are supplanting market share formerly held by Brazil. Exports to the United States represented only 1.3 percent of total Chinese exports of ferrosilicon in 1991 and 1.8 percent for interim 1992. There was a large increase in the quantity of Chinese imports

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[12] 19 U.S.C. § 1677(7)(F)(i).

[13] 19 U.S.C. § 1677(7)(F)(ii).

[14] See Alberta Gas Chemicals, Inc. v. United States, 515 F. Supp. 780 (1981).

into the United States between 1989 and 1990. However, since that time, the quantity has not increased.[15]

Given the lack of much specific information on the subject of threat, we rely on the information already discussed -- in particular, the small market share and lack of price sensitivity in the market for ferrosilicon -- in making our determination. Even if the share of the market accounted for by the Chinese ferrosilicon were to rise substantially, any resulting injury would not rise to a level that is material. We further note that there is no reason to expect that there will be such an increase in Chinese market share.

Given the lack of support for a finding that any threat is real and actual injury is imminent, we determine that the domestic industry producing ferrosilicon is not threatened with material injury by reason of subject imports from China.

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[15] Report at I-14, Table 1.

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

Institution of Investigations Nos. 303-TA-23 and 731-TA-566-570 (Final)

Following preliminary determinations by the U.S. Department of Commerce that imports of ferrosilicon[1] are being subsidized by the Government of Venezuela (57 F.R. 38482, August 25, 1992) and that such imports from Kazakhstan, China, Russia, Ukraine, and Venezuela are being, or are likely to be, sold in the United States at less than fair value (LTFV) (57 F.R. 52759, November 5, 1992; 57 F.R. 61876, December 29, 1992), the U.S. International Trade Commission instituted investigation No. 303-TA-23[2] (Final) (concerning Venezuela) on August 21, 1992, investigation No. 731-TA-567 (Final) (concerning China) on November 5, 1992, and investigations Nos. 731-TA-566 and 568-570 (Final) (concerning Kazakhstan, Russia, Ukraine, and Venezuela, respectively) on December 21, 1992. These investigations were instituted under sections 303 and 735(b) of the Tariff Act of 1930 (19 U.S.C. §§ 1303 and 1673d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. Notices of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the Federal Register on September 11, 1992 (57 F.R. 41777), December 2, 1992 (57 F.R. 57076), and December 29, 1992 (57 F.R. 61919). Copies of the Federal Register notices are presented in appendix A. The hearing was held in Washington, DC, on January 22, 1993. A list of participants in the hearing is presented in appendix B.

In its final determination concerning investigation No. 731-TA-567, as published in the Federal Register on January 21, 1993 (58 F.R. 5356), Commerce determined that imports of ferrosilicon from China are being, or are likely to be, sold in the United States at LTFV. Commerce's Federal Register notice is presented in appendix A. The applicable statute directs that the Commission make its final determination within 120 days after an affirmative preliminary determination by Commerce or 45 days after an affirmative final determination by Commerce (whichever is later), or in this case (i.e., concerning China) by

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[1] For purposes of these investigations, the subject product is ferrosilicon, a ferroalloy generally containing, by weight, not less than 4 percent iron, more than 8 percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than 3 percent phosphorus, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element. Ferrosilicon is classified in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 of the Harmonized Tariff Schedule of the United States (HTS).

[2] Venezuela is not a signatory of the General Agreement on Tariffs and Trade (GATT) subsidies code and thus is not "under the Agreement" pursuant to sec. 701(b) of the act. However, Venezuela has been accorded an injury investigation under sec. 303 of the act for those articles that are free of duty (whether under the GSP or under subheading 7202.29.00).

March 4, 1993. The Commission voted on this investigation on February 23, 1993. Commerce is scheduled to make its final determinations regarding investigations Nos. 731-TA-566 and 568-569 (concerning Kazakhstan, Russia, and Ukraine) by March 2, 1993 and investigations Nos. 303-TA-23 and 731-TA-565 and 570 (concerning Argentina[3] and Venezuela) by May 3, 1993.

These investigations result from a petition filed by AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc., Bessemer, AL; American Alloys, Inc., Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland, OH; Silicon Metaltech, Inc., Seattle, WA; Oil, Chemical & Atomic Workers Union (local 389); United Autoworkers of America Union (locals 523 and 12646); and United Steelworkers of America Union (locals 2528, 3081, and 5171) on May 22, 1992. In response to that petition the Commission instituted investigations Nos. 303-TA-23 and 731-TA-565-570 (Preliminary) under sections 303 and 733 of the Tariff Act of 1930 (19 U.S.C. §§ 1303 and 1673b(a)) and, on July 6, 1992, determined that there was a reasonable indication of such material injury.

Institution of Investigations Nos. 731-TA-641-642 (Preliminary)

On January 12, 1993, petitions were filed with the Commission and Commerce by counsel on behalf of the same companies and unions mentioned above, alleging 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 of ferrosilicon from Brazil and Egypt that are allegedly being sold in the United States at LTFV. Accordingly, effective January 12, 1993, the Commission instituted investigations Nos. 731-TA-641-642 (Preliminary), under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673(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 that the establishment of an industry in the United States is materially retarded, by reason of the allegedly LTFV imports of ferrosilicon into the United States.

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 21, 1993 (58 F.R. 5413). Commerce published its notice of initiation in the Federal Register of February 8, 1993 (58 F.R. 7529). Copies of the Federal Register notices are presented in appendix A. The conference was held on February 3,

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[3] In investigation No. 731-TA-565, Commerce preliminarily determined that imports of ferrosilicon from Argentina are not being, and are not likely to be, sold in the United States at LTFV (57 F.R. 61874, December 29, 1992). While the Commission has not instituted a final investigation concerning imports from Argentina because of Commerce's negative preliminary determination, such imports are still "subject to investigation" for purposes of section 1677 (7)(C)(iv)(I) of the act. Accordingly, available information on such products is presented throughout this report. The term "subject countries" in this report refers to the countries in investigations which the Commission has instituted to date.

1993, and the Commission's vote in these investigations was held on February 23, 1993. A list of the participants at the conference is presented in appendix B. The statute directs that the Commission make its determinations in these investigations within 45 days after receipt of the petition, or by February 26, 1993.

A summary of the data collected in all investigations covered by this report is presented in appendix C.

Previous Commission Investigations Concerning Ferrosilicon

On January 24, 1984, the Commission determined, pursuant to the Trade Act of 1974, that market disruption did not exist as a result of imports of ferrosilicon from the USSR.[4] Although the Commission noted that imports of ferrosilicon from the USSR were increasing rapidly and that domestic ferrosilicon producers were suffering material injury, it determined that the imports were not a significant cause of material injury or threat thereof.

THE PRODUCT

Description and Uses

Ferrosilicon is an alloy of iron and silicon used primarily by steel producers and iron casters, as discussed below. Although the product subject to investigation encompasses ferrosilicon containing from 4 percent to 96 percent silicon, in practice the product is sold within a few set ranges of silicon content. The most common are ferrosilicon 50 and ferrosilicon 75, which in 1991 accounted for 53 percent and 42 percent of total U.S. apparent consumption, respectively. By industry standards, ferrosilicon 50 contains between 47 percent and 51 percent silicon. Similarly, ferrosilicon 75 contains 74 percent to 79 percent silicon. Silvery pig iron, which has a silicon content under 25 percent, accounted for 4 percent of total U.S. apparent consumption during 1991. The remaining 1 percent of apparent consumption of ferrosilicon was accounted for by specialty grades, which include ferrosilicon 65 and proprietary grades.

The Commission's questionnaires requested data on U.S. shipments and imports by two product categories; low-silicon-content and high-silicon-content. These product categories were defined according to HTS classifications, so official statistics of the U.S. Department of Commerce could be used for imports from non-subject sources. The low-silicon-content category, inclusive of ferrosilicon 50 and silvery pig iron, is defined as ferrosilicon containing by weight more than 8 percent but not more than 55 percent of silicon. The high-silicon-content category is ferrosilicon containing by weight more than 55 percent but not more than 96 percent of silicon. It includes ferrosilicon 65 and ferrosilicon 75.

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[4] *Ferrosilicon from the Union of Soviet Socialist Republics: Determination of the Commission in Investigation No. TA-406-10*, USITC Publication 1484, February 1984.

In addition to silicon content, ferrosilicon is sold according to the presence of other elements, some of which are considered impurities and others of which are considered enhancements. Elements that are considered impurities (e.g. phosphorus, sulfur, and aluminum) must be kept under set percentages in order for the ferrosilicon to be useable.[5] Regular, or commodity, grade ferrosilicon generally has close to the maximum allowable amount of the undesired elements. Ferrosilicon with substantially lower amounts of these elements is referred to as high-purity. One high-purity grade that is common is low-aluminum ferrosilicon, which, for ferrosilicon 50, would contain a maximum of 0.4 percent aluminum, as opposed to a maximum of 1.25 percent for regular grade ferrosilicon 50. Foundry grade ferrosilicon, specified for cast iron applications, has a minimum amount of calcium or other minor elements. Regular, high-purity, and foundry grades of ferrosilicon are considered standard grades, as distinct from specialty grades.

Specialty grades include ferrosilicon with specific percentages of supplemental minor elements (e.g., chromium, copper) that add desired properties to the ferrosilicon. Because specialty grades were often designed by ferrosilicon producers to meet the needs of a particular application, many have trademark protection, and are sold as proprietary grades. By convention, specialty grades also refer to ferrosilicon that is neither ferrosilicon 50 nor ferrosilicon 75, such as ferrosilicon 65.

Another characteristic that is specified in the sale of ferrosilicon is size.[6] Size is important because it affects the performance of the ferrosilicon. Lumps are generally preferred over fines. Lumps added for deoxidizing purposes to the furnace are generally large, since they are heavy enough to penetrate the layer of slag on top of the molten metal. Smaller lumps are more commonly used for alloying purposes in the ladle, where they are dissolved more quickly. Fines are less desirable than lumps because it is more difficult to recover the silicon content in them. To overcome this, fines are often shaped in a mold and held together by a binding agent to form a briquette.

The principal use of ferrosilicon 50 and ferrosilicon 75 is as an alloying agent in the production of steel and cast iron. When added to molten steel, ferrosilicon can improve the finished product's strength, toughness, corrosion resistance, and magnetic properties. Similarly, when added to molten iron, ferrosilicon makes the cast iron softer, more machineable, and heat- and corrosion-resistant. Besides its role as an alloying agent, ferrosilicon serves other functions. It is used by steelmakers as a

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[5] Many of the more common limits for the content of impurities are set by the American Society for Testing and Materials (ASTM).

[6] Sizes vary from 8" by 4" to 1/4" by down. "Down," when used as minimum size, means that a high percentage (15 to 20 percent) of the material can pass through a small sieve. For example, in 4" by down ferrosilicon, "down" refers to a minimum dimension of 1/4"; in 1" by down product, "down" may have no minimum size dimension. (Petition, p. 10.)

deoxidizer[7] and a reducing agent,[8] and by cast iron producers as an inoculant.[9] The function that the ferrosilicon actually serves depends on several factors, including its grade, size, and the stage in the process in which it is added to the molten metal.

Within the steel industry, ferrosilicon is most commonly used in the production of stainless and heat-resisting steels. Although these grades make up less than 5 percent of total production of steel, they accounted for about 47 percent of the consumption of ferrosilicon by the steel industry in 1990. Ferrosilicon also provides the desired magnetic properties for the production of electric sheet steels.

Steel and iron producers have the technical capability to use either grade of ferrosilicon in their production process, with some producers more readily able than others to use either grade.[10] The decision to use a specific grade is initially made by comparing costs on a per-unit-of-silicon basis. Once a grade is selected, however, switching is infrequent as it involves costs that are normally greater than the potential savings of using a new, cheaper grade. When a steel or cast iron producer switches ferrosilicon grades, all the steelmaking or ironmaking ingredients are affected and must be adjusted. Although computers help producers make the necessary changes, in practice it may take plant operators several days before they can run the furnace efficiently or produce iron or steel to tight metallurgical specifications. Frequent switching also runs the risk of confusing plant operators, who, by inadvertently adding one grade of ferrosilicon instead of the other, could ruin an entire heat of iron or steel. Furthermore, as ferrosilicon represents a small part of the total cost of steelmaking (see "Prices" section), the potential savings from the switch is generally minor.

However, if the gap in the price for ferrosilicon 50 and ferrosilicon 75 (on a per-unit-of-silicon basis) becomes wide, and the gap appears likely to last for more than a brief period, switching becomes more likely. The threshold point is difficult to define, as it varies from one producer to another. However, the gap in ferrosilicon 50 and ferrosilicon 75 prices has generally been below that threshold in recent years, as ferrosilicon producers and steel industry representatives report few instances of switching.

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[7] When ferrosilicon is added to the molten steel, silicon combines with oxygen, thereby reducing the oxygen content to a minimum. The presence of oxygen can result in the presence of undesired bubbles in the solidified steel.

[8] When ferrosilicon is added to molten steel, some of the silicon reduces the metal oxides present in the layer of slag floating on the top of the bath. The silicon combines with the oxygen, allowing desired materials, such as chromium, to sink into the bath.

[9] As an inoculant, ferrosilicon changes the graphite structure of the iron, resulting in a softer and more machineable cast iron product.

[10] In limited applications, ferrosilicon 50 cannot substitute for ferrosilicon 75. For example, in argon oxygen decarburization (AOD) furnaces used for specialty steelmaking, ferrosilicon 50 introduces too many contaminants to be useful. ***, telephone conversation, June 16, 1992.

Outside of the steel and cast iron industries, consumption of ferrosilicon is relatively minor, with such uses accounting for an estimated 16 percent of total apparent consumption.[11] Producers of magnesium, nickel, ferrovanadium, and metallic sodium all use small quantities of ferrosilicon.

Applications for silvery pig iron are limited. In most cases, it is used in the production of gray cast iron.[12] Some foundries prefer silvery pig iron to ferrosilicon 50 because silvery pig iron has unique magnetic properties that facilitate handling. Silvery pig iron in a finely ground form is also used for its magnetic properties in the separation of heavy and medium ores (e.g., fluorite, barite) from waste materials.

Production Processes

Ferrosilicon is produced by smelting iron and silicon in a submerged-arc electric furnace,[13] in which large carbon electrodes extend into the furnace and supply the electrical energy needed to produce high temperatures.[14] The iron comes in the form of iron or steel scrap, whereas the silicon content comes from silica (SiO_2) in the form of quartzite. These are combined in the furnace together with a carbonaceous material (e.g., low-ash coal, petroleum coke, or coal char) and wood chips or other bulking agents, which give the furnace mixture the desired porosity to allow an even flow of the reactant gases. The submerged-arc furnace can either be covered or open. While open furnaces burn off carbon monoxide as a by-product, covered furnaces recover the gas and use it as a source of power for furnace operation. By reducing energy consumption, covered furnaces can lower operating costs. For technical reasons, however, furnaces used in the production of ferrosilicon 75 cannot be covered.[15]

As the submerged-arc furnace reaches its operating temperature, the carbon from the coal or coke separates the quartzite's silicon from its oxygen, leaving the silicon to combine with the iron from the scrap to form ferrosilicon, and the oxygen to combine with the carbon to form carbon monoxide as a by-product gas.[16]

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[11] Estimated based on statistics of Clark R. Neuharth, Bureau of Mines, *Ferroalloys: Annual Report 1990*, April 1992, p. 22.

[12] Gray iron is distinguished from other cast iron (ductile, malleable) by the presence of flake graphite. It accounts for approximately 60 percent of cast iron produced in the United States.

[13] Ferrosilicon can be produced in either blast furnaces or submerged-arc electric furnaces. All the domestic producers use electric furnaces.

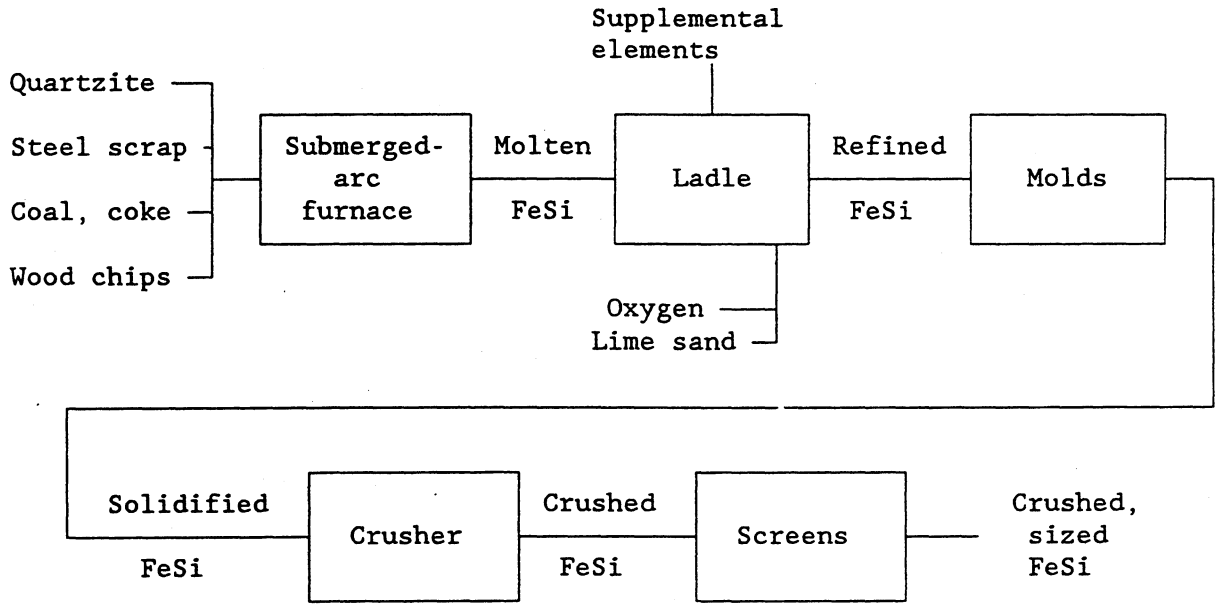
[14] Because of the tremendous quantity of electricity required to run ferrosilicon furnaces (50 million kilowatt hours of energy consumed each month by American Alloys' facility), new air pollution control standards resulting in the higher cost of electricity have increased the cost of producing ferrosilicon in the United States. (Transcript of the Commission's conference in investigations Nos. 303-TA-23 and 731-TA-565-570 (Conference TR), p. 15.)

[15] Conference TR, p. 125.

[16] The basic chemical reaction is as follows: $SiO_2 + 2C + Fe \rightarrow FeSi + 2CO$.

As molten ferrosilicon accumulates in the furnace, it is drawn off into ladles (figure 1). While in the ladle, the molten ferrosilicon may undergo further refinement. Because the raw materials frequently contain elements that are considered impurities, oxygen or lime sand may be injected into the mixture, where they combine with the unwanted elements (e.g., aluminum, calcium) to form slag. However, oxygen and lime sand will not combine with other unwanted elements (e.g., manganese, titanium, and chromium), so it is essential that the raw materials be carefully selected. After the ferrosilicon undergoes any necessary refinement in the ladle, it is poured into cast iron molds or onto a bed of ferrosilicon fines, where it is cooled.[17] The solidified product is then crushed into the size required by customers. Both lumps (standard sizes) and fines (small, nonstandard sizes) are produced in the crushing operation. One alternative to the casting and crushing operation is the pouring of the molten ferrosilicon into a high-powered water stream. The force and cooling effect of the water forces the molten material to solidify into uniform chunks.

Figure 1
Ferrosilicon: Simplified production flow chart



[17] In the case of silvery pig iron, ferrosilicon is cast into small blocks of standard size, typically weighing 12.5 pounds. The blocks are referred to as piglets.

Substitute Products

There are few substitute products for ferrosilicon. Those that generally exist either cost more, introduce undesired elements, or both. The usefulness of ferrosilicon lies in the contained silicon. Iron only serves as the carrier. For cast iron and steel applications, iron is the ideal carrier because when the ferrosilicon is added to the bath, the iron blends into the molten metal, which is itself iron-based. When silicon is carried by other materials, the carrier material often is a contaminant. For example, silicon carbide, an alloy of silicon and carbon, is rarely used in the steel industry because carbon is a contaminant for steel. It is, however, used by cast iron producers, for whom the presence of carbon presents less of a problem.

Silicomanganese is an alloy that can substitute simultaneously for ferrosilicon and ferromanganese. Because manganese and silicon are the most common alloying agents in the steel industry, applications that make use of both are common. The decision to use silicomanganese in place of ferrosilicon and ferromanganese is basically made on the basis of cost, i.e., whichever is cheaper on a per-unit silicon and per-unit manganese basis. However, producers generally prefer to work with ferrosilicon and ferromanganese separately, since they alone are sufficient to meet all their silicon and manganese requirements.[18]

Silicon metal, which contains 96 percent or more of silicon, is generally not an economical substitute for ferrosilicon 50 or ferrosilicon 75, since the cost per unit of silicon is substantially higher in silicon metal.[19]

Other elements and ferroalloys that may also substitute for ferrosilicon include ferrochrome silicon and ferromanganese silicon (as alloys), and aluminum and ferromanganese (as deoxidizers). In practice, these products rarely substitute for ferrosilicon because they are more expensive. In addition, for certain steels, using aluminum for deoxidizing would increase the aluminum content to unacceptable levels.[20] With respect to inoculation, research has resulted in the discovery of other elements besides silicon that serve inoculant functions, specifically calcium, aluminum, and strontium. The use of these substitutes is limited, however, by cost considerations and negative side effects. For example, although calcium is a more effective inoculant than silicon, it can cause the formation of slag and waste product, which are undesirable.[21]

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[18] ***, telephone conversation, June 15, 1992.

[19] ***, telephone conversation, June 15, 1992. Steel producers would substitute silicon metal for ferrosilicon only if the grade of steel had a specified maximum for iron. This application is limited.

[20] *** interview.

[21] Elkem, *The Inoculation of Gray Cast Irons*, p. 10.

U.S. Tariff Treatment

U.S. imports of ferrosilicon containing by weight more than 55 percent but not more than 80 percent of silicon are classified in subheadings 7202.21.10 and 7202.21.50 of the HTS. The most-favored-nation (MFN) (col. 1-general) rates of duty, applicable to products of Brazil, China, Egypt, Venezuela, Russia, Ukraine, and all other MFN countries, are 1.1 and 1.5 percent ad valorem, respectively. Such imports of ferrosilicon from Egypt and Venezuela may be eligible for duty-free entry under the Generalized System of Preferences (GSP), based on importer request and a showing that shipments qualify. Imports classified under these HTS subheadings from Brazil are not eligible for GSP duty-free entry. The duty applied to imports from Kazakhstan is the column 2 rate of duty of 11.5 percent ad valorem under both subheadings.

The rates of duty for ferrosilicon containing by weight more than 80 percent but not more than 90 percent of silicon (HTS subheading 7202.21.75) are 1.9 percent ad valorem under column 1-general and 9 percent ad valorem under column 2. Similarly, the rates of duty for ferrosilicon containing by weight more than 90 percent of silicon (HTS subheading 7202.21.90) are 5.8 percent ad valorem under column 1-general and 40 percent under column 2. For these two subheadings, imports are not eligible for duty-free entry under the GSP. Thus, Brazil, China, Egypt, Russia, Ukraine, and Venezuela are subject to the column 1-general rates of duty and Kazakhstan is subject to the column 2 rates.

U.S. imports of all other ferrosilicon from countries entitled to the column 1-general duty rate enter unconditionally free of duty under subheading 7202.29.00. The column 2 rate of duty is 4.4 cents per kilogram on silicon content, and is applicable to imports from Kazakhstan.

THE NATURE AND EXTENT OF SUBSIDIES AND SALES AT LTFV

Subsidies

Effective August 25, 1992, Commerce preliminarily determined that Fesilven, presently Venezuela's only ferrosilicon producer, received benefits which constituted bounties or grants within the meaning of section 303 of the Tariff Act of 1930. Commerce found that Fesilven received preferential power rates and export bonds, which resulted in an estimated net subsidy of 4.97 percent ad valorem.

Although Venezuela is not a "country under the agreement" pursuant to section 701(b) of the act, the Commission is conducting a countervailing duty investigation pursuant to section 303 of the act because ferrosilicon from Venezuela can enter the United States free of duty under HTS subheadings 7202.21.10, 7202.21.50, and 7202.29.00. There have been no imports from Venezuela of ferrosilicon under the two HTS subheadings, 7202.21.75 and 7202.21.90, for which imports cannot enter free of duty.

Sales at LTFV

Brazil

In assessing LTFV margins, the petitioners calculated foreign market value (FMV) based on both constructed value and Brazilian home market prices. The petitioners based the FMV on constructed value because of the limited availability of Brazilian home market price data and the allegations that Brazilian producers are selling below the cost of production in their domestic market. The petitioners calculated LTFV margins of between 13.07 percent and 23.45 percent if FMV is based on home market sales and at margins of between 64.17 percent and 89.52 percent if FMV is based on constructed value. Commerce recalculated margins based on constructed value to be between 24.43 percent and 34.73 percent. Commerce is scheduled to make its preliminary determination by June 21, 1993.

China

On the basis of best information available, Commerce determined that imports of ferrosilicon from China are being, or are likely to be, sold in the United States at LTFV. Accordingly, effective January 21, 1993, Commerce directed the U.S. Customs Service to suspend liquidation of all entries of ferrosilicon from China. Customs requires a cash deposit or the posting of a bond equal to Commerce's determination, which in this case is 137.73 percent.

Egypt

Basing U.S. price (USP) on monthly weighted-average Customs unit values for ferrosilicon classified under HTS subheading 7202.21.5000 and FMV on Egyptian home market prices, the petitioners allege that the Egyptian producer is exporting ferrosilicon to the United States at LTFV margins of between 52.41 percent and 90.50 percent. Commerce is scheduled to make its preliminary determination by June 21, 1993.

Kazakhstan, Russia, and Ukraine

On December 29, 1992, the Commission received notice from Commerce of its affirmative preliminary determination of sales at less than fair value of ferrosilicon from Kazakhstan, Russia, and Ukraine. Because the respondents were unable to produce the information requested in a timely manner, Commerce determined to use best information available in their calculation of the dumping margin. As alleged in the petition, Commerce preliminarily determined margins to be 104.18 percent for all three countries. Commerce also found that critical circumstances exist for such imports. A finding of critical circumstances means that suspension of liquidation will apply to all entries of ferrosilicon from Kazakhstan, Russia, or Ukraine that are entered, or withdrawn from warehouse, for consumption on or after August 30, 1992.

Venezuela

On the basis of comparisons of USP and FMV, Commerce preliminarily determined on December 18, 1992, that imports of ferrosilicon from Venezuela are being, or are likely to be, sold in the United States at LTFV. Basing the USP on packed f.o.b. prices to unrelated customers and FMV on packed f.o.t. (free on truck) prices to unrelated customers in the home market, Commerce preliminarily determined dumping margins (in percent) as follows:

Manufacturer/exporter	Margin
CVG-Fesilven	1.49
All others	1.49

THE U.S. MARKET

Apparent U.S. Consumption

The demand for ferrosilicon is directly tied to the steel and foundry industries. Although the United States is the third largest steel producer in the world, weak demand from the construction, automotive, and appliance sectors contributed to a decline in steel output from 1989 to 1991. The steel industry had experienced high growth in 1988, but production decreased in 1989 as the rate of general economic growth slowed.

Technological advances in the composition and production processes of cast irons have contributed to a decline in cast iron production starting in the mid-1970s. Through improved design and metallurgical compositions, it is possible to produce much thinner and lighter castings with the same or even improved levels of performance. Ductile iron has replaced some of the traditional grades of cast iron in applications where a lighter casting is preferred.

Data on apparent consumption of ferrosilicon based on U.S. producers' shipments and U.S. imports are presented in table 1. Total U.S. consumption, by quantity, decreased by 13.0 percent from 1989 to 1991, but increased 25.7 percent between the interim periods. In terms of value, total reported U.S. consumption fell by 31.9 percent from 1989 to 1991, but rose by 11.5 percent from January-September 1991 to January-September 1992. Data on apparent consumption based on U.S. producers' and U.S. importers' shipments are presented in table 2. As indicated, apparent consumption (by quantity) decreased 12.1 percent from 1989 to 1991, but rose 10.8 percent between the interim periods.

Apparent U.S. consumption by product grade is presented in table 3. In terms of quantity, the low-silicon-content grade averaged *** percent of total consumption during 1989-91 and *** percent in January-September 1992. In terms of value, the low-silicon-content grade accounted for an average of *** percent of total U.S. consumption during 1989-91 and *** percent in January-September 1992. Imports from Kazakhstan, Russia, and Ukraine were

Table 1
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
	Quantity (silicon-content short tons)				
Producers' U.S. shipments	246,632	219,185	188,024	138,897	119,790
U.S. imports from--					
Brazil	13,435	30,063	11,700	5,924	44,118
China	***	***	***	***	***
Egypt	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	21,624	26,585	32,979	17,197	11,703
Subtotal	***	***	***	***	***
Argentina	7,718	5,432	7,829	6,487	0
Subtotal	***	***	***	***	***
Other sources	44,642	47,883	43,917	28,639	41,765
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (1,000 dollars)				
Producers' U.S. shipments	254,143	192,402	156,341	117,364	96,467
U.S. imports from--					
Brazil	12,055	20,952	7,001	3,904	26,909
China	***	***	***	***	***
Egypt	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	20,819	16,811	21,561	11,309	7,330
Subtotal	***	***	***	***	***
Argentina	8,312	3,676	4,857	4,005	0
Subtotal	***	***	***	***	***
Other sources	41,035	39,104	36,088	24,217	32,124
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

[1] The data in the table are for 10 producers and 25 importers, accounting for 100 percent of U.S. producers' U.S. shipments and 100 percent of U.S. imports from the subject countries and Argentina. U.S. imports from all other sources were compiled from official statistics of the U.S. Department of Commerce.

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 2
Ferrosilicon: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption,[1] 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (silicon-content short tons)				
Producers' U.S. shipments	246,632	219,185	188,024	138,897	119,790
Importers' U.S. shipments:					
Brazil	10,076	21,720	21,125	13,757	30,174
China	***	***	***	***	***
Egypt	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	17,678	29,187	27,314	17,093	18,594
Subtotal	***	***	***	***	***
Argentina	7,120	4,886	4,675	2,557	2,752
Subtotal	***	***	***	***	***
Other sources	44,642	47,883	43,917	28,639	41,765
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
	Value (1,000 dollars)				
Producers' U.S. shipments	254,143	192,402	156,341	117,364	96,467
Importers' U.S. shipments:					
Brazil	8,199	16,784	15,739	10,510	19,192
China	***	***	***	***	***
Egypt	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	18,827	22,114	19,605	12,409	12,698
Subtotal	***	***	***	***	***
Argentina	6,585	3,893	3,664	2,166	1,873
Subtotal	***	***	***	***	***
Other sources	41,035	39,104	36,088	24,217	32,124
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

[1] The data in the table are for 10 producers and 25 importers, accounting for 100 percent of U.S. producers' U.S. shipments and 100 percent of U.S. imports from the subject countries and Argentina. Since shipments for all other sources are not available, imports compiled from official statistics of the U.S. Department of Commerce were used.

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 3
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] by product categories, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (silicon-content short tons)				
Low silicon content:					
Producers' U.S. shipments	142,301	132,361	114,573	83,424	73,669
U.S. imports from--					
Brazil	1,452	1,826	2,165	565	2,395
China	***	***	***	***	***
Egypt[2]	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	0	676	1,350	1,350	0
Subtotal	***	***	***	***	***
Argentina	0	0	0	0	0
Subtotal	***	***	***	***	***
Other sources	4,969	7,998	2,059	1,460	2,226
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
High silicon content:					
Producers' U.S. shipments	103,804	86,358	72,937	54,964	45,935
U.S. imports from--					
Brazil	11,982	28,237	9,536	5,359	41,723
China	***	***	***	***	***
Egypt[3]	***	***	***	***	***
Kazakhstan[4]	***	***	***	***	***
Russia[4]	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	21,624	25,909	31,628	15,846	11,703
Subtotal	***	***	***	***	***
Argentina	7,718	5,432	7,829	6,487	0
Subtotal	***	***	***	***	***
Other sources	39,673	39,884	41,857	27,179	39,539
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

Footnotes appear at end of table.

Table 3--Continued
Ferrosilicon: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] by product categories, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Value (1,000 dollars)				
Low silicon content:					
Producers' U.S. shipments	138,300	113,401	92,644	68,253	57,952
U.S. imports from--					
Brazil	907	1,039	906	251	1,106
China	***	***	***	***	***
Egypt[2]	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	0	723	801	801	0
Subtotal	***	***	***	***	***
Argentina	0	0	0	0	0
Subtotal	***	***	***	***	***
Other sources	5,002	7,360	2,599	1,851	2,054
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***
High silicon content:					
Producers' U.S. shipments	115,410	78,647	63,306	48,721	38,369
U.S. imports from--					
Brazil	11,148	19,913	6,095	3,653	25,803
China	***	***	***	***	***
Egypt[3]	***	***	***	***	***
Kazakhstan[4]	***	***	***	***	***
Russia[4]	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	20,819	16,088	20,760	10,508	7,330
Subtotal	***	***	***	***	***
Argentina	8,312	3,676	4,857	4,005	0
Subtotal	***	***	***	***	***
Other sources	36,033	31,744	33,490	22,366	30,070
Total	***	***	***	***	***
Apparent consumption	***	***	***	***	***

[1] The data in the table are for 10 producers and 25 importers, accounting for 100 percent of U.S. producers' U.S. shipments and 100 percent of U.S. imports from the subject countries and Argentina. U.S. imports for all other sources were compiled from official statistics of the U.S. Department of Commerce.

[2] All imports from Egypt reported in the low-silicon-content category were slag.

[3] Imports from Egypt in the high-silicon-content category were as follows: ferrosilicon 65 (*** percent), off-spec fines (*** percent), and ferrosilicon 75 (*** percent).

[4] All of Minerais' imports in the high-silicon-content category from Kazakhstan and Russia were ferrosilicon 65.

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.

predominately ferrosilicon 50, which is a low-silicon-content grade.[22] The low-silicon-content category imported from Kazakhstan, Russia, Ukraine, and Venezuela, by quantity, accounted for an average of *** percent of the low-silicon-content market during 1989-91 and *** percent during January-September 1992. In comparison, the U.S. producers accounted for an average of *** percent of the low-silicon-content market during 1989-91 and *** percent during January-September 1992.

The high-silicon-content category accounted for an average of *** percent, in terms of quantity, of U.S. apparent consumption during 1989-91 and *** percent in January-September 1992. In terms of value, the high-silicon-content category accounted for an average of *** percent during 1989-91 and *** percent in January-September 1992. Brazil, China, and Venezuela export predominantly ferrosilicon 75, which is in the high-silicon-content category. In terms of quantity, the Brazilian product accounted for an average of *** percent of the high-silicon-content market during 1989-91 and *** percent during January-September 1992. Venezuela's share in the high-silicon-content market was *** percent during 1989-91 and *** percent during the 1992 interim period. In comparison, China's share in the high-silicon-content market was *** percent during 1989-91 and *** percent during January-September 1992.

Egypt's exports have been primarily off-specification material. In the low-silicon-content market, Egypt exports a by-product which is the direct result of tapping ferrosilicon from the furnaces and cleaning the build-up from the ladles. The slag produced from tapping the furnaces contains varying degrees of ferrosilicon, with the silicon content taking several forms, such as silicon carbide, silicon dioxide, unreduced quartz, and to a lesser degree the desired metallic silicon. Consequently, a large portion of the material does not contain any recoverable silicon and is discarded. Sometimes, the metallic silicon is hidden inside and is only visible after the pieces are crushed.

Mixed in with the slag is what the industry characterizes as "rake outs." Rake outs refer to the ferrosilicon that adheres to and remains in the ladles when ferrosilicon is poured from the ladle into the molds. The build-up is recovered and then sold to distributor/processors.[23]

In the high-silicon-content category, Egypt has exported ferrosilicon 75, ferrosilicon 65, and off-spec fines. ***. As reported by Efaco, it does not produce ferrosilicon 65 intentionally, but rather its production is a result of below-standard furnace operations, raw material problems, and power variations. Thus, the ferrosilicon 65 is not produced to meet certain silicon content ranges, but is merely combined with other off-spec ferrosilicon to form a mixture that as a whole has a silicon content most similar to ferrosilicon 65. The remainder of Efaco's exports in the high-silicon-content market are fines ***.

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[22] ***. (Minerais' postconference brief, exhibit 4, p. 5.)

[23] ***.

U.S. Producers

There are 10 firms known to have produced ferrosilicon during the period of investigation. The Commission sent producer questionnaires to these firms and received complete responses from all 10. The names of the producers, the location of their manufacturing facilities, each firm's share of reported production in 1991, and the position each firm has taken with respect to the petitions are presented in table 4.

Table 4
Ferrosilicon: U.S. producers and their plant locations, shares of reported production in 1991, and position on the petitions

Firm	Plant locations	Share of reported production in 1991	Position on the petition
AIMCOR	Bridgeport, AL	***	Supports
Alabama Silicon, Inc.[1]	Bessemer, AL	***	Supports
American Alloys, Inc.	New Haven, WV	***	Supports
Elkem Metals Company	Ashtabula, OH Alloy, WV	***	***
Glenbrook Nickel[2]	Riddle, OR	***	Opposes
Globe Metallurgical.	Beverly, OH	***	Supports
Keokuk Ferro-Sil, Inc.	Keokuk, IA	***	***
Northwest Alloys, Inc.[3]	Addy, WA	***	***
Silicon Metaltech, Inc.[4].	Rock Island, WA	***	Supports
SKW Alloys, Inc.	Niagara Falls, NY Calvert City, KY	***	***

[1] Alabama Silicon, Inc. produced ferrosilicon ***.

[2] Glenbrook Nickel captively produced ferrosilicon until 1990 for its ferronickel operations. It now purchases ferrosilicon from Minerais.

[3] Northwest Alloys captively produced ferrosilicon until November 1989 for its use in magnesium production. ***

[4] Silicon Metaltech produced ferrosilicon for *** before switching the furnace to produce silicon metal.

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

Accounting for *** percent of total U.S. production in 1991, Applied Industrial Materials Corp. (AIMCOR), of Pittsburgh, PA, produces both ferrosilicon 50 and 75 on one furnace at its Bridgeport, AL, facility. The Bridgeport facility is part of a joint venture agreement with Allegheny Ludlum Steel Corp. (Allegheny Ludlum). Under the terms of the arrangement, Allegheny Ludlum is committed to purchase 25 percent of the ferrosilicon output.[24] AIMCOR shut down its Kimball, TN, plant in February 1987 because of a downturn

[24] Conference TR, p. 31.

in the steel industry.[25] The company assessed the possibility of reopening the plant in 1989 but further company analysis showed that the expense of renovating the plant could not be justified in light of current market conditions. Even though the plant remains closed, the maintenance cost is $100,000 per year.[26]

Alabama Silicon, Inc. started producing ferrosilicon in April 1990 at its plant in Bessemer, AL. The Alabama Alloy Co. had operated the plant until 1981, when it exited the ferrosilicon business reportedly due to difficult market conditions. ***.[27] Alabama Silicon accounted for *** percent of total U.S. production in 1991.

American Alloys, Inc., of Pittsburgh, PA, produces a range of silicon-based products, including ferrosilicon, silicon metal, and magnesium ferrosilicon, at its New Haven, WV, plant. After Foote Mineral Co. announced its decision to close the plant in 1985, a coalition involving Foote employees and other interested parties conducted a leveraged buy out of the plant to form American Alloys. Operations began in early 1988 with three furnaces producing a wide range of ferrosilicon products.[28] In September 1991, a fourth furnace was commissioned to produce primarily silicon metal.[29] American Alloys accounted for *** percent of total U.S. production of ferrosilicon in 1991.

Elkem Metals Co. (Elkem), of Pittsburgh, PA, is a wholly owned subsidiary of Elkem A/S of Norway. Elkem was *** U.S. producer of ferrosilicon in 1991, accounting for *** percent of total U.S. production in that year. ***. Accounting for *** percent of the total U.S. imports of ferrosilicon in 1991, Elkem imports from ***. ***.

Glenbrook Nickel, of Spokane, WA, produced ferrosilicon from 1952 to 1990 at its plant in Riddle, OR, mainly for its use in the production of ferronickel. According to Eric Norton, Operations Manager, Glenbrook Nickel stopped producing ferrosilicon in early 1990 as a result of increasing employee safety risks and maintenance costs associated with operating an old furnace. In opposition to the petition, Glenbrook Nickel asserts that its furnace shutdown had nothing to do with the allegedly unfairly traded imports. It currently purchases its supply of ferrosilicon 50 from Minerais U.S., Inc.

Accounting for *** percent of total U.S. production in 1991, Globe Metallurgical, Inc. (Globe), of Cleveland, OH, produces ferrosilicon at its Beverly, OH, plant. ***. Globe produces silicon metal and magnesium ferrosilicon in addition to ferrosilicon.

Keokuk Ferro-Sil, Inc. (Keokuk) was formed in December 1987 when a group of former employees purchased Foote Mineral Co.'s Keokuk, IA, ferrosilicon plant. Foote had announced the closure of the plant in September 1987. Accounting for *** percent of total production in 1991, Keokuk produces ferrosilicon 50, silvery pig iron, and pulverized silvery pig iron on two

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[25] Conference TR, p. 26.
[26] Conference TR, p. 31.
[27] ***, telephone conversation, June 15, 1992.
[28] Conference TR, p. 14.
[29] ***, conversation, June 9, 1992.

furnaces. All production is distributed by Minerais U.S., the sole importer of ferrosilicon produced in Kazakhstan, Russia, and Ukraine.[30]

Northwest Alloys, Inc., a wholly owned subsidiary of Alcoa, produced ferrosilicon at its plant in Addy, WA, until *** for its use in the production of magnesium. Northwest Alloys ceased ferrosilicon production reportedly because it was less expensive to purchase the product than to produce it. ***.[31]

Since 1986, Silicon Metaltech, Inc. concentrated on silicon metal production with the exception of one furnace, ***. The furnace was repaired and placed back on line February 1, 1990, producing silicon metal. Silicon Metaltech's shipments of ferrosilicon were predominantly exports to ***. Since June 1990, the company has been operating under Chapter 11 of the U.S. Bankruptcy Code.

SKW Alloys, Inc. (SKW), of Niagara Falls, NY, is a wholly owned subsidiary of SKW Trostberg AG of Germany. Operating at two plants in Niagara Falls, NY, and Calvert City, KY, SKW is *** U.S. producer of ferrosilicon, accounting for *** percent of total U.S. production in 1991. ***.

U.S. Importers

Questionnaires were sent to 26 firms known to be importing ferrosilicon from the subject countries. All but one firm responded to the Commission's request for information.

*** of the subject material was Minerais U.S., Inc., the sole importer of ferrosilicon from Kazakhstan, Russia, and Ukraine. Minerais U.S. imports via its parent company, SA des Minerais of Luxembourg, which has set up a joint venture with the Kazakh producer, Ermok, to help it improve the quality of its products. Minerais U.S. purchases a portion of SA des Minerais' imports from Kazakhstan, Russia, and Ukraine for importation to the United States.[32] [33] ***.

Twenty-four importers have reported imports from Brazil, China, and/or Venezuela, of which *** are the largest. Currently, *** is not importing ferrosilicon because Fesilven cancelled its contract with the company in 1991.[34]

Three U.S. producers imported ferrosilicon during the period of investigation. ***.

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[30] ***. (Minerais' postconference brief, exhibit 4, p. 7)
[31] ***, telephone conversation, June 15, 1992.
[32] ***, telephone conversation, June 18, 1992.
[33] ***.
[34] ***, telephone conversation, June 18, 1992.

Channels of Distribution

In the U.S. market, sales of ferrosilicon by U.S. producers and importers are primarily made to end users. Accounting for 96 percent of total U.S. ferrosilicon sales during 1991, the largest end use markets are the steel and foundry industries. The following tabulation presents a summary of the channels of distribution used by U.S. producers and importers of ferrosilicon in 1991 (in percent):

	End users	Distributors
Share of U.S. producers' shipments made to.....	82	18
Importers:		
Share of Argentine product shipped to.....	***	***
Share of Brazilian product shipped to.....	76	24
Share of Chinese product shipped to.....	***	***
Share of Egyptian product shipped to[1].....	***	***
Share of Kazakh product shipped to.....	***	***[2]
Share of Russian product shipped to.....	***	***
Share of Ukrainian product shipped to.....	***	***[2]
Share of Venezuelan product shipped to.....	83	17
Share of the imported product shipped to.....	80	20

[1] No shipments were reported for 1991. All shipments in 1992 were made to distributor/processors.

[2] Shipments to distributors of *** ferrosilicon were primarily to ***.

The following tabulation presents data on the shares of total 1991 shipments to end users that went to steel producers, iron foundries, and other users (in percent):

	Steel producers	Iron foundries	Other[1]
Share of U.S. producers' shipments made to....	51	49	([2])
Importers:			
Share of Argentine product shipped to[3].....	***	***	***
Share of Brazilian product shipped to.....	99	1	0
Share of Chinese product shipped to.....	***	***	***
Share of Egyptian product shipped to[4].....	***	***	***
Share of Kazakh product shipped to.....	***	***	***
Share of Russian product shipped to.....	***	***	***
Share of Ukrainian product shipped to.....	***	***	***
Share of Venezuelan product shipped to.....	99	1	0
Share of the imported product shipped to.....	75	7	18

[1] This category includes shipments to ferronickel and magnesium producers.

[2] Less than 0.5 percent.

[3] ***.

[4] No shipments of Egyptian ferrosilicon were sold directly to end users.

*** percent of Minerais' shipments to distributors were sales to U.S. ferrosilicon producers during 1991. U.S. ferrosilicon producers purchase various grades of ferrosilicon in order to provide their customers with a reliable source of supply of both grades of ferrosilicon. ***.

* * * * * * *

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The information provided in this section of the report is based on responses to Commission questionnaires. Ten firms, accounting for 100 percent of U.S. production of ferrosilicon during the period of investigation, provided complete responses to the Commission's request for data.

U.S. Producers' Capacity, Production, and Capacity Utilization

As indicated in table 5, the U.S. producers' average-of-period capacity to produce ferrosilicon decreased 5.5 percent from 1989 to 1991, and continued to decline, by 7.2 percent, between the interim periods. The exits of Alabama Silicon, Glenbrook Nickel, Northwest Alloys, and Silicon Metaltech contributed to the decline in capacity. In addition to these exits, *** reduced its capacity to produce ferrosilicon from *** silicon-content short tons in 1990 to *** silicon-content short tons in 1991 when it switched *** to produce silicon metal.

U.S. production decreased by 31.8 percent from 1989 to 1991, and continued to decline, by 12.1 percent, between the interim periods. Accounting for the fall in production from 1989 to 1991, four firms reported the suspension of their ferrosilicon production and five firms reported temporary or permanent shutdowns of furnaces producing ferrosilicon. *** was the only firm not to report any disruption of its production of ferrosilicon during the period for which data were collected. Of the four firms which ceased production of ferrosilicon, Glenbrook Nickel and Northwest Alloys were captive producers, manufacturing ferrosilicon solely for use in their production of ferronickel and magnesium, respectively. Both companies currently purchase *** material because it is more economical to purchase the subject product than to produce it.

Silicon Metaltech and Alabama Silicon exited the ferrosilicon industry in 1989 and 1991, respectively. Predominantly a silicon metal producer, Silicon Metaltech manufactured ferrosilicon for ***. The furnace which was used to produce ferrosilicon was refurbished to now produce silicon metal. Alabama Silicon had produced ferrosilicon for *** before shutting down operations at the end of 1991.

Average-of-period capacity utilization decreased from 85.1 percent in 1989 to 61.4 percent in 1991, and continued to decline in the interim periods from 62.8 percent in January-September 1991 to 59.5 percent in January-September 1992.

Table 5
Ferrosilicon: U.S. capacity, production, and capacity utilization,[1] 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
End-of-period capacity (silicon-content short tons)	321,452	299,401	294,718	227,131	217,194
Average-of-period capacity (silicon-content short tons)	318,332	297,226	300,918	234,031	217,194
Production (silicon-content short tons)	270,923	227,093	184,818	147,088	129,298
End-of-period capacity utilization (percent)	84.3	75.8	62.7	64.8	59.5
Average-of-period capacity utilization (percent)	85.1	76.4	61.4	62.8	59.5

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

Note.--Capacity utilization is calculated using data of firms providing both capacity and production information.

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

U.S. Producers' Shipments

U.S. Shipments

The U.S. producers' total U.S. shipments of ferrosilicon decreased steadily by a total of 23.8 percent from 1989 to 1991 (table 6). For the interim periods, shipments decreased by 13.8 percent from January-September 1991 to January-September 1992. In terms of value, U.S. producers' domestic shipments decreased by 38.5 percent from 1989 to 1991 and by 17.8 percent between the interim periods.

Export Shipments

As indicated in table 7, the quantity and value of U.S. producers' exports decreased from 1989 to 1991, but remained fairly constant between the interim periods. The exports account for only a small share of U.S. producers' total shipments. U.S. producers' export markets include Australia, Canada, Mexico, Japan, and Europe.

Table 6
Ferrosilicon: Shipments by U.S. producers,[1] by types, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
	Quantity (silicon-content short tons)				
Company transfers	19,243	5,947	527	522	190
Domestic shipments	227,389	213,238	187,497	138,375	119,600
Subtotal	246,632	219,185	188,024	138,897	119,790
Exports	10,939	8,568	7,402	5,304	5,311
Total	257,571	227,753	195,426	144,201	125,101
	Value (1,000 dollars)				
Company transfers	21,671	5,321	401	395	146
Domestic shipments	232,472	187,081	155,940	116,969	96,321
Subtotal	254,143	192,402	156,341	117,364	96,467
Exports	16,319	11,679	10,252	6,883	6,971
Total	270,462	204,081	166,593	124,247	103,438

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

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

Table 7
Ferrosilicon: U.S. producers' export shipments,[1] 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
Quantity (silicon-content short tons)	10,939	8,568	7,402	5,304	5,311
Value (1,000 dollars)	16,319	11,679	10,252	6,883	6,971
As a share of total shipments (quantity)	4.2	3.8	3.8	3.7	4.2
As a share of total shipments (value)	6.0	5.7	6.2	5.5	6.7

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

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

Total Shipments

As indicated in table 6, total U.S. producers' shipments of domestically produced ferrosilicon decreased steadily, by a total of 24.1 percent, from 1989-91, and continued to fall, by 13.2 percent, between the interim periods. The value of such shipments decreased by 38.4 percent from 1989 to 1991, and continued to decline, by 16.7 percent, between the interim periods. The quantity of company transfers decreased sharply by 97.3 percent during 1989-91, and continued to decline by 63.6 percent between the interim periods. Contributing to the sharp decline in company transfers was the 1989 and 1990 exit of two firms, Glenbrook Nickel and Northwest Alloys, which produced ferrosilicon solely for internal use.[35] Both companies found it to be less expensive to purchase the subject product than to produce it.

U.S. Producers' Purchases

U.S. producers' purchases of ferrosilicon are presented in table 8. *** purchased ferrosilicon *** from Minerais during the period for which data were collected in order to ensure their supplies of various product grades. *** purchased ferrosilicon *** during the period for which data were collected. Because AIMCOR produces both ferrosilicon 50 and 75 on the same furnace, it prolongs the production runs of one grade versus another according to changes in demand for ferrosilicon 50 and ferrosilicon 75. The purchases enable AIMCOR to provide its customers a reliable source of supply for both grades of ferrosilicon.[36] Primarily a ferrosilicon 50 producer, *** purchased some ferrosilicon 75 from Brazil. In addition to the *** referenced companies, *** has purchased ferrosilicon from other domestic producers.

In addition to purchases, U.S. producers and traders (importers or distributors) swap ferrosilicon. Swaps are exchanges of ownership titles of the subject ferrosilicon products among U.S. producers and traders. U.S. producer and importer questionnaires requested information regarding swaps. The four U.S. producers and three importers that responded to this request identified three major types of swaps in their questionnaire responses--product swaps, location swaps, and time swaps. The ferrosilicon products involved in any of the three types of swaps can have the same or different silicon contents. Product swaps involve an exchange of one firm's ferrosilicon for another firm's ferrosilicon both at the same location. Location swaps involve an exchange of one firm's ferrosilicon in location A with another firm's ferrosilicon in location B. Time swaps involve an exchange of one firm's ferrosilicon available in the present period with another firm's ferrosilicon available in a specified future period. Time swaps can involve the same or different locations.

Swaps allow the U.S. ferrosilicon market to operate more efficiently by minimizing freight costs and reducing supply costs associated with inventory shortfalls and production inflexibilities. The responding U.S. producers and

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[35] Currently, Glenbrook Nickel purchases Kazakh-produced ferrosilicon and Northwest Alloys purchases ***.

[36] Conference TR, p. 79.

Table 8
Ferrosilicon: U.S. producers' domestic and import purchases,[1] 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
	Quantity (silicon-content short tons)				
Purchases from domestic sources	6,037	2,499	2,569	1,083	5,221
Import purchases from:					
Brazil	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Venezuela	***	***	***	***	***
Subtotal	7,137	5,811	9,447	6,121	14,920
Other sources	878	2,893	3,380	1,975	2,803
Total	8,015	8,704	12,827	8,096	17,723
	Value (1,000 dollars)				
Purchases from domestic sources	6,195	1,915	2,159	803	4,090
Import purchases from:					
Brazil	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Venezuela	***	***	***	***	***
Subtotal	7,583	4,141	7,289	4,592	11,471
Other sources	1,035	10	1,702	1,176	1,864
Total	8,618	4,151	8,991	5,768	13,335

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

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

importers indicated that the volume of ferrosilicon swaps in the U.S. market was limited and had a negligible effect on U.S. prices. The volume of swaps reported for 1991 by the responding firms amounted to 8 percent of total domestic ferrosilicon and 9 percent of total subject foreign ferrosilicon shipped in the United States during this period.

U.S. Producers' Inventories

The U.S. producers' end-of-period inventories of ferrosilicon are presented in table 9. These inventories decreased 21.4 percent from 1989 to 1991, and continued to fall, by 16.9 percent, from January-September 1991 to January-September 1992. The ratio of U.S. producers' inventories to their U.S. shipments remained fairly constant during 1989-91, but fell from 29.0 percent in January-September 1991 to 27.8 percent in January-September 1992.

Table 9
Ferrosilicon: End-of-period inventories of U.S. producers,[1] 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
Inventories (silicon-content short tons)	52,642	51,982	41,374	54,869	45,571
Ratio of inventories to--					
Production (percent)	19.4	22.4	21.8	27.4	25.8
U.S. shipments (percent)	21.3	23.7	21.4	29.0	27.8
Total shipments (percent)	20.4	22.8	20.6	28.0	26.7

[1] The data in the table are for 10 producers accounting for 100 percent of U.S. production of ferrosilicon in 1991.

Note.--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.

Employment, Wages, and Productivity

The U.S. producers' employment and productivity data are presented in table 10. The number of production and related workers producing ferrosilicon decreased 36.7 percent during 1989-91 and 16.2 percent in interim 1992 compared to the same period a year earlier. Of the eight non-captive producers, six reported permanent reductions in the number of production and related workers producing ferrosilicon and two indicated shifting production and related workers to other product lines, specifically to the production of silicon metal. Glenbrook Nickel reported that no employees were terminated because of its suspension of ferrosilicon production.[37]

Five firms responded that their employees are represented by unions. In fact, the United Autoworkers of America, United Steelworkers of America, and Oil, Chemical & Atomic Workers, representing the employees of four firms, AIMCOR, American Alloys, Elkem, and SKW, are members of the petitioning coalition. ***.

* * * * * * *

As noted in table 10, the number of hours worked by production and related workers producing ferrosilicon declined by 38.5 percent from 1989 to 1991, and continued to fall, by 20.8 percent, between the interim periods. Wages and total compensation paid to production and related workers by U.S. producers decreased steadily from 1989 to 1991 and between the interim periods, reflecting the reduction in the work force. Hourly total

[37] Conference TR, p. 120.

Table 10
Average number of U.S. production and related workers producing ferrosilicon, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs,[2] 1989-91, January-September 1991, and January-September 1992[3]

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
Production and related workers (PRWs)	1,034	890	655	729	611
Hours worked by PRWs (1,000 hours)	2,286	1,875	1,405	1,086	860
Wages paid to PRWs (1,000 dollars)	28,562	24,260	18,017	13,997	11,261
Total compensation paid to PRWs (1,000 dollars)	39,373	33,712	24,945	19,383	15,795
Hourly wages paid to PRWs	$12.49	$12.94	$12.82	$12.89	$13.09
Hourly total compensation paid to PRWs	$17.22	$17.98	$17.75	$17.85	$18.37
Productivity (silicon-content short tons per 1,000 hrs.)	118.5	118.7	125.4	129.5	150.3
Unit labor costs (per silicon-content short ton)	$145.33	$151.44	$141.59	$137.85	$122.16

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.
[3] Firms providing employment data accounted for 100 percent of reported total U.S. shipments (based on quantity) in 1991.

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

compensation paid to U.S. producers' production and related workers increased from $17.22 in 1989 to $17.98 in 1990 and then decreased to $17.75 in 1991. Hourly total compensation increased to $18.37 in January-September 1992 compared with $17.85 in the corresponding period of 1991. Productivity of production and related workers increased by 5.8 percent from 1989 to 1991, and continued to rise, by 16.1 percent, between the interim periods.

Financial Experience of U.S. Producers

Seven producers[38] of ferrosilicon supplied financial data on overall establishment operations and complete financial data on the production of ferrosilicon. These producers represented approximately 95 percent of U.S. shipments of ferrosilicon in 1991. In addition, three producers[39] with production in partial periods supplied abbreviated data which are not aggregated with the remainder of the industry, but are described separately in the text below.

Overall Establishment Operations

Income-and-loss data on the overall establishment operations of the seven producers are shown in table 11. The percentage of ferrosilicon sales to overall establishment sales steadily declined from about 55 percent in 1989 to 46 percent in 1991, and to 36 percent during January-September 1992.

Financial indicators for overall establishment operations declined from 1989 to 1990, and then again in 1991, before improving when comparing the interim 1992 period to the interim 1991 period. The indicators for ferrosilicon also followed these trends during the full-year periods. During the interim periods, however, ferrosilicon sales continued to decline even though income levels did improve.

Based on 1991 production, virtually the only other products manufactured in these establishments are silicon metal and magnesium ferrosilicon. While these two products may share some of the same revenue and cost patterns as ferrosilicon, it is also possible that the recent silicon metal antidumping case may have had a positive impact on the overall establishment operations of certain companies.

Operations on Ferrosilicon

The financial experience of the ferrosilicon operations of the seven producers are presented in table 12. The overall results deteriorated rapidly and continuously; 1991 net sales value was less than two-thirds of the corresponding 1989 figure as both sales quantities and per-unit sales value decreased about 20 percent. The 1991 per-unit cost of goods sold value was marginally less than the 1989 value, however, resulting in losses for the U.S. producers at the gross profit level. In addition, the positive 1989 operating and net incomes became losses, and the positive cash flow became negative. All seven producers had declining net sales values and operating incomes (table 13) and the per-unit sales value for all seven companies was down; 5 of the 7 had losses at the gross profit level.

---

[38] These producers are ***.
[39] These producers are ***.

Table 11
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein ferrosilicon is produced, fiscal years 1989-91, January-September 1991, and January-September 1992[1]

Item	1989	1990	1991	Jan.-Sept. 1991	Jan.-Sept. 1992
	Value (1,000 dollars)				
Net sales	457,970	390,739	357,889	268,117	293,869
Cost of goods sold	398,323	379,413	352,722	262,121	286,547
Gross profit	59,647	11,326	5,167	5,996	7,322
SG&A expenses[2]	25,195	21,744	22,576	17,395	16,962
Operating income or (loss)	34,452	(10,418)	(17,409)	(11,399)	(9,640)
Startup or shutdown expense	***	***	***	***	***
Interest expense	15,935	14,347	13,664	10,496	8,945
Other income or (expense), net	***	***	***	***	***
Net income or (loss) before income taxes	16,963	(22,993)	(37,535)	(27,063)	(18,837)
Depreciation and amortization	18,096	22,288	16,483	11,454	13,173
Cash flow[3]	35,059	(705)	(21,052)	(15,609)	(5,664)
	Ratio to net sales (percent)				
Cost of goods sold	87.0	97.1	98.6	97.8	97.5
Gross profit	13.0	2.9	1.4	2.2	2.5
SG&A expenses	5.5	5.6	6.3	6.5	5.8
Operating income or (loss)	7.5	(2.7)	(4.9)	(4.3)	(3.3)
Net income or (loss) before income taxes	3.7	(5.9)	(10.5)	(10.1)	(6.4)
	Number of firms reporting				
Operating losses	0	4	5	5	6
Net losses	2	6	7	7	6
Data	7	7	7	7	7

[1] These producers and their current fiscal year ends are ***.
[2] Selling, general, and administrative expenses.
[3] Cash flow is defined as net income or loss plus depreciation and amortization.

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

Table 12
Income-and-loss experience of U.S. producers on their operations producing ferrosilicon, fiscal years 1989-91, January-September 1991, and January-September 1992[1]

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (silicon-content short tons)				
Net sales	240,461	224,716	194,514	141,048	127,887
	Value (1,000 dollars)				
Net sales	252,136	204,081	163,526	119,158	104,714
Cost of goods sold	210,377	202,754	167,319	121,470	107,076
Gross profit or (loss)	41,759	1,327	(3,793)	(2,312)	(2,362)
SG&A expenses	13,958	11,580	8,613	6,249	5,967
Operating income or (loss)	27,801	(10,253)	(12,406)	(8,561)	(8,329)
Startup or shutdown expense	***	***	***	***	***
Interest expense	7,968	7,378	8,388	6,492	4,699
Net other income or (expense)	***	***	***	***	***
Net income or (loss) before income taxes	17,042	(18,922)	(27,081)	(18,758)	(14,327)
Depreciation and amortization	8,115	12,443	7,208	5,622	5,605
Cash flow	25,157	(6,479)	(19,873)	(13,136)	(8,722)
	Value (per silicon-content short ton)				
Net sales	$1,048.55	$908.17	$840.69	$844.80	$818.80
Cost of goods sold	874.89	902.27	860.19	861.20	837.27
Gross profit or (loss)	173.66	5.91	(19.50)	(16.39)	(18.47)
SG&A expenses	58.05	51.53	44.28	44.30	46.66
Operating income or (loss)	115.62	(45.63)	(63.78)	(60.70)	(65.13)
	Ratio to net sales (percent)				
Cost of goods sold	83.4	99.3	102.3	101.9	102.3
Gross profit or (loss)	16.6	0.7	(2.3)	(1.9)	(2.3)
SG&A expenses	5.5	5.7	5.3	5.2	5.7
Operating income or (loss)	11.0	(5.0)	(7.6)	(7.2)	(8.0)
Net income or (loss) before income taxes	6.8	(9.3)	(16.6)	(15.7)	(13.7)
	Number of firms reporting				
Operating losses	1	4	7	6	7
Net losses	2	5	7	7	7
Data	7	7	7	7	7

[1] All seven companies provided data on their ferrosilicon operations.

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

Table 13
Income-and-loss experience of U.S. producers on their operations producing ferrosilicon, by firms, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * * * *

The financial results continued to decline when comparing interim 1991 to interim 1992. Sales quantities and per-unit sales value further decreased, resulting in dwindling net sales values. Despite decreased sales, losses at the gross profit and operating income levels remained virtually unchanged. The main reason that the losses did not deepen was a decrease in sales quantities. Although the producers were actually losing more on a per-unit basis, their sales quantities were decreasing.

A brief description of several companies with unusual circumstances follows. ***.

* * * * * * *

Table 14 displays the cost of goods sold data contained in table 12 (excluding data for ***) on a unit basis for each of its three main components. As noted, the overall unit cost decreased moderately over time, as irregular increases in raw materials cost were less than irregular decreases in other factory costs. Although the patterns were different for each of the individual producers, nearly all of the companies reported a decrease in unit cost of goods sold from 1989 to interim 1992.

Table 14
Cost of goods sold of U.S. producers on their operations producing ferrosilicon, fiscal years 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Per silicon-content short ton				
Raw materials	$318	$294	$318	$328	$349
Direct labor	54	65	58	53	50
Other factory costs	495	514	472	471	444
Total	867	873	848	852	843
	Share of cost of goods sold (percent)				
Raw materials	36.6	33.7	37.5	38.5	41.4
Direct labor	6.3	7.4	6.8	6.2	6.0
Other factory costs	57.1	58.9	55.7	55.3	52.6
Total	100.0	100.0	100.0	100.0	100.0

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

Investment in Productive Facilities and Return on Assets

Data on investment in productive facilities are shown in table 15. Returns on assets are not presented as several producers were not able to allocate establishment assets to ferrosilicon and, therefore, the product assets are somewhat overstated. In addition, ***; however, all operating income and net income returns on assets would be negative in 1990, 1991, and in both interim periods.

Table 15
Value of assets of U.S. producers' establishments wherein ferrosilicon is produced, fiscal years 1989-91, January-September 1991, and January-September 1992

(In thousands of dollars)

Item	As of the end of fiscal year-- 1989	1990	1991	As of Sept. 30-- 1991	1992
All products:					
Fixed assets:					
Original cost	254,880	269,224	268,157	264,549	276,246
Book value	142,703	135,441	134,441	134,112	131,698
Total assets[1]	335,452	328,378	313,378	320,213	307,597
Ferrosilicon:					
Fixed assets:					
Original cost	139,027	141,339	135,176	133,779	136,969
Book value	67,586	61,328	57,602	57,555	54,334
Total assets[2]	158,466	148,333	137,324	138,469	130,439

[1] Defined as book value of fixed assets plus current and noncurrent assets.
[2] Total establishment assets are apportioned, by firm, to product groups on the basis of the ratios of the respective book values of fixed assets.

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

Capital Expenditures

The capital expenditures of the seven producers are shown in table 16. The capital expenditures were small compared to original asset costs and declined over the period of investigation. Capital expenditures were less than depreciation and amortization in all periods except 1989.

Table 16
Capital expenditures by U.S. producers of ferrosilicon, by products, fiscal years 1989-91, January-September 1991, and January-September 1992

(In thousands of dollars)

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
All products:					
Land and land improvements	130	245	499	359	1,118
Building and leasehold improvements	1,397	252	429	409	317
Machinery, equipment, and fixtures	25,431	13,835	14,079	10,765	7,468
Total	26,958	14,332	15,007	11,533	8,903
Ferrosilicon:					
Land and land improvements	114	31	248	208	640
Building and leasehold improvements	1,162	217	113	65	91
Machinery, equipment, and fixtures	12,124	8,419	4,373	3,251	2,880
Total	13,400	8,667	4,734	3,524	3,611

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

Research and Development Expenses

The research and development (R&D) expenditures of three producers *** are shown in the following tabulation (in thousands of dollars). Reported R&D was extremely small in aggregate and as a percentage of sales for the three firms reporting expenditures.

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
All products	859	851	623	456	669
Ferrosilicon	119	180	243	185	295

Capital and Investment

The Commission requested the U.S. producers to describe any actual or potential negative effects of imports of ferrosilicon from Brazil, China, Egypt, Kazakhstan, Russia, Ukraine, or Venezuela on their growth, development and production efforts, investment, and ability to raise capital (including efforts to develop a derivative or improved version of their product). Comments from the companies are presented in appendix D.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

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 factors[40]--
>
> > (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),
> >
> > (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,

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[40] 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."

> (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 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.[41]

The available information on the nature of the Venezuelan subsidies (item (I) above) is presented in the section of this report entitled "The Nature and Extent of Subsidies and Sales at LTFV;" 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 to an Industry in the United States." Available information 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, follows. Other threat indicators have not been alleged or are otherwise not applicable.

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[41] 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."

U.S. Importers' Inventories

End-of-period inventories of U.S. importers of ferrosilicon are presented in table 17. Twenty-four U.S. firms reported imports of ferrosilicon from the subject countries during the period of investigation. End-of-period inventories of ferrosilicon from the subject countries increased 58.4 percent from 1989 to 1991, and continued to rise, by 131 percent, between the interim periods.

* * * * * * *

Table 17
Ferrosilicon: End-of-period inventories of U.S. importers,[1] by sources, 1989-91, January-September 1991, and January-September 1992

(In silicon-content short tons)

Source	1989	1990	1991	Jan.-Sept.-- 1991	1992
Brazil	6,045	14,242	4,785	6,335	17,990
China	0	1,470	872	285	2,734
Egypt	0	0	0	0	184
Kazakhstan	4,077	8,786	13,556	13,434	31,292
Russia	0	359	589	589	5,783
Ukraine	1,053	763	1,593	1,523	5,488
Venezuela	9,978	6,514	12,109	6,883	3,687
Subtotal	21,153	32,135	33,503	29,049	67,158
Argentina	597	1,281	3,931	5,290	1,272
Total	21,750	33,415	37,434	34,338	68,429

[1] The data in the table are for 25 U.S. importers, accounting for 100 percent of U.S. imports from the subject countries and Argentina.

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

U.S. Importers' Current Orders

Reported orders for Venezuelan ferrosilicon which U.S. importers have placed for delivery after September 30, 1992, totaled 7,660 short tons. These orders were placed by three of the nine U.S. importers of Venezuelan material which provided import data in response to the Commission's questionnaire. Deliveries on these orders were scheduled through December 1992.

Eight of the 16 U.S. importers of Brazilian ferrosilicon reported orders for delivery after September 30, 1992. A total of 36,628 short tons of ferrosilicon was scheduled to enter the United States between October 1992 and February 1993.

U.S. importers reported no orders of ferrosilicon from Argentina, China, Egypt, Kazakhstan, Russia, or Ukraine after September 30, 1992.

Ability of Foreign Producers to Generate Exports and the Availability of Export Markets other than the United States[42]

The Commission requested certain information from counsel for producers in Egypt, Kazakhstan, Russia, Ukraine, and Venezuela.[43] The Commission also requested information from the U.S. Embassies in Alma-Ata, Beijing, Brasilia, Cairo, Caracas, Kiev, and Moscow. The information discussed below was supplied by petitioners and by counsel for the foreign producers.

The Industry in Brazil

Brazil is the largest ferrosilicon producer in South America and the fourth largest in the world. During the 1980s, an expansion in Brazil's ferrosilicon industry was possible because of a growing domestic steel industry, abundant raw materials, and cheap electricity. However, inadequate state investment in power generation led to the escalation of electricity costs and the rationing of power in the late 1980s. In 1989, electricity was said to account for an average 60 percent of total production costs. At the end of the year, the Brazilian ferroalloy producers' association, Abrafe, was reportedly negotiating with the Mines and Energy Ministry for price concessions on surplus hydroelectricity in Brazil's rainy season. In the early 1990s, the difficulties facing Brazil's ferroalloy industry were compounded as Brazil went into an economic downturn. As a result of the domestic economic reforms and poor demand for ferroalloys worldwide, Brazil's industry suffered a major slump in 1990 after a decade of uninterrupted growth.

There are 13 Brazilian firms known to have produced ferrosilicon during the period for which data were collected, of which 7 were known to export to the United States. The following tabulation lists the exporters, their annual production capacity, and their share of total exports to the United States during December 1991-November 1992. As noted, Cotia Comercio is not a producer of ferrosilicon, but rather a trader/distributor. ***, not listed in the tabulation, was known to export some material during 1989-90.

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[42] Foreign industry data for Argentina, as submitted in the preliminary investigations, are presented in appendix E. The Argentine producers did not respond to the Commission's request for foreign industry data during the final investigations.

[43] Brazil and China were not represented by counsel.

Exporters	Annual capacity (gross MT)	Share of total exports to the U.S. Dec. 1991-Nov. 1992 (percent)
CBCC	45,000	8.2
Cotia Comercio	0	2.1
Ferbasa	45,000	3.3
Italmagnesio	60,000	24.3
Libra Ligas	***	15.5
Minasligas	50,000	40.5
Rima	40,000	6.0

* * * * * * *

The Industry in China

The petition lists 56 firms producing ferrosilicon in China. While the main market for Chinese ferrosilicon is Japan, China also exports to the United States and Europe. In response to the Commission's request for information regarding the ferrosilicon industry in China, the U.S. Embassy in Beijing provided the following information on China's ferrosilicon exports (in gross short tons):

Item	1990	1991	Jan.-Sept. 1992
Exports to--			
United States	4,172	4,739	3,601
All other markets	269,203	352,637	204,126
Share of exports to the United States	1.5	1.3	1.8

The Industry in Egypt

Two firms, Efaco and Kimi, have produced ferrosilicon in Egypt during the period for which data were collected. Efaco accounts for 100 percent of total exports to the United States. *** (table 18).

Table 18
Ferrosilicon: Egypt's production capacity, production, shipments, and end-of-period inventories, 1989-91, January-September 1991, January-September 1992, and projected 1992 and 1993

* * * * * * *

The Industry in Kazakhstan, Russia, and Ukraine

Ermok Ferroalloy Works (Ermok), the sole ferrosilicon producer in Kazakhstan,[44] has an annual capacity of *** silicon-content short tons (table 19). ***.

Table 19
Ferrosilicon: Kazakhstan's production capacity, production, shipments, and end-of-period inventories, 1989-91, January-September 1991, January-September 1992, and projected 1992 and 1993

* * * * * * *

Currently, Ermok exports ferrosilicon to other former republics of the USSR and Eastern Europe. For sales to Western Europe, North and South America, and the Far East, Ermok exports to SA des Minerais of Luxembourg, which then resells the product to the respective countries. Thus, Ermok is unaware of the specific destination of its exports. In 1989, SA des Minerais of Luxembourg entered into a joint venture with Ermok and Promsyrioimport, the exclusive export agent for the former USSR, to improve the quality of Ermok's production.[45]

The Commission is aware of three firms which produced ferrosilicon in Russia during the period for which data were collected: Chelyabinsk Electrometallurgical Plant, Kuznetsk Ferro-Alloy Plant, and Lipetsk Iron and Steel Works. All three responded to the Commission's request for capacity, production, and trade data (table 20). As is the case for Kazakhstan, export data to the United States were not available. Chelyabinsk, which produces a wide range of ferroalloys, including ferrosilicon, ferrochromium, ferrosilicon chromium, and calcium silicide,[46] signed a contract with Claremont Trading Co. to sell ***[47]

Table 20
Ferrosilicon: Russia's production capacity, production, capacity utilization, and shipments, 1989-92

* * * * * * *

---

[44] The petition lists Aktyubinsk Ferroalloy Plant as producing ferrosilicon in Kazakhstan, but a telegram from the American Embassy in Alma-Ata confirms that Ermok is the sole producer of ferrosilicon in Kazakhstan. The Aktyubinsk Ferroalloy Plant produces ferrochromium.

[45] "Soviet Break-Up Puts Producers under Pressure," *Metal Bulletin Monitor*, March 1992, p. 49.

[46] "Ferroalloy Works of the Former Soviet Republics," *Metal Bulletin Monitor*, March 1992, p. 58.

[47] ***, telephone conversation, December 10, 1992.

Two firms produced ferrosilicon in Ukraine during the period for which data were collected: Zaporoshstal Zavod and Stahanov Ferroalloy Works. As indicated in table 21, ***.

Table 21
Ferrosilicon: Ukraine's production capacity, production, capacity utilization, and shipments, 1989-92

* * * * * * *

The Industry in Venezuela

CVG-Fesilven (Fesilven), the sole Venezuelan producer of ferrosilicon, has a production capacity of *** silicon-content short tons per year (table 22). ***.

* * * * * * *

Table 22
Ferrosilicon: Venezuela's production capacity, production, shipments, and end-of-period inventories, 1989-91, January-September 1991, January-September 1992, and projected 1992 and 1993

* * * * * * *

EC and Japan Antidumping Investigations

On December 14, 1992, the Council of the EC imposed a definitive antidumping duty of 32 percent on imports of ferrosilicon from Egypt. However, Efaco, the sole exporter of ferrosilicon to the United States, is not subject to the duty because it entered into a price undertaking with the EC. The terms of the undertaking state that Efaco may not sell ferrosilicon 75 to the EC at a price lower than ECU 590 ($694.43) per metric ton. The EC is currently conducting antidumping investigations concerning ferrosilicon from Brazil, China, Georgia, Iceland, Kazakhstan, Norway, Russia, South Africa, Sweden, Ukraine, Venezuela, and six of the former Yugoslav republics. Japan also has antidumping investigations involving ferrosilicon from Norway and South Africa.

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

U.S. Imports[48]

In the course of the Commission's investigation, questionnaires were received from 25 U.S. importers of ferrosilicon from the subject countries. The data received from the responding firms account for virtually all of the imports of ferrosilicon from the subject countries (table 23).[49]

Brazil

Imports of ferrosilicon from Brazil rose 123.8 percent from 1989 to 1990, but fell 61.1 percent from 1990 to 1991, accounting for a decline of 12.9 percent during 1989-91. The 1991 decline in imports was partially due to rising energy costs and the imposition of a state export tax. As a result of pressure from the Brazilian ferroalloy producers' association Abrafe, the export tax was reduced from 9.1 percent to 4.5 percent. Abrafe is continuing to press for a reduction to 3.5 percent. Imports dramatically increased between the interim periods, rising 644.7 percent between January-September 1991 and January-September 1992.

China

Accounting for *** percent of total imports in 1991, imports of Chinese ferrosilicon *** percent from 1989 to 1991. China's share of total imports was *** percent in 1989. Between the interim periods, Chinese imports *** from *** during January-September 1991 to *** silicon-content short tons during January-September 1992.

Egypt

Confirmed by the official import statistics of the U.S. Department of Commerce, imports from Egypt occurred in three quarters during the period for which data were collected. Shipments were made in March 1990, October 1990, and June 1992.

Kazakhstan

Imports from Kazakhstan *** percent during 1989-91 and by *** percent between the interim periods. Kazakhstan's share of total imports was *** percent during January-September 1992. ***.

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[48] Monthly import statistics for Kazakhstan, Russia, and Ukraine for the period January 1991-September 1992 are presented in appendix F. These are the countries subject to affirmative "critical circumstance" determinations by Commerce.

[49] The responses from the importers' questionnaires are in line with the official statistics of the U.S. Department of Commerce.

Table 23
Ferrosilicon: U.S. imports,[1] by sources, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (silicon-content short tons)				
Brazil	13,435	30,063	11,700	5,924	44,118
China	***	***	***	***	***
Egypt	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	21,624	26,585	32,979	17,197	11,703
Subtotal	***	***	***	***	***
Argentina	7,718	5,432	7,829	6,487	0
Subtotal	***	***	***	***	***
Other sources	44,642	47,883	43,917	28,639	41,765
Total	***	***	***	***	***
	Value (1,000 dollars)				
Brazil	12,055	20,952	7,001	3,904	26,909
China	***	***	***	***	***
Egypt	***	***	***	***	***
Kazakhstan	***	***	***	***	***
Russia	***	***	***	***	***
Ukraine	***	***	***	***	***
Venezuela	20,819	16,811	21,561	11,309	7,330
Subtotal	***	***	***	***	***
Argentina	8,312	3,676	4,857	4,005	0
Subtotal	***	***	***	***	***
Other sources	41,035	39,104	36,088	24,217	32,124
Total	***	***	***	***	***

[1] The data in the table are for 25 U.S. importers, accounting for 100 percent of U.S. imports from the subject countries and Argentina. U.S. imports from all other sources were compiled from official statistics of the U.S. Department of Commerce.

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.

Russia

Accounting for *** percent of total imports in 1991, imports of Russian ferrosilicon *** percent from 1990 to 1991. *** were reported from Russia in 1989. Between the interim periods, imports ***.

Ukraine

Imports of ferrosilicon from Ukraine *** percent from 1989 to 1991, but *** percent from January-September 1991 to January-September 1992.

Venezuela

Venezuela was *** of U.S. imports of ferrosilicon from the subject countries during 1991. Imports of ferrosilicon from Venezuela increased 52.5 percent from 1989 to 1991, but decreased by 31.9 percent from January-September 1991 to January-September 1992.

Total Subject Imports

Cumulative imports of ferrosilicon from the subject sources increased irregularly by *** percent during 1989-91, and continued to increase, by *** percent, between the interim periods.[50]

U.S. Producers' Imports

In response to the Commission's questionnaire, two U.S. producers reported imports of ferrosilicon from the subject countries. ***.

* * * * * * *

Market Penetration by the Subject Imports

U.S. producers' and importers' market shares based on U.S. producers' shipments and U.S. importers' imports are presented in table 24. Over the 3-year period, U.S. producers' share of the quantity of total apparent consumption fell from *** percent to *** percent. This share declined from *** percent in January-September 1991 to *** percent in January-September 1992.

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[50] Imports from Argentina decreased 29.6 percent from 1989 to 1990, but increased 44.1 percent from 1990 to 1991, accounting for a 1.4 percent increase during 1989-91. No imports from Argentina were reported for interim 1992. Total imports from the subject sources including Argentina increased 22.5 percent from 1989 to 1991 and 132.2 percent between the interim periods.

Table 24
Ferrosilicon: Shares of apparent U.S. consumption based on producers' U.S. shipments and U.S. importers' imports, by sources, 1989-91, January-September 1991, and January-September 1992

* * * * * * *

As a group, Brazil, China, Egypt, Kazakhstan, Russia, Ukraine, and Venezuela supplied *** percent of the quantity of U.S. consumption in 1989, *** percent in 1990, and *** percent in 1991. Their combined share rose from *** percent to *** percent between the first nine months of 1991 and 1992. U.S. producers' and importers' market shares based on U.S. producers' shipments and U.S. importers' shipments are presented in table 25.

Table 25
Ferrosilicon: Shares of apparent U.S. consumption based on U.S. shipments of domestic product and imports, by sources, 1989-91, January-September 1991, and January-September 1992

* * * * * * *

Prices

Market Characteristics

U.S. producers sell ferrosilicon almost exclusively to steel producers and iron foundries. U.S. importers sell the ferrosilicon from Brazil, China, and Venezuela almost exclusively to steel producers, the ferrosilicon from Kazakhstan, Russia, and Ukraine primarily to steel and nickel producers,[51] and the ferrosilicon from Egypt to processors.[52] The remainder of the domestic and subject imported ferrosilicon is sold to producers of other metals and to distributors; the latter, in turn, also sell to metal producers. With the exception of the imported Egyptian ferrosilicon, U.S. sales of the domestic and subject imported ferrosilicon are transacted most frequently on a quarterly/semiannual requirement sales basis.[53] U.S. importers of the Egyptian

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[51] Ferrosilicon imported from these six countries was generally the commodity grade ferrosilicon 75 or commodity grade ferrosilicon 50.

[52] As discussed earlier, the imported Egyptian ferrosilicon is mostly off-grade material that must be further processed or combined with other ferrosilicon before it can be sold to U.S. end users.

[53] Based on producer and importer (excluding Egypt) questionnaire responses for 1991, U.S. sales distribution data by type of sale show that quarterly/semiannual requirement sales accounted for about 71 percent of total sales of the domestic ferrosilicon and 61 percent of 1991 total sales of the imported ferrosilicon from the subject countries. Spot sales accounted for 18 percent of sales of the domestic products and 22 percent of sales of the subject imported products during this period, while long-term contracts (agreements to

(continued...)

ferrosilicon reported selling the imported products on a spot basis; there have been only three import shipments of ferrosilicon from Egypt between January 1989 and September 1992--two in 1990 and one in 1992.

Large firms in the iron and steel industries typically determine the quantities and specifications of the ferrosilicon they will require for the following quarter/semiannual period and request prices from ferrosilicon producers, importers, and/or distributors to provide these requirements.[54] Prices are generally fixed for the specific quarter or semiannual period and the total quantity is specified; the number and timing of individual shipments, typically in single truckload quantities, are determined by the customer during the contract period. Ferrosilicon producers and importers reported that the prices they submit in response to bid requests are based on factors such as their cost of production, the quantity of the order, the type of packaging required (if any), the latest published market prices,[55] the level of iron and steel production, and the current level of their own inventories and those of the iron and steel producers. The outcome of prior bids is also a significant factor in determining the prices submitted to these companies in subsequent

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[53] (...continued)
supply ferrosilicon for a period exceeding 6 months) accounted for 11 percent of sales of the domestic products and 17 percent of sales of the subject imported products. There were no reported U.S. importers' shipments of Egyptian ferrosilicon during 1991.

[54] Purchasers request bids from as few as 3 vendors for small orders to as many as 15 vendors for large-volume orders. U.S. producers, importers, and distributors generally are not sure how many firms are bidding, who they are bidding against, or the country of origin of the ferrosilicon of their rivals for a particular contract. Purchasing end users also may not know for sure the country of origin of the ferrosilicon they will receive from their vendors until the product is delivered. In most instances, end users require their suppliers to deliver ferrosilicon that is acceptable in quality, frequently leaving the choice of the country of origin to the vendor. Recent end user concerns about ferrosilicon product quality, however, have led increasing numbers of end users to require statistical process control (SPC) documentation for the ferrosilicon they purchase. SPC documentation is developed by the ferrosilicon producers and shows detailed heat level readings, raw material additions, and chemistry readings at different stages in the production of ferrosilicon. Hearing testimony of Minerais indicates that producers of its subject imported ferrosilicon are unable to provide SPC documentation (Hearing TR, p. 123). ***. (letter to the Commission, February 1, 1993).

[55] Suppliers and purchasers frequently refer to ferrosilicon prices available in several publications, including *Metals Week*, *American Metal Market Report*, and *Metal Bulletin*. U.S. purchasers reported in their questionnaire responses that they refer most frequently to ferrosilicon prices in *Metals Week*, but use this and the other published price information only as a general guide to price trends and price levels. Purchasers indicated that published prices do not reflect U.S.-inland freight, availability, volume, and a myriad of other factors that vary from transaction to transaction. Three domestic producers also use their own price lists in negotiations; no importer reported using their own price list.

bids. In response to the Commission's questionnaires, the responding domestic producers and importers reported that they would consider lowering their prices for the next bid request if the prior sale had been awarded to a competitor.

Long-term contracts typically run for 1 year, with prices generally fixed for the contract period. Due to the volatile nature of the ferrosilicon market, the prices specified in these contracts may sometimes be fixed for an initial 1-quarter period and then periodically adjusted at specified intervals during the rest of the contract period.

The amount of ferrosilicon required per ton of iron or steel is dictated by the characteristics desired in the finished product and by the production process that is used. The cost of ferrosilicon per ton of iron or steel is relatively small compared to the total cost of the finished product.[56] Consequently, changes in the price of ferrosilicon have very little effect on the amount of ferrosilicon demanded per ton of iron or steel or on the total cost of iron and steel production.

Transportation and packaging

U.S. shipping costs were cited most frequently by U.S. producers and importers in their questionnaire responses as the factor that determined their geographical marketing range in the United States from any one U.S. shipping location. U.S. producers and importers typically arranged the U.S. inland transportation to their customers' locations. Shipments within the United States are made primarily by truck, and the remainder by rail or barge.[57] The producers' average shipping costs as a percentage of their f.o.b. cost ranged from 1 to 3 percent for shipments less than 100 miles; from 1.7 to 6 percent for shipments between 100 and 500 miles; and from 6 to 15 percent for shipments over 500 miles.[58] The importers' average shipping costs as a percentage of total costs ranged from 1 to 3.8 percent for shipments less than 100 miles; from 2.8 to 9.7 percent for shipments between 100 and 500 miles; and from 6.3 to 11.5 percent for shipments over 500 miles.

U.S. producers shipped ferrosilicon from their plants and from U.S. warehouses,[59] while importers shipped their imported ferrosilicon from U.S.

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[56] Based on purchaser questionnaire responses of 26 steel producers and 4 iron foundries, ferrosilicon costs are typically 2 percent or less of the total finished cost of steel and iron products, but can range as high as 10 percent for some end products requiring high-purity or specialty grades of ferrosilicon.

[57] Based on questionnaire responses, 7 of 9 domestic producers shipped 80 percent or more of their product by truck and 7 of 9 importers used trucks for 90 percent or more of their shipments. A single truck usually carries 20-22 gross tons of ferrosilicon.

[58] Ferrosilicon is priced per pound of silicon contained in the product. The shipping cost as a percentage of the total cost of silicon content is therefore higher for ferrosilicon 50 than for ferrosilicon 75.

[59] In addition to their plants, U.S. producers reported shipping domestic ferrosilicon to their customers during 1991 from warehouses located in ***.

warehouses.[60] The domestic and subject imported ferrosilicon were generally available throughout the United States, with sales of the domestic and imported products concentrated in the major U.S. consuming areas located in the midwest, mid-Atlantic, southeast, and southwest.

Ferrosilicon is most frequently purchased in bulk[61] and otherwise packaged in drums, pallet boxes, supersacks,[62] drop-box containers,[63] or 50-pound bags; the prices reported for each type of container varied from firm to firm. For example, the price of a one-ton supersack ranged from $15.00 to $50.00. Most producers and importers reported that costs of the containers are sometimes included in their ferrosilicon prices. *** stated that during the last few years there has been an oversupply of ferrosilicon resulting in increased competition and causing some producers to include packaging in their prices to retain customers.[64]

Product comparisons

During the current final and preliminary ferrosilicon investigations, U.S. producer and importer questionnaires requested that the responding firms discuss any differences between the domestic and subject imported ferrosilicon that would explain differences in prices. Purchaser questionnaires sent out in connection with the final ferrosilicon investigations also requested this information.

Eight U.S. ferrosilicon producers, 13 importers, and 13 purchasers responded to the question regarding quality of the domestic and subject imported products. The responding firms commented that the domestic and imported commodity grades ferrosilicon 75 and ferrosilicon 50 from Brazil, China, Egypt, Kazakhstan, Russia, Ukraine, and Venezuela were generally comparable, although they noted some differences in quality and reliability of supply compared to the domestic products.[65] In addition, four of the importers

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[60] U.S. importers reported shipping the subject foreign ferrosilicon to U.S. customers during 1991 from the following warehouse locations: ***.

[61] Based on U.S. producer and importer questionnaire responses, bulk shipments accounted for about 78 percent of total U.S. shipments of the domestic ferrosilicon in 1991 and 86 percent of U.S. shipments of all the subject imported ferrosilicon during this period.

[62] Supersacks are large bags, often lined with plastic, that hold about 2,000 pounds of material; supersacks are occasionally sent back for refill.

[63] Drop-box containers are square boxes with hinged bottoms that hold approximately 16,000 pounds of material; drop-box containers are reused.

[64] Telephone conversation, June 8, 1992.

[65] Twenty-three steel producers and 5 iron foundries also commented on whether they would pay a premium for the domestic ferrosilicon vis-a-vis the imported ferrosilicon subject to the final investigations. Twenty of the responding steel producers and 4 of the responding iron foundries indicated that they would not pay a premium for the domestic ferrosilicon. Three other U.S. steel producers *** and 1 other iron foundry *** indicated that they are willing to pay a premium for the domestic ferrosilicon vis-a-vis the subject

(continued...)

identified certain U.S. ferrosilicon market segments that they assert cannot be served by the subject imports. Comments of the responding producers, importers, and purchasers are discussed below by the subject foreign countries.[66]

Brazil.--Six U.S. ferrosilicon producers and 9 importers commented on the imported Brazilian ferrosilicon.[67] The U.S. producers indicated that there was no discernible difference in quality between the domestic and imported Brazilian commodity-grade ferrosilicon. One of the U.S. producers, ***, noted, however, that U.S. producers may have a slight advantage over suppliers of the Brazilian product by offering a more reliable supply and a wider range of products, although the firm did not see a significant price premium resulting from these advantages. Another U.S. producer *** felt U.S. producers had some advantage over suppliers of the Brazilian ferrosilicon by offering special packaging and supplying small quantities.

The reporting importers felt that the Brazilian ferrosilicon was generally comparable to the U.S. product in quality. Three of the importers *** cited low levels of aluminum, carbon, chrome, and magnesium in the Brazilian ferrosilicon that they felt made the chemistry of the Brazilian product attractive to steel producers and iron foundries.[68] Three other importers *** cited spotty availability, a long supply line, and excessive fines associated with the Brazilian product, making it somewhat less desirable than the domestic product. *** also indicated that they had to screen the imported product in the United States to sell specific sizes and to remove excessive fines that resulted from extensive handling of the product.[69]

China.--Two U.S ferrosilicon producers *** and one importer *** commented on the imported Chinese ferrosilicon.[70] *** indicated that the quality of sizing and chemistry of the commodity-grade Chinese product was inferior to that of the U.S. product and the supply of the imported product was less

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[65] (...continued)
imported products. All four latter firms explained that they would pay such a premium to support availability of domestic production, but only *** reported a specific premium amount, of *** percent.

[66] Product comparison information for Argentina is briefly discussed in appendix E.

[67] Importers reported importing primarily ferrosilicon 75 from Brazil, but also reported importing some ferrosilicon 50.

[68] *** indicated that the Brazilian ferrosilicon producers use high quality quartzite and use charcoal instead of coal/coke to make a low-impurity ferrosilicon.

[69] Based on their questionnaire responses, *** together screened in the United States about *** percent of total U.S. shipments of the imported Brazilian ferrosilicon between January 1989 and September 1992. The screening costs added an average of about *** per pound of silicon content to the U.S. selling price of the imported ferrosilicon. The *** reported share of import shipments that were screened and the *** additional cost of screening in the United States suggests that U.S. screening costs had *** impact on U.S. selling prices of the ferrosilicon imported from Brazil.

[70] U.S. importers reported importing only ferrosilicon 75 from China.

reliable than supply of the domestic product. *** indicated that there was not much difference in quality between the domestic and imported Chinese ferrosilicon, although *** felt that supply of the imported product was less reliable than that of the domestic product. Purchasers did not comment on the quality of the Chinese ferrosilicon.

Egypt.--Six U.S. ferrosilicon producers and 3 importers commented on the quality of the imported Egyptian ferrosilicon. All of the U.S. producers stated that there were no discernible differences between the quality of the domestic and imported Egyptian commodity-grade products. One of the importers *** indicated that the Egyptian ferrosilicon 65 comes in unsized lumps (up to 16 inches) and the crushing to size in the United States results in about *** percent of the material being reduced to fines. In addition, *** claims that the Egyptian ferrosilicon 65 requires a price discount because of a high (0.2 percent) carbon level. A second responding importer *** asserted that most of the Egyptian imports are off-grade and by-product ferrosilicon, which are not offered by U.S. ferrosilicon producers. The third responding importer *** indicated that it imported Egyptian ferrosilicon that was slag and off-specification ferrosilicon 65, which the importer sold to U.S. processors.

One U.S. purchaser of the imported Egyptian ferrosilicon *** commented on the quality of the imported material. According to ***, the Egyptian ferrosilicon consists mostly of slag, fines, and ferrosilicon of varying off-grade silicon contents; the latter product comes in large unsized lumps and has a high proportion (*** percent) of fines.[71]

Kazakhstan, Russia, and Ukraine.--Three U.S. ferrosilicon producers *** commented on the imported commodity-grade Kazakh, Russian, and Ukrainian ferrosilicon.[72] *** indicated that ferrosilicon from the three countries was not sized as well as that produced in the United States. *** felt that ferrosilicon from these countries was similar in chemistry to the U.S.-produced product, but that the imported material was not available in the 8" x 4" size required by some foundries. *** indicated that no differences existed in quality between the domestic and imported products.

*** imports were sold as commodity products, but sizing was limited to nominal 3" x 1/2" and the chemical guarantee was limited to the following elements: Silicon, aluminum, phosphorous, sulfur, and carbon. No other trace or residual elements are controlled or tested. ***. *** commented further that ferrosilicon imported from these three countries cannot be sold to those foundries and steel producers that require large sizes, special chemistry, or SPC documentation.[73]

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[71] Telephone conversation with ***.

[72] Minerais accounted for all U.S. imports of ferrosilicon from Kazakhstan, Russia, and Ukraine and reported importing mostly ferrosilicon 50 from these countries; Minerais also imported a limited amount of ferrosilicon 65 from Kazakhstan and Russia.

[73] The importer cited three U.S. ferrosilicon end users that refused to buy the imported products because they did not meet the buyers' requirements for chemistry, sizing, or SPC documentation. ***.

*** were the only two purchasers commenting on the quality of the Kazakh ferrosilicon. Both firms indicated that the Kazakh commodity grade ferrosilicon 50 was comparable in quality to the U.S.-produced product and was generally priced lower than the domestic product. ***.

*** was the only purchaser commenting on the quality of the Russian and Ukrainian ferrosilicon, noting that the imported commodity grade ferrosilicon 50 products were comparable in quality to the U.S.-produced product and generally priced lower than the domestic product.

Venezuela.--One U.S. ferrosilicon producer *** and five importers *** commented on the imported Venezuelan ferrosilicon.[74] *** indicated that no difference in quality existed between the domestic and imported commodity-grade products. *** felt the domestic and imported products were comparable in quality, but *** noted that it had to screen the imported product in the United States to sell specific sizes and *** commented that the imported product had more fines than the domestic product.[75] *** cited a longer supply pipeline and a more limited product range associated with the Venezuelan ferrosilicon compared to that of the domestic ferrosilicon.

Three U.S. importers *** also reported in their questionnaire responses that ferrosilicon imported from Venezuela is not considered by end users that require specialized ferrosilicon such as high-purity or low-aluminum grades and foundry-grade inoculants.

Eleven purchasers, all steel producers, commented on the quality of the Venezuelan ferrosilicon. All of the responding purchasers indicated that the quality of the Venezuelan commodity grade ferrosilicon 75 was comparable to that of the U.S.-produced product. Seven firms indicated that the imported product was generally priced below the domestic product and 4 firms indicated that it was priced about the same as the domestic product. One of the 11 responding purchasers *** indicated that it stopped buying ferrosilicon from Venezuela in early 1991 because the foreign producer could not supply the SPC documentation that *** then required.

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[74] U.S. importers reported importing primarily ferrosilicon 75 and some ferrosilicon 50 from Venezuela.

[75] *** reported in its questionnaire response that it screened in the United States about *** percent of total U.S. shipments of the imported Venezuelan ferrosilicon between January 1989 and September 1992. The screening costs added *** per pound of silicon content to the U.S. selling price of the imported ferrosilicon. The *** reported share of import shipments that were screened and the *** additional cost of screening in the United States suggests that U.S. screening costs had *** impact on U.S. selling prices of the ferrosilicon imported from Venezuela.

Questionnaire Price Data

The Commission requested U.S. quarterly pricing data for bulk shipments of two ferrosilicon products that were crushed in sizes ranging from 2" x 1/4" up to and including 8" x 4".[76] The specified products are described below.

PRODUCT 1: **Regular (commodity) grade 75-percent ferrosilicon.**--Ferrosilicon containing by weight 74.0 to 79.0 percent silicon; 0.10 percent or less carbon; 0.025 percent or less sulfur; 0.035 percent or less phosphorous; 1.50 percent or less aluminum; and 0.40 percent or less manganese.

PRODUCT 2: **Regular (commodity) grade 50-percent ferrosilicon.**--Ferrosilicon containing by weight 47.0 to 51.0 percent silicon; 0.10 percent or less carbon; 0.025 percent or less sulfur; 0.040 percent or less phosphorous; 1.25 percent or less aluminum; and 0.75 percent or less manganese.

U.S. producers and importers

During the current final and preliminary ferrosilicon investigations, the Commission requested U.S. producers and importers to provide U.S. quarterly selling price data for products 1 and 2 shipped to steel producers and product 2 shipped to iron foundries, on a quarterly/semiannual requirement sales basis, between January 1989 and September 1992.[77] The price data were requested on net weighted-average U.S. f.o.b. and delivered bases for the firms' total quarterly shipments to each of the specified types of end users. Seven domestic producers and nine importers provided the Commission with useable selling price data for at least one of the products and part of the period requested for the domestic ferrosilicon and that imported from all of the subject countries except Egypt.[78] U.S. importers did not report any prices of the Egyptian ferrosilicon; most of the imports from Egypt are off-grade material that does not include the ferrosilicon products for which price data were requested.[79]

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[76] Petitioners, importers, and end users indicated to the Commission during the preparation of questionnaires for the final ferrosilicon investigations that the specified products crushed into the specified size range and shipped in bulk constitute a significant portion of the U.S. ferrosilicon market and capture the majority of competition between the domestic and subject imported ferrosilicon (field trip discussions with representatives of ***.)

[77] Iron foundries tend to pay a higher price for ferrosilicon of the same silicon content and grade as that used by steel producers because foundries typically use smaller volumes of ferrosilicon than steel producing firms. Therefore, separate price series were requested for sales of the commodity grade ferrosilicon 50 to steel producers and iron foundries.

[78] Minerais accounted for all the reported pricing data for the ferrosilicon imported from Kazakhstan, Russia, and Ukraine.

[79] Most of the imported Egyptian ferrosilicon is further processed in the United States before it is sold to end users.

The seven responding U.S. producers provided price information for products accounting for 35 percent of the total quantity of domestic shipments of U.S.-produced ferrosilicon between January 1989 and September 1992.[80] The responding U.S. importers provided price information for products accounting for *** percent of the total quantity of reported U.S. shipments of imports of ferrosilicon from Brazil,[81] *** percent from China,[82] *** percent from Kazakhstan,[83] *** percent from Russia,[84] *** percent from Ukraine,[85] and *** percent from Venezuela[86] during this period.

As indicated above, U.S. sales patterns of importers differed markedly for the individual subject countries. Selling price data for imports from Brazil, China, and Venezuela were comprised entirely of the subject imported product 1 shipped to steel producers,[87] which accounted for *** percent of the total quantity of all the subject imported ferrosilicon for which importers reported price data. On the other hand, selling price data for imports from Kazakhstan, Russia, and Ukraine were comprised entirely of product 2. About *** percent of the total reported price data for all the subject countries involved sales of product 2 to steel companies,[88] and about *** percent involved sales of product 2 to iron foundries.[89]

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[80] The U.S. producers reported price data for shipments of product 1 (commodity grade ferrosilicon 75) to steel producers and product 2 (commodity grade ferrosilicon 50) to steel producers and to iron foundries. Sales of the domestic product 1 to steel producers accounted for 16 percent of the total quantity of ferrosilicon for which U.S. producers reported price data, while sales of product 2 to steel producers accounted for 51 percent and sales of product 2 to iron foundries accounted for 33 percent.

[81] Six U.S. importers reported price data for the Brazilian product 1 shipped to steel producers.

[82] Two U.S. importers reported price data for the Chinese product 1 shipped to steel producers.

[83] *** reported price data for the Kazakh product 2 shipped mostly to steel producers and some to iron foundries. Sales of the Kazakh product 2 to steel producers accounted for *** percent of the total quantity of Kazakh ferrosilicon for which the importer reported price data, while sales of product 2 to iron foundries accounted for *** percent.

[84] *** reported price data for the Russian product 2 shipped to steel producers.

[85] *** reported price data for the Ukrainian product 2 shipped mostly to steel producers and some to iron foundries. Sales of the Ukrainian product 2 to steel producers accounted for about *** percent of the total quantity of Ukrainian ferrosilicon for which the importer reported price data, while sales of product 2 to iron foundries accounted for ***.

[86] Five U.S. importers reported price data for the Venezuelan product 1 shipped to steel producers.

[87] As indicated above, this sales category accounted for 16 percent of U.S. producers' selling price data.

[88] As indicated above, this sales category accounted for 51 percent of U.S. producers' selling price data.

[89] As indicated above, this sales category accounted for 33 percent of U.S. producers' selling price data.

U.S. producers reported that SPC documentation was required on 23.3 percent of their sales of the commodity-grade ferrosilicon for which they reported price data during January-September 1992, up from 12.5 percent in 1989.[90] U.S. importers reported that all of their U.S. sales of the subject imported ferrosilicon were to U.S. purchasers that did not require them to supply SPC documentation.

Purchasers

The Commission also requested both end users and distributors to provide total quarterly delivered purchase prices and quantities for the specified ferrosilicon products shipped, on a quarterly/semiannual requirements sales basis, to their U.S. locations between January 1991 and September 1992. The quarterly price data were requested on a net weighted-average U.S. delivered basis for total quarterly shipments of the specified products.

The 80 firms that were sent purchaser questionnaires were large ferrosilicon buyers as reported by U.S. producers and importers of ferrosilicon. Twenty-one steel producers provided the requested purchase price data; prices reported involved U.S.-produced products 1 and 2, and primarily product 1 and a limited quantity of product 2 imported from Venezuela.[91] One of these responding purchasers also reported price data for combined imports of the ferrosilicon product 2 from Kazakhstan, Russia, and Ukraine. The responding steel producers provided price data for ferrosilicon products that accounted for about 17 percent of the total quantity of domestic shipments of U.S.-produced ferrosilicon between January 1991 and September 1992, 3 percent of total combined imports from Kazakhstan, Russia, and Ukraine, and 30 percent of total imports from Venezuela.

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[90] Between January 1989 and September 1992, about 23 percent of the U.S. producers' sales to iron foundries required SPC documentation, while about 14 percent of the reported sales to steel producers required SPC documentation.

[91] In addition, 3 iron foundries, 1 nickel producer, 1 aluminum producer, and 1 distributor reported the requested price data but not necessarily for every product or period. No price comparisons could be developed from the price data reported by firms in these latter four categories of ferrosilicon buyers. Three iron foundries reported prices only for the domestic product 2; no purchases of the subject imported ferrosilicon (including that from Argentina) were reported. The sole reporting nickel producer reported prices only for product 2 imported from Kazakhstan, and the sole reporting aluminum producer reported prices only for the domestic product 2. The sole reporting distributor reported prices of the domestic products 1 and 2.

Price trends[92]

Price trends were based on net weighted-average quarterly U.S. f.o.b. selling prices of ferrosilicon reported by U.S. producers and importers in their questionnaire responses. Price trends of the domestic products are shown for all three sales categories and price trends of the subject imported products are shown for only products 1 and 2 sold to steel producers; too few sales of the imported product 2 sold to iron foundries were reported to develop meaningful price trends.

Quarterly prices of the domestic and subject imported products generally fell between January 1989 and September 1992. Long-run price trends suggest that ferrosilicon prices were close to an historic high in 1989. In 1988 the average U.S. price of imported ferrosilicon 75 as reported by *Metals Week*[93] reached its highest level for the 1980's and, although this price decreased by 14 percent in 1989, the price in 1989 was still substantially higher than the prices reported for the 6 years prior to 1988.[94] The *Metals Week* price for imported ferrosilicon 75 fell an additional 19 percent in 1990 and 8 percent in 1991; the period-average price of ferrosilicon 75 during January-September 1992 (the latest period for which data were available) was 8 percent below the price for the comparable period in 1991.[95]

United States.--Net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified U.S.-produced ferrosilicon products are

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[92] Price trends of ferrosilicon from Argentina are shown and briefly discussed in appendix E. Prices of the ferrosilicon from Argentina followed trends similar to those of prices of ferrosilicon imported from Brazil, China, Kazakhstan, Russia, Ukraine, and Venezuela.

[93] *Metals Week* publishes weekly the U.S. f.o.b. selling price ranges of imported commodity grades ferrosilicon 75 and ferrosilicon 50 based on a combination of quarterly-requirement sales and spot sales to end users, primarily steel producers. The firm determines the price ranges based on ***. Mr. Patrick Ryan, the editor and reporter of ferrosilicon pricing for *Metals Week*, indicated that his firm does not publish a current price of U.S.-produced ferrosilicon, because ***. But Mr. Ryan noted that the information he obtains from end users and traders regarding U.S. producers' prices indicates that prices of domestic ferrosilicon are within the ranges of prices reported for imported products. (Telephone conversation with Patrick Ryan on December 9, 1992.)

Some U.S. producers indicated in their questionnaire responses that the *Metals Week* prices of only imported ferrosilicon tend to report the lower end of the price spectrum for the U.S. ferrosilicon market, thereby suppressing market prices as buyers and sellers use the *Metals Week* prices in their price negotiations.

[94] Average annual prices of imported ferrosilicon 75 calculated from the midpoints of the weekly *Metals Week* price ranges fluctuated but rose from $0.3802 per pound of silicon content in 1982 to a peak of $0.5675 per pound during 1988. In 1989, ferrosilicon prices averaged $0.4907 per pound, the second highest level since 1982.

[95] *Metals Week* prices of imported ferrosilicon 50 during 1982-92 followed a similar trend as that for the imported ferrosilicon 75 during this period.

shown in table 26. The U.S. producers' average selling price for product 1 (commodity grade ferrosilicon 75) sold to steel producers fell from $0.5927 per pound of silicon content in January-March 1989 to a period low of $0.3375 per pound in January-March 1992, or by 43.1 percent. Prices of product 1 then rose somewhat to end the period at $0.3693 per pound, or 37.7 percent below the initial-period value.

The U.S. producer's average price of product 2 (commodity grade ferrosilicon 50) fell similarly on sales to steel producers and on sales to iron foundries; most of the direct competition with the subject imported ferrosilicon is on sales to steel producers. Prices of product 2 sold to steel producers fell from $0.4832 per pound in January-March 1989 to a period low of $0.3415 per pound in January-March 1992, or by 29.3 percent. Prices of product 2 to steel producers then rose somewhat to end the period at $0.3635 per pound, or 24.8 percent below the initial-period value. The U.S. producers' average price of product 2 sold to iron foundries generally fell throughout the period, from $0.5197 per pound in January-March 1989 to $0.3781 per pound in July-September 1992, or by 27.2 percent.

Brazil.--Net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified Brazilian ferrosilicon product 1 sold to steel producers are shown in table 27. The quarterly average selling price of the imported product 1 sold to steel producers fell from *** per pound in January-March 1989 to a period low of $0.3351 per pound in January-March 1992, or by *** percent. Prices of the imported product then rose somewhat to end the period at $0.3712 per pound in July-September 1992, or *** percent below the initial-period price level. In comparison, quarterly net f.o.b. prices of the domestic product 1 sold to steel producers fell by *** percent between January 1989 and September 1992.

China.--Net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified Chinese ferrosilicon product 1 sold to steel producers are shown for the few periods reported in table 28. The quarterly average selling price of the imported product 1 fell from *** per pound in July-September 1991 to a period low of *** pound in April-June 1992, or by *** percent, and then rose somewhat to end at *** per pound in July-September 1992, or *** percent below the July-September 1991 value. In comparison, quarterly net f.o.b. prices of the domestic product 1 sold to steel producers fell by 3.4 percent during July 1991-September 1992.

Kazakhstan.--Net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified Kazakh ferrosilicon product 2 sold to steel producers are shown in table 29.[96] ***.

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[96] Also shown in table 29 are prices of the Kazakh product 2 sold to iron foundries during July-December 1989. Meaningful price trends could not be developed for the imported Kazakh product 2 sold to iron foundries from only two quarters of price data.

Table 26
Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced ferrosilicon, by products, by types of customers, and by quarters, January 1989-September 1992[1]

Period	Product 1 Sales to steel producers		
	Price Per pound silicon content	Quantity 1,000 pounds silicon content	No. of firms reporting
1989:			
January-March.....	$0.5927	5,446	4
April-June.....	.5763	5,372	4
July-September.....	.4807	6,688	4
October-December....	.3899	8,947	4
1990:			
January-March.....	.3931	4,541	5
April-June.....	.3979	5,096	5
July-September.....	.4158	5,763	3
October-December....	.4051	4,608	3
1991:			
January-March.....	.3690	9,556	4
April-June.....	.3788	5,739	4
July-September.....	.3822	3,324	4
October-December....	.3583	4,057	4
1992:			
January-March.....	.3375	4,030	3
April-June.....	.3479	5,178	3
July-September.....	.3693	4,083	3

See footnote at the end of the table.

Table 26--Continued
Net weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced ferrosilicon, by products, by types of customers, and by quarters, January 1989-September 1992[1]

Period	Product 2					
	Sales to steel producers			Sales to iron foundries		
	Price	Quantity	No. of firms reporting	Price	Quantity	No. of firms reporting
	Per pound silicon content	1,000 pounds silicon content		Per pound silicon content	1,000 pounds silicon content	
1989:						
Jan.-Mar.....	$0.4832	24,416	6	$0.5197	16,115	5
Apr.-June.....	.4906	24,773	5	.5205	14,208	5
July-Sept.....	.4596	19,425	7	.4881	10,906	6
Oct.-Dec.....	.4043	18,597	7	.4296	11,874	7
1990:						
Jan.-Mar.....	.3977	19,830	7	.4062	13,858	7
Apr.-June.....	.4020	21,318	7	.4067	12,716	7
July-Sept.....	.4074	19,599	6	.4135	10,750	6
Oct.-Dec.....	.4056	19,448	6	.4083	9,818	6
1991:						
Jan.-Mar.....	.3715	18,132	5	.4006	10,288	5
Apr.-June.....	.3789	15,773	5	.4007	10,186	5
July-Sept.....	.3832	16,363	5	.4050	11,169	5
Oct.-Dec.....	.3655	17,130	5	.3998	9,606	5
1992:						
Jan.-Mar.....	.3415	14,410	5	.3867	10,315	5
Apr.-June.....	.3438	13,262	5	.3808	10,680	5
July-Sept.....	.3635	11,639	5	.3781	14,589	5

[1] The prices shown were based on total quarterly/semiannual requirement sales and are the averages of the net U.S. f.o.b. quarterly selling prices of the reporting U.S. producers weighted by each producer's quarterly sales of the specified domestic products to each type of customer shown. Quantities shown are the sum of the reporting producers' total quarterly sales volumes of the specified domestic products to each type of customer shown.

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

Table 27
Net weighted-average U.S. f.o.b. selling prices and quantities of ferrosilicon imported from Brazil, by products, by types of customers, and by quarters, January 1989-September 1992[1]

Period	Product 1 Sales to steel producers		
	Price Per pound silicon content	Quantity 1,000 pounds silicon content	No. of firms reporting
1989:			
January-March.....	***	***	***
April-June.....	***	***	***
July-September.....	***	***	***
October-December....	***	***	***
1990:			
January-March.....	$0.3402	989	3
April-June.....	.3996	3,196	3
July-September.....	.3733	4,640	4
October-December....	.4013	1,872	3
1991:			
January-March.....	.3939	3,195	3
April-June.....	.3995	1,194	3
July-September.....	.3689	3,364	3
October-December....	***	***	***
1992:			
January-March.....	.3351	8,507	3
April-June.....	.3449	11,031	3
July-September.....	.3712	16,854	4

[1] The prices shown were based on total quarterly/semiannual requirement sales and are the averages of the net U.S. f.o.b. quarterly selling prices of the reporting U.S. importers weighted by each firm's quarterly sales of the specified Brazilian product to the type of customer shown above. Quantities shown are the sum of the reporting importers' total quarterly sales volumes of the specified Brazilian product to the type of customer shown above.

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

Table 28
Net weighted-average U.S. f.o.b. selling prices and quantities of ferrosilicon imported from China, by products, by types of customers, and by quarters, July 1991-September 1992

* * * * * * *

Table 29
Net weighted-average U.S. f.o.b. selling prices and quantities of ferrosilicon imported from Kazakhstan, by products, by types of customers, and by quarters, January 1989-September 1992

* * * * * * *

Russia.--Net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified Russian ferrosilicon product 2 sold to steel producers are shown for the few periods reported in table 30. ***.

Table 30
Net weighted-average U.S. f.o.b. selling prices and quantities of ferrosilicon imported from Russia, by products, by types of customers, and by quarters, January 1990-June 1991

* * * * * * *

Ukraine.--Net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified Ukrainian ferrosilicon product 2 sold to steel producers are shown for the few periods reported in table 31.[97] ***.

Table 31
Net weighted-average U.S. f.o.b. selling prices and quantities of ferrosilicon imported from Ukraine, by products, by types of customers, and by quarters, July 1989-September 1992

* * * * * * *

[97] Also shown in table 31 are prices of the Ukraine product 2 sold to iron foundries during October-December 1989. Price trends could not be developed for the imported Ukraine product 2 sold to iron foundries from a single quarter of price data.

Venezuela.--Net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified Venezuelan ferrosilicon product 1 sold to steel producers are shown in table 32. The quarterly average selling price of the imported product 1 sold to steel producers fell from *** per pound in January-March 1989 to a period low of $0.3258 per pound in January-March 1992, or by *** percent. Prices of the imported product then rose somewhat to end the period at $0.3733 per pound in July-September 1992, or *** percent below the initial-period price level. In comparison, quarterly net f.o.b. prices of the domestic product 1 sold to steel producers fell by 37.7 percent during January 1989-September 1992.

Price comparisons

The majority of the quarterly price comparisons between U.S.-produced ferrosilicon and the products imported from the subject countries were developed from net U.S. delivered selling prices reported in the producer and importer questionnaires. These data were supplemented by price comparisons based on U.S. delivered purchase prices reported by U.S. steel producers in their questionnaire responses. The purchaser price data allowed price comparisons of the domestic and imported ferrosilicon that excluded ferrosilicon shipments requiring SPC documentation; purchasers reported that only the domestic ferrosilicon products could meet this requirement. Selling price data reported by U.S. ferrosilicon producers included sales requiring SPC documentation, which could not be broken out from sales not requiring this documentation.

Based on the delivered selling price data reported by U.S. producers and importers, a total of 64 quarterly price comparisons were possible. Forty-five of the total 64 price comparisons showed underselling by the foreign products, with margins of underselling averaging about 4.7 percent. Nineteen price comparisons showed that prices of the imported products were higher than prices of the domestic products, averaging 6.1 percent above prices of the domestic products.[98]

Based on the delivered purchase price data reported by U.S. steel producers, a total of 8 quarterly price comparisons were possible involving Venezuela, and 3 quarterly price comparisons were possible involving combined sales of ferrosilicon from Kazakhstan, Russia, and Ukraine. Six of the total 11 delivered purchase price comparisons showed underselling by the foreign

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[98] Price comparisons involving ferrosilicon from Argentina that were based on questionnaire responses of U.S. ferrosilicon producers and importers are shown and briefly discussed in appendix E. These latter price comparisons are not reflected in the above summary figures.

Table 32
Net weighted-average U.S. f.o.b. selling prices and quantities of ferrosilicon imported from Venezuela, by products, by types of customers, and by quarters, January 1989-September 1992[1]

Period	Product 1 Sales to steel producers		
	Price Per pound silicon content	Quantity 1,000 pounds silicon content	No. of firms reporting
1989:			
January-March.....	***	***	***
April-June.....	$0.6004	3,609	3
July-September.....	.5375	2,888	3
October-December....	***	***	***
1990:			
January-March.....	.3758	6,715	4
April-June.....	.3805	3,396	4
July-September.....	.4208	3,543	3
October-December....	.4067	2,683	3
1991:			
January-March.....	.3853	1,116	3
April-June.....	***	***	***
July-September.....	***	***	***
October-December....	.3621	5,424	5
1992:			
January-March.....	.3258	7,168	4
April-June.....	.3446	5,914	3
July-September.....	.3733	9,895	3

[1] All prices shown were based on total quarterly/semiannual requirements sales and are the averages of the net U.S. f.o.b. quarterly selling prices of the reporting U.S. importers weighted by each firm's quarterly sales of the specified Venezuelan product to the type of customer shown above. Quantities shown are the sum of the reporting importers' total quarterly sales volumes of the specified Venezuelan product to the type of customer shown above.

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

products, with margins of underselling averaging 6.8 percent. Five delivered purchase price comparisons showed that prices of the imported products were higher than prices of the domestic products, averaging 1.8 percent above prices of the domestic products.[99]

The quarterly weighted-average net U.S. delivered prices of the domestic and subject imported products and the margins of underselling are discussed below by the individual subject foreign countries.

Brazil.--Based on U.S. producer and importer questionnaire data, a total of 15 quarterly delivered price comparisons were possible between the domestic and imported Brazilian ferrosilicon between January 1991 and September 1992 (table 33). All 15 price comparisons involved product 1 sold to steel producers. Nine of the 15 price comparisons showed that the imported product was priced less than the domestic product, with margins of underselling averaging 9.0 percent. Six other price comparisons showed that prices of the imported product were higher than prices of the domestic product, averaging 5.9 percent above prices of the domestic product.

China.--Based on U.S. producer and importer questionnaire data, a total of four quarterly delivered price comparisons were possible between the domestic and imported Chinese ferrosilicon between July 1991 and September 1992 (table 34). All four price comparisons, which involved product 1 sold to steel producers, showed that the imported product was priced less than the domestic product, with margins of underselling averaging 4.1 percent.

Kazakhstan.--Based on U.S. producer and importer questionnaire data, a total of 17 quarterly delivered price comparisons were possible between the domestic and imported Kazakh ferrosilicon between January 1989 and September 1992 (table 35).[100] Fifteen price comparisons involved product 2 sold to steel companies and 2 price comparisons involved product 2 sold to iron foundries. Eleven of the 15 price comparisons involving product 2 sold to steel producers and both price comparisons involving product 2 sold to iron foundries showed that the imported products were priced less than the domestic products, with margins of underselling averaging 3.2 percent. Four price comparisons involving product 2 sold to steel producers showed that prices of the imported product were higher than prices of the domestic product, averaging 7.4 percent above prices of the domestic product.

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[99] Price comparisons involving ferrosilicon from Argentina that were based on questionnaire responses of U.S. purchasers are briefly discussed in appendix E.

[100] Based on purchaser questionnaire responses, the three delivered purchase price comparisons involving combined imports of product 2 from Kazakhstan, Russia, and Ukraine and purchased by steel producers, showed that the imported products were priced less than the domestic ferrosilicon, with margins of underselling averaging 7.2 percent. These latter price comparisons are not shown in a table.

Table 33
Net U.S. delivered selling prices of the U.S.-produced and imported Brazilian ferrosilicon, by products and by types of customers, and margins of under/(over)selling,[1] by quarters, January 1989-September 1992[2]

Period	Product 1 Sales to steel producers U.S. producer price	Brazilian price	Margins of under/(over)selling	
	Per pound silicon content			Percent
1989:				
Jan.-Mar.	$0.6172	***	***	***
Apr.-June	.5957	***	***	***
July-Sept.	.4995	***	***	***
Oct.-Dec.	.4114	***	***	***
1990:				
Jan.-Mar.	.4120	$0.3451	$0.0669	16.2
Apr.-June	.4176	.4074	.0102	2.4
July-Sept.	.4350	.3784	.0566	13.0
Oct.-Dec.	.4279	.4130	.0149	3.5
1991:				
Jan.-Mar.	.3903	.4053	(.0150)	(3.8)
Apr.-June	.3997	.4094	(.0097)	(2.4)
July-Sept.	.3967	.3724	.0243	6.1
Oct.-Dec.	.3800	***	***	***
1992:				
Jan.-Mar.	.3580	.3400	.0180	5.0
Apr.-June	.3673	.3509	.0164	4.5
July-Sept.	.3874	.3783	.0091	2.3

[1] The percentage price differences between the U.S. and imported Brazilian ferrosilicon were calculated as differences from the U.S. producers' price. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirements sales and are the averages of the domestic and imported net U.S. delivered quarterly selling prices of the reporting U.S. producers and importers weighted by each firm's quarterly sales of the specified domestic and Brazilian products to the type of customer shown above.

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

Table 34
Net U.S. delivered selling prices of the U.S.-produced and imported Chinese ferrosilicon, by products and by types of customers, and margins of under/(over)selling,[1] by quarters, July 1991-September 1992[2]

Period	Product 1 Sales to steel producers U.S. producer price	Chinese price	Margins of under/(over)selling
	Per pound silicon content		Percent
1991:			
July-Sept.....	$0.3967	***	***
Oct.-Dec.....	.3800	***	***
1992:			
Apr.-June.....	.3673	***	***
July-Sept.....	.3874	***	***

[1] The percentage price differences between the U.S. and imported Chinese ferrosilicon were calculated as differences from the U.S. producers' price. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirements sales and are the averages of the domestic and imported net U.S. delivered quarterly selling prices of the reporting U.S. producers and importers weighted by each firm's quarterly sales of the specified domestic and Chinese products to the type of customer shown above.

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

Table 35
Net U.S. delivered selling prices of the U.S.-produced and imported Kazakh ferrosilicon, by products and by types of customers, and margins of under/(over)selling,[1] by quarters, January 1989-September 1992[2]

Period	Product 2							
	Sales to steel producers				Sales to iron foundries			
	U.S. producer price	Kazakh price	Margins of under/(over) selling		U.S. producer price	Kazakh price	Margins of under/(over) selling	
	Per pound silicon content			Percent	Per pound silicon content			Percent
1989:								
Jan.-Mar...	$0.5039	***	***	***	-	-	-	-
Apr.-June..	.5114	***	***	***	-	-	-	-
July-Sept..	.4837	***	***	***	$0.5004	***	***	***
Oct.-Dec...	.4279	***	***	***	.4438	***	***	***
1990:								
Jan.-Mar...	.4194	***	***	***	-	-	-	-
Apr.-June..	.4234	***	***	***	-	-	-	-
July-Sept..	.4292	***	***	***	-	-	-	-
Oct.-Dec...	.4240	***	***	***	-	-	-	-
1991:8								
Jan.-Mar...	.3939	***	***	***	-	-	-	-
Apr.-June..	.3994	***	***	***	-	-	-	-
July-Sept..	.4023	***	***	***	-	-	-	-
Oct.-Dec...	.3841	***	***	***	-	-	-	-
Jan.-Mar...	.3609	***	***	***	-	-	-	-
Apr.-June..	.3627	***	***	***	-	-	-	-
July-Sept..	.3823	***	***	***	-	-	-	-

[1] The percentage price differences between the U.S. and imported Kazakh ferrosilicon were calculated as differences from the U.S. producers' price. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirement sales and are the averages of the domestic and imported net U.S. delivered quarterly selling prices of U.S. producers and *** weighted by each firm's total quarterly sales of the specified domestic and Kazakh products to each type of customer shown.

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

Russia.--Based on U.S. producer and importer questionnaire data, a total of four quarterly delivered price comparisons were possible between the domestic and imported Russian ferrosilicon between January 1990 and June 1991 (table 36). All four price comparisons, which involved product 2 sold to steel producers, showed that the imported product was priced less than the domestic product, with margins of underselling averaging 4.3 percent.

Table 36
Net U.S. delivered selling prices of the U.S.-produced and imported Russian ferrosilicon, by products and by types of customers, and margins of under/(over)selling,[1] by quarters, January 1990-June 1991[2]

	Product 2			
	Sales to steel producers			
Period	U.S. producer price	Russian price	Margins of under/(over)selling	
	Per pound silicon content			Percent
1990:				
Jan.-Mar.....	$0.4194	***	***	***
Apr.-June.....	.4234	***	***	***
1991:				
Jan.-Mar.....	.3939	***	***	***
Apr.-June.....	.3994	***	***	***

[1] The percentage price differences between the U.S. and imported Russian ferrosilicon were calculated as differences from the U.S. producers' price. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirement sales and are the averages of the domestic and imported net U.S. delivered quarterly selling prices of the reporting U.S. producers and *** weighted by each firm's total quarterly sales of the specified domestic and Russian products to the type of customer shown above.

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

Ukraine.--Based on U.S. producer and importer questionnaire data, a total of 9 quarterly delivered price comparisons were possible between the domestic and imported Ukrainian ferrosilicon between July 1989 and September 1992 (table 37). Eight price comparisons involved product 2 sold to steel companies and 1 price comparison involved product 2 sold to iron foundries. Six of the 8 price comparisons involving product 2 sold to steel producers and the single price comparison involving product 2 sold to iron foundries showed that the imported products were priced less than the domestic products, with margins of underselling averaging 2.4 percent. Two price comparisons involving product 2 sold to steel producers showed that prices of the imported

Table 37
Net U.S. delivered selling prices of the U.S.-produced and imported Ukrainian ferrosilicon, by products and by types of customers, and margins of under/(over)selling,[1] by quarters, July 1989-September 1992[2]

Period	Product 2							
	Sales to steel producers				Sales to iron foundries			
	U.S. producer price	Ukraine price	Margins of under/(over) selling		U.S. producer price	Ukraine price	Margins of under/(over) selling	
	Per pound ----silicon content----			Percent	Per pound ----silicon content----			Percent
1989:								
July-Sept..	$0.4837	***	***	***	-	-	-	-
Oct.-Dec...	.4279	***	***	***	$0.4438	***	***	***
1990:								
Jan.-Mar...	.4194	***	***	***	-	-	-	-
Apr.-June..	.4234	***	***	***	-	-	-	-
1991:								
Oct.-Dec...	.3841	***	***	***	-	-	-	-
1992:								
Jan.-Mar...	.3609	***	***	***	-	-	-	-
Apr.-June..	.3627	***	***	***	-	-	-	-
July-Sept..	.3823	***	***	***	-	-	-	-

[1] The percentage price differences between the U.S. and imported Ukrainian ferrosilicon were calculated as differences from the U.S. producers' price. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirement sales and are the averages of the domestic and imported net U.S. delivered quarterly selling prices of U.S. producers and *** weighted by each firm's total quarterly sales of the specified domestic and Ukrainian products to each type of customer shown.

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

product were higher than prices of the domestic product, averaging 7.5 percent above prices of the domestic product.

Venezuela.--Based on U.S. producer and importer questionnaire data, a total of 15 quarterly delivered price comparisons were possible between the domestic and imported Venezuelan ferrosilicon between January 1989 and September 1992 (table 38). All 15 price comparisons involved product 1 sold to steel producers. Eight of the 15 price comparisons showed that the imported product was priced less than the domestic product, with margins of underselling averaging 4.7 percent. Seven price comparisons showed that prices of the imported product were higher than prices of the domestic product, averaging 5.1 percent above prices of the domestic product.

Table 38
Net U.S. delivered selling prices of the U.S.-produced and imported Venezuelan ferrosilicon, by products and by types of customers, and margins of under/(over)selling,[1] by quarters, January 1989-September 1992[2]

Period	Product 1			
	Sales to steel producers			
	U.S. producer price	Venezuelan price	Margins of under/(over)selling	
	Per pound silicon content			Percent
1989:				
Jan.-Mar.....	$0.6172	***	***	***
Apr.-June.....	.5957	$0.6102	($0.0145)	(2.4)
July-Sept.....	.4995	.5466	(.0471)	(9.4)
Oct.-Dec.....	.4114	***	***	***
1990:				
Jan.-Mar.....	.4120	.3756	.0364	8.8
Apr.-June.....	.4176	.3956	.0220	5.3
July-Sept.....	.4350	.4369	(.0019)	(.4)
Oct.-Dec.....	.4279	.4128	.0151	3.5
1991:				
Jan.-Mar.....	.3903	.3786	.0117	3.0
Apr.-June.....	.3997	***	***	***
July-Sept.....	.3967	***	***	***
Oct.-Dec.....	.3800	.3676	.0124	3.3
1992:				
Jan.-Mar.....	.3580	.3299	.0281	7.8
Apr.-June.....	.3673	.3547	.0126	3.4
July-Sept.....	.3874	.3779	.0095	2.5

[1] The percentage price differences between the U.S. and imported Venezuelan ferrosilicon were calculated as differences from the U.S. producers' price. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirement sales and are the averages of the domestic and imported net U.S. delivered quarterly selling prices of the reporting U.S. producers and importers, weighted by each firm's total quarterly sales of the specified domestic and Venezuelan products to the type of customer shown above.

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

Based on purchaser questionnaire data reported by U.S. steel producers, a total of 8 quarterly delivered price comparisons were possible between the domestic and imported Venezuelan ferrosilicon between January 1991 and September 1992 (table 39). Seven of the 8 price comparisons involved product 1 and 1 price comparison involved product 2. Three of the 7 price comparisons involving product 1 showed that the imported product was priced less than the domestic product, with margins of underselling averaging 6.3 percent. Four price comparisons involving product 1 and the sole price comparison involving product 2 showed that prices of the imported product were higher than prices of the domestic product, averaging 1.9 percent above prices of the domestic product.

Exchange Rates

Quarterly data reported by the International Monetary Fund for three of the seven subject countries indicate that the values of the reported currencies generally depreciated in real terms relative to the U.S. dollar between January 1989 and September 1992, or through the most recent period for which data were available. Exchange-rate changes for the three countries are shown in table 40 and discussed below.[101] [102]

Brazil

The nominal value of the Brazilian cruzeiro depreciated by almost 100 percent against the U.S. dollar between January 1989 and September 1992, but due to inflation of 564,291 percent in Brazil during this period, the real value of the cruzeiro actually appreciated by 8.4 percent.

Egypt

The nominal value of the Egyptian pound depreciated by 78.9 percent against the U.S. dollar between January 1989 and June 1992, but due to inflation of 68.9 percent in Egypt during this period, the real value of the Egyptian pound fell by 66.3 percent. Producer price index data for Egypt were available through April-June 1992.

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[101] *International Financial Statistics*, January 1993.

[102] Useable market exchange-rate data for China, Kazakhstan, Russia, and Ukraine are not available. The Government of China limits convertibility of its currency with other currencies. Beginning in January 1991, the former USSR Government reduced the ruble's more than 2,000 officially administered exchange rates to 3 administered rates and allowed for a separate market rate to be determined at currency auctions in the USSR. Instability in the country, leading to the dissolution of the country into independent states on January 1, 1992, however, retarded full development of the currency auction market in the now independent states, including Kazakhstan, Russia, and Ukraine.

Table 39
Net U.S. delivered purchase prices of the U.S.-produced and imported Venezuelan ferrosilicon purchased by U.S. steel producers, by products, and margins of under/(over) selling,[1] by quarters, January 1991-September 1992[2]

Product and period	United States[3]		Venezuela[4]		Margins of under/(over) selling	
	Quantity	Price	Quantity	Price		
	1,000 pounds silicon content	Per pound silicon content	1,000 pounds silicon content	Per pound silicon content	Per pound silicon content	Percent
Product 1:						
1991:						
Jan.-Mar...	5,264	$0.3734	283	$0.3893	($0.0159)	(4.3)
Apr. June..	4,627	.3772	1,485	.3919	(.0147)	(3.9)
July-Sept..	4,757	.3820	5,951	.3824	(.0005)	(.1)
Oct.-Dec...	3,812	.3672	4,726	.3386	.0285	7.8
1992:						
Jan.-Mar...	7,183	.3373	4,368	.3095	.0278	8.3
Apr. June..	5,307	.3506	6,036	.3515	(.0009)	(.3)
July-Sept..	2,437	.3873	3,080	.3760	.0113	2.9
Product 2:						
1991:						
July-Sept..	5,755	.3875	486	.3903	(.0028)	(.7)

[1] The percentage price differences between the U.S. and imported Venezuelan ferrosilicon were calculated as differences from the price of the domestic product. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirement purchases and are the averages of the domestic and imported net U.S. delivered quarterly purchase prices reported by purchasing U.S. steel firms, weighted by each firm's total quarterly purchases of the specified domestic and Venezuelan ferrosilicon products. The delivered purchase price data do not include shipments of ferrosilicon that required SPC documentation.

[3] Fourteen U.S. steel producers reported the requested purchase price data for the domestic ferrosilicon products but not necessarily for every period requested.

[4] Nine U.S. steel producers reported the requested purchase price data for the imported Venezuelan ferrosilicon products but not necessarily for every period requested.

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

Venezuela

The nominal value of the Venezuelan bolivar depreciated by 68.1 percent against the U.S. dollar between January 1989 and September 1992, but due to inflation of 179.3 percent in Venezuela during this period, the real value of the bolivar fell by only 16.2 percent.

Table 40
Exchange rates:[1] Indexes of the nominal and real exchange rates between the U.S. dollar and the currencies of three specified countries, and indexes of producer prices in the foreign countries and the United States,[2] by quarters, January 1989-September 1992

Period	Brazil			Egypt			
	Nominal exchange rate index	Producer price index	Real exchange rate index[3]	Nominal exchange rate index	Producer price index	Real exchange rate index[3]	U.S. producer price index
1989:							
Jan-Mar....	100.00	100.0	100.0	100.0	100.0	100.0	100.0
Apr-June...	84.30	130.4	108.1	100.0	108.3	106.4	101.8
July-Sept..	38.00	304.3	114.2	63.6	107.9	67.7	101.4
Oct-Dec....	14.50	882.6	126.1	63.6	121.2	75.8	101.8
1990:							
Jan-Mar....	3.80	4,213.0	156.9	63.6	120.4	74.2	103.3
Apr-June...	1.90	8,160.9	146.5	63.6	124.8	77.1	103.1
July-Sept..	1.40	10,978.3	142.4	35.0	129.7	43.3	104.9
Oct-Dec....	.80	16,421.7	118.6	35.0	135.9	44.0	108.1
1991:							
Jan-Mar....	.50	26,721.7	113.9	22.3	139.4	29.4	105.9
Apr-June...	.40	34,643.5	116.8	21.4	146.1	29.9	104.8
July-Sept..	.30	48,678.3	119.9	21.3	153.6	31.2	104.7
Oct-Dec....	.10	89,243.5	108.5	21.0	163.2	32.7	104.8
1992:							
Jan-Mar....	.10	172,578.3	107.0	21.1	167.2	33.7	104.6
Apr-June...	.04	298,673.9	103.1	21.1	168.9	33.7	105.7
July-Sept..	.02	564,391.0	108.4	22.0	(4)	(4)	106.1

Period	Venezuela			
	Nominal exchange rate index	Producer price index	Real exchange rate index[3]	U.S. producer price index
1989:				
Jan-Mar....	100.0	100.0	100.0	100.0
Apr-June...	57.3	145.4	81.9	101.8
July-Sept..	57.3	158.5	89.6	101.4
Oct-Dec....	51.4	160.9	81.2	101.8
1990:				
Jan-Mar....	50.0	167.2	80.9	103.3
Apr-June...	47.2	174.0	79.7	103.1
July-Sept..	44.0	185.6	77.9	104.9
Oct-Dec....	43.3	191.8	76.8	108.1
1991:				
Jan-Mar....	40.7	202.4	77.7	105.9
Apr-June...	39.2	212.6	79.5	104.8
July-Sept..	36.6	225.2	78.8	104.7
Oct-Dec....	35.7	238.3	81.2	104.8
1992:				
Jan-Mar....	33.8	246.4	79.7	104.6
Apr-June...	33.0	262.4	82.0	105.7
July-Sept..	31.9	279.3	83.8	106.1

See notes at end of table.

Table 40--Continued

[1] Based on exchange rates expressed in U.S. dollars per unit of foreign currency.

[2] The producer price indexes are aggregate measures of inflation at the wholesale level in the United States and the above foreign countries. Quarterly producer prices in the United States fluctuated but rose, by 6.1 percent, between January 1989 and September 1992. During this period, producer prices in Brazil rose by 564,291 percent and producer prices in Venezuela increased by 179.3 percent. Producer prices in Egypt rose by 68.9 percent between January 1989 and June 1992, the latest period such data were available.

[3] The real values of the foreign currencies are the nominal values adjusted for the difference between inflation rates as measured by the producer price indexes in the individual foreign countries and the United States.

[4] Not available.

Note.--January-March 1989=100.0

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

Lost Revenues

During the current preliminary ferrosilicon investigations, *** reported lost revenue allegations involving competition from ferrosilicon imported from Brazil, which totaled *** of lost revenues for *** million pounds of silicon content in the ferrosilicon.[103]

During the current final ferrosilicon investigations, one U.S. producer *** reported lost revenue allegations involving competition from ferrosilicon imported from Venezuela.[104] The reported allegations involving Venezuela totaled *** of lost revenues for *** million pounds of silicon content in the ferrosilicon.[105]

[103] During the current preliminary ferrosilicon investigations, four other U.S. producers of ferrosilicon *** indicated in their questionnaire responses that they were forced to lower their prices because of competition with lower priced subject imported products, but were unable to provide any details or country(ies) of origin. On the other hand, four U.S. producers *** indicated that they were not forced to lower their prices because of any low-priced ferrosilicon imported from the subject countries. No specific lost revenue allegations were received that involved ferrosilicon imported from Egypt.

[104] During the current final ferrosilicon investigations, *** also reported lost revenue allegations involving competition from ferrosilicon imported from Argentina. A discussion of telephone conversations with the cited purchasers is presented in appendix E.

[105] During the current final ferrosilicon investigations, four other U.S. producers of ferrosilicon *** indicated in their questionnaire responses that they were forced to lower their prices because of competition with lower

(continued...)

The Commission was able to contact 2 of the 3 purchasers cited in lost revenue allegations involving Brazil and Venezuela; conversations are discussed below by country of origin.

Brazil

*** alleged that it sold about *** million pounds (silicon content) of commodity grade *** to *** during ***. *** reportedly offered its U.S.-produced ferrosilicon initially at *** per pound of silicon content but asserted that to make the sale it had to lower its price to *** per pound of silicon content to match the price of Brazilian ferrosilicon offered to ***.

* * * * * * *

Venezuela

*** alleged that it sold about *** million pounds (silicon content) of commodity grade *** to *** for *** delivery. *** reportedly offered its U.S.-produced ferrosilicon initially at *** per pound of silicon content but asserted that to make the sale it had to lower its price to *** per pound of silicon content because of competition with Venezuelan ferrosilicon offered to ***. *** did not know the competing price.

* * * * * * *

Lost Sales

During the current preliminary ferrosilicon investigations, *** reported lost sales allegations involving competition from ferrosilicon imported from Brazil which totaled *** or *** million pounds of silicon content in the ferrosilicon.[106]

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[105] (...continued)
priced subject imported products, but were unable to provide any details or country(ies) of origin. On the other hand, three U.S. producers *** indicated that they were not forced to lower their prices because of any low-priced ferrosilicon imported from the subject countries. No specific lost revenue allegations were received that involved ferrosilicon imported from China, Kazakhstan, Russia, or Ukraine.

[106] During the current preliminary ferrosilicon investigations, three other U.S. producers of ferrosilicon *** indicated in their questionnaire responses that they lost sales to the subject imported products, but were unable to provide any details or country(ies) of origin. On the other hand, four U.S. producers *** indicated that they had not lost sales to the subject imported products. No specific lost sales allegations were received that involved ferrosilicon imported from Egypt.

During the current final ferrosilicon investigations, three U.S. producers *** reported lost sales allegations involving ferrosilicon imported from Russia and Venezuela.[107] These reported lost sales allegations involving Russian and Venezuelan products totaled $6,819,750 or 17,000,000 pounds of silicon content in the ferrosilicon.[108]

The Commission was able to contact 7 of the 10 purchasers cited in lost sales allegations involving Brazil, Russia, and Venezuela; and it also was able to contact 3 of the 5 purchasers cited in lost sales allegations where the reporting U.S. producer did not know the country of origin of the competing material.

Brazil

*** alleged that it offered to sell *** pounds (silicon content) of commodity grade ferrosilicon 75 to *** during ***. *** reportedly offered its U.S.-produced ferrosilicon at *** per pound of silicon content but asserted that it lost the sale to imported Brazilian material priced at *** per pound of silicon content.

* * * * * * *

*** alleged that it offered to sell *** pounds (silicon content) of commodity grade ferrosilicon 75 to *** during ***. *** reportedly offered its U.S.-produced ferrosilicon at *** per pound of silicon content but asserted that it lost the sale to imported Brazilian material priced at *** per pound of silicon content. ***.

Russia

*** alleged that a sale of ferrosilicon 50 to *** involving *** pounds of silicon content was lost to a supplier of Russian-produced ferrosilicon on ***. *** reported that it offered the domestic ferrosilicon for *** but was rejected by ***, but *** did not know the accepted price.

* * * * * * *

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[107] In addition, *** also reported lost sales allegations where it did not know the country of origin of the competing ferrosilicon. The latter allegations totaled *** million or *** million pounds of silicon content in the ferrosilicon.

[108] During the current final ferrosilicon investigations, two other U.S. producers of ferrosilicon *** indicated in their questionnaire responses that they had lost sales to the subject imported products, but were unable to provide any details or country(ies) of origin. Three U.S. producers *** indicated in their questionnaire responses that they had not lost sales to the subject imported products. No specific lost sales allegations were received that involved ferrosilicon imported from China, Kazakhstan, or Ukraine.

*** also alleged that a sale of ferrosilicon 50 to *** involving *** pounds of silicon content was lost to a supplier of Russian-produced ferrosilicon on ***. *** reported that it offered the domestic ferrosilicon for *** but was rejected by *** and the accepted quote for the Russian product was ***. *** stated that ***.

*** also alleged that a sale of ferrosilicon 50 to *** involving *** pounds of silicon content was lost to a supplier of Russian-produced ferrosilicon in ***. *** reported that it offered the domestic ferrosilicon for *** but was rejected by *** but *** did not know the accepted price. ***.

*** alleged 2 lost sales of ferrosilicon 50 to *** involving the Russian imports. These sales involved the submission of price quotes in response to requests from *** that specified both the quantity and grade of ferrosilicon required. *** alleged that on *** it offered to provide *** pounds (silicon content) of ferrosilicon for *** but the sale was awarded to a supplier of Russian ferrosilicon which bid ***. *** alleged that in *** it offered to provide *** pounds (silicon content) of ferrosilicon for *** but the sale was awarded to a supplier of ferrosilicon that was "possibly Russian" which bid ***.

* * * * * * *

*** alleged that it offered to sell *** pounds (silicon content) of commodity grade ferrosilicon 50 to *** during ***. *** reportedly offered its U.S.-produced ferrosilicon at *** per pound of silicon content but asserted that it lost the sale to Russian material priced at *** per pound of silicon content.

* * * * * * *

Venezuela

*** alleged a lost sale of ferrosilicon 50 to *** because of imports from Venezuela. *** reported that it submitted a price of *** in *** to provide *** pounds of silicon content and that the sale was awarded to a supplier of ferrosilicon that was "possibly Venezuelan" which bid ***.

* * * * * * *

Unknown Country Of Origin

*** alleged that it offered to sell *** million pounds (silicon content) of commodity grade ferrosilicon 75 to *** during ***. *** reportedly offered its U.S.-produced ferrosilicon at *** per pound of silicon content but asserted that it lost the sale to unspecified off-shore material priced at *** per pound of silicon content. ***.

*** alleged that it offered to sell *** pounds (silicon content) of commodity grade ferrosilicon 75 to *** during ***. *** reportedly offered its U.S.-produced ferrosilicon at *** per pound of silicon content but asserted that it lost the sale to unspecified off-shore material priced at *** per pound of silicon content.

* * * * * * *

*** alleged that it offered to sell *** million pounds (silicon content) of commodity grade ferrosilicon 75 to *** during *** and again in ***. *** reportedly offered its U.S.-produced ferrosilicon at *** per pound of silicon content in *** and at *** per pound of silicon content in ***, but asserted that it lost the sales to unspecified off-shore material priced at *** per pound of silicon content in *** and priced at *** per pound of silicon content in ***.

* * * * * * *

APPENDIX A

FEDERAL REGISTER NOTICES OF THE U.S. INTERNATIONAL TRADE COMMISSION AND THE U.S. DEPARTMENT OF COMMERCE

[C-307-808]

Preliminary Affirmative Countervailing Duty Determination: Ferrosilicon From Venezuela

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

EFFECTIVE DATE: August 25, 1992.

FOR FURTHER INFORMATION CONTACT: Paulo F. Mendes, Office of Countervailing Investigations, U.S. Department of Commerce, Room B099, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-5050.

Preliminary Determination

The Department preliminarily determines that benefits which constitute bounties or grants within the meaning of section 303 of the Tariff Act of 1930, as amended ("the Act"), are being provided to manufacturers, producers, or exporters in Venezuela of the subject merchandise.

Case History

Since the publication of the notice of initiation in the Federal Register (57 FR 27024, June 17, 1992), the following events have occurred. On June 19, 1992, we presented a questionnaire to the Government of Venezuela ("GOV"). On August 27, 1992, we received responses from the GOV and CVG-Venezolana de Ferrosilicio C.A. ("FESILVEN"), the only producer and exporter of ferrosilicon in Venezuela. On August 31, 1992, we issued deficiency questionnaires; responses to these questionnaires were received on August 7 and August 14, 1992.

Scope of Investigation

The product covered by this investigation is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Ferrosilicon is a ferroalloy produced by combining silicon and iron through smelting in a submerged-arc furnace. Ferrosilicon is used primarily as an alloying agent in the production of steel and cast iron. It is also used in the steel industry as a deoxidizer and reducing agent, and by cast iron producers as an inoculant.

Ferrosilicon is differentiated by size and by grade. The sizes express the maximum and minimum dimensions of the lumps of ferrosilicon found in a given shipment. Ferrosilicon grades are defined by the percentages of weight of contained silicon and other minor elements. Ferrosilicon is most commonly sold to iron and steel industries in standard grades of 75 percent and 50 percent ferrosilicon.

Calcium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of this investigation. Calcium silicon is an alloy containing, by weight, not more than five percent iron, 60 to 65 percent silicon and 28 to 32 percent calcium. Ferrocalcium silicon is a ferroalloy containing, by weight, not less than four percent iron, 60 to 65 percent silicon, and more than 10 percent calcium. Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon, and not less than 2.75 percent magnesium.

Ferrosilicon is classifiable under the following subheadings of the Harmonized Tariff Schedule of the United States ("HTSUS"): 7202.21.1000, 7202.21.5000, 7202.21.7500, 7202.21.9000, 7202.29.0010, and 7202.29.0050. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description on the scope of this investigation is dispositive.

Injury Test

On August 31, 1990, Venezuela became a contracting party of the General Agreement on Tariffs and Trade ("GATT"). Since qualification as "country under the Agreement" under section 701(b)(3) requires that the GATT not apply between the United States and the country from which the subject merchandise is imported, Venezuela is no longer eligible for treatment as a "country under the Agreement" within the meaning of section 701(b)(3). However, because Venezuela is a GATT contracting party, and merchandise within the scope of the petition which is imported under HTSUS subheadings 7202.21.1000, 7202.21.5000, 7202.29.0010, and 72.29.0050 is nondutiable, the

petitioner is nonetheless required to allege that, and the International Trade Commission ("ITC") is required to determine whether, pursuant to section 303(a)(2), imports of this nondutiable merchandise from Venezuela materially injure, or threaten material injury to, a U.S. industry. The remaining HTSUS items, as described in the "Scope of Investigation" section of this notice, are dutiable. Therefore, for these items, the ITC is not required to determine whether, pursuant to section 303(a)(2), imports from Venezuela of these products materially injure, or threaten material injury to, a U.S. industry.

Analysis of Programs

Consistent with our practice in preliminary determinations, when a response to an allegation denies the existence of a program, receipt of benefits under a program, or eligibility of a company or industry under a program, and the Department has no persuasive evidence showing that the response is incorrect, we accept the response for purposes of the preliminary determination. All such responses, however, are subject to verification. If the responses cannot be supported at verification, and a program is otherwise counteravailable, the program will be considered a counteravailable study in the final determination.

For purposes of this preliminary determination, the period for which we are measuring bounties or grants (the period of investigation—"POI") is calendar year 1991, which corresponds to the fiscal year of FESILVEN.

Program Preliminarily Determined To Be Counteravailable

We preliminarily determine that bounties or grants are being provided to manufacturers, producers or exporters in Venezuela of ferrosilicon under the following programs:

1. *Preferential power rates.* The petitioners alleged that C.V.G. Electrificatión del Caroni C.A. ("EDELCA"), a government-owned hydroelectric power company, charges preferential electricity rates to FESILVEN. According to the questionnaire responses the electricity rates EDELCA charges large industrial consumers of electricity are the result of non-discriminatory, arms-length negotiations between EDELCA and its customers. During such negotiations, the consumption pattern of each customer is considered by EDELCA in determining each customer's electricity rate.

When analyzing whether the provision by a government of a good or service pursuant to a domestic program confers a countervailable benefit, we examine whether the good or service is being provided to a specific enterprise or industry or group of enterprises or industries and whether the price paid by the producers under investigation for that good or service is less than the benchmark price. See *e.g.*, Final Affirmative Countervailing Duty Determination: Certain Softwood Lumber Products from Canada, 57 FR 22570, 22586 (May 28, 1992). Although we do not have complete information as to EDELCA's rates, the response provides information on rates charged to other industrial groups which are large consumers of electricity. It appears from the information provided that FESILVEN paid a lower rate than another industrial group which consumed a larger quantity of electricity than FESILVEN during the POI. Therefore, we preliminarily determine that FESILVEN received electricity at a preferential rate. For purposes of this preliminary determination, the benchmark we are using is the rate charged by EDELCA to the other large industrial consumer of electricity referred to above.

To calculate the benefit, we first multiplied FESILVEN's total electricity consumption during the POI by the average electricity rate EDELCA charged the other industrial group during the POI. Next, we subtracted from the resultant figure FESILVEN's actual electricity cost for the POI. Finally, the difference was divided by FESILVEN's total sales. On this basis, we calculated estimated net bounties or grants of 4.97 percent *ad valorem*.

Respondents have argued that under FESILVEN's current electricity contract, the company began paying a markedly higher price for electricity after the POI. According to respondents, the increase resulted from an EDELCA initiative, begun in 1990, to raise power rates paid by large volume customers gradually so that by 1995 those rates will equal the long term marginal costs of EDELCA's hydroelectric generation activities. At this time, the Department does not have sufficient information to analyze whether a program-wide change has occurred. We will continue to seek further information on this issue for purposes of our final determination.

2. *Export bond program.* Although this program was not alleged in the petition, FESILVEN's financial statements and questionnaire responses indicate that FESILVEN benefited from this program during the POI. Based on previous investigations (see, *e.g.*, Final Affirmative Countervailing Duty Determination: Certain Electrical Conductor Aluminum Redraw Rod from Venezuela, 53 FR 24753 (June 30, 1988)), we know that this program was designed to provide partial compensation for the requirement that exporters convert foreign currency export earnings to bolivars at an official rate significantly lower than the free market rate. The value of the export bond is based on a percentage of the FOB value of the product exported.

Because this program is limited to exporters, we preliminarily determine that it is countervailable. To calculate the benefit for the POI, we divided the bolivar amount of bonds shown on FESILVEN's 1991 financial statements by the company's total export sales. On this basis, we calculated estimated net bounties or grants of 1.69 percent *ad valorem*.

The export bond program was terminated as of June 15, 1991. Therefore, consistent with our policy of taking into account program-wide changes that occur before the preliminary determination, the cash deposit rate for this program is zero. See section 355.50 of the Department's proposed regulations, 54 FR 23366 (May 31, 1989).

B. Program Preliminarily Determined Not To Be Countervailable

1. *GOV grants.* The petitioners alleged that in December 1987, FESILVEN was authorized by the GOV to receive funds in the form of a government grant and loans from foreign sources to implement a major expansion plan. According to the questionnaire responses, FESILVEN financed its expansion plan by "long-term loans negotiated on ordinary commercial terms with two foreign banks, a loan from an unrelated foreign customer * * *" and capital contributions it received from its shareholders, composed of both private and public investors.

Rather than a government grant, it appears that FESILVEN received equity infusions in 1989 and 1991. Because the petitioners alleged that FESILVEN had received an equity infusion from the government in 1989 in their petition, the Department examined in this proceeding FESILVEN's equityworthiness for 1989. Based on information in the petition, we concluded that there was no reasonable basis to believe or suspect that FESILVEN was unequityworthy in 1989. For 1991, petitioners have made no unequityworthy allegation. The Department's policy is not to investigate an equity infusion in a firm absent a specific allegation by the petitioner. See section 355.44(e)(3) of the Department's proposed regulations (54 FR 23366; May 31, 1989). Accordingly, we preliminarily determine this program to be not countervailable.

C. Program For Which Additional Information Is Needed

1. GOV's assumption of debt. The petitioners allege that under Decree 1261, the GOV assumed a portion of FESILVEN's foreign currency debt in 1986, and the remaining portion in 1990. Furthermore, the petitioners alleged that the GOV only assumed the debt of 15 government-owned companies.

According to the questionnaire responses, the GOV "assumed all of the foreign currency debts of all government-owned companies * * *" Furthermore, the GOV specifically stated that its actions regarding FESILVEN's foreign currency debt were only intended to suspend the company's payment of interest and principal while the GOV attempted to renegotiate the terms of the debt. In addition, FESILVEN stated that it will shortly "recommence payment of principal and interest on those debts."

While the beneficiaries of this program may be limited to a specific enterprise or industry or group of enterprises or industries, it does not appear that their debt was assumed. Instead, it appears that the terms of the debt have been renegotiated. At this time, we have insufficient information on the record to determine whether the terms under which FESILVEN will repay its foreign debt will be consistent with commercial considerations. Therefore, we intend to seek additional information on this issue.

D. Programs Preliminarily Determined Not To Be Used

1. *Sales tax exemption.*

2. *Preferential Short-Term Financing—FINEXPO verification.* In accordance with section 776(b) of the Act, we will verify the information used in making our final determination.

Suspension of Liquidation

In accordance with 703(d) of the Act, we are directing the U.S. Customs Service to suspend liquidation of all entries of ferrosilicon from Venezuela, which are entered or withdrawn from warehouse, for consumption on or after the date of the publication of this notice in the **Federal Register** and to require a cash deposit or bond for such entries of the merchandise in the amount of 4.97 percent *ad valorem*. This suspension will remain in effect until further notice.

ITC Notification

In accordance with section 703(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Investigations, Import Administration.

If our final determination is affirmative, the ITC will make its final determination within 45 days after the Department makes its final determination.

Public Comment

In accordance with 19 CFR 355.38 of the Department's regulations, we will hold a public hearing, if requested, on October 14, 1992, at 9:30 a.m. in room 3708, to afford interested parties an opportunity to comment on this preliminary determination. Interested parties who wish to request or participate in a hearing must submit a request within ten days of the publication of this notice in the **Federal Register** to the Assistant Secretary for Import Administration, U.S. Department of Commerce, room B-099, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

In accordance with 19 CFR 355.38 (c) and (d), ten copies of the business proprietary version and five copies of the nonproprietary version of the case briefs must be submitted to the Assistant Secretary no later than October 2, 1992. Ten copies of the business proprietary version and five copies of the nonproprietary version of rebuttal briefs must be submitted to the Assistant Secretary no later than October 9, 1992. An interested party may make an affirmative presentation only on arguments included in that party's case or rebuttal brief. If no hearing is requested, interested parties still may comment on these preliminary results in the form of case and rebuttal briefs. Written argument should be submitted in accordance with § 355.38 of the Department's regulations and will be considered if received within the time limits specified in this notice.

This determination is published pursuant to section 703(f) of the Act (19 U.S.C. 1671b(f)).

Dated: August 17, 1992.

Alan M. Dunn,

Assistant Secretary for Import Administration.

[FR Doc. 92-20229 Filed 2-24-92; 8:45 am]

BILLING CODE 3510-DS-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 303-TA-23 (Final)]

Ferrosilicon From Venezuela

AGENCY: United States International Trade Commission.

ACTION: Institution of a Final countervailing duty investigation.

SUMMARY: The Commission hereby gives notice of the institution of a final countervailing duty investigation (No. 303-TA-23 (final)) under section 303 of the Tariff Act of 1930 (19 U.S.C. 1303) (the Act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Venezuela of ferrosilicon,[1] provided for in subheadings 7202.21.10, 7202.21.50, and 7202.29.00 of the Harmonized Tariff Schedule of the United States (HTS), that are alleged to be subsidized by the Government of Venezuela.

Pursuant to a request from petitioner under section 705(a)(1) of the Act (19 U.S.C. 1671d(a)(1)), Commerce has extended the date for its final determination to coincide with that to be made in the ongoing antidumping investigation on ferrosilicon from Venezuela. Accordingly, the Commission will not establish a schedule for the conduct of the countervailing duty investigation until Commerce makes a preliminary determination in the antidumping investigation (currently scheduled for October 29, 1992).

For further information concerning the conduct of this investigation, hearing procedures, 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 C (19 CFR part 207).

EFFECTIVE DATE: August 21, 1992.

FOR FURTHER INFORMATION CONTACT: Vera Libeau (202-205-3176), 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

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that certain benefits which constitute subsidies within the meaning of section 303 of the Act (19 U.S.C. 1303) are being provided to manufacturers,

[1] The product covered by this investigation is ferrosilicon, a ferroalloy generally containing, by weight, not less than 4 percent iron, more than 8 percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than 3 percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element. Calcium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of this investigation.

producers, or exporters in Venezuela of ferrosilicon. The investigation was requested in a petition filed on May 22, 1992, by AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc., Bessemer, AL; American Alloys, Inc., Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland, OH; Silicon Metaltech, Inc., Seattle, WA; Oil, Chemical & Atomic Workers Union (local 389); United Autoworkers of America Union (locals 523 and 12848); and United Steelworkers of America Union (locals 2528, 3081, and 5171).

Participation in the Investigation and Public Service List

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, not later than twenty-one (21) 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 this investigation 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 this final investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than twenty-one (21) 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.

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules.

By order of the Commission.

Issued: September 4, 1992.

Paul R. Bardos,
Acting Secretary

[FR Doc. 92-21881 Filed 9-10-92; 8:45 am]
BILLING CODE 7020-02-M

[Investigation No. 731-TA-567 (Final)]

Ferrosilicon From the People's Republic of China

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of a final antidumping investigation.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigation No. 731-TA-567 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the People's Republic of China of ferrosilicon, provided for in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 of the Harmonized Tariff Schedule of the United States

For further information concerning the conduct of this investigaton, hearing procedures, 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 C (19 CFR part 207).

EFFECTIVE DATE: November 5, 1992.

FOR FURTHER INFORMATION CONTACT: Brad Hudgens (202-205-3189), 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

This investigation is being instituted as a result of an affirmative preliminary determination by the Department of Commerce that imports of ferrosilicon from the People's Republic of China are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigation was requested in a petition filed on May 22, 1992, by AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc., Bessemer, AL; American Alloys, Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland, OH; Silicon Metaltech, Inc., Seattle, WA; United Autoworkers of America (locals 523 and 12646); United Steelworkers of America (locals 2528, 3081, and 5171); and Oil, Chemical & Atomic workers (local 389).

Participation in the Investigation and Public Service List

Persons wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, not later than twenty-one (21) 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 this investigation 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 § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this final investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than twenty-one (21) 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.

Staff Report

The prehearing staff report in this investigation will be placed in the nonpublic record on January 8, 1993, and a public version will be issued thereafter, pursuant to § 207.21 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 9:30 a.m. on January 22, 1993, at the U.S. International Trade

Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 15, 1993. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 21, 1993, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rules.

Written Submissions

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.22 of the Commission's rules; the deadline for filing is January 15, 1993. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.24 of the Commission's rules. The deadline for filing posthearing briefs is February 1, 1993; witness testimony must be filed no later than three (3) days before the hearing. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before February 1, 1993. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation 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: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules.

Issued: November 23, 1992.

By order of the Commission.

Paul R. Bardos,

Acting Secretary.

[FR Doc. 92-29227 Filed 12-1-92; 8:45 am]

BILLING CODE 7020-02-M

[A-834-804, A-821-804, A-823-804]

Preliminary Determinations of Sales at Less than Fair Value: Ferrosilicon From Kazakhstan, the Russian Federation, and Ukraine

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

EFFECTIVE DATE: December 29, 1992.

FOR FURTHER INFORMATION CONTACT: Kimberly Hardin, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-0371.

Preliminarily Determination: We preliminarily determine that ferrosilicon from Kazakhstan, the Russian Federation, and Ukraine is being, or is likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930 (the Act), as amended. The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the notice of initiation on June 11, 1992 (57 FR 27021, June 17, 1992), the following events have occurred.

On June 23, 1992, we issued an Antidumping Survey to the Government of Kazakhstan via the U.S. Embassy in Alma Ata, Kazakhstan, and the Embassies of the Russian Federation and Ukraine, in order to identify the appropriate exporters of ferrosilicon in these three countries.

On July 1, 1992, we received a letter from the Embassy of the Russian Federation returning the Antidumping Survey. The letter indicated that the Embassy of the Russian Federation would be unable to respond and that the most appropriate and effective channel of submission would be through the U.S. Embassy in Moscow. As such, on July 6, 1992, we forwarded the Antidumping Survey to the American Embassy in Moscow and requested that it be forwarded to the appropriate representatives of the Government of the Russian Federation.

We received a response to our Antidumping Survey, dated July 22, 1992, from the Embassy of Ukraine. The letter contained a translation of a letter sent to the Embassy of Ukraine by the Ministry of Foreign Economic Relations and Trade of Ukraine (MOFERT Ukraine). The letter provided volume data, a statement that the United States has not been a purchaser of, nor an export destination for, ferrosilicon exported from Ukraine, and a statement that Ukraine is not aware of further use or terms and prices, in cases of the resale, of Ukrainian origin ferrosilicon. The letter also stated that no shipments of ferrosilicon took place in 1992.

On July 6, 1992, the International Trade Commission (ITC) issued an affirmative preliminary determination.

On July 8, 1992, we received a letter of appearance for Minerals U.S. Inc. and Societe Anonyme des Minerais (Minerais) in the investigation involving Kazakhstan. Minerals later stated that as an independent reseller of ferrosilicon from Kazakhstan, the Russian Federation, and Ukraine, it is the exporter whose U.S. sales are relevant to these investigations.

On July 8, 1992, we also received a cable from the American Embassy in Alma Ata stating that the Antidumping Survey was delivered to the Government of Kazakhstan.

On July 22, we received a cable from the American Embassy in Moscow stating that the Embassy would deliver the Antidumping Survey to the person designated by the Russian Ministry of Industry. On July 23, 1992, we received a cable from the American Embassy in Moscow proposing that the deadline for response to the Antidumping Survey be extended to take advantage of trade law seminars conducted by Department of Commerce personnel in Russia scheduled for August 1992.

On July 27, 1992, we issued a questionnaire to Minerais in the investigation involving Kazakhstan. On August 24, 1992, and September 8, 1992, we received responses to sections A, and B and C, respectively, to the Department's questionnaire. We issued deficiency letters on September 4 and September 22, 1992. We received the section A deficiency response on September 23 and the section B and C deficiency response on October 6, 1992. Minerais submitted a corrected section B and C deficiency response on October 7, 1992.

On July 29, August 5, and August 8, 1992, Department officials participating in the trade law seminars hand delivered Sections A, C, and D of the Department's questionnaire to appropriate representatives of the Governments of the Russian Federation, Kazakhstan, and Ukraine, respectively.

On August 18, 1992, we received a fax from Promsyrioimport, the primary exporter of the subject merchandise during the period of investigation from Kazakhstan, the Russian Federation, and Ukraine. The fax stated that Promsyrioimport sells its products to Minerais and, as such, that Minerais should respond to all matters in these investigations. Promsyrioimport also submitted volume and value data and sample contracts.

On September 4, 1992, we received a request from Promsyrioimport to extend the response deadline for the questionnaire in the investigation involving the Russian Federation. On September 8, 1992, we informed Promsyrioimport that the extension was granted and that the Russian questionnaire response was due on September 25, 1992. On September 17, 1992, we also extended until September 25, 1992, the deadline for the questionnaire responses in the Kazakh and Ukraine investigations. After numerous unsuccessful attempts at faxing the extension letter to the Government of Kazakhstan, we mailed the extension letter to the Government of Kazakhstan on September 18, 1992.

On September 25, 1992, Minerais submitted a letter of appearance in the investigation involving the Russian Federation. The letter indicated that because information was the same, Minerais' responses to section B of the Kazakh questionnaire was sufficient for the Russian investigation as well.

On September 25, 1992, Shearman and Sterling, counsel for Minerais, submitted a response to section A of the questionnaire and stated that this information was being submitted at the request of Promsyrioimport. Shearman and Sterling submitted this response to the official files of the Kazakh, Russian, and Ukraine investigations.

On September 25, 1992, Shearman and Sterling submitted another response to section A of the questionnaire and stated that this information was being submitted at the request of Ermak Ferro Alloys Works (Ermak), a Kazakh producer of ferrosilicon, the Government of Kazakhstan, and Promsyrioimport in the investigation involving Kazakhstan. This response lacked the certifications required by 19 CFR 353.31(j). Shearman and Sterling later informed us that they only represent Minerais, not the parties named in the questionnaire responses.

On October 1, 1992, we prepared letters informing the Governments of Kazakhstan and the Russian Federation that the questionnaire responses submitted were incomplete. We stated that complete, consolidated responses, including sections A, C, and D, were due by October 8, 1992, a then twice-extended deadline. As we were unable to fax the letters to either party, they were sent via the American Embassies in Alma Ata and Moscow.

On October 5, 1992, petitioners alleged that Minerais' third country sales of ferrosilicon from Kazakhstan, the Russian Federation, and Ukraine

were being sold at below the cost of production (COP). On October 28, 1992, we initiated a COP investigation of Minerais' sales of ferrosilicon to Japan. For details of analysis and parties' submissions, see analysis and recommendation memorandum dated October 28, 1992. (See also "COP" section of this notice.) On October 29, 1992, we served copies of the COP questionnaire on the Governments of Kazakhstan, via the American Embassy in Alma Ata, the Russian Federation, and Ukraine. We also requested that Minerais submit its profit and selling, general, and administrative costs for ferrosilicon purchased from each country.

On October 30, 1992, Minerais requested that we reconsider and rescind the COP investigation with regard to Kazakhstan. On November 6, 1992, Minerais again requested that we rescind the COP investigations with regard to Kazakhstan, the Russian Federation, and Ukraine. On November 16, 1992, petitioners submitted opposition to Minerais' November 6, 1992, submission. On November 18, 1992, Minerais submitted opposition to petitioners' November 16, 1992, comments.

On October 8, 1992, Minerais submitted a letter informing us that the Governments of Kazakhstan, the Russian Federation, and Ukraine would not respond to the Department's (original) questionnaire.

On October 8, 1992, Promsyrioimport informed us that the section A questionnaire response it submitted was complete. Promsyrioimport stated that because it has never sold to the United States, it is unable to submit a response to section C, and because Promsyrioimport is the trading organization, it is not aware of the information needed to respond to the request for factors of production information.

On October 16, 1992, we published a notice of postponement of the preliminary determinations in these investigations in the Federal Register (57 FR 47449) until not later than December 18, 1992.

On December 7, 1992, we received notification from the American Embassy in Alma Ata that they had just received the COP questionnaire (issued on October 29, 1992) and, therefore, had not yet passed it on to the Government of Kazakhstan.

On December 7, 1992, we received a letter from Promsyrioimport stating that, because it is a state trading export/import organization, its "response to section D is not appropriate".

Scope of Investigations

The product covered by these investigations is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Ferrosilicon is a ferroalloy produced by combining silicon and iron through smelting in a submerged-arc furnace. Ferrosilicon is used primarily as an alloying agent in the production of steel and cast iron. It is also used in the steel industry as a deoxidizer and a reducing agent, and by cast iron producers as an inoculant.

Ferrosilicon is differentiated by size and by grade. The sizes express the maximum and minimum dimensions of the lumps of ferrosilicon found in a given shipment. Ferrosilicon grades are defined by the percentages by weight of contained silicon and other minor elements. Ferrosilicon is most commonly sold to the iron and steel industries in standard grades of 75 percent and 50 percent ferrosilicon.

Calcium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of these investigations. Calcium silicon is an alloy containing, by weight, not more than five percent iron, 60 to 65 percent silicon and 28 to 32 percent calcium. Ferrocalcium silicon is a ferroalloy containing, by weight, not less than four percent iron, 60 to 65 percent silicon, and more than 10 percent calcium. Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon, and not less than 2.75 percent magnesium.

Ferrosilicon is classifiable under the following subheadings of the Harmonized Tariff Schedule of the United States (HTSUS): 7202.21.1000, 7202.21.5000, 7202.21.7500, 7202.21.9000, 7202.29.0010, and 7202.29.0050. The HTSUS subheadings are provided for convenience and customs purposes. Our written description of the scope of these investigations is dispositive.

Class or Kind Allegation

On October 2, 1992, Minerais requested that the Department identify two separate classes or kinds of merchandise: (1) Ferrosilicon with a silicon content of 55 percent silicon or less and (2) ferrosilicon containing more than 55 percent silicon. Minerais alleged that if two classes or kinds of merchandise were identified, petitioners would not have standing with respect to low silicon content ferrosilicon. On December 10, 1992, we received comments from petitioners in opposition to Minerais' request. Given that petitioners' comments were submitted only eight days before the deadline for the preliminary determinations, we have had insufficient time in which to consider this issue. We will, however, address this issue in the final determinations.

Period of Investigation

The period of investigation (POI) is December 1, 1991, through May 31, 1992.

Best Information Available

We have determined, in accordance with section 776(c) of the Act, that the use of best information available (BIA) is appropriate for sales of the subject merchandise in these investigations. In deciding to use BIA, section 776(c) provides that the Department may take into account whether the respondent was able to produce information requested in a timely manner and in the form required. In these cases, as noted in the "Case History" section of this notice, exporters of ferrosilicon from Kazakhstan, the Russian Federation, and Ukraine did not adequately respond to the Department's requests for information.

Kazakhstan

As detailed in the "Case History" section of this notice, the Department made numerous attempts to obtain adequate questionnaire responses from the Government of Kazakhstan. However, the information which has been provided is inadequate. We have granted every possible extension of time to give the Government of Kazakhstan sufficient time to prepare the information requested. The section A questionnaire response we received is inadequate on its face in that it was not certified by Ermak (the producer), Promsyrioimport (the trading company) or the government of Kazakhstan. The response was sent to the Department by Shearman and Sterling, counsel for Minerais, apparently at Minerais' request.

Consequently, because the Government of Kazakhstan did not produce the information requested, we based our preliminary determination in this investigation on BIA. As BIA, we used the highest margin listed in the notice of initiation for this investigation, which was based on the petition.

The Russian Federation

As detailed in the "Case History" section of this notice, the Department made numerous attempts to obtain adequate questionnaire responses from the Government of the Russian Federation. However, we did not receive adequate information. We have granted every possible extension of time to give the Government of the Russian Federation sufficient time to produce the information requested. We solicited factors of production information both as part of the original questionnaire (section D) and in the COP questionnaire. We did not receive factors of production information from any party in the Russian Federation. The section A questionnaire response we received from Promsyrioimport does not represent a complete questionnaire response. We did not receive responses to sections C, D, or to the COP questionnaire. Moreover, in addition to the request as part of the original questionnaire, we made a specific request that the Government of the Russian Federation indicate whether the section A response submitted by Promsyrioimport represented a consolidated response. The Government of the Russian Federation did not respond to this request.

Consequently, because the Government of the Russian Federation did not produce the information requested, we based our preliminary determination in this investigation on BIA. As BIA, we used the highest margin listed in the notice of initiation for this investigation, which was based on the petition.

Ukraine

As detailed in the "Case History" section of this notice, the Department made numerous attempts to obtain adequate questionnaire responses from the Government of Ukraine but were unable to obtain more than a response to the Antidumping Survey. The information which has been provided is inadequate. We have granted every possible extension of time to give the Government of Ukraine sufficient time to produce the information requested. We solicited factors of production information both as part of the original questionnaire (section D) and in the COP questionnaire. We did not receive factors of production information from any party in Ukraine. Nor did we receive a response to any section of the original questionnaire.

Consequently, because the Government of Ukraine did not produce the information requested, we based our preliminary determination in this investigation on BIA. As BIA, we used the highest margin listed in the notice of initiation for this investigation, which was based on the petition.

Minerais

As noted in the "Case History" section of this notice, Minerais submitted timely questionnaire responses in the Kazakh investigation. Minerais entered the same responses onto the record of the Russian investigation at a later date. Minerais purchases ferrosilicon from Promsyrioimport, the primary exporter of the subject merchandise from Kazakhstan and the Russian Federation to the United States during the period of investigation, then exports the merchandise to its U.S. affiliate. Minerais claimed that because it acted as an independent reseller in an intermediate country, foreign market value (FMV) should be based on Minerais' sales in third-country markets, not on a factor of production analysis. Minerais claims that it should be treated as the respondent in the Kazakh and Russian investigations and that the failure of the governments of these countries to respond to requests for information should not affect the analysis of Minerais' sales.

In order for Minerais to be treated as an intermediate country reseller pursuant to section 773(f) of the Act, the five criteria listed in section 773(f) must be satisfied. In this case two of the five criteria have not been satisfied.

(1) Regarding section 773(f)(2) which states the "producer of the merchandise does not know (at the time of the sale to such reseller) the country to which such reseller intends to export the merchandise", we did not receive a complete response from the governments with which to determine this point. The Government of Kazakhstan did not provide factual certification or verifiable information that the government does not know to where the merchandise is being exported. The Government of the Russian Federation never certified Promsyrioimport's submissions as being on behalf of the Government of the Russian Federation as requested by the Department.

(2) Regarding section 773(f)(4) which states "the merchandise enters the commerce of such country but is not substantially transformed in such country", we have determined that the merchandise does not "enter the commerce" of the intermediate country, Finland. Minerais has stated that the merchandise enters a bonded warehouse in Finland. The Department has determined that entrance into a bonded warehouse is not entering the commerce of a country. The fact that some of this merchandise is subsequently resold in Finland does not demonstrate that the merchandise which is exported to the United States enters the commerce of Finland.

Cost of Production Investigations

We preliminarily determine that the COP investigations and comments thereon have become moot and need not be further addressed in these investigations. In a nonmarket economy situation involving sales from a country which qualifies as an intermediate country reseller, a COP allegation can be made against the sales which are the basis for FMV, in this case, Minerais' sales to Japan. Because the reseller does not produce the merchandise, we must determine the cost of production using the actual factors of production of the nonmarket economy producer to establish cost in accordance with section 773(b) of the Act. Minerais' acquisition price from the Kazakh producer is not the cost of production of the merchandise. However, since Minerais does not qualify for treatment as an intermediate country reseller its sales to Japan are irrelevant and a COP investigation is therefore unnecessary. The FMV for all of the sales during the POI must be based on factors of production in Kazakhstan, the Russian Federation, and Ukraine, pursuant to the nonmarket economy methodology in section 773(c) of the Act.

Standing Allegation

On October 1, 1992, we received a letter from Keokuk Ferro-Sil, Inc. (Keokuk), a ferroalloy plant in Iowa that produces 50 percent ferrosilicon, stating opposition to the antidumping investigations of ferrosilicon from Kazakhstan, the Russian Federation, and Ukraine. On October 7, 1992 we issued standing questionnaires to petitioners and Keokuk. We received responses on October 28 and October 29, 1992. We will conduct a thorough analysis of this information and consider written comments filed by all parties and comments made at a public hearing for the final determinations.

Fair Value Comparisons

To determine whether sales of ferrosilicon from Kazakhstan, the Russian Federation, the Ukraine were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

United States Price

We based USP on BIA, which was information supplied by petitioners. Petitioners based their estimate of USP on the average U.S. f.o.b. import value of ferrosilicon from the former Union of Soviet Socialist Republics (U.S.S.R.) for the period of September 1991 to February 1992. The available import statistics did not differentiate U.S. imports of the subject merchandise from the former republics of the U.S.S.R.

Ferrosilicon is sold through the same centralized exporting company. All ferrosilicon exported from Kazakhstan, the Russian Federation, and Ukraine is priced for export by Promsyrioimport. Thus, the Customs value shown for imports from these countries reflects the prices actually paid for ferrosilicon sold for exportation. Petitioners made no adjustments to the estimated USP because they stated that they were unable to obtain information regarding foreign transportation costs.

Foreign Market Value

We based FMV on BIA, which was information provided by the petitioner. Petitioners contend that the FMV of Kazahk-Russian-, and Ukrainian-produced imports subject to this investigation must be determined in accordance with section 773(c) of the Act, which concerns non-market economy (NME) countries. In accordance with section 771(18)(c) of the Act, any determination that a foreign country has at one time been considered an NME shall remain in effect until revoked. This presumption covers the geographic area of the former U.S.S.R., each part of which retains the previous NME status of the former U.S.S.R. Therefore, Kazakhstan, the Russian Federation, and Ukraine will continue to be treated as NMEs until this presumption is overcome (see, Preliminary Determinations of Sales at Less Than Fair Value: Uranium from Kazakhstan, Kyrgyzstan, Russia, Tajikistan, Ukraine and Uzbekistan, 57 FR 23380 (June 3, 1992)). In accordance with section 773(c), FMV in NME cases is based on NME producers' factors of production (valued in a market economy country).

Petitioners calculated FMV on the basis of the valuation of the factors of production for AIMCOR, a U.S. producer of ferrosilicon. In valuing the factors of production, petitioners used Mexico as a surrogate country. For purposes of the initiation, we accepted Mexico as having a comparable economy and being a significant producer of comparable merchandise, pursuant to section 773(c)(4) of the Act.

Petitioners used AIMCOR's factors for raw material and processing material inputs, electricity, and labor. The raw material, energy and labor factors for producing ferrosilicon are based on AIMCOR's actual experience from October 1990 through September 1991. Overhead expenses are expressed as a percentage of the cost of manufacture as experienced by AIMCOR.

Petitioners based labor and electricity values on 1990 wage rates and 1991 energy rates in Mexico. Petitioners based the value of raw material costs for steel scrap, quartzite, coke, bituminous coal and charcoal on 1991 f.a.s. export values from the United States to Mexico. Petitioners added an amount for foreign inland freight expense to Mexico for these raw materials. Petitioners based the value of raw material costs of electrode paste on a delivered import price from Brazil to Mexico. Petitioners based raw material costs for diesel oil, woodchips, water and other processing materials on its own average costs from October 1990 through September 1991.

Pursuant to section 773(c) of the Act, petitioners added the statutory minima of 10 percent for general expenses and eight percent for profit, and an amount for shipment preparation.

Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to suspend liquidation of all entries of ferrosilicon from Kazakhstan, the Russian Federation, and Ukraine, as defined in the "Scope of Investigations" section of this notice, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated margin amount by which the foreign market value of the subject merchandise exceeds the United States price as shown below. The suspension of liquidation will remain in effect until further notice.

Manufacturer/Producer/Exporter	Margin percent
All Manufacturers/producers/exporters	104.18

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determinations. If any of our final determinations are affirmative, the ITC will determine whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry, before the later of 120 days after the date of these preliminary determinations or 45 days after our final determinations.

Public Comment

In accordance with 19 CFR 353.38, case briefs or other written comments in at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than February 5, 1992, and rebuttal briefs no later than February 12, 1992. In accordance with 19 CFR 353.38(b), we will hold a public hearing, if requested, to give interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearings will be held on February 16, 1992, at 10 a.m. at the U.S. Department of Commerce, room 3708, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Import Administration U.S. Department of Commerce, room B-099, within ten days of the publication of this notice in the Federal Register. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. In accordance with 19 CFR 353.38(b), oral presentation will be limited to issues raised in the briefs.

This determination is published pursuant to section 733(f) of the Act (19 U.S.C. 1673(f)) and 19 CFR 353.15(a)(4).

Alan M. Dunn,

Assistant Secretary for Import Administration.

[FR Doc. 92-31458 Filed 12-28-92; 8:45 am]

BILLING CODE 3510-DS-M

[A-307-807]

Notice of Preliminary Determination of Sales at Less Than Fair Value: Ferrosilicon From Venezuela

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

EFFECTIVE DATE: December 29, 1992.

FOR FURTHER INFORMATION CONTACT: Shawn Thompson, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-1776.

PRELIMINARY DETERMINATION: We preliminarily determine that ferrosilicon from Venezuela is being, or likely to be, sold in the United States at less than fair value, as provided in section 733 of the

Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the notice of initiation on June 11 1992 (57 FR 27021, June 17, 1992), the following events have occurred.

On July 6, 1992, the International Trade Commission (ITC) issued an affirmative preliminary determination.

On July 17, 1992, the Department presented its questionnaire to CVG-Venezolana de Ferrosilicio C.A. (CVG-FESILVEN), the Venezuelan producer who accounted for at least 60 percent of known sales to the United States during the period of investigation (POI), in accordance with 19 CFR 353.42(b).

CVG-FESILVEN submitted a response to section A of the questionnaire on July 31, 1992, and a response to sections B and C of the questionnaire on August 21, 1992. On August 28 and September 24, 1992, we issued supplemental questionnaires to CVG-FESILVEN. We received the response to the first of these questionnaires on September 11, 1992, and the responses to the second on September 30 and October 2, 1992.

On October 5, 1992, petitioners requested a postponement of the preliminary determination. We granted this request, and on October 9, 1992, we postponed the preliminary determination until December 18, 1992.

On October 30, 1992, petitioners submitted a timely allegation that CVG-FESILVEN had made sales in the home market below the cost of production (COP). On November 19, 1992, we initiated a COP investigation of CVG-FESILVEN's home market sales and issued a COP questionnaire to CVG-FESILVEN.

On December 8, 1992, CVG-FESILVEN requested that the Department investigate whether certain of the petitioners in this investigation (AIMCOR; Alabama Silicon, Inc.; American Alloys, Inc.; Globe Metallurgical, Inc.; and Silicon Metaltech, Inc.) have standing to file the petition on "behalf of" the U.S. ferrosilicon industry. For further discussion of this topic, see the "Standing" section of this notice.

On December 18, 1992, we received the response to the COP questionnaire. Although this information was not received in time to use for purposes of the preliminary determination, we will consider it for the final determination.

Scope of Investigation

The product covered by this investigation is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Ferrosilicon is a ferroalloy produced by combining silicon and iron through smelting in a submerged-arc furnace. Ferrosilicon is used primarily as an alloying agent in the production of steel and cast iron. It is also used in the steel industry as a deoxidizer and a reducing agent, and by cast iron producers as an inoculant.

Ferrosilicon is differentiated by size and by grade. The sizes express the maximum and minimum dimensions of the lumps of ferrosilicon found in a given shipment. Ferrosilicon grades are defined by the percentages by weight of contained silicon and other minor elements. Ferrosilicon is most commonly sold to the iron and steel industries in standard grades of 75 percent and 50 percent ferrosilicon.

Calcium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of this investigation. Calcium silicon is an alloy containing, by weight, not more than five percent iron, 60 to 65 percent silicon and 28 to 32 percent calcium. Ferrocalcium silicon is a ferroalloy containing, by weight, not less than four percent iron, 60 to 65 percent silicon, and more than 10 percent calcium. Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon, and not less than 2.75 percent magnesium.

Ferrosilicon is classifiable under the following subheadings of the Harmonized Tariff Schedule of the United States (HTSUS): 7202.21.1000, 7202.21.5000, 7202.21.7500, 7202.21.9000, 7202.29.0010, and 7202.29.0050. The HTSUS subheadings are provided for convenience and customs purposes. Our written description of the scope of this investigation is dispositive.

Standing

On December 8, 1992, CVG-FESILVEN requested that the Department investigate whether certain of the petitioners in this investigation have standing to file the petition on "behalf of" the U.S. ferrosilicon industry. In this request, CVG-FESILVEN stated that one U.S. producer has affirmatively opposed this proceeding. However, this statement is incorrect. To date we have received a standing challenge from a domestic producer only in the companion antidumping investigations involving Kazakhstan, Russia and Ukraine and are investigating petitioners' standing in those cases. (See Preliminary Determination of Sales at Less Than Fair Value: Ferrosilicon From Kazakhstan, Russia and Ukraine, published elsewhere in this issue of the Federal Register.) We note that these investigations are separate and disinct from this proceeding. Nonetheless, because the petitioners in these cases are the same, our findings in the Kazakh, Russian and Ukrainian investigations may apply here as well.

Period of Investigation

The POI is December 1, 1991, through May 31, 1992.

Such or Similar Comparisons

We have determined for purposes of the preliminary determination that the product covered by this investigation comprises a single category of "such or similar" merchandise. We made similar merchandise comparisons on the basis of: (1) Silicon content range, (2) grade, and (3) sieve size, as described in appendix V of the questionnaire.

In its response, respondent proposed matching products using that three characteristics noted above, plus a fourth characteristic: Exact silicon content. However, we had already considered comments by all parties on this matter and determined that matching using only the three characteristics in appendix V was the most appropriate method. Therefore, we matched according to appendix V.

In addition, respondent designated certain matches as "identical," based on the four criteria it used to determine the most similar comparisons. However, appendix V requires that identical matches involve products which are identical in all physical characteristics, not just those identified in the appendix. As respondent did not claim that the products compared were identical in any physical characteristics other than the four noted above, we treated these matches as "similar" and revised this portion of the product concordance using the criteria outlined in appendix V.

Finally, respondent requested that we make price-to-price comparisons based on the assay weight (*i.e.*, the weight of contained silicon) of the merchandise. However, respondent failed to demonstrate that the prices, selling expenses, and movement charges involved in sales of this merchandise are based strictly on assay weight. Moreover, the sales documentation submitted in the questionnaire response

does not appear to support respondent's request. Accordingly, we made price-to-price comparisons based on the gross weight per metric ton.

Fair Value Comparisons

To determine whether sales of ferrosilicon from Venezuela to the United States were made at less than fair value, we compared the United States price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

United States Price

We based USP on purchase price, in accordance with section 772(b) of the Act, because the subject merchandise was sold to unrelated purchasers in the United States prior to importation and because exporter's sales price methodology was not otherwise indicated.

We calculated purchase price based on packed F.O.B. prices to unrelated customers. We increased USP by the amount of a price addition claimed by respondent on certain transactions. In accordance with section 772(d)(2)(A) of the Act, we made deductions, where appropriate, for foreign inland freight and pier rental charges.

In accordance with section 772(d)(1)(B) of the Act, respondent requested an addition to USP for the amount of duty drawback claimed by respondent from the Venezuelan government. We disallowed this adjustment, because not only did respondent not show that it actually received drawback on the exports in question, but also it failed to demonstrate that it had a reasonable expectation of ever receiving the drawback amounts claimed.

Foreign Market Value

In order to determine whether there were sufficient sales of ferrosilicon in the home market to serve as a viable basis for calculating FMV, we compared the volume of home market sales of ferrosilicon to the volume of third country sales of the same product, in accordance with section 773(a)(1)(B) of the Act. CVG–FESILVEN had a viable home market with respect to sales of ferrosilicon during the POI.

We calculated FMV based on packed F.O.T. (free on truck) prices to unrelated customers in the home market. For purposes of this preliminary determination, we excluded sales to related customers, pursuant to 19 CFR 353.45, as respondent failed to demonstrate that the prices paid by those customers were comparable to the prices paid by unrelated customers.

Pursuant to 19 CFR 353.56(a)(2), we made circumstance-of-sale adjustments, where appropriate, for differences in credit expenses and bank charges. Respondent calculated U.S. credit expenses based on the period between invoicing and payment by the customer. We recalculated U.S. credit expenses based on the period between shipment from the factory and payment.

We deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(1) of the Act.

Currency Conversion

Because certified exchange rates from the Federal Reserve were unavailable, we made currency conversions based on the official monthly exchange rates in effect on the dates of the U.S. sales as certified by the International Monetary Fund.

Verification

As provided in section 776(b) of the Act, we will verify the information used in making our final determination.

Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to suspend liquidation of all entries of ferrosilicon from Venezuela that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated preliminary dumping margins, as shown below. The suspension of liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

[In percent]

Manufacturer/producer/exporter	Weighted-average margin percentage
CVG-Venezolana de Ferrosilicio C.A	1.49
All others	1.49

ITC Notification

In accordance with section 733(f) of the Act, we have notified the ITC of our determination. If our final determination is affirmative, the ITC will determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry before the later of 120 days after the date of this preliminary determination or 45 days after our final determination.

Public Comment

In accordance with 19 CFR 353.38, case briefs or other written comments with at least ten copies must be submitted to the Assistant Secretary for Import Administration no later than February 10, 1992, and rebuttal briefs no later than February 16, 1992. In accordance with 19 CFR 353.38(b), we will hold a public hearing, if requested, to give interested parties an opportunity to comment on arguments raised in case or rebuttal briefs. Tentatively, the hearing will be held on February 17, 1992, at 1 p.m. at the U.S. Department of Commerce, room 3708, 14th Street and Constitution Avenue, NW., Washington, DC 20230. Parties should confirm by telephone the time, date, and place of the hearing 48 hours before the scheduled time.

Interested parties who wish to request a hearing must submit a written request to the Assistant Secretary for Import Administration, U.S. Department of Commerce, room B–099, within ten days of the publication of this notice in the Federal Register. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; and (3) a list of the issues to be discussed. In accordance with 19 CFR 353.38(b), oral presentations will be limited to issues raised in the briefs.

This determination is published pursuant to section 733(f) of the Act (19 U.S.C. 1673b(f)) and 19 CFR 353.15(a)(4).

Dated: December 18, 1992.

Alan M. Dunn,

Assistant Secretary for Import Administration.

[FR Doc. 92–31457 Filed 12–28–92; 8:45 am]

BILLING CODE 3510-DS-M

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 303-TA-23 (Final) and 731-TA-566 and 568-570 (Final)]

Ferrosilicon From Kazakhstan, Russia, Ukraine, and Venezuela

AGENCY: United States International Trade Commission

ACTION: Institution and scheduling of final antidumping investigations and scheduling of the ongoing countervailing duty investigation.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-566 and 568-570 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Kazakhstan, Russia, Ukraine, and Venezuela of ferrosilicon, provided for in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 of the Harmonized Tariff Schedule of the United States. The Commission also gives notice of the schedule to be followed in these antidumping investigations and the ongoing countervailing duty investigation regarding imports of ferrosilicon from Venezuela (Inv. No. 303-TA-23 (Final)), which the Commission instituted effective August 21, 1992 (57 FR 41777, September 11, 1992). The schedules for the subject investigations will be identical, pursuant to Commerce's alignment of its final subsidy and dumping determinations (57 FR 43222, September 18, 1992).

For further information concerning the conduct of these investigations, hearing procedures, 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 C (19 CFR part 207).

EFFECTIVE DATE: December 21, 1992.

FOR FURTHER INFORMATION CONTACT: Brad Hudgens (202-205-3189), 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

The subject antidumping investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of ferrosilicon from Kazakhstan, Russia, Ukraine, and Venezuela are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The Commission instituted the subject countervailing duty investigation on August 21, 1992 (57 FR 41777, September 11, 1992). The investigations were requested in a petition filed on May 22, 1992, by AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc., Bessemer, AL; American Alloys, Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland, OH; Silicon Metaltech, Inc., Seattle, WA; United Autoworkers of America (locals 523 and 12646); United Steelworkers of America (locals 2528, 3081, and 5171); and Oil, Chemical & Atomic Workers (local 389).

Participation in the Investigations and Public Service List

Any person having already filed an entry of appearance in the countervailing duty investigation is considered a party in the antidumping investigation. Any other persons wishing to participate in the investigations as parties must file an entry of appearance with the Secretary of the Commission not later than seven (7) days after publication of this notice in the Federal Register. Section 201.11 of the Commission's rules is hereby waived. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the 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

The Secretary will make BPI gathered in these final 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. Section 207.7(a) of the Commission's rules is hereby waived. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in these investigations will be placed in the nonpublic record on January 8, 1993, and a public version will be issued thereafter, pursuant to § 207.21 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on January 22, 1993, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before January 19, 1993. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on January 21, 1993, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rules. Parties are strongly encouraged to submit as early in the investigations as possible any request to present a portion of their hearing testimony *in camera*.

Written Submissions

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.22 of the Commission's rules; the deadline for filing is January 15, 1993. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.24 of the Commission's rules. The deadline for filing posthearing briefs is February 1, 1993; witness testimony must be filed no later than three (3) days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before February 1, 1993. A supplemental brief addressing only the final antidumping determinations of the Department of Commerce is due on March 8, 1993. The brief may not exceed five (5) pages in length. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (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 § 207.20 of the Commission's rules.

Issued: December 22, 1992.

By order of the Commission.

Paul R. Bardos,

Acting Secretary.

[FR Doc. 92–31498 Filed 12–23–92; 8:45 am]

BILLING CODE 7020-02-M

[A-570-819]

Final Determination of Sales at Less Than Fair Value: Ferrosilicon From the People's Republic of China

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

EFFECTIVE DATE: January 21, 1993.

FOR FURTHER INFORMATION CONTACT: Kimberly Hardin, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 482-0371.

FINAL DETERMINATION:

Background

Since the publication of our affirmative preliminary determination

on November 5, 1992 (57 FR 52759), the following event occurred.

On November 23, 1992, petitioners filed a case brief regarding the Department's use of best information available (BIA) in the preliminary determination.

On January 8, 1993, a "reseller" of ferrosilicon from the People's Republic of China (PRC) filed a request for postponement of the final determination for 60 days.

On January 12, 1993, petitioners submitted comments to the Department objecting to any postponement of the final determination.

Scope of Investigation

The product covered by this investigation is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Ferrosilicon is a ferroalloy produced by combining silicon and iron through smelting in a submerged-arc furnace. Ferrosilicon is used primarily as an alloying agent in the production of steel and cast iron. It is also used in the steel industry as a deoxidizer and a reducing agent, and by cast iron producers as an inoculant.

Ferrosilicon is differentiated by size and by grade. The sizes express the maximum and minimum dimensions of the lumps of ferrosilicon found in a given shipment. Ferrosilicon grades are defined by the percentages by weight of contained silicon and other minor elements. Ferrosilicon is most commonly sold to the iron and steel industries in standard grades of 75 percent and 50 percent ferrosilicon.

Calcium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of this investigation. Calcium silicon is an alloy containing, by weight, not more than five percent iron, 60 to 65 percent silicon and 28 to 32 percent calcium. Ferrocalcium silicon is a ferroalloy containing, by weight, not less than four percent iron, 60 to 65 percent silicon, and more than 10 percent calcium. Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon, and not less than 2.75 percent magnesium.

Ferrosilicon is classifiable under the following subheadings of the Harmonized Tariff Schedule of the United States (HTSUS): 7202.21.1000, 7202.21.5000, 7202.21.7500, 7202.21.9000, 7202.29.0010, and 7202.29.0050. The HTSUS subheadings are provided for convenience and customs purposes. Our written description of the scope of this investigation is dispositive.

Period of Investigation

The period of investigation (POI) is December 1, 1991, through May 31, 1992.

Best Information Available

We have determined, in accordance with section 776(c) of the Tariff Act of 1930, as amended, (the Act), that the use of BIA is appropriate for sales of the subject merchandise in this investigation. In deciding to use BIA, section 776(c) provides that the Department of Commerce (the Department) may take into account whether the respondent was able to produce information requested in a timely manner and in the form required. In this case, exporters of ferrosilicon from the PRC did not respond to any request for information.

As outlined in the preliminary determination, the Department made several attempts to obtain information from the American Embassy in Beijing, the Embassy of the PRC, from the Ministry of Foreign Economics, Relations, and Trade, and from the Chamber of Commerce. However, the Department received no information from any of these sources. Consequently, we based our preliminary determination in this investigation on BIA. As BIA, we used the highest margin listed in the notice of initiation for this investigation, which was based on the petition.

Fair Value Comparisons

To determine whether sales of ferrosilicon from the PRC were made at less than fair value, we compared the United States price, (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

United States Price

We based USP on BIA, which was information supplied by petitioners. Petitioners based their estimate of USP on the average U.S. f.o.b. import value of ferrosilicon for the period September 1991 to February 1992. Petitioners made no adjustments to the estimated USP because they stated that they were unable to obtain information regarding foreign transportation costs.

Foreign Market Value

We based FMV on BIA, which was information supplied by the petitioner. Petitioners calculated FMV on the basis of the valuation of the factors of production for AIMCOR, a U.S. producer of ferrosilicon. In valuing the factors of production, petitioners used India as a surrogate country. For purposes of the initiation, we accepted India as having a comparable economy and being a significant producer of comparable merchandise, pursuant to section 773(c)(4) of the Act.

Petitioners used AIMCOR's factors for raw material and processing material inputs, electricity, and labor. The raw material, energy and labor factors for producing ferrosilicon are based on AIMCOR's actual experience from October 1990 through September 1991. However, petitioners made an adjustment to the labor factor to account for more labor-intensive ferrosilicon operations existing in the PRC. Overhead expenses are expressed as a percentage of the cost of manufacture as experienced by AIMCOR.

Petitioners based labor and electricity values on 1991 wage rates and energy rates in India. Petitioners based on the value of raw material costs for steel scrap, quartzite, coke, bituminous coal, diesel fuel, and water on Indian values. Petitioners based the value of raw material costs for electrode paste on a delivered import price from Italy to India. Petitioners based raw material costs for charcoal and woodchips, and other processing materials on AIMCOR's average costs from October 1990 through September 1991.

Pursuant to section 773(c) of the Act, petitioners added the statutory minima of 10 percent for general expenses and eight percent for profit, and an amount for shipment preparation.

Interested Party Comment

A reseller of ferrosilicon from the PRC, asserting that it accounts for a significant percentage of ferrosilicon imported from the PRC in 1991, requested that the Department postpone the final determination for 60 days in order to study the situation regarding ferrosilicon from the PRC, to consult with its PRC suppliers and U.S. customers and to decide whether to retain counsel for purposes of evaluating its procedural and legal rights in this investigation.

Petitioner responded that the Department should not postpone the final determination because such an extension is not available to the party requesting postponement for purposes of 19 CFR 353.20(b), there is no

evidence that this party was a reseller of a major portion of ferrosilicon from the PRC during the POI, and under the circumstances of this investigation, the requested extension would serve no purpose.

DOC Position

We agree with petitioner. We declined to postpone the final determination because the party requesting postponement does not qualify as a "reseller" in this investigation, pursuant to 19 CFR 353.2(s), because its sales were not used to calculate either FMV or USP. Therefore, the party in question cannot request a postponement under 19 CFR 353.20(b).

Moreover, insofar as the requesting party wanted the additional time to consult with its suppliers, any new information obtained therefrom could not be utilized by the Department in its less than fair value calculation because the deadline for submission of factual information, pursuant to 19 CFR 353.31, had passed. Therefore, it would have been futile to postpone the final determination.

Accordingly, the Department denied the request to postpone the final determination.

Continuation of Suspension of Liquidation

In accordance with section 733(d) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of ferrosilicon from the PRC, as defined in the "Scope of Investigation" section of this notice, that are entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. The Customs Service shall require a cash deposit or posting of a bond equal to the estimated margin amount by which the foreign market value of the subject merchandise exceeds the United States price as shown below. The suspension of liquidation will remain in effect until further notice.

Manufacturer/producer/exporter	Margin (percent)
All manufacturers/producers/exporters	137.73

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

Notification to Interested Parties

This notice also serves as the only remainder to parties subject to administrative protective order (APO) of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.35(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)) and 19 CFR 353.20.

Dated: January 12, 1993.

Alan M. Dunn,

Assistant Secretary for Import Administration.

[FR Doc. 93-1344 Filed 1-19-93; 8:45 am]

BILLING CODE 3510-DS-M

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-641-642 (Preliminary)]

Ferrosilicon From Brazil and Egypt

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-641-642 (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 Brazil and Egypt of ferrosilicon, provided for in subheadings 7202.21.10, 7202.21.50, 7202.21.75, 7202.21.90, and 7202.29.00 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 26, 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: January 12, 1993.

FOR FURTHER INFORMATION CONTACT:

Brad Hudgens (202-205-3189), 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 January 12, 1993, by AIMCOR, Pittsburgh, PA; Alabama Silicon, Inc., Bessemer, AL; American Alloys, Pittsburgh, PA; Globe Metallurgical, Inc., Cleveland, OH; Silicon Metaltech, Inc., Seattle, WA; United Autoworkers of America (locals 523 and 12646); United Steelworkers of America (locals 2528, 3081, and 5171); and Oil, Chemical & Atomic Workers (local 339).

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 §§ 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 § 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 February 3, 1993, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Brad Hudgens (202-205-3189) not later than January 28, 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 §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before February 8, 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 §§ 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigations must be served on all other parties to the investigations (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 § 207.12 of the Commission's rules.

Issued: January 13, 1993.

By order of the Commission.

Paul R. Bardos,

Acting Secretary.

[FR Doc. 93-1322 Filed 1-14-93; 2:15 pm]

BILLING CODE 7020-02-M

International Trade Administration

[A-351-820, A-729-801]

Initiation of Antidumping Duty Investigations: Ferrosilicon From Brazil and Egypt

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

EFFECTIVE DATE: January 8, 1993.

FOR FURTHER INFORMATION CONTACT: Mary Jenkins, 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) 482-1756.

INITIATION OF INVESTIGATIONS:

The Petitions

On January 12, 1993, we received petitions filed in proper form by AIMCOR, Alabama Silicon, Inc., American Alloys, Inc., Globe Metallurgical, Inc., Silicon Metaltech Inc., United Autoworkers of America Local 523, United Steelworkers of America Locals 12646, 2528, 5171 and 3081, and Oil, Chemical & Atomic Workers Local 389 (petitioners). In accordance with 19 CFR 353.12, the petitioners allege that ferrosilicon from Brazil and Egypt is being, or is 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 sections 771(9)(C) and 771(9)(D) of the Act, and because the petitions were filed on behalf of the U.S.

industry producing, manufacturing or reselling the like product subject to these investigations and on behalf of certified unions representing the employees of U.S. ferrosilicon producers. 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.

Period of Investigation

The period of investigation is July 1, through December 31, 1992.

Scope of Investigations

The product covered by these investigations is ferrosilicon, a ferroalloy generally containing, by weight, not less than four percent iron, more than eight percent but not more than 96 percent silicon, not more than 10 percent chromium, not more than 30 percent manganese, not more than three percent phosphorous, less than 2.75 percent magnesium, and not more than 10 percent calcium or any other element.

Ferrosilicon is a ferroalloy produced by combining silicon and iron through smelting in a submerged-arc furnace. Ferrosilicon is used primarily as an alloying agent in the production of steel and cast iron. It is also used in the steel industry as a deoxidizer and a reducing agent, and by cast iron producers as an inoculant.

Ferrosilicon is differentiated by size and by grade. The sizes express the maximum and minimum dimensions of the lumps of ferrosilicon found in a given shipment. Ferrosilicon grades are defined by the percentages by weight of contained silicon and other minor elements. Ferrosilicon is most commonly sold to the iron and steel industries in standard grades of 75 percent and 50 percent ferrosilicon.

Calcium silicon, ferrocalcium silicon, and magnesium ferrosilicon are specifically excluded from the scope of these investigations. Calcium silicon is an alloy containing, by weight, not more than five percent iron, 60 to 65 percent silicon, and 28 to 32 percent calcium. Ferrocalcium silicon is a ferroalloy containing by weight not less than four percent iron, 60 to 65 percent silicon, and more than 10 percent calcium. Magnesium ferrosilicon is a ferroalloy containing, by weight, not less than four percent iron, not more than 55 percent silicon, and not less than 2.75 percent magnesium.

Ferrosilicon is classifiable under the following subheadings of the Harmonized Tariff Schedule of the United States (HTSUS): 7202.21.1000, 7202.21.5000, 7202.21.7500, 7202.21.9000, 7202.29.0010, and 7202.29.0050. Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

United States Price and Foreign Market Value

Brazil

Petitioners based their estimate of U.S. Price (USP) on the U.S. f.o.b. import value of ferrosilicon imported from Brazil in July, August, September and November 1992. Petitioners made no adjustments to the estimated USP. We have deducted from USP an amount for foreign inland freight based on information provided by petitioners from the public version of the Department's current administrative review of silicon metal from Brazil.

Petitioners based their estimate of foreign market value on three home market prices for comparable periods obtained during 1992, for subject merchandise sold by certain producers exporting to the United States. Petitioners have stated that one of the prices includes shipping and packing. Petitioners could not identify the costs associated with shipping and packing. However, we have deducted foreign inland freight on that specific sale based on information provided by petitioners from the public version of the Department's current administrative review of silicon metal from Brazil.

Petitioner alleged home market sales below cost of production (COP) with respect to the subject merchandise for all Brazilian producers and exporters named in the petition. These allegations are based on a comparison of home market prices for three foreign producers named in the petition with cost of production (COP). COP was based on the COP of an efficient producer, AIMCOR, one of the petitioners in this investigation. Adjustments were made for known differences in material costs and labor. We adjusted petitioners' calculation to correct a conversion factor used for two inputs. Constructed value was calculated in the same manner, however, we used 10 percent for general expenses and eight percent for profit, pursuant to section 773(e)(1)(B) of the Act. We did not add an amount for packing because petitioner stated that usually the merchandise is shipped in bulk in both markets, thereby incurring no packing costs.

The Department is initiating COP investigations for the three companies where petitioners provided company-specific home market prices, contingent on whether these companies become respondents in this investigation. The Department will not initiate a COP investigation for those companies and exporters where petitioners did not provide company-specific home market prices.

Egypt

Petitioners based their estimate of USP on the U.S. f.o.b. import value of ferrosilicon imported from Egypt in June 1992. Petitioners made no adjustments to the estimated USP.

Petitioners based their estimate of foreign market value on home market prices obtained during July through December, 1992, for subject merchandise sold by an Egyptian producer exporting to the United States. Petitioners made no adjustments to the estimated foreign market value because they stated that they were unable to obtain information regarding transportation and packing costs.

Based on a comparison of USPs, adjusted for foreign inland freight in Brazil, and foreign market value, petitioners allege dumping margins ranging from 13.07% to 23.45% for ferrosilicon from Brazil and 52.41% to 90.50% for Egypt.

Based on a comparison of USP and foreign market value based on CV, petitioners allege dumping margins ranging from 64.17% to 89.52% for ferrosilicon from Brazil. Based on adjustments made to material costs for two inputs and deletion of packing costs, the revised constructed value margins range from 24.43% to 34.73%.

Initiation of Investigations

We have examined the petitions on ferrosilicon from Brazil and Egypt and have found that the petitions meet the requirements of section 732(c) of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of ferrosilicon from the above-referenced countries are being, or are likely to be, sold in the United States at less than fair value.

ITC Notification

Section 732(d) of the Act requires us to notify the International Trade

Commission (ITC) of these actions and we have done so.

Preliminary Determinations by the ITC

The ITC will determine by February 26, 1993, whether there is a reasonable indication that imports of ferrosilicon from Brazil and Egypt are materially injuring, or threaten material injury to, a U.S. industry. Any ITC determination which is negative will result in the respective investigation being terminated; otherwise, the investigations will proceed to conclusion in accordance with the statutory and regulatory time limits.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: February 1, 1993.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-2978 Filed 2-5-93; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

LIST OF PARTICIPANTS IN THE HEARING AND THE CONFERENCE

CALENDAR OF PUBLIC HEARING

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

Subject	:	FERROSILICON FROM THE PEOPLE'S REPUBLIC OF CHINA, KAZAKHSTAN, RUSSIA, UKRAINE, AND VENEZUELA
Inv. No.	:	303-TA-23 (Final) 731-TA-566-570 (Final)
Date and Time	:	January 22, 1993 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main Hearing Room 101 of the United States International Trade Commission, 500 E St., S.W., Washington, D.C.

OPENING REMARKS:

Petitioner (Mr. Kramer)

Respondents (Mr. Finlayson)

In support of Imposition of
Antidumping Duties/Countervailing:

Baker & Botts
Washington, D.C.
On behalf of

AIMCOR
Alabama Silicon, Inc.
American Alloys, Inc.
Globe Metallurgical, Inc.
Silicon Metaltech Inc.
Oil, Chemical & Atomic Workers Local 389
United Autoworkers of America Local 523
United Steelworkers of America,
Locals 2528, 3081, 5171 and 12646

Dr. Kenneth R. Button, Vice President,
Economic Consulting Services, Inc.

William D. Beard, President and CEO,
American Alloys, Inc.

In support of Imposition of
Antidumping Duties/Countervailing:

Baker & Botts
Washington, D.C.
On behalf of

Alfred F. Koestner, Director of Marketing,
Metals Division, Applied Industrial
Materials Corporation

William D. Kramer)
John B. Veach III)--OF COUNSEL
Michael X. Marinelli)

In Opposition to the Imposition of
Antidumping/Countervailing Duties:

Shearman & Sterling
Washington, D.C.
On behalf of

S.A. des Minerais

Minerais U.S. Inc.

Grant E. Finlayson)--OF COUNSEL

CALENDAR OF THE PUBLIC CONFERENCE

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

Subject: FERROSILICON FROM BRAZIL AND EGYPT
Investigations Nos. 731-TA-641-642 (Preliminary)

Time and Date: February 3, 1993 - 9:30 a.m.

Sessions were held in connection with the investigations in the Main Hearing Room 101 of the United States International Trade Commission, 500 E Street, SW, Washington DC.

In Support of the Imposition of Countervailing and Antidumping Duties:

Baker & Botts--Counsel
Washington, DC
On behalf of

AIMCOR; Alabama Silicon, Inc.; American Alloys, Inc.; Globe Metallurgical, Inc.; Silicon Metaltech, Inc.; Oil, Chemical & Atomic Workers Union (local 389); United Autoworkers of America Union (locals 523 and 12646); and United Steelworkers of America Union (locals 2528, 3081, and 5171)

Kenneth R. Button, Vice President
Economic Consulting Services, Inc.

William Kramer)
)--OF COUNSEL
John B. Veach III)

In Opposition to the Imposition of Countervailing and Antidumping Duties:

Rogers & Wells
Washington, DC
On behalf of

Ulrich Krauskopf, Vice President
MG Ores and Alloys

Robin Snyder, Administrator
ACI Chemicals

William Silverman)
)--OF COUNSEL
Doug Heffner)

APPENDIX C

SUMMARY DATA

Table C-1
Ferrosilicon: Summary data concerning the U.S. market, 1989-91, January-September 1991, and January-September 1992

(Quantity=silicon-content short tons, value=1,000 dollars, unit values and unit labor costs are per silicon-content short ton, period changes=percent, except where noted)

Item	Reported data			Jan.-Sept.--		Period changes			
	1989	1990	1991	1991	1992	1989-91	1989-90	1990-91	Jan.-Sept. 1991-92
U.S. consumption quantity:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share 1/	***	***	***	***	***	***	***	***	***
Importers' share: 1/									
China	***	***	***	***	***	***	***	***	***
Kazakhstan	***	***	***	***	***	***	***	***	***
Russia	***	***	***	***	***	***	***	***	***
Ukraine	***	***	***	***	***	***	***	***	***
Venezuela	***	***	***	***	***	***	***	***	***
Brazil	***	***	***	***	***	***	***	***	***
Egypt	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Argentina	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources 3/	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
U.S. consumption value:									
Amount	***	***	***	***	***	***	***	***	***
Producers' share 1/	***	***	***	***	***	***	***	***	***
Importers' share: 1/									
China	***	***	***	***	***	***	***	***	***
Kazakhstan	***	***	***	***	***	***	***	***	***
Russia	***	***	***	***	***	***	***	***	***
Ukraine	***	***	***	***	***	***	***	***	***
Venezuela	***	***	***	***	***	***	***	***	***
Brazil	***	***	***	***	***	***	***	***	***
Egypt	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Argentina	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***
Other sources 3/	***	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***	***
U.S. importers' imports from--									
China:									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Kazakhstan:									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Russia:									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Ukraine:									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Venezuela:									
Imports quantity	21,624	26,585	32,979	17,197	11,703	+52.5	+22.9	+24.1	-31.9
Imports value	20,819	16,811	21,561	11,309	7,330	+3.6	-19.3	+28.3	-35.2
Unit value	$963	$632	$654	$658	$626	-32.1	-34.3	+3.4	-4.8
Ending inventory qty	9,978	6,514	12,109	6,883	3,687	+21.4	-34.7	+85.9	-46.4
Brazil:									
Imports quantity	13,435	30,063	11,700	5,924	44,118	-12.9	+123.8	-61.1	+644.7
Imports value	12,055	20,952	7,001	3,904	26,909	-41.9	+73.8	-66.6	+589.3
Unit value	$897	$697	$598	$659	$610	-33.3	-22.3	-14.1	-7.5
Ending inventory qty	6,045	14,242	4,785	6,335	17,990	-20.8	+135.6	-66.4	+184.0

Footnotes appear at end of table.

Table C-1--Continued
Ferrosilicon: Summary data concerning the U.S. market, 1989-91, January-September 1991, and January-September 1992

(Quantity=silicon-content short tons, value=1,000 dollars, unit values and unit labor costs are per silicon-content short ton, period changes=percent, except where noted)

	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
Item	1989	1990	1991	1991	1992	1989-91	1989-90	1990-91	1991-92
U.S. importers' imports from--									
Egypt:									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Subject sources:									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Argentina:									
Imports quantity	7,718	5,432	7,829	6,487	0	+1.4	-29.6	+44.1	-100.0
Imports value	8,312	3,676	4,857	4,005	0	-41.6	-55.8	+32.1	-100.0
Unit value	$1,077	$677	$620	$617	4/	-42.4	-37.2	-8.3	4/
Ending inventory qty	597	1,281	3,931	5,290	1,272	+558.5	+114.6	+206.9	-76.0
Subject sources (plus Argentina):									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***	***	***	***
Other sources:									
Imports quantity 3/	44,642	47,883	43,917	28,639	41,765	-1.6	+7.3	-8.3	+45.8
Imports value 3/	41,035	39,104	36,088	24,217	32,124	-12.1	-4.7	-7.7	+32.7
Unit value 3/	$919	$817	$822	$846	$769	-10.6	-11.2	+0.6	-9.0
All sources:									
Imports quantity	***	***	***	***	***	***	***	***	***
Imports value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
U.S. producers'--									
Average capacity quantity	318,332	297,226	300,918	234,031	217,194	-5.5	-6.6	+1.2	-7.2
Production quantity	270,923	227,093	184,818	147,088	129,298	-31.8	-16.2	-18.6	-12.1
Capacity utilization 1/	85.1	76.4	61.4	62.8	59.5	-23.7	-8.7	-15.0	-3.3
U.S. shipments:									
Quantity	246,632	219,185	188,024	138,897	119,790	-23.8	-11.1	-14.2	-13.8
Value	254,143	192,402	156,341	117,364	96,467	-38.5	-24.3	-18.7	-17.8
Unit value	$1,030	$878	$831	$845	$805	-19.3	-14.8	-5.3	-4.7
Export shipments:									
Quantity	10,939	8,568	7,402	5,304	5,311	-32.3	-21.7	-13.6	+0.1
Exports/shipments 1/	4.2	3.8	3.8	3.7	4.2	-0.5	-0.5	2/	+0.6
Value	16,319	11,679	10,252	6,883	6,971	-37.2	-28.4	-12.2	+1.3
Unit value	$1,492	$1,363	$1,385	$1,298	$1,313	-7.2	-8.6	+1.6	+1.1
Ending inventory quantity	52,642	51,982	41,374	54,869	45,571	-21.4	-1.3	-20.4	-16.9
Inventory/shipments 1/	20.4	22.8	20.6	28.0	26.7	+0.2	+2.4	-2.2	-1.3
Production workers	1,034	890	655	729	611	-36.7	-13.9	-26.4	-16.2
Hours worked (1,000s)	2,286	1,875	1,405	1,086	860	-38.5	-18.0	-25.1	-20.8
Total comp. ($1,000)	39,373	33,712	24,945	19,383	15,795	-36.6	-14.4	-26.0	-18.5
Hourly total compensation	$17.22	$17.98	$17.75	$17.85	$18.37	+3.1	+4.4	-1.3	+2.9
Productivity (silicon-content short ton/ 1,000 hours)	118.5	118.7	125.4	129.5	150.3	+5.8	+0.2	+5.6	+16.1
Unit labor costs	$145.33	$151.44	$141.59	$137.85	$122.16	-2.6	+4.2	-6.5	-11.4
Net sales value	252,136	204,081	163,526	119,158	104,714	-35.1	-19.1	-19.9	-12.1
COGS/sales 1/	83.4	99.3	102.3	101.9	102.3	+18.9	+15.9	+3.0	+0.3
Operating income (loss)	27,801	(10,253)	(12,406)	(8,561)	(8,329)	-144.6	-136.9	-21.0	+2.7
Op. income (loss)/sales 1/	11.0	(5.0)	(7.6)	(7.2)	(8.0)	-18.6	-16.1	-2.6	-0.8

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.
2/ An increase of less than 0.05 percentage points.
3/ Official import statistics of the U.S. Department of Commerce.
4/ Not applicable.
5/ An increase of 1,000 percent or more.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. 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, except where noted.

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF FERROSILICON FROM ARGENTINA, BRAZIL, EGYPT, KAZAKHSTAN, CHINA, RUSSIA, UKRAINE, OR VENEZUELA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND/OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

In the final investigations, the Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of ferrosilicon from Argentina, Kazakhstan, China, Russia, Ukraine, or Venezuela 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. *** indicated "no" to all questions. The remaining responses are as follows:

* * * * * * *

In the preliminary investigations, the Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of ferrosilicon from Brazil and Egypt 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. *** indicated "no" to all questions. The remaining responses are as follows:

* * * * * * *

APPENDIX E

DATA CONCERNING ARGENTINA

Data on the ferrosilicon industry in Argentina are presented in table E-1, and available U.S. pricing data on imports from Argentina are presented in tables E-2 and E-3. Additional information on the Argentine product follows.

Table E-1
Ferrosilicon: Argentina's production capacity, production, shipments, and end-of-period inventories, 1989-91, January-March 1991, January-March 1992, and projected 1992 and 1993

* * * * * * *

Product Comparisons

Four U.S. ferrosilicon producers *** and one importer *** commented on the imported Argentine ferrosilicon.[1] *** considered the supply of the Argentine material to be less reliable than that of the domestic product. *** indicated that no significant quality differences existed between the domestic and imported Argentine commodity grade ferrosilicon 75, although *** noted that the Argentine material was not available in odd sizes. *** noted that it had to screen the imported product in the United States to sell specific sizes,[2] and that ferrosilicon imported from Argentina is not considered by end users that require specialized ferrosilicon such as high-purity or low-aluminum grades and foundry-grade inoculants. On the other hand, *** indicated that relatively high calcium in the Argentine ferrosilicon made it useful to both steel producers and iron foundries.

Three purchasers, ***--all steel producers, commented on the quality of the Argentine ferrosilicon. All of these firms indicated that the imported Argentine commodity grade ferrosilicon 75 was comparable in quality to the U.S.-produced product and was priced about the same as the domestic product. *** asserted that the domestic ferrosilicon 75 was not always available.

Price Trends And Price Comparisons

Based on U.S. producer and importer questionnaire data, net weighted-average quarterly U.S. f.o.b. prices and shipment quantities of the specified Argentine ferrosilicon product 1 sold to steel producers are shown during January 1989-September 1992 in table E-2.[3] The quarterly average selling price of the imported product 1 sold to steel producers ***. In comparison,

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[1] Importers reported importing ferrosilicon 75 from Argentina.

[2] *** reported in its questionnaire response that it screened in the United States about *** percent of total U.S. shipments of the imported Argentine ferrosilicon between January 1989 and September 1992. The screening costs added *** per pound of silicon content to the U.S. selling price of the imported ferrosilicon. The *** reported share of import shipments that were screened and the *** additional cost of screening in the United States suggests that U.S. screening costs had *** impact on U.S. selling prices of the ferrosilicon imported from Argentina.

[3] Two responding U.S. importers provided the price information, which accounted for *** percent of the total quantity of reported U.S. shipments of all imported Argentine ferrosilicon between January 1989 and September 1992.

Table E-2
Net weighted-average U.S. f.o.b. selling prices and quantities of ferrosilicon imported from Argentina, by products, by types of customers, and by quarters, January 1989-September 1992

* * * * * * *

quarterly net f.o.b. prices of the domestic product 1 sold to steel producers fell by 37.7 percent during January 1989-September 1992.

Based on U.S. producer and importer questionnaire data, a total of 11 quarterly delivered price comparisons were possible between the domestic and imported Argentine ferrosilicon during January 1989-September 1992 (table E-3).[4] All 11 price comparisons involved product 1 sold to steel producers. Seven of the 11 price comparisons showed that the imported product was priced less than the domestic product, with margins of underselling averaging 2.3 percent. Four price comparisons showed that prices of the imported product were higher than prices of the domestic product, averaging 4.5 percent above prices of the domestic product.

Lost Revenues

*** reported lost revenue allegations involving competition from ferrosilicon imported from Argentina. The reported allegations totaled *** of lost revenues for *** million pounds of silicon content in the ferrosilicon. The Commission was able to contact both of the purchasers cited in the lost revenue allegations; the conversations are discussed below.

*** alleged that it offered to sell *** pounds (silicon content) of commodity grade ferrosilicon 75 to ***. *** reportedly offered its U.S.-produced ferrosilicon at *** per pound of silicon content but asserted that it had to reduce its price to *** per pound of silicon content to make the sale because of competition with ferrosilicon imported from Argentina; *** did not know the price of the imported material. ***.

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[4] In addition, 3 quarterly price comparisons involving the imported Argentine product 1 purchased by U.S. steel producers were possible based on delivered purchase price data reported in purchaser questionnaires. These data, which did not include shipments requiring SPC documentation, are not shown in a table but are discussed below. Two of the delivered purchase price comparisons showed that the imported product was priced less than the domestic product, with margins of underselling averaging almost *** percent. One price comparison showed the imported and domestic product 1 to be priced ***.

Table E-3
Net U.S. delivered selling prices of the U.S.-produced and imported Argentine ferrosilicon, by products and by types of customers, and margins of under/(over)selling,[1] by quarters, April 1989-September 1992[2]

Period	Product 1			
	Sales to steel producers			
	U.S. producer price	Argentine price	Margins of under/(over)selling	
	Per pound silicon content			Percent
1989:				
Apr.-June	$0.5957	***	***	***
July-Sept	.4995	***	***	***
Oct.-Dec	.4114	***	***	***
1990:				
Apr.-June	.4176	***	***	***
July-Sept	.4350	***	***	***
1991:				
Apr.-June	.3997	***	***	***
July-Sept	.3967	***	***	***
Oct.-Dec	.3800	***	***	***
1992:				
Jan.-Mar	.3580	***	***	***
Apr.-June	.3673	***	***	***
July-Sept	.3874	***	***	***

[1] The percentage price differences between the U.S. and imported Argentine ferrosilicon were calculated as differences from the U.S. producers' price. Figures in parentheses indicate that the price of the imported product was higher than the price of the domestic product during that quarter.

[2] The prices shown were based on total quarterly/semiannual requirement sales and are the averages of the domestic and imported net U.S. delivered quarterly selling prices of the reporting U.S. producers and importers, weighted by each firm's total quarterly sales of the specified domestic and Argentine products to the type of customer shown above.

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

*** alleged that it sold about *** million pounds (silicon content) of commodity grade ferrosilicon 75 to ***, for *** delivery. *** reportedly offered its U.S.-produced ferrosilicon initially at *** per pound of silicon content but asserted that to make the sale it had to lower its price to *** per pound of silicon content to match the price of Argentine ferrosilicon offered to ***. *** did not know the competing price.

* * * * * * *

APPENDIX F

MONTHLY IMPORT STATISTICS

Table F-1
Ferrosilicon: U.S. imports, by sources and by months, January 1991-September 1992

Item	Kazakhstan	Russia	Ukraine	Former USSR	World
	Quantity (silicon-content short tons)				
1991:					
January	0	0	0	1,125	8,229
February	0	0	0	3,026	9,818
March	0	0	0	0	1,202
April	0	0	0	0	10,670
May	0	0	0	3,032	9,821
June	0	0	0	3,717	7,010
July	0	0	0	946	12,872
August	0	0	0	0	13,050
September	0	0	0	4,614	14,011
October	0	0	0	957	8,431
November	0	0	0	287	9,764
December	0	0	0	0	17,570
1992:					
January	0	0	0	12,677	17,817
February	0	0	0	0	11,453
March	0	0	0	0	9,916
April	1,433	0	0	14,512	21,769
May	1,199	793	0	0	23,567
June	3,003	0	0	58	16,878
July	0	0	0	0	6,705
August	0	0	0	0	20,074
September	0	0	0	0	20,600
	Value (1,000 dollars)				
1991:					
January	0	0	0	832	6,148
February	0	0	0	1,997	6,978
March	0	0	0	0	1,125
April	0	0	0	0	7,205
May	0	0	0	2,183	7,500
June	0	0	0	2,714	5,072
July	0	0	0	690	9,937
August	0	0	0	0	9,334
September	0	0	0	3,158	9,036
October	0	0	0	699	6,298
November	0	0	0	209	6,594
December	0	0	0	0	11,481
1992:					
January	0	0	0	8,324	11,657
February	0	0	0	0	7,926
March	0	0	0	0	6,089
April	955	0	0	9,664	14,718
May	798	518	0	0	15,005
June	2,000	0	0	40	10,652
July	0	0	0	0	4,930
August	0	0	0	0	13,575
September	0	0	0	0	14,969

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