Stainless Steel Bar from Brazil, India, Japan, and Spain

Investigations Nos. 731-TA-678, 679, 681, and 682 (Final)

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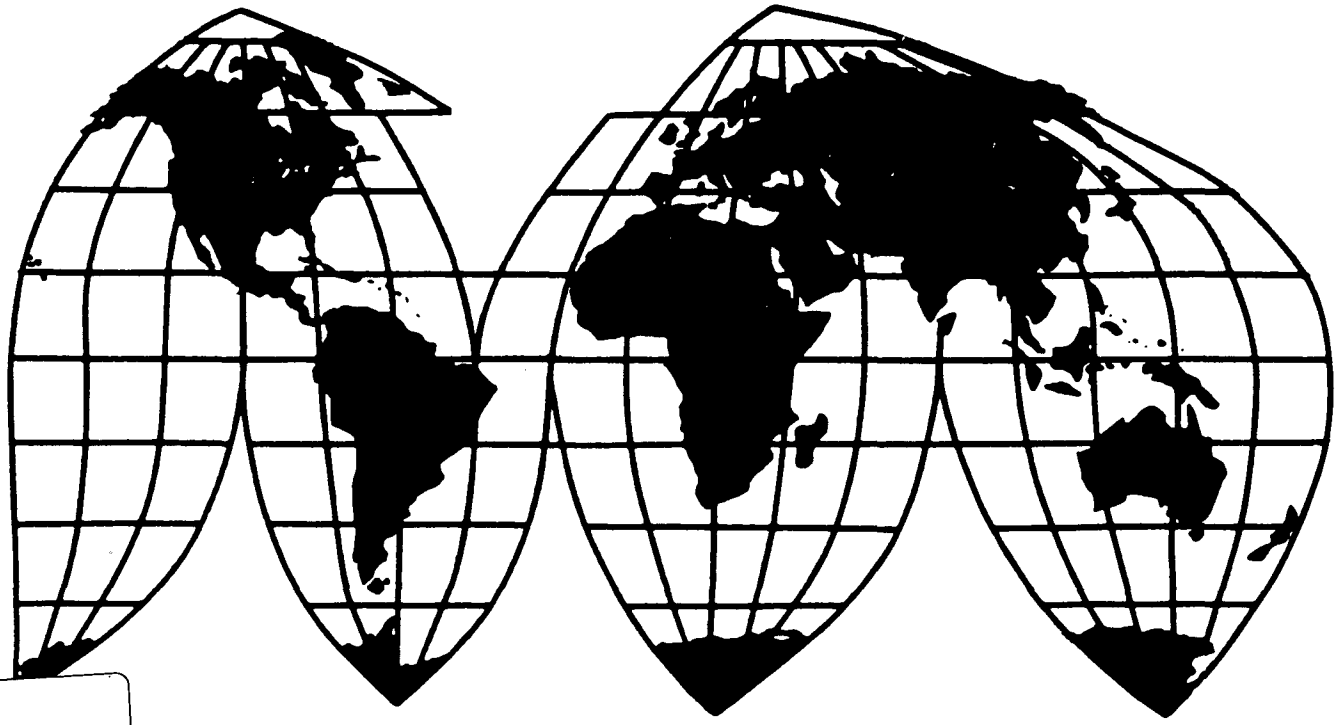

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

PART I

DETERMINATIONS AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-678, 679, 681, and 682 (Final)

STAINLESS STEEL BAR FROM BRAZIL, INDIA, JAPAN, AND SPAIN

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines, 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 Brazil, India, Japan, and Spain of stainless steel bar,[2] [3] provided for in subheadings 7222.10.00, 7222.20.00, and 7222.30.00 of the Harmonized Tariff Schedule of the United States,[4] 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 these investigations effective August 4, 1994, following preliminary determinations by the Department of Commerce that imports of stainless steel bar from Brazil, India, Japan, and Spain 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 investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of September 8, 1994 (59 F.R. 46448). The hearing was held in Washington, DC, on December 15, 1994, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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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] Chairman Watson dissenting.

[3] Commissioner Crawford found two like products in these investigations; hot-formed stainless steel bar and cold-finished stainless steel bar. She determines that the domestic industry producing hot-formed stainless steel bar is not materially injured or threatened with material injury by reason of imports from all subject countries. She determines that the domestic industry producing cold-finished stainless steel bar is materially injured by reason of subject imports from Brazil, Japan, and Spain, but is not materially injured or threatened with material injury by reason of subject imports from India.

[4] The imported stainless steel bar covered by these investigations comprises articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled, or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. Except as specified above, the term does not include stainless steel semifinished products, cut-to-length flat-rolled products (i.e., cut-to-length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes, or sections. Stainless steel bar includes cold-finished stainless steel bars that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

VIEWS OF THE COMMISSION

Based on the record in these final investigations, we determine that an industry in the United States is materially injured by reason of imports of stainless steel bar from Brazil, India, Japan, and Spain that are sold in the United States at less than fair value (LTFV).[1] [2]

I. LIKE PRODUCT

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission first defines the "like product" and the "domestic industry." Section 771(4)(A) of the Tariff Act of 1930 defines the relevant domestic 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 that is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation."[4] The Commission's decision regarding the appropriate like product or products is essentially a factual determination, and the Commission has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[5] No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a particular investigation. The Commission looks for "clear dividing lines among possible like products" and disregards minor variations.[6]

The imported article subject to these investigations is stainless steel bar (SSB), which has been defined by the Department of Commerce as:

> articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. SSB includes cold-finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.[7]

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[1] Chairman Watson determines that an industry in the United States is not materially injured or threatened with material injury by reason of imports of stainless steel bar from Brazil, India, Japan, and Spain that are sold in the United States at LTFV. See Dissenting Views of Chairman Watson. He joins sections I, II, and III of this opinion, however.

[2] The petition seeking initiation of these investigation was filed prior to the effective date of the law implementing the Uruguay Round Trade Agreements. This investigation thus remains subject to the substantive and procedural rules of the pre-existing law. See Pub. L. 103-465, 108 Stat. 4809 (1994) at § 291.

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(10).

[5] See Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

[6] Torrington, 747 F. Supp. at 748-49.

[7] See, e.g., 59 Fed. Reg. 66914 (Dec. 28, 1994); see Confidential Report (CR) at I-3, and Appendix A, Public Report (PR) at App. A. Commerce also indicated for each investigation:

> The SSB subject to this investigation is currently classifiable under subheadings 7222.10.0005, 7222.10.0050, 7222.20.0005, 7222.10.0045, 7222.10.0075, and 7222.30.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

(continued...)

Commerce defined only one class or kind of article: stainless steel bar as defined above, which is broad enough to include imports of hot-formed SSB at the beginning of the production process, which have not been further processed (black bar), and imports of cold-finished SSB, which have been further processed.[8]

Hot-formed SSB is an intermediate product used primarily to make cold-finished SSB.[9] Approximately 85 percent of hot-formed SSB is captively consumed by cold-finished SSB manufacturers. The remaining 15 percent is sold to service centers, manufacturers of forgings, and machine shops (e.g., for the production of fasteners, turbines, and electrical and industrial equipment).[10]

Cold-finished SSB is a downstream product made from either hot-formed SSB or stainless steel wire rod.[11] The primary customers for cold-finished SSBs are end users for whom tight dimensional tolerance, surface condition, appearance, and finish are important. Cold-finished SSBs are used to make landing gear, automotive valves and fittings, marine propeller shafts, pump shafts, drive shafts, and for applications in the beverage, food, pharmaceutical, refinery, power plant, and chemical industries.[12]

The only like product issue in these investigations is whether there is one like product consisting of all SSBs or whether hot-formed SSB (semifinished) and cold-finished SSB (finished) constitute separate like products. Typically, when like product determinations involve semifinished and finished products, the Commission examines: (1) whether the upstream article is dedicated to the production of the downstream article or has independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles; (3) differences in the physical characteristics and functions of the upstream and downstream articles; (4) differences in the costs or value of the vertically differentiated articles; and (5) significance and extent of the processes used to transform the upstream into the downstream articles.[13] Petitioners contend that the application of the finished/semifinished product analysis supports a finding of one like product, while respondents argue that the application of that analysis supports a finding of two like products.

In our preliminary determination in these investigations, the Commission found one like product consisting of all SSB and rejected the proposed distinction between hot-formed SSB and cold-finished SSB.[14] The Commission found one like product "in large part because of the inability based

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[7] (...continued)
Id. Commerce did not include within the definition stainless steel semi-finished products, cut length flat-rolled products, wire, and angles, shapes and sections.

[8] See, e.g., 59 Fed. Reg. 66916 (Dec. 28, 1994).

[9] In the preliminary investigations, the intermediate product was referred to as "hot-rolled" SSB. See Stainless Steel Bar from Brazil, India, Italy, Japan, and Spain, 731-TA-678-682 (Preliminary), USITC Pub. 2734 at I-6-I-7, II-10-II-11 (Feb. 1994) (Preliminary Determination). We use the term "hot-formed" in these final investigations to indicate that the intermediate product includes both hot-rolled SSB and hot-forged SSB. Both methods of hot-forming are used by the domestic industry, although almost 95 percent of domestic production consists of hot-rolling. See CR at I-11, PR at II-8.

[10] CR at I-16, PR at II-11.

[11] Cold-finished SSB made from wire rod typically has a smaller diameter than cold-finished SSB made from hot-formed SSB. Cold-finished SSB made from wire rod accounted for 26.6 percent of total U.S. production of cold-finished SSB in 1993. CR at I-15, PR at II-10-II-11.

[12] CR at I-16-I-17, PR at II-11.

[13] See, e.g., Manganese Metal from the People's Republic of China, Inv. No. 731-TA-724 (Preliminary), USITC Pub. 2844 at I-6, n. 15 (Dec. 1994).

[14] Preliminary Determination at I-7-I-13. In two prior determinations involving stainless steel bar, the Commission found two like products: hot-rolled stainless steel bar and cold-formed stainless steel bar. See Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Brazil, Inv. Nos. 701-TA-179-181 (Final), USITC Pub. 1398 (June 1983); Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Inv. Nos. 701-TA-176-178 (Final),
(continued...)

on the available information drawn from these investigations to draw a clear line between hot-rolled stainless steel bar and cold-finished stainless steel bar."[15] In these final investigations, application of the finished/semifinished analysis to the facts of record leads us to conclude that there is a single like product consisting of all SSB.

In these investigations, consideration of the first factor, dedication of the upstream article to production of the downstream article, shows that more than 85 percent of hot-formed SSB is dedicated to the production of cold-finished SSB. Almost all of the hot-formed SSB that is used to produce cold-finished SSB is directly transferred to the cold-finishing lines of integrated producers.[16] Of the remaining 15 percent of hot-formed production that is not captively consumed, very little is used "as is" by the purchaser.[17] Much of the hot-formed product sold on the open market undergoes cold-finishing steps performed by the end users who machine the hot-formed bar to make downstream products such as fasteners and turbine parts.[18] Most purchasers of hot-formed bar merely find it more economical to perform the cold-finishing process in conjunction with their own machining of the bar into downstream products.[19]

With regard to the second factor in the Commission's analysis, whether the markets are perceived to be separate, only 15 percent of hot-formed SSB is actually sold in the open market, and less than 2 percent is sold to independent cold-finishers. The remaining 85 percent is internally transferred to a fully integrated cold-finishing operation.[20] Further, while buyers and sellers of SSB perceive hot-formed and cold-finished SSB products as different, they also perceive differences among products within the category of cold-finished SSB, depending upon specific tolerances and finishes.[21] In addition, some hot-formed products are perceived to be substitutable for some cold-finished products.[22]

Concerning the third factor, differences in characteristics and functions between hot-formed and cold-finished SSB, both types of SSB are corrosion resistant. The differences between the two

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[14] (...continued)
USITC Pub. 1333 at 5-6 (Dec. 1982). The Commission is not bound by these previous determinations, which are not "precedents" as such. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1169 (Ct. Int'l Trade 1992). In this regard, we note that the prior investigations contain much less information regarding the production and marketing of SSB than exists in this record. In addition, the parties have presented arguments to the Commission that were not proffered by the parties in the prior investigations. Further, there have been significant technological changes in the industry in the last 12 years that have tended to blur the line between the hot-forming and cold-finishing. Currently, tighter tolerances can be achieved in hot-forming than in 1983, and there is a significant overlap in finishing steps, some of which involve hot-working of bar. See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087 (Ct. Int'l Trade 1988) ("the Commission is not obligated to follow prior decisions if new arguments or facts are presented that support a different conclusion"). Finally, the Commission's methodology has evolved significantly in the intervening years as evidenced by the adoption of a analytical method particular to the semifinished product context.

[15] See Preliminary Determination at I-10.

[16] See CR at I-34, PR at II-21.

[17] In fact, the end uses of hot-formed bar identified by SSB producers as not requiring further cold-finishing operations were very limited. See Phone Notes of Commission Investigator.

[18] While in Certain Special Quality Carbon and Alloy Hot-Rolled Steel Bars and Semifinished Products from Brazil, Inv. No. 731-TA-572 (Final), USITC Pub. 2662 at 13 (July 1993) the Commission determined that there were two like products, notwithstanding the fact that only 6 percent of production of the upstream product was sold in the open market, the Commission was considering two separate classes or kinds of merchandise. Although we are not bound by Commerce's class or kind determination, we note that, in these investigations there is one class or kind of merchandise. Moreover, a review of that earlier decision reveals that the lack of interchangeability was a key factor in finding two like products, while, under current Commission methodology interchangeability is not a factor when comparing a semifinished product with a finished product.

[19] Given the limited volumes of SSB involved, as well as the unique nature and design of products (e.g., steam turbine, [[* * *]]) both producers and purchasers find it more economical for the end user to complete the cold-finishing of the downstream product. See Phone Notes of Commission Investigator.

[20] See CR at I-38, PR at II-21.

[21] See CR at I-16-I-17, PR at II-10-II-11.

[22] CR at I-12-I-13, PR at II-8-II-9.

are the tighter tolerances and smoother finish of the cold-finished product. The further processing involved in cold-finishing does not impart the primary characteristic of all SSB, which is corrosion resistance, but rather simply makes the product suitable for its intended use. While tolerance and finish are important, and distinguish hot-formed SSB from cold-finished SSB based upon an ASTM standard, that standard is only a minimum standard.[23] If tolerance and finish specifications were the key factors in a like product analysis, as respondents argue, then we would arguably need to examine whether hundreds of like products exist since cold-finished SSBs vary widely in tolerance and finish, as well as in steel chemistries, cross-sectional configurations, and diameter.[24]

The cost of further processing, the fourth factor in the Commission's test, also supports finding a single like product, since the cost of cold-finishing, albeit significant, is substantially less than the cost of hot-forming.[25] The further processing involved in cold-finishing varies widely depending upon the particular specifications for the end product. Some of the cold-finishing steps also occur during hot-forming, and vice versa, resulting in some overlap in the production process. However, while the cost of specific articles varies widely due to the different steps used in producing specific product types, the cost of cold-finishing remains substantially less than the cost of hot-forming, regardless of the specific article being produced.

The fifth and final factor is the nature and significance of the production process through which the upstream article is processed into the downstream article. The amount of capital and labor employed in cold-finishing is significant, and this further processing usually occurs on a separate production line. The separate line, however, is typically part of a single large integrated facility in which the vast majority of the semifinished product is further processed into a downstream product.[26] This suggests that it is all part of one production process.

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[23] We note that the American Iron and Steel Institute (AISI) discouraged the Commission from relying on the American Society for Testing Materials (ASTM) categories as the basis for any like product determination. The AISI, which developed the ASTM standards, informed the Commission that the standard at issue was established for record-keeping purposes, not to precisely describe either the steel products covered by the standard or the state of current production and technology. CR at I-25, n. 57, PR at II-15, n. 57.

[24] See CR at I-24-I-27, PR at II-15-II-16.

[25] See Table 24, CR at I-90, PR at II-60.

[26] See CR at I-13-I-14, PR at II-9-II-10.

After considering all of these factors in our analysis,[27] we determine that there is one like product consisting of all stainless steel. The industry thus comprises all domestic producers of stainless steel bar.[28]

II. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether the domestic industry is materially injured or threatened with material injury by reason of allegedly LTFV imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[29] These factors include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. No single factor is dispositive and all relevant factors are considered "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[30]

Regarding the conditions of competition, we note at the outset that all parties agree that there is a business cycle for the SSB industry which tracks general economic conditions, though they dispute whether the trough of the alleged cycle occurred in 1990 or 1992.[31] The evidence of record demonstrates that trends in demand for SSB follow trends in general economic conditions. There is no evidence, however, that demand follows a recurring cycle based upon any characteristics that are distinctive to the SSB industry. The increased demand beginning in 1993, regardless of its allegedly cyclical nature, led to longer lead times, increased capacity utilization, and declining inventories.[32]

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[27] Respondents also argue that the traditional six factor like product test supports a determination of two like products. See Prehearing Brief of Respondents at 11-12. When using the six factor test, the Commission considers: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and (6) when appropriate, price. Torrington, 747 F. Supp. at 749 n.3. Application of this test, however, also supports our single like product determination. Both forms of stainless steel bar share the same general physical characteristics and uses resulting from their corrosion resistant qualities. If, as respondents suggest, tolerance and finish of cold-finished SSB were instead viewed as the dispositive characteristics, there could be a multitude of different like products based on the many different tolerances and finishes of cold-formed SSB. CR at I-14-I-16, PR at II-9-II-10. Further, while there is only limited interchangeability between hot-formed and cold-finished SSB, most types of cold-finished bar are also not interchangeable with other types of cold-finished bar. CR at I-135, PR at II-90; EC-S-013 at 6. Although the majority of hot-formed SSB is captively consumed, the channels of distribution for all SSB are similar for open market sales. CR at I-16-I-17, PR at II-10-II-11. While customers and producers perceive differences between hot-formed and cold-rolled SSB, they also perceive differences among the numerous varieties of cold-finished SSB. CR at I-135, PR at II-90; EC-S-013 at 6. With regard to production facilities, there is some overlap between the hot-forming process and the cold-finishing process, but separate production lines and employees are the industry norm. CR at I-13-I-14, PR at II-9-II-10. On balance, we would find one like product even if we were to apply the general six factor like product test.

[28] In the preliminary determination, the Commission included within the domestic industry certain independent cold-finishers. Our final investigations did not discern any significant domestic production by independent cold-finishers. See CR at I-16, n. 27, PR at II-10, n. 27 (less than 2 percent of domestic production). Those independent cold-finishers remain part of the domestic industry, however.

[29] 19 U.S.C. § 1677(7)(C)(iii).

[30] 19 U.S.C. § 1677(7)(C)(iii).

[31] Prehearing Brief of Petitioners at 32-34; Prehearing Brief of Respondents at 44.

[32] Respondents argued that an additional condition of competition was the existence of a two-tiered domestic industry: the profitable "haves" and the unprofitable "have-nots." See Posthearing Brief of Brazilian Respondents, Question 3. The disparity of performance indicators among domestic producers, argue respondents, indicates that the problems in the industry as a whole are not the result of external factors, such as imports, but are the result of poor management decisions by less efficient domestic producers. Transcript of Hearing (Tr.) at 18, 125, 128, 158. While certain domestic producers were performing at significantly different levels of profitability than others, this does not mean that the more profitable producers were unaffected by subject imports. Furthermore, the fact that some domestic producers were facing difficulties

(continued...)

Additionally, we considered the possible effect of the expiration in March 1992 of VRAs covering SSB.[33] It appears, however, that the expiration of the VRAs had little effect on subject imports. For example, India was not covered by a VRA, but had the biggest increase in imports among subject countries in 1992, while Japan experienced a decline in imports upon the expiration of its VRA.[34]

Finally, we note that the channels of distribution for imported and domestic SSB are generally the same. Seventy percent of imported and domestic shipments are made to service centers. Carpenter Technology, the largest domestic producer, distributes through wholly-owned service centers. Thus, it does not compete directly with imports at the service center level, but rather competes at the end user level. This distinction does not affect our conclusion that the channels of distribution for the domestic and imported product are similar, although it is reflected in our analysis of price comparisons, discussed below, since sales to related distributors were not used for purposes of pricing comparisons.

The period of investigation was generally characterized by increasing U.S. consumption of stainless steel bar in quantity and value terms since 1992, but with increases in value lagging significantly behind the increases in volume. The quantity of apparent U.S. consumption of SSB declined marginally from 181,303 short tons in 1991 to 180,218 short tons in 1992, but increased to 202,376 short tons in 1993. During January-September 1994 (interim 1994), the quantity of consumption increased to 168,780 short tons compared with 154,091 short tons in interim 1993.[35] The value of consumption, however, dropped significantly from $618 million in 1991 to $576 million in 1992, before increasing to $599 million in 1993. In interim 1994, the value of consumption increased to $503 million compared with $458 million in interim 1993. Unit values of imported shipments, however, declined through 1993, while unit values of domestic shipments also declined from 1991 to 1993, but increased by 1.4 percent in interim 1994, compared with interim 1993.[36]

Domestic capacity declined during the period of investigation, due principally to the closure of ARMCO's SSB plant in April 1993.[37] Capacity declined from 276,643 short tons in 1991 to 273,143 short tons in 1992 and declined further to 262,483 short tons in 1993. Capacity continued to decline to 199,104 short tons in interim 1994 compared with 223,584 short tons in interim 1993.[38] Production, however, increased throughout the period, rising from 134,832 short tons in 1991 to 135,318 short tons in 1992, and then to 138,284 short tons in 1993. In interim 1994, production continued to increase to 115,985 short tons compared with 107,677 short tons in interim 1993. As capacity contracted and production increased, capacity utilization increased at a faster rate than production, but remained at low levels, rising from 48.7 percent in 1991 to 49.4 percent in 1992 and then to 52.6 percent in 1993. In interim 1994 capacity utilization continued to increase to 58.1 percent compared with 48.0 percent in interim 1993.[39]

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[32] (...continued)
from a variety of sources, including LTFV imports, does not make the industry ineligible for relief. See H. R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979). In this regard, we note that the Commission must assess the impact of imports on the producers as a whole and that "importers take the domestic industry as they find it." See 19 U.S.C. § 1677(4)(A); Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1518 (Ct. Int'l Trade 1991).

[33] See Tr. at 131; CR at I-23, PR at II-13-II-14.

[34] See Table B-1, CR at B-3, I-23-I-24, PR at B-3, II-13-II-14.

[35] Table 2, CR at I-32, PR at II-19.

[36] See Table B-1, CR at B-3, PR at B-3.

[37] CR at I-41, PR at II-27.

[38] Table 5, CR at I-50, PR at II-32.

[39] Table 5, CR at I-50, PR at II-32. We believe that either capacity utilization data are somewhat understated or expansion of production faces some practical constraints. The accuracy of the capacity data may well be affected by the fact that the capacity calculation involves allocation among several products (e.g., angles, wire rod and tool steel), only one of which is SSB. See EC-S-013 at 9. Constraints on expanding (continued...)

Similar to the trends in apparent consumption, the quantity of domestic shipments increased significantly since 1992, while the value of such shipments lagged behind the volume increases. The quantity of domestic shipments declined slightly from 136,293 short tons in 1991 to 133,499 short tons in 1992, but then increased to 143,320 short tons in 1993. In interim 1994, the quantity of domestic shipments increased to 119,876 short tons compared with 110,356 short tons in interim 1993.[40] The value of such shipments declined significantly from $488 million in 1991 to $454 million in 1992, then increased marginally to $458 million in 1993. In interim 1994, the value of domestic shipments increased significantly to $389 million compared with $351 million in interim 1993. Unit values of domestic shipment, as noted previously, declined from 1991 to 1993, before increasing slightly in interim 1994 compared with interim 1993.[41]

From 1991 to 1993, domestic inventories declined irregularly from 26,185 short tons to 21,659 short tons. In interim 1994, inventories declined to 17,222 short tons compared with 24,827 short tons in interim 1993. Inventories, as a percentage of domestic shipments, declined from 19.3 percent of domestic shipments in 1991 to 15.1 percent in 1993. In interim 1994, inventories declined to 10.8 percent of domestic shipments compared with 17.0 percent in interim 1993.[42]

Employment during the period of investigation declined irregularly from 2,189 production workers in 1991 to 2,066 workers in 1992, before increasing to 2,159 workers in 1993. In interim 1994, employment declined to 2,129 workers compared with 2,151 workers in interim 1993.[43] Hours worked followed a similar trend from 1991 to 1993, and increased in interim 1994.[44] Hourly total compensation and total compensation, however, increased throughout the period of investigation.[45]

Net sales of SSB declined slightly from $476 million in 1991 to $452 million in 1992, before increasing to $462 million in 1993. In interim 1994, net sales increased further to $379 million compared with $346 million in interim 1993.[46] [47] [48] Notwithstanding the increase in net sales for the

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[39] (...continued)
production, at least in the short term, are evidenced by lost sales and revenue data indicating that lead times for delivery are getting longer, by customer comments regarding problems in product availability, and by price increases in 1993 and 1994. See CR at I-152-I-162, PR at II-101-II-104; EC-S-013 at 8-10; Tr. at 79-83. In addition, there appear to be raw material and labor constraints on expanding production, which requires adding a third production shift and training a new workforce. Other evidence of record also indicates that bottlenecks exist in cold-finishing operations which constrain expanded production of SSB. See EC-S-013 at 41; Tr. at 79-83. This may explain why domestic producers' market share did not significantly increase in interim 1994, while prices did. Further, the anticipated reopening of ARMCO's SSB plant would appear to conflict with the reported substantial excess domestic capacity. CR at I-41, n. 79, PR at II-27, n. 79.

[40] Table 7, CR at I-55, PR at II-34.

[41] See Table B-1, CR at B-3, PR at B-3.

[42] Table 9, CR at I-59, PR at II-38.

[43] Table 11, CR at I-62, PR at II-4.

[44] Id.

[45] Id.

[46] Table 16, CR at I-75, PR at II-45. Vice Chairman Nuzum, Commissioner Newquist, and Commissioner Bragg considered two sets of financial data following verification of Carpenter's financial data. Table 14 presents financial data including Carpenter's wholly-owned distribution system. While they recognize the extra revenue that Carpenter derives from its distribution of SSB, they rely principally on the financial data in Table 16, which excludes Carpenter's downstream revenue, since the statute directs the Commission to consider the impact of imports "only in the context of production operations within the United States." 19 U.S.C. § 1677(B)(ii) (emphasis added). The downstream data were examined by the Commission for possible misallocation of cost or profit between the two operations, and verification indicated that no misallocation occurred. Vice Chairman Nuzum, Commissioner Newquist and Commissioner Bragg note, however, that although the revenues derived by Carpenter from its distribution activities are not based strictly on Carpenter's production operations, those revenues nevertheless constitute a significant contribution to Carpenter's financial resources. To ignore these revenues entirely would be to understate the industry's financial condition to some degree. Accordingly, although these Commissioners relied principally on the data in Table 16, they took Carpenter's related distributor revenues into account in analyzing the domestic industry's financial performance.

domestic industry, operating income of $5.7 million in 1991 turned to operating losses of $18.2 million in 1992 and $3.5 million in 1993. In interim 1994, however, operating income increased to a profit of $17.6 million compared with losses of $5.2 million in interim 1993. Operating income as a percentage of net sales followed a similar trend, declining from a profit of 1.2 percent in 1991 to losses of 4.0 percent in 1992 and 0.7 percent in 1993. In interim 1994, operating income ratios increased to a profit of 4.6 percent compared with losses of 1.5 percent in interim 1993.[49] As profits turned into losses, capital investment by domestic SSB producers declined significantly, dropping from $23.3 million in 1991 to $12.3 million in 1992, before increasing to $15.2 million in 1993. In interim 1994, investment increased slightly to $10.8 million compared with $8.6 million in interim 1993.[50] [51]

III. CUMULATION

In determining whether there is material injury by reason of LTFV imports, the Commission is required to assess cumulatively the volume and price effects of imports from two or more countries of articles subject to investigation if such imports compete with one another and with the domestic like product in the United States market.[52] Cumulation is not required, however, when imports from a subject country are negligible and have no discernible adverse impact on the domestic industry.[53]

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

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[47] (...continued)

[47] In making his determination of injury, Chairman Watson considered both sets of financial data but gave greater weight to Table 14 than to Table 16 for the following reason. Carpenter Technology, the largest domestic producer of SSB accounting for about [[* * *]] percent of U.S. production of SSB during 1994, has a captive distribution system which is unique in the SSB industry. Carpenter distributes its finished SSB products through wholly-owned distribution centers while other producers sell their SSB products to unaffiliated distribution centers. CR at I-43, PR at II-28. Whereas Carpenter does not compete directly with imports at the service center level, but rather at the end-user level, other U.S. producers compete with imports at the distribution center level. Carpenter [[* * *]] Nonetheless, the majority characterizes Carpenter's revenues from sales to end-users as "extra revenue" and "downstream revenue." Carpenter's revenues on its "transfer sales" as [[* * *]] of the report. Thus, although both sets of data were considered, Chairman Watson gave greater weight to the financial data in Table 14.

[48] Commissioner Rohr relied on Table 14, which includes all of Carpenter's SSB operations, rather than Table 16, in making his determination in these investigations. He notes that the trends in the two tables are substantially similar and that Table 14 is reflective of an industry experiencing material injury.

[49] Table 16, CR at I-75, PR at II-45.

[50] Table 26, CR at I-93, PR at II-63.

[51] Based on the foregoing, Commissioner Rohr and Commissioner Newquist determine that the domestic industry currently is experiencing material injury.

[52] 19 U.S.C. § 1677(7)(C)(iv); Chaparral Steel Co. v. United States, 901 F.2d 1097, 1105 (Fed. Cir. 1990). None of the respondents argued that cumulation was not appropriate in making a material injury determination.

[53] 19 U.S.C. § 1677(7)(C)(v). In determining whether imports are negligible, the statute directs the Commission to consider all relevant economic factors including whether (1) the volume and market share of the imports are negligible, (2) sales of the imports are isolated and sporadic, and (3) the domestic market is price sensitive. None of the parties suggested that any of the subject imports were negligible. The evidence of record indicates that the market share and absolute volumes and values of imports from all subject countries were at levels generally above those that the Commission has considered to be negligible. See Table 37, CR at I-115, PR at II-74. The shares held by the countries with the lowest market penetration, India and Brazil, both exceeded 2 percent of the domestic market in 1993, and the volume of imports from both these countries increased continuously since 1991. Table 39, CR at I-121, PR at II-81. Imports from all subject countries were not isolated and sporadic; they entered the United States in every reporting period examined and were sold in the same geographic markets as the domestic product. See Table 37, CR at I-115, I-45, I-130, PR at II-74, II-28-II-29, II-88.

(1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;

(2) the presence of sales or offers to sell in the same geographical 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

(4) whether the imports are simultaneously present in the market.[54]

While no single factor is determinative, and the list of factors is not exclusive, these factors provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product.[55] Only a "reasonable overlap" of competition is required.[56] [57]

Domestic producers reported that domestic SSB and subject imports are used interchangeably and that there were no significant quality differences among the products.[58] Importers also reported that domestic and imported SSB were typically used interchangeably and that quality differences between the domestic and imported products were not a significant factor in their sales of the imported products.[59] Certain importers did identify some quality and delivery disadvantages of bar from Brazil and India in comparison to domestic products, while others indicated that the Japanese product was superior in quality to the domestic product.[60]

With respect to differences in the product mix from the subject countries, we examined the extent to which the subject imports from each country were interchangeable with other subject imports.[61] Although there are a very wide variety of stainless steel bar products in terms of size, shape, and grade, there are a few common grades into which the majority of bar products fall -- grades 303, 304, 316, 410 and 416.[62] Accordingly, we examined the extent to which the subject imports from each country consisted of these common grades, based on U.S. shipments of imported

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[54] See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

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

[56] See, e.g., United States Steel Group v. United States, Slip Op. 94-201 (Ct. Int'l Trade Dec. 30, 1994).

[57] Commissioner Newquist notes that, in his view, once a like product determination is made, that determination establishes an inherent level of fungibility within that like product. Only in exceptional circumstances could Commissioner Newquist find products to be "like" and then turn around and find that, for purposes of cumulation, there is no "reasonable overlap of competition" based on some roving standard of substitutability. See Additional and Dissenting Views of Commissioner Newquist in Flat-Rolled Carbon Steel Products, USITC Pub. No. 2664 (August 1993). Therefore, he does not join the following discussion to the extent that it concerns competition based on product mix.

[58] CR at I-131, PR at II-89-II-90.

[59] CR at I-131-I-132, PR at II-89-II-90.

[60] CR at I-131-I-134, PR at II-89-II-90.

[61] There were fewer comments by purchasers comparing subject imports with each other than there were comparing the subject imports with the domestic product. This may be due to the fact that purchasers typically either did not buy from more than one country-source of the subject imported material, bought only domestic material, or did not know the country of origin of the stainless steel bar that they purchased. See EC-S-013 at 32-36.

[62] Commission staff were informed by domestic producers and importers that these grades were the most commonly traded grades. See CR at I-17-I-18, PR at II-11. These grades also encompass the majority of the 37 hot-formed and cold-finished products for which pricing information was requested. See App. D, CR at D-3-D-5; PR at D-3.

product as reported by importers. The record demonstrates that there were imports from all subject countries in all principal grades of SSB.

The five principal commodity grades noted above comprise at least 89 percent of import shipments from each of the subject countries.[63] With respect to Brazil, out of the 5,898 short tons of U.S. shipments of Brazilian product reported by grade in 1993, more than 97 percent consisted of grades 303, 304, 316, 410 and 416.[64] With respect to India, out of 2,342 short tons of U.S. shipments of Indian product reported by grade in 1993, more than 99 percent consisted of grades 303, 304, 316, and 410.[65] With respect to Japan, more than 89 percent of the 11,656 tons of U.S. shipments of Japanese product reported by grade in 1993 fell into grades 303, 304, 316, and 416.[66] Finally, with respect to Spain, more than 98 percent of the [[* * *]] short tons of U.S. shipments of Spanish product reported by grade in 1993 fell into grades 303, 304, 316 and 416.[67]

The price comparisons available to the Commission indicate that for the 18 specific cold-finished products for which pricing data were requested, there were imports from all four countries in four of the categories and from at least three countries in 10 of the categories.[68] With regard to the overlap between each of the subject countries in cold-finished products sold to steel service centers (the largest distribution channel for the subject imports), the pricing information shows overlaps in 8 products between Brazil and India, 14 products between Brazil and Japan, and 5 products between Brazil and Spain.[69] The pricing information also shows overlaps in 9 products between India and Japan, and 5 products between India and Spain.[70] There are also overlaps between Japan and Spain in 6 products, as well as the aforementioned overlaps in products from Brazil and India.[71]

There is also an overlap of geographical areas served by both subject imports and the domestic product. U.S. producers and importers of the subject merchandise sell on a nationwide basis. Moreover, importers of the subject merchandise do not appear to be geographically concentrated in any particular region.[72] Furthermore, stainless steel bar is sold primarily through the same channels of distribution -- mainly through service center distributors on a spot basis.[73] Many purchasers indicated that country of origin was either unknown to them or not relevant as long as the product met their specifications.[74] Finally, subject imports of stainless steel bar from Brazil, India, Japan and Spain have been simultaneously present in the U.S. market during the entire period of investigation.[75]

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[63] Compiled from responses to Commission questionnaires. The domestic industry reported that 59.3 of its total shipments consisted of these five grades.

[64] Compiled from responses to Commission questionnaires. The two largest grades were grade 304, accounting for 32.3 percent of shipments, and grade 416, accounting for 37.5 percent of shipments.

[65] Compiled from responses to Commission questionnaires. Grade 304 was the largest, accounting for 69.5 percent of shipments. Grade 316 was second, accounting for a little more than 20 percent.

[66] Compiled from responses to Commission questionnaires. Grade 303 accounted for nearly 33 percent, while grade 304 accounted for more than 28 percent.

[67] Compiled from responses to Commission questionnaires. Grade 303 accounted for 36 percent and grade 416 for 33 percent.

[68] See CR at App. H, PR at App. H (price comparison tables).

[69] Compiled from App. F, Tables F-2, F-8, F-12, F-15.

[70] Compiled from App. F, Tables F-8, F-12, F-15.

[71] Although the pricing data show the fewest overlaps between Spain and any of the other subject countries, this may reflect the fractionalized nature of the market among product shapes, grades and sizes. Further, at least one importer known to be a significant importer of Spanish product did not provide pricing information in response to the Commission's questionnaire. Thus, there is some underreporting of U.S. shipments of subject imports from Spain.

[72] CR at I-45, I-131, PR at II-29, II-88-II-89.

[73] CR at I-47, I-131, PR at II-29, II-88-II-89.

[74] See EC-S-013 at 33.

[75] Table 37, CR at I-115, PR at II-74.

In light of the foregoing, we find a reasonable overlap of competition among subject imports from Brazil, India, Japan, and Spain, and between such imports and the domestic like product. Accordingly, we cumulatively assess the volume and price effects of all subject imports in determining whether there is material injury by reason of those imports.

IV. MATERIAL INJURY BY REASON OF LTFV IMPORTS

In final antidumping investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[76] In making this determination, the Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.[77] Although the Commission may consider alternative causes of injury to the domestic industry other than the LTFV imports, it is not to weigh causes.[78] [79] For the reasons discussed below, we determine that the domestic industry producing stainless steel bar is materially injured by reason of LTFV imports from Brazil, India, Japan, and Spain.

A. The Volume of Subject Imports

The data of record indicate that both the absolute volume of subject imports, and the increase in that volume during the first three years of the period of investigation, were significant.[80] On a cumulated basis, subject imports increased from 25,983 short tons in 1991 to 31,687 short tons in 1993, an increase of 22.0 percent. In value terms, subject imports increased by 4.4 percent, from $72.8 million in 1991 to $76.0 million in 1993.[81] At the same time, domestic shipments increased by 5.2 percent by volume, but declined by 6.1 percent by value. In interim 1994, subject imports declined by 33.6 percent for both volume and value, compared with interim 1993, while domestic shipments increased by 9.2 percent by volume and 10.8 percent by value.

The market share held by subject imports throughout the period of investigation was also significant. Subject imports increased from 14.3 percent to 15.7 percent of the market, by quantity, between 1991 and 1993, while domestic market share dropped from 75.2 percent to 70.8 percent during the same period. In interim 1994, however, subject imports dropped to 9.6 percent of the market compared with 15.8 percent in interim 1993, while domestic market share remained essentially unchanged. Non-subject imports increased their market share from 10.5 percent in 1991 to 13.5 percent in 1993, and increased to 19.4 percent in interim 1994 compared with 12.9 percent in interim 1993.[82]

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[76] 19 U.S.C. § 1673d(b).

[77] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each [such] factor . . . and explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B).

[78] E.g., Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1101 (CIT 1988). See S. Rep. No. 249, 96th Cong., 1st Sess. 57 (1979) ("Current law does not . . . contemplate that the effects from the subsidized (or LTFV) imports be weighted against the effects associated with other factors (e.g. the volume and prices of imports sold at fair value, contraction in demand or changes in patterns of consumption, trade, restrictive practices of and competition between the foreign and domestic producers, developments in technology, and the export performance and productivity of the domestic industry) which may be contributing to overall injury to an industry."). See also H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[79] Commissioner Rohr and Commissioner Newquist further note that the Commission need not determine that imports are "the principal, a substantial, or a significant cause of material injury." S. Rep. 249, 96th Cong., 1st Sess. 57 and 74 (1979); see also, 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. at 1101.

[80] See 19 U.S.C. § 1677(7)(C)(ii).

[81] See Table B-1, CR at B-3, PR at B-3.

[82] See Table 39, CR at I-121, PR at II-81.

The trends in volume and market share during the interim period confirm the statements by importers and purchasers that subject imports withdrew from the market in interim 1994 as a result of the pendency of these investigations. Indeed, petitioners and respondents agree that the filing of the petition has led to the decrease in subject imports.[83] They disagree, however, regarding the significance of this decline. Based upon a review of the record it appears that the filing of the petition on December 30, 1993 led to a significant reduction in subject import volumes during the January-September 1994 period for which data were collected.

B. The Effect of Subject Imports on Domestic Prices

With regard to the price effects of subject imports, we determine that there has been significant underselling by the subject imports as compared with the prices of the domestic product. Further, we determine that the effect of the large and increasing volume of subject imports during the period of investigation has been to depress prices or prevent price increases to a significant degree.[84] The withdrawal of subject imports in interim 1994, however, allowed domestic producers to increase their shipments and prices, and thereby improve their financial condition.

In considering the effect of subject imports on domestic prices, we note that the subject imports and the domestic product compete directly in the market. As noted previously, the vast majority of imports and domestic shipments consists of the five common commodity grades of SSB.[85] While quality, availability, and reliability of supply are important factors in a purchaser's decision, most producers and importers indicated that subject imports and the domestic product were comparable in terms of quality and that price was also an important factor in their purchasing decisions.[86] It is important to note that 17 of 24 purchasers of subject imports indicated that they did not need to know the country of origin of the product they purchased.[87] Moreover, U.S. mill depots and service centers stock and distribute SSB from all subject countries. The availability of imported inventory in the United States serves to minimize purchaser concerns regarding availability and reliability of import supplies.[88]

The data of record indicate that prices of both subject imports and domestic SSB declined significantly over the period of investigation. While prices tended to increase somewhat in interim 1994, price levels were generally lower at the end of the investigative period than at the beginning, despite significant increases in apparent domestic consumption in 1993 and interim 1994.[89]

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[83] See Prehearing Brief of Petitioners at 61; Tr. at 143-147. In considering the effect of the filing of the petition in this case, we follow the guidance of the CIT in several cases involving the alleged effect of a petition on post-petition data. See, e.g., Metallverken Nederland B.V. v. United States, 744 F.Supp. 281, 284 (Ct. Int'l Trade 1990) ("the initiation of antidumping and countervailing duty proceedings can create artificially low demand for affected imports, thus distorting the data on which [the Commission] relies in making its determination"). The issue in this case, however, is not whether the petition had an effect on import levels -- all parties agree that it did. Rather the Commission must determine the significance of the drop in imports resulting from the pending proceedings.

[84] See 19 U.S.C. § 1677(7)(C)(ii).

[85] While certain Japanese producers ship some higher priced specialty products that are perceived as higher in quality than other imports and the domestic product, and some Japanese products (leaded bar) are not available domestically, these items comprise only a small percentage of total Japanese shipments during the period of investigation. Tr. at 163-164; CR at I-132, PR at II-89.

[86] CR at I-131-I-134, PR at II-89-II-90.

[87] See EC-S-013 at 32, n. 49.

[88] See EC-S-013 at 36.

[89] CR at I-137-I-140, PR at II-91-II-92; see also App. G (Graphs of Selling Price Indexes for the Specified Stainless Steel Bar).

F.O.B. price comparison data indicate that subject imports undersold the domestic like product in 292 of 518 pricing comparisons (56 percent).[90] Margins of underselling averaged 11.2 percent during the period of investigation. Furthermore, even when comparing domestic producers' prices to service centers with import prices from mill depots to service centers, as respondents had urged, underselling was significant.[91] Moreover, underselling was somewhat more frequent in 1991-1993 than in interim 1994, when subject imports began to withdraw from the market and domestic prices began to rise. Delivered prices reported by purchasers indicated underselling in 84 percent of the comparisons, although there were fewer price comparisons available.[92]

The cost of raw materials did decline during the period, but unit values and per unit revenues consistently declined through 1993, with the result that the domestic industry was operating at a loss throughout most of the period.[93] With demand rising, the domestic industry should have been able to maintain or increase prices. However, this did not occur to a significant degree until subject imports began to withdraw from the market in interim 1994.[94] The decline in prices during a period of increased demand as the economy emerged from recession, together with evidence of underselling by subject imports, demonstrates that subject imports depressed or suppressed domestic prices to a significant degree.

C. The Impact of Subject Imports on the Domestic Industry

The increased imports and the declines in prices from 1991 to 1993 have had a significant adverse impact on the domestic industry. First, as subject imports increased their volume and market share, the value of domestic shipments and domestic market share declined. As a consequence, the domestic industry experienced operating losses in 1992 and 1993. Operating losses led directly to a significant decline in capital investment in this capital intensive industry, thereby adversely affecting the long term ability of the domestic industry to compete with subject imports. Virtually all domestic producers indicated that subject imports have had a negative effect on their firm's growth, investment, ability to raise capital, and/or their development and production efforts.[95] Prices, profitability, and investment declined between 1991 and 1993 despite increased demand. It is particularly noteworthy that, during the upswing in demand between 1992 and 1993, the value of consumption increased but the value of domestic shipments remained essentially unchanged.[96]

While the domestic industry's financial performance improved significantly during interim 1994, this appears to be the direct result of the decline in volume of lower priced LTFV imports from the subject countries. The record indicates that the domestic industry experienced a 9.2 percent increase in shipment volume in 1994 when subject imports declined, while domestic market share remained stable.[97] Although domestic market share did not increase, domestic producers were able to increase volumes and prices in 1994 as consumption increased. Consequently, financial performance improved, and operating income as a percentage of net sales reached 4.6 percent in interim 1994, the highest level experienced during the period of investigation. Thus, the interim 1994 data merely

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[90] CR at I-141, PR at II-93. Because of the wide variety of SSB products available in the marketplace, a large number of price comparisons was necessary. Thirty-seven products were sampled for prices at various levels of distribution. The sample selected only covers 5 percent of domestic consumption, but does include the principal grades and sizes of SSB. The Commission sought more complete data, but such data were limited by the lack of response from importers of SSB from India, Japan, and Spain.

[91] CR at I-141-I-142, PR at II-92-II-94; EC-S-013 at 24, n. 39. Significant underselling also occurred when comparing importers' and domestic producers' sales directly to service centers. Id.

[92] CR at I-142, PR at II-94.

[93] See Table B-1, CR at B-3, PR at B-3.

[94] See EC-S-013 at 8, n. 16.

[95] See CR at App. C, C-3, PR at App. C, C-3.

[96] See Table B-1, CR at B-3, PR at B-3.

[97] See Table B-1, CR at B-3, PR at B-3.

confirm the adverse impact of subject imports during the rest of the period of investigation. We consider the improvement in the financial condition of the domestic industry in interim 1994 to support the existence of a causal connection between the subject imports and the condition of the industry because we believe the improvement was directly related to the pendency of these investigations and the consequent decline in imports.

CONCLUSION

In light of the increased volumes and market penetration of subject imports prior to the filing of the petition in these investigations, the evidence of significant declines in price driven by significant underselling by subject imports, and the resulting operating losses for the domestic industry until subject imports declined in interim 1994, we determine that the domestic industry is materially injured by reason of LTFV imports from Brazil, India, Japan, and Spain.

DISSENTING VIEWS OF CHAIRMAN WATSON

NO MATERIAL INJURY BY REASON OF LTFV IMPORTS

In final antidumping duty investigations, the Commission must determine whether an industry in the United States is materially injured by reason of imports that Commerce has determined are sold at LTFV.[1] The Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.[2] Although the Commission may consider alternative causes of injury, it is not to weigh causes.[3] For the reasons discussed below, I find that the domestic SSB industry is not materially injured by reason of LTFV imports from Brazil, India, Japan, and Spain.

Volume of Imports

U.S. producers have maintained a significant share of the U.S. market throughout the entire POI, from a 75.2 percent share in 1991 to a 74.1 percent share in 1992 to a 70.8 percent share in 1993. Although market shares of U.S. producers declined slightly from 1991 to 1993,[4] domestic producers still held over 70% of the market at all times during the POI, and the decline is minor relative to the significant shares held by U.S. producers.

Although the volume and market shares of subject imports increased over the POI, this increase was minor and was significantly smaller than the increase in non-subject imports. Total subject import quantities increased by 5,704 short tons from 1991 to 1993 while the market share of subject imports increased by 1.3 percentage points, from a 14.3 percent share in 1991 to a 15.7 percent share in 1993.[5] Total non-subject import quantities increased by 8,341 short tons with a corresponding increase in their market share of 3.0 percentage points over the same period. Thus, of the U.S. producers' market share loss of 4.4 percentage points, only 29% thereof was captured by subject imports. The remaining 71% was gained by non-subject imports.

In addition, of a total increase in U.S. consumption levels of 21,073 short tons from 1991 to 1993, total subject import quantity levels only increased by 5,704 short tons while U.S. producers increased their U.S. shipments by 7,027 short tons over the same period.[6] Thus, although U.S. producers' market share declined slightly, U.S. producers' domestic shipments increased noticeably over the POI, as U.S. producers gained a significantly greater share of the increased domestic demand than did the subject imports.[7]

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[1] 19 U.S.C. §1673d(b).

[2] 19 U.S.C. §1677(7)(B)(i). The Commission also may consider "such other economic factors as are relevant to the determination." Id.

[3] For a discussion of Chairman Watson's interpretation of the statutory requirement regarding causation, see Certain Calcium Aluminate Cement and Cement Clinker from France, Inv. No. 731-TA-645 (Final), USITC Pub. 2772 at I-14, n.68 (May 1994).

[4] U.S. producers' market share declined by 4.4 percentage points from 1991 to 1993. CR at Table B-1, PR at B-1.

[5] However, I did not place as much weight on interim 1994 data which may have been affected by DOC's preliminary affirmative determination.

[6] Figures derived from Table B-1 at B-3 of the CR, B-3 of the PR.

[7] Normally, declines in U.S. producers' market share suggests that an industry is in decline. However, where the market is expanding and where domestic producers have a majority of the market, declines in domestic producers' market shares can be somewhat misleading. In this investigation, market demand is increasing and U.S. producers have supplied at least 70% of the market at all times. In order for U.S. producers to have maintained their share of the market, they would have had to gain at least 70% of the increase in demand. The fact that U.S. producers' market shares declined slightly merely indicates that such producers gained a significant, but less than 70 percent of the "increase" in demand. Thus, although U.S. producers' market shares declined slightly their shipments and production data show noticeable increases.

Based on the foregoing, I determine that the volume of LTFV imports and their market share, as well as the increases in those imports, are not significant.

Price Effects of Imports

The degree of substitutability between the subject imports and the domestic like product is limited by a variety of factors. Differences in several non-price factors, including quality, delivery lead times, and supply concerns, limit the substitutability of the subject imports with domestic SSB. Evidence indicates that end-users consider non-price factors to be at least as important as price in their purchasing decisions.[8]

Record evidence reveals notable non-price differences between the subject imports and the domestic like product. With respect to quality, U.S. producers reported that U.S.-produced SSB and those imported from the subject countries were typically used interchangeably and that quality differences between the U.S.-produced and imported bars were not a significant factor in their sales. However, many of these same producers noted that SSB from Brazil and India may have more limited substitutability due to quality problems.[9] U.S. importers also noted the generally lower quality SSB from India and Brazil.[10] In addition, many importers indicated that U.S. customers preferred the Japanese SSBs due to their better surface condition and consistency of quality.[11] Thus, differences in underselling data among the subject countries and the domestic like product are consistent with record evidence regarding differences in quality.

With respect to differences in other non-price factors, end-users also mentioned domestic certification requirements and special specifications requirements as limiting factors that require them to purchase from domestic suppliers.[12] [13]

Finally, several U.S. producers alleged lost sales of their SSBs because of competition with imports of SSBs from the four subject countries, but they were not able to cite specific transactions. These lost sales assertions were based on the presumption that any declines in U.S. producers' sales of SSB were caused by unfairly priced subject imports. However, these allegations do not account for competition with fairly traded imported SSB and competition among U.S. producers of SSB, or for shifts in U.S. demand for the numerous SSB products.[14] Evidence on record does not generally

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[8] In their questionnaire response, U.S. end users ranked various factors that they consider in sourcing SSBs. Factors most frequently cited as very important were: quality, reliable delivery, and availability of supply. Factors cited as very important with somewhat less frequency were order-lead-times and service. The factor least frequently cited as being important was price. CR at I-132, PR at II-89 to II-90.

[9] CR at I-131, PR at II-89-II-90. When the underselling data for India and Brazil are considered in conjunction with record evidence of inferior quality SSBs from those countries, the underselling data become less meaningful. I note that pricing comparisons for India and Brazil account for the majority of the underselling price comparisons.

[10] CR at I-132, PR at II-89-II-90.

[11] CR at I-132, PR at II-89-II-90. Interestingly, imports from Brazil and India most frequently undersold the domestic like product while imports from Japan most frequently oversold the domestic like product. CR at Appendix H, PR at Appendix H.

[12] CR at I-133, PR at II-89-II-90.

[13] I considered the underselling/overselling data in light of the evidence on the record regarding differences in non-price factors between the subject imports and the domestic like products. Although there is generally more underselling by the subject imports than overselling, overall evidence was mixed. A total of 518 quarterly U.S. f.o.b. selling price comparisons were possible between the domestic and subject imported SSB products. Of the total, 292 price comparisons showed underselling by the subject imported SSB. Another 223 price comparisons showed the subject imported products to be priced higher than the domestic products. CR at I-141, PR at II-93. Of a total of 494 price comparisons between the mill depots' selling prices to steel service centers and U.S. producers' selling prices to steel service centers, 226 price comparisons showed underselling by the subject imported products, with margins of underselling averaging 7.7 percent. Two hundred and fifty seven price comparisons showed the subject imported stainless steel bars to be priced higher than the domestic products, with margins averaging 9.2 percent. CR at I-141, n.132, PR at II-94, n.132.

[14] CR at I-153, PR at II-101.

confirm the lost sales and revenue allegations and, in fact, provides some evidence that U.S. producers have been competing with each other and to some extent with non-subject imports.[15] There is additional record evidence indicating that domestic producers have been unable to fill some orders from purchasers.[16]

Thus, despite some evidence of underselling by the subject imports and a general decline in average U.S. prices, the evidence of record does not support the conclusion that the prices of the subject imports have had a significant depressing or suppressing effect on the prices of the domestic SSB product.

Impact of Imports on the Domestic Industry[17]

Finally, I consider the impact of subject imports on the domestic industry producing SSB.

U.S. producers' sales quantities increased from **** short tons in 1991 to **** short tons in 1993 and continued to increase during interim 1994. Sales values remained relatively steady, from **** million in 1991 to **** million in 1993.[18] Although operating income declined somewhat during the POI, the domestic industry was still relatively profitable in 1993.[19] In addition, profitability figures for 1992 were affected by non-recurring accounting charges.[20] Net income, as well as cash flow also improved dramatically from 1991 to 1993.[21]

Consistent with improved overall financial performance, productivity of the domestic industry improved as well, from 28.2 short tons/1000 hours in 1991 to 31.4 short tons/1000 hours in 1993. Productivity continued to increase during interim 1994, at 33.3 short tons/1000 hours.

In sum, I find that the evidence fails to establish a causal connection between the condition of the domestic industry and the presence of the dumped imports. I therefore determine that the U.S. industry producing SSB is not materially injured by reason of the LTFV imports of SSB from Brazil, India, Japan, and Spain.

NO THREAT OF MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

Section 771(7)(F) of the Act directs the Commission to consider whether a U.S. industry is threatened with material injury by reason of the subject imports "on the basis of evidence that the threat of material injury is real and that actual injury is imminent."[22] The Commission may not

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[15] CR at I-155, PR at II-102.

[16] In response to a Commission inquiry regarding a lost sales allegation, ****** CR at I-154, PR at II-102. Another spokesperson for a domestic purchaser echoed that lead times for the domestic product are currently stretched out to April of 1995. CR at I-155, PR at II-102.

[17] For the reasons already stated above in the Condition of the Industry section, I have given greater weight to the adjusted financial data in Table 14 which takes into account Carpenter's ****.

[18] Although interim 1994 figures show significant improvement in the condition of the domestic industry over interim 1993, I have given such data less weight as they may have been affected by DOC's preliminary affirmative determination.

[19] Operating income declined from **** in 1991 to **** in 1993. CR at Table 14, I-71, PR at II-44, despite the increased sales quantities over the same period. This decline is due primarily to U.S. producers' declining unit sales values. As discussed above in the pricing section, however, the evidence does not support the conclusion that the prices of the subject imports have had a significant depressing or suppressing effect on domestic prices. Thus, I find that the decline in the domestic industry's operating profitability is not by reason of the subject imports.

[20] Operating income for fiscal year 1992 is understated by ****. CR at Table 14, I-72, PR at II-44.

[21] Net income improved from **** in 1991 to **** in 1993 while cash flow improved from **** in 1991 to **** in 1993. CR at Table 14, I-71, PR at II-44.

[22] 19 U.S.C. §§1673d(b) and 1677(7)(F)(ii).

make such a determination "on the basis of mere conjecture or supposition."[23] In making my determination, I have considered all of the statutory factors that are relevant to this investigation.[24]

I do not find that there is any increase in production capacity or unused capacity in the subject countries likely to result in a significant increase in imports of SSB to the United States. Production capacities and capacity utilization rates for the subject countries either declined or remained unchanged over the POI.[25] With respect to Brazil, shipments to the U.S. were minor compared to home market shipments and shipments to all other markets, which remained relatively steady.[26] Given the declining capacity and capacity utilization rates, and the significance of shipments to non-U.S. markets, I find little likelihood of significantly increased Brazilian exports of SSB to the United States.

Production capacity in India **** while production quantities **** from 1990 to 1992, resulting in **** capacity utilization rates during these periods.[27] Although Indian exports of SSB to the U.S. **** during the POI, the **** was **** in terms of quantities. As a share of total Indian production, exports to the U.S. peaked at ****. ****, the likelihood of significantly increased exports to the U.S. is not great given that **** during this period.

Due to the relatively high capacity utilization rates in Japan, and declining production figures, I also find little likelihood of increased Japanese SSB exports to the U.S. Although Japanese home market shipments declined from 1990 to 1992, such declines were coincident with equally significant declines in production.[28]

Production capacity in Spain **** significantly in 1992 and **** during subsequent periods. Coincident with *** consistently over the POI. **** exports to the U.S. ****.

I do not find evidence of any rapid increase in United States market penetration of SSB from the subject countries. As discussed above, the market share of subject imports has not been significant, and there is no indication that it will be in the future. At its peak, the subject imports only had a 15.7 percent market share in 1993, and this figure declined to 9.6 percent during interim 1994.[29] In addition, the increase occurred during a period of expanding domestic demand. Thus, all participants in the market, U.S. producers, subject imports, as well as non-subject imports were able to increase production and shipments. There is no evidence to suggest an imminent change in these circumstances. For these reasons, I do not find that market penetration is likely to increase to an injurious level.

The record does not support a finding that the inventories of subject imports in the United States will have an injurious effect on the U.S. industry. Inventories of SSB from the subject countries remained essentially level from 1991 to 1993, from 5986 short tons in 1991 to 5934 short tons in 1992 to 5972 short tons in 1993.[30] End-of-period inventories for interim 1994 were down 17.5 percent from interim 1993 levels.

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[23] 19 U.S.C. §1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallverken Nederland B.V. v. U.S., 744 F.Supp. 281, 287 (CIT 1990), citing American Spring Wire, 8 CIT at 28, 590 F.Supp. at 1280.

[24] 19 U.S.C. §1677(7)(F)(i). Several of the statutory threat factors have no relevance to this investigation and need not be discussed. Because there are no subsidy findings, factor I is not applicable. Moreover, factor IX regarding raw and processed agriculture products also is not applicable to this case.

[25] Brazilian capacity declined from **** short tons in 1991 to **** short tons in 1993, while capacity **** for the other subject countries. CR at Tables 30, 33, 34, and 36, PR at Tables 30, 33, 34, and 36.

Brazil's capacity utilization ****. India's capacity utilization rate ****. Japan's capacity utilization rate **** declined noticeably, from 110.2% in 1990 to 105.0% in 1991 to 88.2% in 1992. Spain's capacity utilization rate ****. CR at Tables 30, 33, 34, and 36, PR at Tables 30, 33, 34, and 36.

[26] CR at Table 30, PR at Table 30.

[27] CR at Table 33, PR at Table 33.

[28] CR at Table 34, PR at Table 34.

[29] As already noted above, however, I have given less weight to the declines in subject import market penetration levels during interim 1994.

[30] CR at I-97, PR at II-66.

Moreover, subject import inventories in the United States as a share of apparent consumption in the U.S. market were 2.9 percent in 1993, an amount too small to support a finding of threat of material injury to the domestic industry.[31] In the most recent period, import inventories declined, and there is no evidence in the record to suggest any likely increase in the future.

I do not find that subject imports will enter the United States at prices that will have a depressing or suppressing effect on domestic prices. As discussed above, the evidence does not support the conclusion that the prices of the subject imports have had a significant depressing or suppressing effect on domestic prices.

There is no indication that these circumstances will change in the near future. I find no other evidence to indicate that subject imports are likely to have any greater impact on domestic prices in the near future than was the case during the period of investigation.

With respect to "other demonstrable adverse trends", it appears that the expiration of the VRAs has had little effect on the subject imports. India, which was not covered by a VRA, had the biggest increase in imports in 1992, while Japan experienced a decline in imports upon the expiration of its VRA.[32]

I do not find any significant potential for product-shifting in this investigation. The Indian SSB producers as well as three Brazilian SSB producers involved in this investigation have been subject to U.S. antidumping orders on stainless steel wire rod since the beginning of 1994.[33] Given the evidence of declining import quantity levels of SSB from India and Brazil during 1994 subsequent to the AD order on stainless steel wire rod from those countries, I find little indication of any product-shifting.

I therefore determine that the domestic industry producing SSB is not threatened with material injury by reason of the LTFV imports from Brazil, India, Japan, and Spain.

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[31] Figure derived from Table B-1 and Table 28 of the CR, Table B-1 and Table 28 of the PR.

[32] I do not find any evidence of dumping findings or antidumping remedies in markets of foreign countries against the same class or kind of merchandise which suggest a threat of material injury to the domestic industry. 19 U.S.C. §1677(7)(F)(i)

[33] See 19 C.F.R. 4021 and 19 C.F.R. 67909.

DISSENTING VIEWS OF COMMISSIONER CAROL T. CRAWFORD

Stainless Steel Bar from Brazil, India, Japan, and Spain
Invs. Nos. 731-TA-678, 679, 681, and 682 (Final)

I. SUMMARY

I determine that there are two like products in these investigations: hot-formed stainless steel bar and cold-finished stainless steel bar ("SSB").

Hot-Formed Stainless Steel Bar

There are no imports of hot-formed SSB from India or Spain. Subject imports from Brazil are negligible. I determine that the domestic industry producing hot-formed stainless steel bar is not materially injured or threatened with material injury by reason of imports from India, Spain, Brazil or Japan.

Cold-Finished Stainless Steel Bar

I have cumulated subject imports except to the extent that subject imports from Japan and India do not compete with each other. I further determine that the domestic industry producing cold-finished stainless steel bar is materially injured by reason of subject imports from Brazil, Japan, and Spain, but is not materially injured or threatened with material injury by reason of subject imports from India.

II. LIKE PRODUCT

A. ANALYSIS[1]

The Commission's "finished/semifinished" like product analysis is apt in these investigations. Application of this test to the facts of the record leads me to determine that there are two like products; hot-formed stainless steel bar and cold-finished stainless steel bar.

The Commission's finished/semifinished like product analysis directs us to consider several factors. I will discuss them in turn. The first factor is the extent to which the upstream product is dedicated for use in the downstream product. If a product is used for purposes other than as an input to the downstream product, then there is a greater likelihood of finding two like products. Hot-formed stainless steel bar is not dedicated for one use. As much as 14 percent of total U.S. hot-formed SSB production is consumed on the open market by manufacturers of forgings and by machine shops for producing fasteners, turbines, and electrical and industrial equipment. Almost two percent of such production is consumed on the open market by independent cold-finishers.

The second factor is whether there are separate markets for the upstream and downstream articles. In these investigations, 15.7 percent by quantity in 1993 of U.S. production of hot-formed

[1] I join the general discussion in the majority opinion relating to the description of the Commission's finished/semifinished analysis.

SSB is sold on the open market to end-users.[2] In one recent Commission investigation (Certain Special Quality Carbon and Alloy Hot-Rolled Steel Bars and Rods and Semifinished Products from Brazil, Inv. No. 731-TA-572, July 1993 (Final)), the Commission found that open market sales of six percent of the upstream semifinished specialty steels were significant in determining separate like products (specialty steels and the downstream hot-rolled bars and rods). Here the 15.7 percent sold into the open market is more than twice that share.

U.S. producers' export data also provide evidence of separate markets. During the period of investigation, hot-formed SSB accounted for about 36 percent of U.S. exports of all types of U.S.-produced SSB during the period of investigation, while cold-finished SSB accounted for the remainder.[3]

Furthermore, as respondents have pointed out, the petitioners' theory that the stainless steel bar market consists of a continuum is belied by the significant amount of cold-finished SSB made not from hot-formed SSB but from stainless steel wire rod ("SSWR"). Over 26 percent of cold-finished stainless steel bar is produced from stainless steel wire rod.[4] The share of production from SSWR is even higher for the largest U.S. producer, CarTech, which accounted for [***] percent by value of U.S. production of SSB in 1993.[5] [***].[6] The fact that SSWR enters the cold-finished production process at a similar stage of production as hot-formed SSB further strengthens the argument for a bright line separation of products.[7]

Evidence of separate markets can also be found in the fact that hot-formed and cold-finished SSB produce substantially different financial returns. In 1993, operating income for domestic industry sales in the hot-formed SSB open market was $120 per short ton,[8] whereas cold-finished sales produced a *loss* of $49 per short ton[9] -- results consistent with separate markets.

The third factor in the semifinished like product analysis relates to the degree to which the physical characteristics and functions of the upstreamand downstream articles differ. The more significant the changes in the physical characteristics of the upstream article (*i.e.*, hot-formed SSB) due to downstream processing (*i.e.*, cold-finishing) , and the greater the functional changes in the article, the more likely it is that the two articles form two like products.

Both types of bar share the characteristic of corrosion resistance, but this is not a unique characteristic unique to hot-formed and cold-finished SSB. SSWR, the other major upstream input for making cold-finished SSB, also has this characteristic. The cold-finishing process results in superior

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[2] By reported value, open market sales of hot-formed SSB were 24.2 percent. See Table 8, CR at I-56; PR at II-35; CR at I-26; PR at II-35.

[3] EC-S-013 at 11, n. 21.

[4] In Stainless Steel Wire Rod from India, Inv. No. 731-TA-638, USITC Pub. 2704, November 1993 (Final), petitioners argued that wire rod was a separate like product from stainless steel bar. In doing so, petitioners relied upon the "clear precedent" of separate like products established in several 1982-1983 investigations which found three separate like products: hot-rolled SSB, cold-formed SSB, and SSWR. See Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Invs. Nos. 701-TA-176-178, USITC Pub. 1333 (1982) and Brazil, Inv. Nos. 701-TA-179-181, USITC Pub. 1398 (1982).

[5] Table 15, CR at I-73; PR at II-44.

[6] CR at I-43; PR at II-28.

[7] Spanish Respondent's Post-hearing brief at 9. See also Petitioner's December 12, 1994 Supplemental Data Response. The role of SSWR in the production of SSB further refutes petitioners' continuum argument.

[8] Table 19, CR at I-81; PR at II-52.

[9] Table 21, CR at I-84; PR at II-55.

dimensional tolerance and improved surface finish and mechanical properties such as ductility, strength and hardness as well as changes in the crystalline structure of the bar.[10] [11]

The significant differences in physical characteristics between the two types of SSB are also clearly recognized by end-users. Of 25 users surveyed, 23 said the two types of SSB are not substitutable. Not one of the 25 users had substituted between cold-finished and hot-formed stainless steel bars during the January 1992 to September 1994 period.[12] Moreover, forty-nine of fifty-nine purchasers indicated that the distinction set forth in ASTM 484 reflects their firm's actual market purchase/use requirements for SSB.[13] ASTM A484 recognizes and defines the differences between hot-formed and cold-finished SSB and sets forth the accepted industry standard for dimensional tolerances for hot-formed and cold-finished SSBs.[14]

The fourth factor is the value added and/or differences in costs for the upstream and downstream articles. The differences here are clearly significant. Cold-finishing adds nearly 40 percent to the value of the hot-formed input. In 1993, the unit cost of goods sold for U.S. hot-formed SSB was $1,885 and that for cold-finished SSB was $2,620.[15] Likewise, the value of company transfers by U.S. producers of hot-formed SSB in 1993 was $1,861 while the value for cold-finished company transfers -- to related distributors -- was $3,376, a difference of 81 percent.[16]

The fifth factor is the significance and extent of the processes used to transform the upstream article into the downstream article. If the production process requires separate facilities or entirely separate production lines, it is more likely to be significant than if it is merely one additional station on a single line. The amount of capital equipment and labor used in the processing is also a measure of the significance of the process.

Most of the domestic industry that produces both hot-formed and cold-finished stainless steel bar uses different facilities for the separate production operations.[17] Operations are separated because of spatial requirements, the risk of contamination, and different work schedules within departments. Union-negotiated contracts prevent worker cross-over between departments.[18]

The additional capital and labor requirements to convert hot-formed to cold-finished stainless steel are also significant. In 1993, domestic producers employed fixed assets with a book value of $122 million to produce hot-formed SSB. These producers required an *additional $88 million* in fixed assets to transform hot-formed SSB into cold-finished bar.[19]

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[10] CR at I-14; PR at II-9 - II-10.

[11] I note that petitioners argued in Stainless Steel Wire Rod From India, Investigation No. 731-TA-638, November 1993 (Final) that SSWR is a separate like product from SSB. The same U.S. companies participating in the current investigation also participated in the India investigation, with the exception of AlTech. Since the India investigation, AlTech [***]

[12] EC-S-013 at 6.

[13] The final purchaser's questionnaire posed the question: "Does the reference to ASTM 484 used by the Commission in this questionnaire to distinguish between cold-finished and hot-formed SSB, reflect your firm's actual market purchase/use requirements for stainless steel bar?". 49 out of 59 purchasers who responded answered affirmatively. See Brazilian Respondent's Pre-Hearing Brief at 18.

[14] CR at I-7; PR at II-6. See also Brazilian Respondent's Pre-Hearing Brief at 16-21.

[15] CR at tables B-2 and B-3; PR at Tables B-2 and B-3.

[16] Table 8, CR at I-56; PR at II-35.

[17] CR at I-14; PR at II-9 - II-10.

[18] CR at I-14; PR at II-9 - II-10.

[19] Table 25, CR at I-92; PR at II-62.

Labor requirements show a consistent breakdown by product. In 1993, 736 production workers were employed for the production of hot-formed SSB, while cold-finishing required an additional 495 production workers.[20]

B. LIKE PRODUCT SUMMARY

Based on the foregoing discussion, I determine that there are two like products in these investigations; hot-formed stainless steel bar and cold-finished stainless steel bar.

The Commission's finished/semifinished like product analysis provides useful discipline to the like product determination. However, it is only useful to the extent that evidence in the record is examined and the analysis undertaken with objectivity. I believe that objective application of the five factors discussed leads to a finding that hot-formed stainless steel bar and cold-finished stainless steel bar are separate like products. The hot-formed SSB industry consists of all domestic producers of hot-formed SSB, and the cold-finished stainless steel bar industry consists of all domestic producers of cold-finished SSB. There are no related parties.

III. CUMULATION

The statute provides that:

> [T]he Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market.
> 19 U.S.C. § 1677(7)(C)(iv)(I)

Thus, two analyses of competition are required: 1) whether the subject imports compete with the domestic like product; and 2) whether the subject imports compete with each other. Only a reasonable overlap of competition is required.

In assessing whether there is a reasonable overlap of competition between products from two sources, the Commission has generally considered four factors: 1) simultaneous presence in the market, 2) the presence of sales in the same geographical markets, 3) the existence of common or similar channels of distribution, and 4) the degree of fungibility. As I indicated in Stainless Steel Wire Rod from India, there are limits to such a heavily discretionary multi-factor test. A more useful test would need to focus directly on competition. We should find competition between two products to exist only if changes in their relative price will affect the demand for each. If, for any of a variety of reasons (*e.g.*, captive production or distinct market niches), plausible changes in the price of imports from a particular country would not affect demand for imports subject to investigation from another country or for the like product, competition does not exist and therefore cumulation is not appropriate. I discuss competition of subject imports "with each other" in more detail below in the cold-finished SSB section.

An exception to mandatory cumulation is provided where the Commission determines that subject imports from a country are negligible and have no discernible adverse impact on the domestic industry. In applying this exception, the legislative history of the 1988 Act stresses that we are to apply the exception sparingly and that it is not to be used to subvert the purpose and general

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[20] CR at Tables B-2 and B-3; PR at Tables B-2 and B-3.

application of the mandatory cumulation provision of the statute.[21] I have been mindful of these cautions in my consideration of negligibility in these investigations. I discuss negligibility in more detail below.

In the following discussion, I address both competition and negligibility issues for both the hot-formed and cold-finished product markets for each country under investigation.

A. HOT-FORMED SSB

There were no imports of hot-formed SSB from India or Spain during the period of investigation ("POI").[22] Therefore, there are no imports from India and Spain to cumulate. Thus, the only question is whether to cumulate Brazil and Japan. I have given petitioners the benefit of the doubt and assumed that imports from Brazil and Japan compete with each other and the domestic like product. However, I find that subject imports from Brazil are negligible and therefore should not be cumulated. Thus, for purposes of examining material injury by reason of LTFV hot-formed SSB imports from Brazil and from Japan, I do not cumulate imports from any of the countries.

1. Negligibility[23]

I find that imports from Brazil are negligible and therefore do not cumulate them with imports from Japan. The statute provides that cumulation is not required where subject imports "are negligible and have no discernible adverse impact on the domestic industry."[24] In determining whether the negligibility exception applies, the statute further directs the Commission to evaluate all relevant economic factors regarding the imports, including, but not limited to, whether:

> (I) the volume and market share of the imports are negligible,
>
> (II) sales transactions involving the imports are isolated and sporadic, and
>
> (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.[25]

The statute cites no particular volume or share of the market that should be considered negligible.[26] Rather, market share must be considered in the context of the degree of price sensitivity of the market. The more price sensitive the market, the more likely it is that a low import market share will have a discernible adverse impact on the domestic industry. Conversely, the less price sensitive the market, the higher the import market share must be to cause a discernible adverse

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[21] H.R. Rep. No. 40, 100th Congress., 1st Sess., pt. 1, at 131 (1987).

[22] CR at I-35 - I-36 and Table B-2; PR at Table B-2.

[23] My views on negligibility are fully described in "Additional and Dissenting Views of Commissioner Carol T. Crawford" in 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, and the United Kingdom, Invs. Nos. 701-TA-319-332, 334, 336-342, 344, and 347-353, USITC Pub. 2664, August 1993 (Final).

[24] 19 U.S.C. § 1677(7)(C)(v).

[25] 19 U.S.C. § 1677(7)(C)(v).

[26] In these investigations, evidence in the record indicates that sales of hot-formed SSB from Brazil and Japan have not been isolated and sporadic. CR at I-101 to I-103, I-108; PR at II-69 - II-70.

impact.[27] Price sensitivity measures the way domestic prices respond to the subject imports. Price sensitivity so defined can be estimated by examining four aspects of the domestic industry: (1) the overall sensitivity of demand to changes in the price of the product -- the elasticity of demand, (2) the responsiveness of domestic supply to changes in market price -- the elasticity of supply, (3) the availability of nonsubject imports -- the elasticity of nonsubject import supply, and (4) the aggregate substitutability of the subject imports for the domestic like product -- the elasticity of substitution between subject imports and the domestic like product. These factors together allow me to assess whether a small quantity of subject imports can have a price depressing or suppressing effect on the domestic industry, as directed by the statute.

Applying these factors, I have concluded that, despite a low elasticity of demand, the domestic hot-formed SSB market is not price sensitive to the small market share of Brazilian subject imports. First, the elasticity of demand in the hot-formed SSB market is relatively low. The elasticity of demand tells us how purchasers respond to price increases. It tells us, for example, the extent to which purchasers would maintain the same quantity of purchases in the face of price increases, or alternatively would reduce purchases and buy substitute products, or do without them altogether. The evidence indicates there are few if any substitutes for SSB products.[28] Moreover, SSB products typically account for a small percentage of the cost of the final product.[29] Therefore, changes in the prices of SSB products are less likely to alter demand for the downstream product and, by extension, for SSB. Moreover, the available data show that price is of secondary importance to end users. Domestic hot-formed SSB end users cited quality, reliability of delivery, availability of supply and service as very important with greater frequency than price.[30] For the captively consumed hot-formed SSBs, there is presumably little impact on the quantity demanded from changes in reported transfer prices; in-house transfers are generally recorded at cost. These factors suggest a low elasticity of demand, which in turn suggests a greater price sensitivity.

Second, the elasticity of domestic supply is relatively high due to a large amount of available capacity and a competitive market structure. In general, a competitive industry with high levels of available capacity responds to changes in market conditions by increasing or reducing production, not by changing prices. Capacity utilization in the domestic hot-formed SSB industry was only 54.5 percent in 1993.[31] The industry is also able to increase capacity quickly by switching production lines from non-bar to SSB production; U.S. producers generally reported that minimal time was required to switch over production lines.[32] Thus, the domestic industry has sufficient available capacity to easily fill the demand from purchasers. The ability to increase or reduce production serves to stabilize prices. Therefore price effects are unlikely to occur. Moreover, the available data show that the overall SSB market is very competitive. There are at least 11 major domestic

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[27] In Coated Groundwood Paper from Austria, Belgium, Finland, France, Germany, Italy, the Netherlands, Sweden, and the United Kingdom, Invs. Nos. 731-TA-486-494, USITC Pub. 2359 at 33-36 (Feb. 1991) (Prelim), the Commission found in a highly price sensitive market, the only countries not candidates for the negligibility exception were those with more than two percent market share. See also Torrington Co. v. United States, 790 F. Supp. 1161 (CIT 1992) at 1171.

[28] EC-S-013 at 17.

[29] EC-S-013 at 18.

[30] EC-S-013 at 32.

[31] CR at Table B-2; PR at Table B-2.

[32] EC-S-013 at 9. This information refers to general SSB production. Specific information on switching from non-SSB production to hot-formed and cold-finished SSB production was not available. Non-bar products include stainless steel wire rod, angles, and ingots, carbon bars, and other products. U.S. SSB production accounts for about [***] percent of total U.S. stainless steel production. See EC-S-013 at 21, n. 35.

producers, 35 importers, and several hundred purchasing firms acting as distributors or end users.[33] A competitive market limits the ability of any one producer to affect prices or, specifically to raise prices. In a highly competitive market with significant amounts of unused capacity, even if small quantities of imports were to displace U.S. production, they are unlikely to have a depressing or suppressing effect on prices.

Third, the elasticity of nonsubject hot-formed SSB import supply is relatively high.[34] In general, the availability of nonsubject imports can have a significant effect on the price sensitivity of the market by acting as an alternative competitive source of supply. The more competitors in the market, the less likely it is that any one source will have an effect on the prevailing market price. Nonsubject imports have a significant presence in the hot-formed SSB market, particularly in comparison to subject imports. Nonsubject import share of the U.S. market more than doubled between 1991 and 1993, to reach 4.7 percent.[35] This figure is higher than all subject imports combined.[36]

Nonsubject imports compete with subject imports and the domestic like product at least to the extent they all conform to ASTM specifications.[37] U.S. importers commented that several nonsubject countries offered more attractive prices shortly after the antidumping petitions were filed in an attempt to increase their market shares.[38]

Fourth, the substitutability of subject hot-formed SSB imports from Brazil for the domestic like product is somewhat low, based on evidence of quality differences and the high percentage of the U.S. product that is captively consumed. Substitutability is a critical factor in determining the overall price sensitivity of the market. It reflects the degree of differentiation between the domestic product and subject imports, differences in sales channels, and other non-price factors considered by purchasers in making purchase decisions. Substitutability is substantially reduced by the fact that nearly 85 percent of domestic hot-formed SSB production is captively consumed; imports cannot compete for this market share.[39] There is evidence that the SSB market as a whole consists of many niche markets.[40] In this regard, virtually all of Brazilian imports were of flat bar, while U.S. producers sold a mix of mostly non-flat hot-formed SSB products.[41] Subject imports from Brazil also have longer reported leadtimes than the domestic like product.[42] For these reasons, I find there is only limited substitutability between subject imports and the domestic like product.

In sum, while the low elasticity of demand suggests price sensitivity, the availability of domestic and nonsubject import supply and the limited substitutability between the subject imports and domestic like product suggest a low price sensitivity. On balance, I find the market for hot-formed SSB has a relatively low price sensitivity.

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[33] EC-S-013 at 6 and 7.

[34] See EC-S-013.

[35] Table 40, CR at I-123; PR at II-83.

[36] CR at I-123 and Table B-2; PR at Table B-2.

[37] EC-S-013 at 37.

[38] EC-S-013 at 36.

[39] CR at I-26 and Table 8, CR at I-56; PR at II-15-II-16 and II-35

[40] EC-S-013 at 6.

[41] CR at I-18, incl. n.36 and Table B-2; PR at II-11, incl. n.36 and Table B-2. In addition, two of six U.S. purchasers reported that the Brazilian product is inferior to the domestic hot-formed SSB (CR at I-19; PR at II-12). Three U.S. producers reported that SSBs from Brazil might not always be interchangeable with U.S. products because of some quality problems. See CR at I-131; PR at II-89-II-90.

[42] CR at I-129; PR at II-88.

Considering all statutory factors together, I find that subject imports from Brazil are negligible. Imports of hot-formed SSB from Brazil accounted for 0.8 percent of apparent domestic consumption in 1993, 0.6 in 1992, and 0.9 in 1993.[43] The value of hot-formed SSB from Brazil was $2.92 million in 1991, $2.06 million in 1992, and $2.97 million in 1993,[44] insignificant amounts in an industry that measured domestic consumption over $296.9 million in 1993. Although imports from Brazil were not isolated and sporadic, the low price sensitivity of the domestic hot-formed SSB market, the limited substitutability of the Brazilian imports with the domestic industry, and the small volumes and values of Brazilian imports provide sufficient evidence to conclude that they "are negligible and have no discernible adverse impact on the domestic industry." Having found that imports from Brazil are negligible, I do not cumulate imports from Brazil and Japan.

2. Summary of Hot-Formed SSB Market

In summary, there were no imports of hot-formed SSB from India and Spain during the entire POI. In applying the above cumulation factors, I have concluded that subject imports of hot-formed SSB from Brazil are negligible and should not be cumulated. Thus, in my determinations with respect to subject imports from Brazil and from Japan, I do not cumulate.

B. COLD-FINISHED SSB

I find that subject imports of cold-finished SSB from all four countries compete with the domestic like product.

I find that subject imports from Brazil and Spain each compete with subject imports from both India and Japan. Therefore, for purposes of injury determinations for Brazil and Spain, I cumulate subject imports from all four countries.

I find that subject imports from Japan compete with subject imports from Brazil and Spain, but not India. Therefore, for purposes of the injury determination for Japan, I cumulate subject imports from Japan, Brazil, and Spain, but not India.

I find that subject imports from India compete with subject imports from Brazil and Spain, but not Japan. Therefore, for purposes of the injury determination for India, I cumulate subject imports from India, Brazil, and Spain, but not Japan.

1. Competition Between Subject Imports and Domestic Like Product

My cumulation analysis of the cold-finished SSB industry begins with the consideration of competition between the domestic like product and subject imports from each of the four countries. I begin with a discussion of evidence of generic competition between all subject imports and the domestic like product, and then discuss specific country/domestic like product comparisons.

U.S. producers and U.S. importers reported that for all SSB products, U.S.-produced and subject imported stainless steel bars were typically used interchangeably.[45] Many responding end users did not know the country of origin of the SSB that they purchased.[46] Eleven of thirteen end users indicated that they did not buy U.S.-produced SSB products when they could buy lower-priced

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[43] CR at Table B-2; PR at Table B-2.
[44] CR at Table B-2; PR at Table B-2.
[45] CR at I-131 and I-132; PR at II-89 - II-90.
[46] EC-S-013 at 33.

subject imports, which indicates there is significant price competition.[47] Moreover, the record indicates that there is significant competition between the subject imported SSB and domestic SSB with respect to relevant non-price factors such as quality, order lead times, and overall customer preferences.[48] Cold-finished imports from all of the subject import countries are simultaneously present with the domestic like product in the U.S. market.[49]

In contrast, there is some evidence of small differences in the channels of distribution of imports of all SSB and U.S. products; a higher percentage of subject imports are sold to mill depots and a smaller percentage to end-users, relative to the domestic product.[50] Moreover, there is evidence that the SSB market as a whole consists of many niche markets.[51]

Data were also available for comparisons of specific country subject imports and domestic like product. Nine of fifteen U.S. purchasers indicated that the quality of cold-finished SSB imports from Brazil and the domestic like product are comparable. Three U.S. firms, Al Tech, Slater, and Talley, indicated that SSBs from Brazil might not always be interchangeable with U.S. products because of some quality problems with the imported products.[52]

Sixteen of nineteen U.S. purchasers indicated that the quality of cold-finished SSB imports from Spain and the domestic like product are comparable. One importer commented that the imported Spanish cold-finished SSBs were of good quality.[53] Two user firms, [***], indicated they paid a premium for domestic over Spanish cold-finished SSB, citing advantageous service and machinability, respectively.[54]

Seventeen of twenty U.S. purchasers indicated that the quality of cold-finished SSB imports from Japan is comparable with the domestic like product.[55] The Japanese product, however, competes with the domestic product in the higher end of the cold-finished SSB market.[56] [***] U.S. importers, [***], indicated that Japanese cold-finished SSB was preferred to U.S.-produced bar.[57]

Overall, the evidence indicates that Indian subject imports serve a lower-end quality range of the cold-finished SSB market.[58] However, there is evidence of some competition. For example, three of twelve U.S. purchasers indicated that the quality of Indian cold-finished SSB imports is comparable to that of the domestic like product.[59]

On the basis of the general and specific comparisons of subject imports and domestic like product, I find there is, on balance, competition between subject imports from each of the four countries and the domestic like product.

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[47] EC-S-013 at 33. Of the same end users polled, seven reported buying domestic SSB even though they could have bought lower-priced subject imported products. These data provide evidence of the somewhat limited substitutability between subject imports and domestic like product. See EC-S-013 at 33.

[48] EC-S-013 at 32-33.

[49] CR at I-126; PR at II-80; CR at I-45; PR at II-28 - II-29; and EC-S-013 at 20.

[50] CR at I-47; PR at II-29.

[51] EC-S-013 at 6.

[52] EC-S-013 at 35.

[53] CR at I-132; PR at II-89 - II-90.

[54] CR at I-133; PR at II-89-II-90.

[55] CR at I-19; PR at II-12.

[56] CR at I-132; PR at II-89 - II-90.

[57] EC-S-013 at 35.

[58] CR at I-132; PR at II-89 - II-90. See also CR at Appendix G; PR at Appendix G.

[59] CR at I-19; PR at II-12.

2. Subject Imports: Competition With Each Other

With respect to whether the subject imports from the four countries also "compete with each other," a further analysis is in order. Competition "with each other" is not so easily determined in these investigations. I do not read the statute as setting forth an "all or nothing" cumulation test.[60] Rather, it directs us to cumulate when subject imports compete both with the domestic like product and "with each other" (emphasis added).[61] Thus, my application of the reasonable overlap test produces results that are not "all or nothing." Some subject imports compete with each other and some do not. While analyzing cumulation separately for each country is somewhat cumbersome and is not as simple as the "all or nothing" approach, I believe it reflects more accurately the meaning and intent of the statute. Therefore I make cumulation findings separately for each country, reflecting the statutory test of whether that country's imports compete not only with the domestic like product but with the subject imports from other countries subject to investigation.

I begin by comparing subject imports from each country with those of the other individual countries: i) Japan and India, ii) Japan and Brazil, iii) Japan and Spain, iv) Spain and India, v) Spain and Brazil, and vi) Brazil and India. I then determine which subject imports overlap for purposes of cumulation in each of the four investigations.

i) Japan and India

I find there is no reasonable overlap of competition between Indian and Japanese subject imports. Japanese cold-finished SSB is a mid-to-higher end quality product.[62] Importers [***] all indicated that the Japanese cold-finished SSBs are superior and preferred to the U.S. produced SSBs.[63] In contrast, the Indian product appears to serve a lower end quality market niche.[64] Of the 41 different cold-finished SSB product price series collected, covering up to 19 different products

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[60] I have addressed this issue in a comparable factual situation in Silicomanganese From Brazil, The People's Republic of China, Ukraine, and Venezuela, Invs. Nos. 731-TA-671-674, December 1994 (Final) (Views of Chairman Peter S. Watson, Commissioner Carol T. Crawford and Commissioner Lynn M. Bragg on Cumulation). Although I did not reach a conclusion on the issue in that determination, I indicated a reasonable reading of the literal language of the statute, as applied to these investigations, would result in not cumulating imports from India and Japan with imports from Brazil and Spain. That is, the statute requires that imports compete with each other, and, since I find India and Japan do not compete with each other, they therefore should not be cumulated at all, even with imports from Brazil and Spain, under the literal language of the statute.

In these investigations I reach a conclusion on the issue and find that such a literal reading of the statute is too narrow, and that an equally reasonable reading of the statute supports cumulating imports from all four countries in the Brazilian and Spanish investigations. Even though imports from India and Japan do not compete with each other, there is competition among imports from all four countries. For example, imports from Brazil compete with imports from each of the other three countries. Thus, in deciding what imports to cumulate with Brazilian imports, the statutory requirement of competition "with each other" is met. The same holds true for cumulating imports from Spain with imports from the other three countries. This reading of the statute is consistent with the economics of competition among imports from all countries as I discuss in the main text of my opinion.

[61] 19 U.S.C. §1677(7)(C)(iv)(I)

[62] CR at I-19; PR at II-12 ; and Post Conference Brief of Japanese Respondents at 14 and 15.

[63] CR at I-132; PR at II-89-II-90.

[64] CR at I-19; PR at II-12; and Post Conference Brief of Indian Respondents at 8.

sold in three different sales venues, only [***] price series showed simultaneous sales of Indian and Japanese products. For these [***], the Indian product undersold the Japanese product in [***] of the available comparisons.[65] This is consistent with a lack of significant competition. I further note the lack of any other significant positive evidence of competition between imports from the two countries. In sum, I find that the mid-to-high quality Japanese subject imports and the generally low quality Indian subject imports do not compete with each other.

ii) Japan and Brazil

Japanese and Brazilian imports of cold-finished SSB sell simultaneously in similar markets,[66] and share common channels of distribution.[67] There is no evidence that they are geographically concentrated in different regions of the U.S.[68] The Brazilian imports serve the mid-and-lower quality segment of the market, while Japanese imports serve both the mid-quality segment and the high-quality segment of the market.[69] In the mid-quality segment of the market where both are sold, Brazilian and Japanese imports are reasonably good substitutes.[70] Therefore, I find that subject imports from Brazil and Japan compete with each other.[71]

iii) Japan and Spain

Japanese and Spanish imports of cold-finished SSB sell simultaneously in similar markets,[72] and likely share common channels of distribution.[73] There is no evidence that they are geographically concentrated in different regions of the U.S.[74] The Japanese imports serve both the mid-quality segment and the high-quality segment of the market. Spanish imports serve primarily the mid-quality range of the cold-finished SSB market, but also serve the low end. In mid-quality segment of the market where both are sold, Japanese and Spanish imports are reasonably good substitutes.[75] Therefore, I find that subject imports from Japan and Spain compete with each other.[76]

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[65] There were [***] instances of overselling, [***] instances of overselling and [***] identical prices. See CR at Appendix G; PR at Appendix G.

[66] Table 38, CR at I-117 and CR at I-45; PR at II-74 and II-28-II-29.

[67] CR at I-47; PR at II-29.

[68] CR at I-45; PR at II-28-II-29.

[69] CR at I-19 and I-132; PR at II-12 and II-89-II-90.

[70] I note that seventeen of 24 responding end users of SSB indicated they did not need to know the country of origin of imported SSB that they purchased. EC-S-013 at 32, n.49.

[71] CR at I-19 and I-132;PR at II-12 and II-89-II-90.

[72] Table 37, CR at I-115 and CR at I-45; PR at II-74 and II-28-II-29.

[73] CR at I-47; PR at II-29.

[74] CR at I-45; PR at II-28-II-29.

[75] I note that seventeen of 24 responding end users of SSB indicated they did not need to know the country of origin of imported SSB that they purchased. EC-S-013 at 32.

[76] CR at I-19 and I-132; PR at II-12 and II-88-II-89.

iv) Spain and India

Spanish and Indian imports of cold-finished SSB sell simultaneously in similar markets,[77] and share common channels of distribution.[78] There is no evidence that they are geographically concentrated in different regions of the U.S.[79] Spanish imports serve primarily the mid-quality range of the cold-finished SSB market, but also serve the low end. Indian subject imports primarily serve the lower end quality market range, but also, to a limited extent, the mid-range.[80] In the middle and lower quality range of the cold-finished SSB market, Spanish and Indian subject imports are somewhat good substitutes.[81] I conclude that subject imports from Spain and India compete with each other.

v) Spain and Brazil

Spanish and Brazilian imports of cold-finished SSB sell simultaneously in similar markets,[82] and likely share common channels of distribution.[83] There is no evidence that they are geographically concentrated in different regions of the U.S.[84] Spanish imports serve primarily the mid-quality range of the cold-finished SSB market, but also serve the low end.[85] The Brazilian imports serve the mid-and-lower quality segment of the market.[86] In both the mid-quality range and the low-quality range of the cold-finished SSB market, the Spanish and Brazilian subject imports are reasonably good substitutes. Therefore, I find that subject imports from Spain and Brazil compete with each other.

vi) Brazil and India

I find that subject imports from Brazil and India compete. They sell simultaneously in similar markets,[87] and likely share common channels of distribution.[88] There is no evidence that they are geographically concentrated in different regions of the U.S.[89] The Brazilian imports serve the mid- and, to a lesser extent, the lower-quality segment of the market.[90] Indian subject imports primarily serve the lower end quality market range, but also, to a limited extent, the mid-range. In the lower

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[77] Table 37, CR at I-115 and CR at I-45; PR at II-74 and II-28-II-29.

[78] CR at I-47; PR at II-29.

[79] CR at I-45; PR at II-28-II-29.

[80] See Post Conference Brief of Indian Respondents at 8. There is some evidence that India is a small player in the mid-quality range. See CR at I-19; PR at II-12.

[81] I note that seventeen of 24 responding end users of SSB indicated they did not need to know the country of origin of imported SSB that they purchased. EC-S-013 at 32. I note that this case is different from the Japan/India comparison above due to the higher concentration of Japanese subject imports in the higher quality range relative to the Spanish subject imports.

[82] Table 37, CR at I-115 and CR at I-45; PR at II-74 and II-28-II-29.

[83] CR at I-47; PR at II-29.

[84] CR at I-45; PR at II-28-II-29.

[85] CR at I-19 and I-132; PR at II-12 and II-89-II-90.

[86] CR at I-19 and I-132; PR at II-12 and II-89-II-90.

[87] Table 37, CR at I-115 and CR at I-45; PR at II-74 and II-28-II-29.

[88] CR at I-47; PR at II-29.

[89] CR at I-45; PR at II-28-II-29.

[90] CR at I-19 and I-132; PR at II-12 and II-89-II-90.

and mid-quality segments of the market, the Brazilian and Indian subject imports are somewhat good substitutes. Therefore, I find that subject imports from Brazil and India compete with each other.

3. Summary of Cold-Finished SSB Market

The statute does not require perfect competition as a prerequisite to cumulate. Although there is evidence that each subject country serves a market quality niche, the U.S. product serves all the same niches reasonably well. In light of the general and specific evidence of competition above, I find that there is a reasonable overlap of competition between imports of cold-finished SSB from each of the subject countries and the domestic like product.

With respect to Brazilian and Spanish subject imports, I find there is sufficient competition with each other as well as with subject imports from Japan and India to constitute a reasonable overlap of competition. Thus, for purposes of examining material injury by reason of LTFV imports from Brazil and from Spain, I cumulatively assess the volume and effect of subject imports from all four countries.

With respect to Japanese subject imports, I find there is sufficient competition with subject imports from Brazil and Spain to constitute a reasonable overlap of competition, but not with subject imports from India. Thus, for purposes of examining material injury by reason of LTFV imports from Japan, I cumulatively assess the volume and effect of subject imports from Japan, Brazil and Spain, but do not cumulate with subject imports from India.

With respect to Indian subject imports, I find there is sufficient competition with subject imports from Brazil and Spain to constitute a reasonable overlap of competition, but not with subject imports from Japan. Thus, for purposes of examining material injury by reason of LTFV imports from India, I cumulatively assess the volume and effect of subject imports from India, Brazil and Spain, but do not cumulate with subject imports from Japan.

IV. MATERIAL INJURY BY REASON OF LTFV IMPORTS

A. ANALYTICAL FRAMEWORK

The statute directs that we determine whether there is "material injury by reason of the dumped imports." Thus we are called upon to evaluate the effect of dumped imports on the domestic industry and determine if they are causing material injury. There may be, and often are, other "factors" that are causing injury. These factors may even be causing greater injury than the dumping. However, the statute does not require us to weigh causes, only to determine if the dumping is causing material injury to the domestic industry. It is important, therefore, to assess the effects of the dumped imports in a way that distinguishes those effects from the effects of other factors unrelated to the dumping. To do this, I compare the current condition of the industry to the industry conditions that would have existed without the dumping, that is, had subject imports all been fairly priced.[91] I then determine whether the change in conditions constitutes material injury.

In my analysis of material injury, I evaluate the effects of the dumping on domestic prices, domestic sales, and domestic revenues. To evaluate the effects of the dumping on domestic prices, I compare domestic prices that existed when the imports were dumped with what domestic prices would have been if the imports had been priced fairly. Similarly, to evaluate the effects of dumping on the

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[91] 19 U.S.C. § 1677(7)(C)(iii).

quantity of domestic sales,[92] I compare the level of domestic sales that existed when imports were dumped with what domestic sales would have been if the imports had been priced fairly. The combined price and quantity effects translate into an overall domestic revenue impact. Understanding the impact on the domestic industry's prices, sales and overall revenues is critical to determining the state of the industry, because the impact on other industry indicators (e.g., employment, wages, etc.) is derived from the impact on the domestic industry's prices, sales, and revenues.

I then determine whether the price, sales and revenue effects of the dumping, either separately or together, demonstrate that the domestic industry would have been materially better off if the imports had been priced fairly. If so, the domestic industry is materially injured by reason of the dumped imports.

B. CONSIDERATION OF MATERIAL INJURY

In determining whether a domestic industry is materially injured by reason of the LTFV imports, the statute directs the Commission to consider:

> (I) the volume of imports of the merchandise which is the subject of the investigation,
>
> (II) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States . . . .[93]

In assessing the effect of subject imports, I compare the current condition of the domestic industry with the condition that would have existed had imports been fairly priced.[94] Then, taking into account the condition of the industry, I determine whether any resulting change of circumstances constitutes material injury. Each domestic industry, hot-formed SSB and cold-finished SSB will be considered in turn.

C. DOMESTIC INDUSTRY PRODUCING HOT-FORMED SSB

There are no imports of hot-formed SSB from India and Spain. Therefore these countries are only briefly discussed below. Since Brazilian imports were negligible and not cumulated with Japan, I consider Brazil separately from Japan.

India and Spain

There were no imports from either India or Spain during the entire POI. A zero volume of imports cannot be significant. Likewise, there can be no possible price effects or impact from a zero volume. Therefore, I find that there is no material injury by reason of subject imports from either India or Spain.

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[92] In examining the quantity sold, I take into account sales from both existing inventory and new production.

[93] 19 U.S.C. § 1677(7)(B)(i). In making its determination, the Commission may consider "such other economic factors as are relevant to the determination." 19 U.S.C. § 1677(7)(B)(ii).

[94] 19 U.S.C. § 1677(7)(C)(iii).

Japan

1. Volume

Japanese market share was 2.5 percent in 1993, up from 2.4 percent in 1991. In 1993, subject Japanese imports of hot-formed SSB totaled 3,469 short tons. In terms of value, Japanese imports accounted for 3.8 percent of U.S. consumption during 1993.[95] In 1993, the domestic industry's market share was 91.9 percent by quantity. In 1993, U.S. shipments to the domestic market equalled 128,000 short tons. In terms of value, U.S. shipments accounted for 89.2 percent of U.S. consumption during 1993.

While it is clear that the smaller the volume of imports, the smaller the effect that they will have on the domestic industry, the discussion of whether the volume is significant cannot be made in a vacuum. This determination must be made in the context of the like product market, as discussed below.

2. Price

The statute requires that we determine the effect of LTFV imports on the prices of domestic like products. In most cases, if LTFV imports had not been traded unfairly, their prices in the U.S. market would have increased. The statute directs, and my analysis seeks to determine, what effect the subject imports would have had on domestic like product prices had they been sold at some higher price. The domestic industry asserted that it would have raised its prices but for the subject imports. The ability of domestic industry producers to raise their prices depends on competitive conditions in the industry involving both demand side and supply side variables. Examining demand side variables helps us understand both the likely effect of higher subject import prices on subject import sales, and also whether purchasers would have been willing to pay higher prices for the domestic like product, or buy more of it, if subject imports had not been available or if their prices had been increased. The willingness of purchasers to pay higher prices depends on how important price is to the purchase decision, the similarity of the domestic product and subject imports, the availability and similarity of nonsubject imports and alternative products, their prices relative to domestic like product prices, and the share of downstream product cost that the SSB product represents.[96]

Examining supply side variables helps us understand whether competitive conditions in the market would have prevented domestic industry producers from raising their prices or sustaining a price increase. These variables include unused capacity and the level of competition in the marketplace. If a number of producers are producing similar goods and some have available capacity, they can be expected to beat back any producer's attempted price increase by increasing their production and shipments to the market. This result would also occur if additional supply could be provided by diverting shipments from non-U.S. markets. Similarly, the availability of nonsubject imports or alternative products in the market can impede the ability of producers to raise their prices or to sustain a price increase. With even moderate substitutability between the domestic like product and nonsubject imports and/or alternative products, any attempt by domestic producers to raise prices significantly would be beaten back.

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[95] CR at Table B-2; PR at Table B-2.

[96] Another typically important demand factor is the bargaining position of buyers relative to sellers. It is not discussed here since it is not a factor in this case.

A discussion of the demand and supply characteristics of the hot-formed SSB market follows. As will be explained below, I find that the competitive conditions in the domestic hot-formed SSB market are such that the subject imports are not having significant price effects on the domestic industry producing hot-formed SSB.[97]

Market Demand

To determine the nature and extent of any price effects on the domestic industry caused by the dumping, I ask the following question. Would purchasers of the like product have been willing to pay a higher price for subject imports, or for domestic like products, or would they have switched to nonsubject imported products or alternative non-SSB products, or ceased their purchases altogether, had all hot-formed SSB imports from Japan been fairly traded?

I begin by examining what prices of subject imports would have been had they not been dumped. Had they been sold at fair value, the prices of Japanese hot-formed subject imports would have risen significantly.[98] In determining what the effects of such higher prices for subject imports would have been on prices of domestic hot-formed SSB, an important factor is the demand elasticity for the domestic like product. This elasticity is determined by how important price is to the purchase decision, the similarity of the domestic product and subject imports, the availability and similarity of nonsubject imports and alternative products, their prices relative to domestic like product prices, and the share of downstream product cost that the SSB product represents. Together, these factors suggest the hot-formed SSB market is characterized by a low elasticity of demand.

Importance of Price. The effect of an increase in the prices of unfairly traded subject imports from Japan on demand for domestic like products depends on a number of variables. I begin by examining information on the importance of price in the purchasing decision. The available data show that price is of secondary importance to end users. Domestic hot-formed SSB end users cited quality, reliability of delivery, availability of supply and service as very important with greater frequency than price.[99]

Substitutability of Subject Imports and Domestic Like Product. Next, I examine information on the similarity, or substitutability, of subject imports from Japan and domestic like product. The level of substitutability between subject imports and the domestic like product is important because it measures the extent to which demand would shift to the domestic like product.[100] One key factor significantly reducing the substitutability between Japanese subject imports and the domestic like product is the high percentage (84.3 percent) of the U.S. product that is captively consumed. Thus, a high percentage of the domestic end use market is not accessible by subject imports. Moreover, virtually all hot-formed subject imports were of flat bar, while U.S. producers sold a mix of mostly non-flat hot-formed SSB products.[101]

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[97] Generally speaking, there can be circumstances where competitive conditions would prevent a significant increase in domestic like product prices, even if subject imports were traded fairly. Under such conditions, significant effects on domestic prices cannot be attributed to the unfair pricing of subject imports.

[98] The Department of Commerce determined that Japanese products have a dumping margin of 61.47 percent.

[99] EC-S-013 at 32.

[100] U.S. producers and importers reported that, in the overall market for SSBs, U.S.-produced SSB and those imported from the four subject countries were typically used interchangeably and that quality differences between the U.S.-produced and imported bars were not a significant factor in their firms' sales of the domestic products (CR at I-131 and I-132; PR at II-89-II-90).

[101] CR at I-18, incl. n.36 and Table B-2; PR at II-11, incl. n.36 and Table B-2.

In addition, there are specific differences between Japanese subject imports and domestic like product that further limit substitutability. Two of eleven U.S. purchasers of hot-formed SSB indicated that the Japanese product was superior to the U.S. product while nine said they were comparable.[102] Five U.S. importers indicated that U.S. customers preferred the Japanese hot-formed SSB to the U.S. product due to better surface conditions and consistency of quality.[103]

For these reasons, I find that the substitutability between Japanese imports and the domestic like product is somewhat low. Had Japanese imports of hot-formed SSB been sold at higher prices, purchasers that were unwilling to pay a higher price for subject imports would have sought out alternative sources such as the domestic like product. Although substitutability is somewhat low, purchasers would have switched their purchases to domestic like product, absent any other source of supply. However, if nonsubject imports or alternative products were in the market and were substitutable, purchasers would have had those options as well as the domestic like product.

Nonsubject Imports. Purchasers would have shifted from higher priced subject imports to the domestic like product only to the extent it was more attractive than nonsubject imports. If nonsubject imports are good substitutes for subject imports or for the domestic like products, then purchasers are as likely to choose nonsubject imports as the domestic like product.

Nonsubject hot-formed SSB imports are readily available in the market. The share of nonsubject hot-formed SSB imports more than doubled between 1991 and 1993, to reach 4.7 percent, or 6,559 short tons. This was nearly double the Japanese quantity in 1993.[104]

Nonsubject imports compete with subject imports and the domestic like product at least to the extent they all generally conform to ASTM specifications.[105] U.S. importers commented that several nonsubject countries, including Canada, France, South Korea, and Russia offered more attractive prices shortly after the antidumping petitions were filed in an attempt to increase their market shares.[106] Therefore, it is likely that at least some of the market share that subject imports would have lost had they been priced fairly would have been won by nonsubject imports. Any attempt by the domestic industry to raise prices would have shifted more demand towards nonsubject imports.

No Alternative Products. Had subject imports been priced higher, purchasers would also have considered switching to alternative, non-SSB products. However, the evidence indicates there are few if any good alternatives to SSB.[107] Therefore, purchasers unwilling to pay a higher price for subject imports would have been limited to switching to the domestic like product or nonsubject imports.

Low Share of Downstream Cost. A fourth factor that measures the willingness of purchasers to pay higher prices is the significance of the SSB cost in the total cost of the downstream product. SSBs typically account for a small percentage of the costs of the final product.[108] When the price of an input is a small part of the total product cost, changes in the prices of SSBs are less likely to alter demand for the downstream product and, by extension, for SSBs. For the captively consumed hot-formed SSBs, there is little impact on the quantity demanded from changes in reported transfer prices;

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[102] CR at I-19; PR at II-12.
[103] CR at I-132; PR at II-89-II-90.
[104] CR at Table B-2; PR at Table B-2.
[105] EC-S-013 at 37.
[106] EC-S-013 at 36.
[107] EC-S-013 at 17.
[108] EC-S-013 at 18.

in-house transfers are generally recorded at cost. The small percentage of SSB cost indicates a lower elasticity of demand.

Sum. For these reasons, I find that the hot-formed SSB market is characterized by a low elasticity of demand. That is, purchasers will not change their consumption as rapidly, in response to changes in price.

Market Supply

Whether domestic hot-formed SSB producers would have been able to raise prices had subject imports from Japan been priced higher is also affected by supply side conditions. Of particular importance is the elasticity of domestic supply in the hot-formed market, which is determined by the amount of available capacity and the level of competition in the market.[109]

Unused Capacity. In 1993, 45.5 percent of the domestic hot-formed industry was not used and therefore available to increase production. The industry would have been able to further increase capacity and production by switching non-bar production lines to the production of SSB.[110] U.S. producers generally reported that minimal time was required to switch over production lines.[111] Thus the domestic industry had sufficient available and potential capacity to fill the demand from purchasers unwilling to pay higher prices for subject imports.

Level of Competition. The available data show that the overall domestic SSB industry consists of a large number of producers that compete with each other for sales to the same customers. The overall domestic SSB market has at least 11 major domestic producers, 35 importers, and several hundred purchasing firms acting as distributors or end users.[112] It is a very competitive market. A competitive market limits the ability of any one producer to affect prices or, specifically, to raise prices. This competitive market, along with significant amounts of unused capacity, would have prevented any member of the domestic industry from issuing a price increase and making it stick.

Further competitive discipline would have come from fairly traded nonsubject imports of hot-formed SSBs. Nonsubject imports were present in the U.S. market throughout the period of investigation and represented significant alternative sources of supply for purchasers. As discussed above, the available information regarding subject and nonsubject imports indicates that they are substitutable.

Summary of Price Effects: Hot-Formed SSB

Based on the above analysis, had subject imports of hot-formed SSB from Japan not been dumped, their prices would have been significantly higher and their sales reduced or eliminated. In such circumstances, purchasers would have shifted most of their purchases (*i.e.* demand) to the domestic like product and nonsubject imports. The amount of demand shift, however, is limited by the somewhat low substitutability of the Japanese subject imports with the domestic like product. To the extent that demand for domestic hot-formed SSB would have increased, domestic producers of these products should have been able to increase their prices, since domestic demand for hot-formed

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[109] The ability of domestic producers to divert their exports from foreign markets to the U.S. market is also an important determinant of the elasticity of domestic supply. In this investigation, U.S. exports of hot-formed SSB were one-quarter of one percent of total hot-formed shipments. CR at Table B-2; PR at Table B-2.

[110] See *supra* p. I-48, incl. n.32.

[111] EC-S-013 at 9.

[112] EC-S-013 at 6 and 7.

SSB is relatively inelastic. However, the supply factors discussed above would have acted as constraints on the ability of domestic producers to increase their prices. Substantial available production capacity in the hot-formed industry, as well as competition among domestic producers and with suppliers of nonsubject imports would have acted to prevent the domestic industry from increasing its prices. Thus, the domestic industry's inability to raise its prices is a function of demand and supply conditions in the hot-formed market, not the subject imports. Even if subject imports had been priced fairly, the domestic industry would not have been able to raise its prices significantly. Consequently, I find that subject imports from Japan did not have significant price effects.

3. Impact

In assessing the impact of subject imports on the domestic industry, I consider, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development.[113] These factors either encompass or reflect the volume and price effects of the dumped imports, and so I gauge the impact of the dumping through those effects.

As discussed above, I find that fewer or no subject imports of hot-formed SSB from Japan would have been sold at fairly traded prices. The impact of these lost subject import sales on the domestic industry's output and sales depends on the same supply and demand factors described above. Of particular importance are three variables: (1) the ability of domestic producers to increase production to satisfy additional demand;[114] (2) the attractiveness, or substitutability, of the domestic like product relative to subject imports, nonsubject imports, and alternative products; and (3) the availability of competing nonsubject imports and alternative products.[115]

Following I examine variables that affect whether purchasers of subject imports would have switched to the domestic like product if the subject imports from Japan had been fairly priced.

Elasticity of Domestic Supply. As discussed above, the domestic industry consists of a large number of producers that compete with each other for sales to the same customers. Since the capacity utilization rate of domestic hot-formed SSB producers was low, the domestic industry had sufficient available capacity to fill all the demand supplied by unfairly traded subject imports from Japan. Therefore, if demand for the domestic like product had increased as a result of all subject imports from Japan being priced at fair value, the domestic industry would easily have been able to increase its production to satisfy that demand.

Substitutability. Whether the domestic industry could have increased its sales depends on whether purchasers of subject imports from Japan would have been likely to switch to the domestic like product had the price of all subject imports been increased to fairly traded prices. That, in turn, depends on the substitutability of the products.[116]

If subject imports and the domestic like product are not similar, *i.e.*, not good substitutes, purchasers are unlikely to switch to the domestic like product even if the prices of subject imports increase. Purchasers would continue to buy subject imports at the higher prices or would switch to nonsubject imports or alternative products, to the extent that they are substitutable and available,

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[113] 19 U.S.C. § 1677(C)(iii).

[114] Elasticity of domestic supply.

[115] Elasticities of nonsubject import supply and alternative product supply.

[116] See discussion below regarding the availability of nonsubject imports.

rather than switch to the domestic like product, to satisfy their needs. In that case, reduced demand for subject imports would translate into increased demand for nonsubject imports and alternative products, and thus the domestic industry would not increase its sales of the like product. In this investigation, there is low substitutability between subject imports of hot-formed SSB from Japan and the domestic like product.[117] Moreover, the availability and substitutability of nonsubject imports would have affected the ability of the domestic industry to win market share had subject import prices been at fair value. As discussed above, there is evidence that nonsubject imports compete with subject imports.

Nonsubject Import Supply and Alternative Products.[118] The third factor that affects the ability of the domestic industry to increase sales when subject import prices increase is the availability and attractiveness of nonsubject imports and alternative products. Had all subject imports been traded at fair prices, purchasers may have switched their purchases to nonsubject imports, as well as the domestic like product. As discussed above, nonsubject imports were present in the U.S. market throughout the POI and would have been available to satisfy increased demand resulting from displaced Japanese imports.

Summary of Impact: Hot-Formed SSB

In weighing the effect of subject imports on domestic output and sales, I conclude that, had subject imports of hot-formed SSB from Japan been sold at fair value, most purchasers would have reduced or eliminated their purchases of the Japanese product and would have been willing to switch some of their demand to the domestic like product and nonsubject imports. Domestic producers would easily have been able to increase their production to fully satisfy the increased demand. However, purchasers would likely have purchased some additional amount of nonsubject imports. Consequently, I conclude that the domestic industry would have captured only some of the sales lost by subject imports due to somewhat low substitutability and the availability of nonsubject imports. However, the Japanese market share was relatively small and thus the increase in demand for the domestic like product would not have increased output and sales significantly. Nor would the domestic industry have been able to increase its prices significantly. With only a minimal price effect, and an insignificant increase in domestic like product sales, domestic revenues would not have increased significantly, even if all subject imports been fairly priced.

Therefore, I find that the domestic industry would not have been materially better off if all subject imports of hot-formed SSB from Japan had been priced fairly, and determine that the domestic industry is not materially injured by reason of subject imports from Japan.[119]

Brazil

1. Volume

The market share of subject imports of hot-formed SSB from Brazil was 0.9 percent by quantity in 1993, up from 0.8 percent in 1991. In 1993, subject Brazilian imports totaled 1,317 short

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[117] See price section above for a discussion of the specific facts relating to substitutability.

[118] There are no good substitutes (no alternative products) for hot-formed SSB.

[119] Based on the information here, I find the volume and market share of the Japanese hot-formed SSB imports is not significant.

tons totaled 3,469 short tons. In terms of value, Brazilian imports accounted for one percent of U.S. consumption during 1993.[120]

In 1993, the domestic industry's market share was 91.9 percent by quantity. In 1993, U.S. shipments to the domestic market equalled 128 thousand short tons. In terms of value, U.S. shipments accounted for 89.2 percent of U.S. consumption during 1993.

2. Price

Had subject imports of hot-formed SSB from Brazil not been dumped, their prices would have been higher and their sales reduced. However, the market share of Brazilian imports was very small. As I discussed in the section on negligibility and in the section on price effects of Japanese subject imports, *supra*, the supply and demand characteristics of the domestic hot-formed SSB market indicate that it is not price sensitive to the small amount of imports from Brazil. The somewhat low substitutability between subject imports from Brazil and the domestic like product, the availability of nonsubject import supply, the small market share of subject imports, the high level of available domestic production capacity and the competitive structure of the market make it unlikely that subject imports would have had a significant effect on domestic prices, had subject imports from Brazil been fairly priced. Even if the small Brazilian market share became completely available to domestic suppliers, any attempt by a member of the domestic industry to raise prices would have been beaten back. Consequently, I find that subject imports of hot-formed SSB from Brazil did not have significant price effects.

3. Impact

Had subject imports of hot-formed SSB from Brazil not been dumped, their prices would have been higher and their sales reduced. As I discussed in the section on negligibility and in the section on price effects of Japanese subject imports, *supra*, the supply and demand characteristics of the domestic hot-formed SSB market indicate that the Brazilian imports would not have had a significant impact on the domestic like product industry. The high elasticity of domestic supply, the somewhat low substitutability between subject imports from Brazil and the domestic like product, the availability of nonsubject import supply, and the small market share of subject imports make it unlikely that subject imports would have a significant impact. Even if the domestic like product industry completely captured the Brazilian market share, the effect on the domestic industry would not have been significant. Nor would the domestic industry have been able to increase its prices significantly. Therefore, I find that the domestic industry would not have been materially better off if all subject imports of hot-formed SSB from Brazil had been priced fairly, and determine that the domestic industry is not materially injured by reason of subject imports from Brazil.[121]

D. DOMESTIC INDUSTRY PRODUCING COLD-FINISHED SSB

My analysis of this market follows the same analytical framework as in the hot-formed SSB discussion. The supply and demand characteristics of the domestic cold-finished SSB market are in

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[120] CR at Table B-2; PR at Table B-2

[121] Based on the information here, I find the volume and market share of theBrazilian hot-formed SSB imports is not significant.

many respects similar to the hot-formed SSB market. In the discussion below, I focus on the defining characteristics of the cold-finished SSB market.

I begin with a general discussion of the supply and demand characteristics of the market and how they determine the volume, price and impact effects of subject imports. I then consider the volume, price, and impact effects of cumulated subject imports in each investigation. As discussed above in the cumulation section, cumulated subject imports vary for each investigation (Brazil and Spain are treated identically).

1. Volume

While it is clear that the smaller the volume of imports, the smaller the effect that they will have on the domestic industry, the discussion of whether the volume is significant cannot be made in a vacuum. This determination must be made for each subject country under investigation in the context of the like product market, as discussed below.

2. Price

Market Demand

To determine the nature and extent of any price effects on the domestic industry caused by the dumping, I ask the following question. Would purchasers of the like product have been willing to pay a higher price for subject imports of cold-finished SSB, or for domestic like products, or would they have switched to nonsubject imported products or alternative non-SSB products, or ceased their purchases altogether, had all cold-finished SSB imports from subject countries been fairly traded?

I begin by examining what prices of subject imports would have been had they not been dumped. Had they been sold at fair value, the prices of cold-finished subject imports would have risen significantly.[122] As in the hot-formed SSB market, an important factor in determining the effects of such higher prices for subject imports on prices of domestic cold-finished SSB is the demand elasticity for the domestic like product. Following I review each of the key demand-side factors. Together, these factors suggest the cold-finished SSB market is characterized by a low elasticity of demand.

Importance of Price. The effect of an increase in the prices of unfairly traded subject imports on demand for domestic like products depends on a number of variables. The available data show that price is of secondary importance to end users. Domestic cold-finished SSB end users cited quality, actual order lead times, reliability of delivery, availability of supply and service as very important with greater frequency than price.[123]

Substitutability of Subject Imports and the Domestic Like Product. Next, I examine information on the similarity, or substitutability, of subject imports and domestic like products.[124]

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[122] Prices of subject imports from each country would have risen to a greater or lesser extent, depending on the magnitude of dumping. In these investigations, dumping margins were calculated by the Department of Commerce for specific firms in each of the four subject countries. Non-responding companies were assigned the highest margin alleged by petitioners, as recalculated by Commerce. The margins are as follows: Brazil (Acos Villares, 19.43, All Others, 19.43); India (Grand Foundry, 3.87, Mukand, 21.02, All Others, 21.02); Japan (61.47 for all); Spain (Acenor, 62.85, Roldan, 7.74, All Others 25.8).

[123] EC-S-013 at 32.

[124] See also *supra* p. I-64, n.100.

The level of substitutability between subject imports and the domestic like product is important because it measures the extent to which demand would shift to the domestic like product.

Overall, subject imports in the cold-finished market are somewhat better substitutes for the domestic like product than in the hot-formed case because nearly all cold-finished SSBs are sold, through distributors and directly, to end users. There is little captive consumption. Nonetheless, the evidence indicates there remain differences between subject imports and the domestic like product. The specific differences are discussed in the individual subject country analyses below.[125]

In general, had imports of cold-finished SSB from each of the subject countries been sold at higher prices, purchasers unwilling to pay a higher price for subject imports would have sought out alternative sources such as the domestic like product.[126] In these investigations, subject imports and the domestic like product are somewhat limited substitutes. Although substitutability is somewhat limited, purchasers would have switched at least some of their purchases to domestic like product, absent any other source of supply. However, if nonsubject imports or alternative products were in the market and were substitutable, purchasers would have had those options as well as the domestic like product.

Nonsubject Imports. Purchasers would have shifted from higher priced subject imports to the domestic like product only to the extent it was more attractive than nonsubject imports. If nonsubject imports are good substitutes for subject imports or for the domestic like products, then purchasers are as likely to choose nonsubject imports as the domestic like product.

As in the hot-formed case, nonsubject cold-finished SSB imports are readily available in the market. The share of nonsubject cold-finished SSB imports rose from 5.5 percent by quantity in 1991 to reach 6.1 percent in 1993, more than all subject imports combined.[127]

Nonsubject imports compete with subject imports and the domestic like product at least to the extent they all generally conform to ASTM specifications.[128] U.S. importers commented that several nonsubject countries, including Canada, France, South Korea, and Russia offered more attractive prices shortly after the antidumping petitions were filed in an attempt to increase their market shares.[129]

Therefore, it is likely that at least some of the market share that subject imports would have lost had they been priced fairly would have been won by nonsubject imports. Any attempt by the domestic industry to raise prices would have shifted more demand towards nonsubject imports.

No Alternative Products. Had subject imports been priced higher, purchasers would also have considered switching to alternative, non-SSB products. However, as in the hot-formed SSB case, the evidence indicates there are few if any good alternatives to SSB.[130] Therefore, purchasers unwilling to pay a higher price for subject imports would have been limited to switching to the domestic like product or nonsubject imports.

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[125] See the cold-finished SSB cumulation section above for a discussion of specific facts relating to substitutability of subject imports and the domestic like product. In that section I determined that there was sufficient competition to allow a finding of a reasonable overlap of subject imports and the domestic like product.

[126] The specific responses of purchasers in each investigation are discussed in the individual subject country analyses below.

[127] CR at Table B-3; PR at Table B-3.

[128] EC-S-013 at 37.

[129] EC-S-013 at 36.

[130] EC-S-013 at 17.

Low Share of Downstream Cost. A fourth factor that measures the willingness of purchasers to pay higher prices is the significance of the SSB cost in the total cost of the downstream product. SSBs typically account for a small percentage of the costs of the final product.[131] When the price of an input is a small part of the total product cost, changes in the prices of SSBs are less likely to alter demand for the downstream product and, by extension, for SSBs. The small percentage of SSB cost indicates a lower elasticity of demand.

Market Supply

Whether domestic cold-finished SSB producers would have been able to raise prices had subject imports been priced higher is also affected by supply side conditions. Of particular importance is the elasticity of domestic supply in the cold-finished market, which is determined by the amount of available capacity and the level of competition in the market.[132] As in the hot-formed SSB market, the elasticity of domestic supply in the cold-finished market is relatively high due to a large amount of available capacity and the high level of competition in the market.

Unused Capacity. In 1993, 43.7 percent of the domestic cold-finished industry was not used and therefore available to increase production. Moreover, as in the hot-formed SSB case, the domestic industry would have been able to further increase capacity and production by switching non-bar production lines to the production of SSB.[133] U.S. producers generally reported that minimal time was required to switch over production lines.[134] Thus the domestic industry had sufficient available and potential capacity to fill the demand from purchasers unwilling to pay higher prices for subject imports.

Level of Competition. The available data show that the overall domestic SSB industry consists of a large number of producers that compete with each other for sales to the same customers. The overall domestic SSB market has at least 11 major domestic producers, 35 importers, and several hundred purchasing firms acting as distributors or end users.[135] It is a very competitive market. A competitive market limits the ability of any one producer to affect prices or, specifically, to raise prices. This competitive market, along with significant amounts of unused capacity, would have prevented any member of the domestic industry from issuing a price increase and making it stick.

Further competitive discipline would have come from fairly traded nonsubject imports of cold-finished SSBs. Nonsubject imports were present in the U.S. market throughout the period of investigation and represented significant alternative sources of supply for purchasers. As discussed above, the available information regarding subject and nonsubject imports indicates that they are substitutable.

3. Impact

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[131] EC-S-013 at 18.

[132] The ability of domestic producers to divert their exports from foreign markets to the U.S. market is also an important determinant of the elasticity of domestic supply. In this investigation, U.S. exports of cold-finished SSB were less than one-half of one percent of total cold-finished shipments. CR at Table B-3; PR at Table B-3.

[133] Non-bar products include stainless steel wire rod, angles, and ingots, carbon bars, and other products. U.S. SSB production accounts for about [***] percent of total U.S. stainless steel production. See EC-S-013 at 21, n. 35.

[134] EC-S-013 at 9.

[135] EC-S-013 at 6 and 7.

In assessing the impact of subject imports on the domestic industry, I consider, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development.[136] These factors either encompass or reflect the volume and price effects of the dumped imports, and so I gauge the impact of the dumping through those effects.

As discussed above, I find that substantially fewer subject imports from Brazil, Spain, Japan and India would have been sold if they all had been sold at fairly traded prices. The impact of these lost subject import sales on the domestic industry's output and sales depends on the same supply and demand factors described above. Of particular importance are three variables: (1) the ability of domestic producers to increase production to satisfy additional demand;[137] (2) the attractiveness, or substitutability, of the domestic like product relative to subject imports, nonsubject imports, and alternative products; and (3) the availability of competing nonsubject imports and alternative products.[138]

Following I examine variables that affect whether purchasers of subject imports would have switched to the domestic like product if the imports from subject countries had been fairly priced.

Elasticity of Domestic Supply. As discussed above, the domestic industry consists of a large number of producers that compete with each other for sales to the same customers. Since the capacity utilization rate of domestic cold-finished SSB producers was low, the domestic industry had sufficient available capacity to fill all the demand supplied by unfairly traded subject imports from all four subject countries. Therefore, if demand for the domestic like product had increased as a result of all subject imports from subject countries being priced at fair value, the domestic industry would easily have been able to increase its production to satisfy that demand.

Substitutability. Whether the domestic industry could have increased its sales depends on whether purchasers of subject imports would have been likely to switch to the domestic like product had the price of subject imports from all subject countries been increased to fairly traded prices. That, in turn, depends on the substitutability of the products.[139]

If subject imports and the domestic like product are not similar, *i.e.*, not good substitutes, purchasers are unlikely to switch to the domestic like product even if the prices of subject imports increase. Purchasers would continue to buy subject imports at the higher prices or would switch to nonsubject imports or alternative products, to the extent that they are substitutable and available, rather than switch to the domestic like product, to satisfy their needs. In that case, reduced demand for subject imports would translate into increased demand for nonsubject imports and alternative products, and thus domestic industry would not increase its sales of the like product. In these investigations, subject imports and the domestic like product are somewhat limited substitutes.[140] Moreover, the availability and substitutability of nonsubject imports would have affected the ability of the domestic industry to win market share had subject import prices been at fair value. As discussed above, there is evidence that nonsubject imports compete with subject imports.

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[136] 19 U.S.C. § 1677(C)(iii).

[137] Elasticity of domestic supply.

[138] Elasticities of nonsubject import supply and alternative product supply.

[139] See discussion below regarding the availability of nonsubject imports.

[140] See the cold-finished SSB cumulation section above for a discussion of specific facts relating to substitutability of subject imports and the domestic like product. In that section I determined that there was sufficient competition to find a reasonable overlap of subject imports and the domestic like product.

Nonsubject Import Supply and Alternative Products.[141] The third factor that affects the ability of the domestic industry to increase sales when subject import prices increase is the availability and attractiveness of nonsubject imports and alternative products. Had all subject imports been traded at fair prices, purchasers may have switched their purchases to nonsubject imports, as well as the domestic like product. As discussed above, nonsubject imports were present in the U.S. market throughout the POI and would have been available to satisfy increased demand resulting from displaced subject imports.

Having evaluated the market conditions under which the domestic cold-finished SSB industry operates, I now analyze the volume, price effects, and impact of subject imports.

Brazil and Spain

Volume. For purposes of injury determinations for Brazil and Spain, I have cumulated subject imports from all four countries. The market share of cumulated subject imports was 13.8 percent by quantity in 1993, up from 11.6 percent in 1991. In 1993, the domestic industry's market share was 80.1 percent by quantity. Cumulated subject imports totaled 20,422 short tons in 1993. In 1993, U.S. shipments to the domestic market equalled 118 thousand short tons. In terms of value, cumulated imports accounted for 11.8 percent of U.S. consumption during 1993.[142] In terms of value, U.S. shipments accounted for 82.8 percent of U.S. consumption during 1993.[143]

Price. Had cumulated subject imports from the four countries not been dumped, their prices would have been higher and their sales reduced, and in some cases probably eliminated. In such circumstances, purchasers would have increased their purchases of the domestic like product and nonsubject imports. The amount of demand shift, however, is limited by the level of substitutability of the cumulated subject imports with the domestic like product. In these investigations, subject imports from Brazil, India, Japan, and, to a lesser extent, Spain, and the domestic like product appear to be somewhat limited substitutes.[144] To the extent that demand for domestic cold-finished SSB would have increased, domestic producers of these products should have been able to increase their prices, since domestic demand for cold-finished SSB is relatively inelastic. However, the supply factors discussed above would have acted as constraints on the ability of domestic producers to increase their prices. Substantial available production capacity in the cold-finished SSB industry, as well as competition among domestic producers and with suppliers of nonsubject imports would have acted to prevent the domestic industry from increasing its prices. Thus, the domestic industry's inability to raise its prices is a function of demand and supply conditions in the cold-finished market, not due to subject imports. Even if all cumulated subject imports from the four subject countries had been priced fairly, the domestic industry would not have been able to raise its prices significantly. Consequently, I find that cumulated subject imports of cold-finished SSB do not have significant price effects.[145]

Impact. In my discussion of the Japanese investigation below, I explain that cumulated subject imports from three of the four subject countries have a significant impact on the domestic like

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[141] There are no good substitutes (no alternative products) for cold-finished SSB.

[142] CR at Table B-3; PR at Table B-3.

[143] CR at Table B-3; PR at Table B-3.

[144] See the cold-finished SSB cumulation section above for a discussion of specific facts relating to substitutability.

[145] Results from COMPAS, the Commission's partial equilibrium analytical model, suggests minimal price effects from cumulated subject imports of cold-finished SSB in the Brazilian and Spanish investigations.

product industry. For purposes of injury determinations for Brazil and Spain, I have cumulated subject imports from all four countries. Thus, the addition of subject imports from a fourth country, India, can only magnify the results described in the discussion below on Japan. Thus, for the reasons discussed below, and the addition of India to cumulated subject imports, I find that the domestic industry would have been able to increase its sales significantly, had all cumulated subject imports been fairly priced.[146] The domestic industry would not have been successful in raising prices, even with the inclusion of Indian subject imports, due to substantial competition in the marketplace. Even without higher prices, the significant increase in domestic industry sales would have generated significantly higher revenues.

For these reasons, I find that the domestic industry would have been materially better off if all cumulated subject imports had been priced fairly, and determine that the domestic industry is materially injured by reason of subject imports of cold-finished SSB from both Brazil and Spain.[147]

Japan

Volume. For purposes of the injury determination for Japan, I have cumulated subject imports from Japan, Brazil, and Spain, but not India. The market share of cumulated subject imports was 12.1 percent by quantity in 1993, up from 10.9 percent in 1991. Cumulated imports totaled 17,914 short tons in 1993. In terms of value, cumulated imports accounted for 10.6 percent of U.S. consumption during 1993.[148] The data for the domestic cold-finished SSB industry are the same as that discussed in the Brazil and Spain section above and, therefore, that discussion is not repeated here.

Price. In this investigation, one of the four subject countries, India, has not been cumulated. Since I have already explained in the Brazil/Spain discussion above that cumulated subject imports from all four subject countries do not have significant price effects, I find that the removal of one country's imports for cumulation purposes only diminishes the already insignificant price effects. Thus, for the reasons discussed above in the Brazil/Spain discussion, I find that cumulated subject imports of cold-finished SSB in the Japanese investigation do not have significant price effects.

Impact. For purposes of the injury determination for Japan, I have cumulated subject imports from Japan, Brazil, and Spain, but not India. In weighing the effect of the supply and demand factors above and other factors on domestic output and sales, I conclude that, had all cumulated subject imports in this investigation been sold at fair value, some purchasers would have been willing to switch their demand to other sources such as the domestic like product and nonsubject imports. Given the relatively large market share of cumulated subject imports, however, purchasers would likely have purchased a significant additional amount of both domestic like product and nonsubject imports. Despite the somewhat limited substitutability of the cumulated subject imports for the domestic like product, domestic producers would have been able to capture a significant portion of the

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[146] Results from COMPAS, the Commission's partial equilibrium analytical model, suggests significant revenue effects from cumulated subject imports of cold-finished SSB in the Japanese, Brazilian and Spanish investigations.

[147] Based on the information here and above, I find the volume and market share of cumulated cold-finished SSB imports to be significant in both the Brazilian and Spanish investigations.

[148] CR at Table B-3; PR at Table B-3.

substantial shift in demand away from subject imports.[149] Domestic producers had sufficient available capacity to increase their production to meet this demand. The increase in demand for the domestic like product would have increased output and sales significantly. However, market conditions would not have allowed the domestic industry to increase its prices significantly. With a minimal price effect, but a significant increase in domestic like product sales, domestic revenues would have increased significantly if all cumulated subject imports had been fairly priced.

For these reasons, I find that the domestic industry would have been materially better off if all cumulated subject imports had been priced fairly, and determine that the domestic industry is materially injured by reason of subject imports from Japan.[150]

India

Volume. For purposes of my injury determination for India, I have cumulated subject imports from India, Brazil, and Spain, but not Japan. The market share of cumulated subject imports was 7.3 percent by quantity in 1993, up from four percent in 1991. Cumulated imports totaled 10,859 short tons in 1993. In terms of value, cumulated imports accounted for 5.8 percent of U.S. consumption during 1993.[151] The data for the domestic cold-finished SSB industry are the same as in the Brazil and Spain discussion above and, therefore, that discussion is not repeated here.

Price. In this investigation, one of the four subject countries, Japan, has not been cumulated. Since I have already explained in the Brazil/Spain discussion above that cumulated subject imports from all four subject countries do not have significant price effects, I find that the removal of one country's imports for cumulation purposes only diminishes the already insignificant price effects. Thus, for the reasons discussed above in the Brazil/Spain analysis, adjusting for the removal of Japanese subject imports, I find that cumulated subject imports of cold-finished SSB in the Indian investigation do not have significant price effects.

Impact. For purposes of my injury determination for India, I have cumulated subject imports from India, Brazil, and Spain, but not Japan. In weighing the effect of the above and other factors on domestic output and sales, I conclude that, had all cumulated subject imports been sold at fair value, some purchasers would have been willing to switch their demand to other sources such as the domestic like product and nonsubject imports. However, based on the somewhat limited substitutability of the cumulated subject imports for the domestic like product, particularly India, the availability of nonsubject imports, and the relatively small market share of the cumulated subject imports, purchasers would have purchased only a small amount of the domestic like product and nonsubject imports.[152] Since sales of nonsubject imports would also increase, the domestic industry would have captured only a portion of this small shift in demand. The increase in demand for the domestic like product would not be sufficient to increase output and sales significantly. Nor would

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[149] See the cold-finished SSB cumulation section above for a discussion of specific facts relating to substitutability of subject imports and the domestic like product. In that section I determined that there was sufficient competition to allow a finding of a reasonable overlap of subject imports and the domestic like product.

[150] Based on the information here and above, I find the volume and market share of cumulated cold-finished SSB imports to be significant in the Japanese investigation.

[151] CR at Table B-3; PR at Table B-3.

[152] See the cold-finished SSB cumulation section above for a discussion of specific facts relating to substitutability of subject imports and the domestic like product. In that section I determined that there was sufficient competition to allow a finding of a reasonable overlap of subject imports and the domestic like product.

the domestic industry have been able to increase its prices significantly. With only a minimal price effect, and an insignificant increase in domestic like product sales, domestic revenues would not have increased significantly.

Therefore, I find that the domestic industry would not have been materially better off if all cumulated subject imports had been priced fairly, and determine that the domestic industry is not materially injured by reason of subject imports from India.[153]

V. THREAT OF MATERIAL INJURY

I determine that the domestic industry producing hot-formed SSB is not threatened with material injury by reason of LTFV imports from Brazil, India, Japan or Spain. I further determine that the domestic industry producing cold-finished SSB is not threatened with material injury by reason of LTFV imports from India.

I have considered the enumerated statutory factors that I am required to consider in my determinations.[154] A determination that an industry " 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."[155]

I am mindful of the statute's requirement that my determination must be based on evidence, not conjecture or supposition. Accordingly, I have distinguished between mere assertions, which constitute conjecture or supposition, and the positive evidence[156] that I am required by law to evaluate in making my determination. In addition, the evidence must show more than a "mere possibility" that injury might occur.[157]

In examining the evidence under each of the statutory factors, I focus on two issues: the likelihood that the foreign industry will sustain or increase its penetration of the U.S. market to levels that would produce material injury in the relatively near future and the sensitivity of the domestic industry to imports. In this context I have considered the enumerated statutory factors.[158]

A. Domestic Industry Producing Hot-formed SSB

In my determinations of no material injury by reason of LTFV imports from India, Japan, Brazil, and Spain, I did not cumulate imports from any country. For the same reasons in those determinations, I do not cumulate imports from any country in my determinations of no threat of material injury by reason of LTFV imports from these countries.

There are no subject imports from India or Spain. Nor is there any evidence that there will be imports from these countries in the immediate future. Consequently, any determination of threat of material injury could only be made on the basis of speculation or conjecture. Because the statute prohibits a determination on such a basis, I determine that the domestic industry producing hot-

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[153] Based on the information here and above, I do not find the volume and market share of cumulated cold-finished SSB imports to be significant in the Indian investigation.

[154] 19 U.S.C. § 1677(7)(F)(i).

[155] 19 U.S.C. § 1677(7)(F)(ii).

[156] See American Spring Wire Corporation v. United States, 590 F. Supp. 1273 (Ct. Int'l Trade 1984).

[157] Alberta Gas Chemicals, Inc. v United States, 515 FSupp. 780 (CIT 1981).

[158] 19 U.S.C. § 1677(7)(F). This investigation does not involve subsidies or agricultural products. Thus, those factors are not pertinent to these investigations.

formed SSB is not threatened with materially injury by reason of subject imports from India and Spain.

In my determination of no material injury by reason of LTFV imports, I found that LTFV imports from Brazil were small, and that they are negligible and have had no discernible adverse impact on the domestic industry. There is no positive evidence that imports from Brazil will not be negligible in the immediate future.[159] Thus, there is no positive evidence that the bases for my determination of no material injury by reason of LTFV imports will change in the immediate future. Therefore, I determine that the domestic industry is not threatened with material injury by reason of LTFV imports from Brazil.

There has been a decrease in capacity utilization during the POI in the Japanese industry. However, capacity utilization remained very high at 88.2 percent in 1992. In addition, exports to the United States accounted for only 8.3 percent of Japanese shipments in 1992. Moreover, imports of cold-finished SSB, produced in the same facilities, were about three times the size of imports of hot-formed SSB, indicating greater reliance on exports of cold-finished SSB. For these reasons, I find the information relevant to production capacity and unused or underutilized capacity does not represent evidence that any threat of material injury is real or that actual injury is imminent.

The market share of Japanese imports was 2.4 percent in 1991 and 1992, and increased to 2.5 percent in 1993. Thus, subject imports have not increased rapidly, and there is no evidence that market penetration of Japanese imports will increase to an injurious level in the immediate future. In fact, shifts in the exchange rate between the U.S. dollar and the Japanese yen indicate that Japanese imports of hot-formed SSB are likely to decrease, not increase. From January 1992 to September 1994, the Japanese yen appreciated significantly in both nominal and real terms relative to the U.S. dollar.[160]

In my determination of no material injury by reason of dumped imports, I demonstrated that LTFV imports from Japan have had no significant effect on domestic prices. I find no positive evidence that this will change in the immediate future. Therefore, I conclude that dumped imports from Japan will not enter the U.S. at prices that will have a depressing or suppressing effect on domestic prices.

There has not been any substantial increase in inventories of the subject merchandise in the U.S.[161] In fact, inventories of hot-formed SSB from Japan decreased from 1991 to 1993.[162]

There is no evidence of negative effects on the existing development and production efforts of the domestic industry by reason of subject imports. Finally, I do not find any other demonstrable adverse trends that indicate that the subject imports will be the cause of actual injury.[163]

For the reasons stated above, I determine that the domestic industry producing hot-formed SSB is not threatened with material injury by reason of LTFV imports from Japan.

B. Domestic Industry Producing Cold-Finished SSB

In making my determination of no threat of material injury by reason of LTFV imports from India, I have considered the same enumerated statutory factors discussed above. In my determination

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[159] I note that imports from Brazil are projected to [***] in 1994 and 1995. Table 31, CR at I-102; PR at II-69.

[160] CR at I-148-150; PR at II-99 - II-100.

[161] 19 U.S.C. § 1677(7)(F)(i)(V).

[162] Table 29, CR at I-99; PR at II-68.

[163] 19 U.S.C. § 1677(7)(F)(i)(VII).

of no material injury by reason of LTFV imports from India, I cumulated imports from India with imports from Brazil and Spain. For the same reasons as in that determination, I cumulate imports from those three countries in my determination that the domestic industry is not threatened with material injury by reason of LTFV imports from India.

There was [***] and capacity in Brazil declined slightly. In 1993, capacity utilization was [***] percent in Brazil; projected at [***] percent in India; and [***] percent in Spain.[164] Thus, capacity was available to increase exports to the United States. However, I find that this available capacity is not likely to lead to a significant increase in cumulated imports. First, the industries in Brazil and India have very large markets other than the United States, and thus are not primarily reliant on exports to the U.S. market. Second, even though the Spanish producer exports [***] percent of its shipments to the United States, its production capacity is [***] of the three, and it is operating at [***] capacity utilization. Moreover, the available capacity in Spain [***] For these reasons, I find that the information relevant to production capacity and unused or underutilized capacity in these three countries does not represent significant evidence that any threat of material injury is real or that actual injury is imminent.

The market share of cumulated imports increased from 4.1 percent in 1991 to 6.5 percent in 1992 to 7.4 percent in 1993.[165] Therefore, cumulated imports were present throughout the period of investigation, but their largest market share remained fairly small. I find no indication that market penetration of subject imports will increase to an injurious level in the near future.

In my determination of no material injury by reason of dumped imports, I demonstrated that cumulated imports have had no significant effect on domestic prices. I find no positive evidence that this will change in the immediate future. Therefore, I conclude that dumped imports will not enter the U.S. market at prices that will have a depressing or suppressing effect on domestic prices.

Inventories of cold-finished SSB from the three countries increased somewhat from [***] short tons in 1991 to [***] short tons in 1993. However, I do not find this to be a substantial increase. First, the ratio of cumulated inventories to cumulated shipments dropped significantly during this period.[166] Second, the level of inventories in 1993 represents only [***] percent of domestic consumption, a level too small to constitute evidence that any threat of material injury is real or that actual injury is imminent.

I do not find any significant potential for product-shifting. The Indian SSB producers and three Brazilian SSB producers account for the vast majority of production and have been subject to U.S. antidumping orders on stainless steel wire rod since the beginning of 1994.[167] Given the evidence of declining import quantity levels of SSB from India and Brazil during 1994 subsequent to the AD order on stainless steel wire rod from those countries, I find little indication of any product-shifting. There is no evidence of negative effects on the existing development and production efforts of the domestic industry from cumulated subject imports. Finally, I find no other demonstrable adverse trends that indicate a probability that cumulated imports will be the cause of actual injury.

For the reasons stated above, I determine that the domestic industry producing cold-finished SSB is not threatened with material injury by reason of LTFV imports from India.

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[164] Tables 30-33, 35-36, CR at I-101 to I-112; PR at II-69 - II-73. Production capacity data from India and Spain are available for all SSB production only.

[165] CR at Table B-3; PR at Table B-3.

[166] Table 29, CR at I-99; PR at II-68.

[167] See 59 F.R. 4021, January 28, 1994; 58 F.R. 67909, December 22, 1993.

PART II

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

Following preliminary determinations by the U.S. Department of Commerce (Commerce) that imports of stainless steel bar[1] from Brazil, India, Italy, Japan, and Spain are being, or are likely to be, sold in the United States at less than fair value (LTFV) (59 F.R. 39732, August 4, 1994), the U.S. International Trade Commission (Commission), effective August 4, 1994, instituted investigations Nos. 731-TA-678 through 682 (Final) under section 735(b) of the Tariff Act of 1930 (the Act) (19 U.S.C. § 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. Notice 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 8, 1994 (59 F.R. 46448).[2] The hearing was held in Washington, DC, on December 15, 1994.[3]

Commerce made its final LTFV determinations on December 19, 1994, making affirmative determinations with regard to imports from Brazil, India, Japan, and Spain.[4] With respect to imports from Italy, Commerce determined that imports of stainless steel bar were not being, nor were likely to be, sold at LTFV.[5] Consequently, on January 23, 1995, the Commission terminated its investigation (Inv. No. 731-TA-680 (Final)) concerning imports from Italy.

These investigations result from a petition filed On December 30, 1993, by counsel for Al Tech Specialty Steel Corp. (Al Tech), Dunkirk, NY; Carpenter Technology Corp. (Carpenter), Reading, PA; Republic Engineered Steels, Inc. (Republic), Massillon, OH; Slater Steels Corp. (Slater), Fort Wayne, IN; Talley Metals Technology, Inc. (Talley), Hartsville, SC; Electralloy Corp. (Electralloy), Oil City, PA; Crucible Specialty Metals Division (Crucible), Syracuse, NY; and the United Steelworkers of America, AFL-CIO/CLC, alleging that an industry in the United States is being materially injured and is threatened with further material injury by reason of LTFV imports. Accordingly, effective December 30, 1993, the Commission instituted preliminary antidumping investigations under section 733 of the Act (19 U.S.C. § 1673b(a)) and determined on February 14, 1994 that there was a reasonable indication of such material injury.

A summary of the data collected in these investigations is presented in appendix B.

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[1] The imported stainless steel bar covered by these investigations comprises articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled, or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons, all as provided for in subheadings 7222.10.00, 7222.20.00, and 7222.30.00 of the Harmonized Tariff Schedule of the United States (HTS). Except as specified above, the term does not include stainless steel semifinished products, cut-to-length flat-rolled products (i.e., cut-to-length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes, or sections. Stainless steel bar includes cold-finished stainless steel bars that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

[2] Copies of cited Federal Register notices are presented in app. A.

[3] A list of witnesses appearing at the hearing is included in app. A.

[4] 59 F.R. 66914, Dec. 28, 1994.

[5] 59 F.R. 66921, Dec. 28, 1994.

PREVIOUS AND RELATED INVESTIGATIONS

Stainless steel bar, often covered along with other stainless and alloy steel products, has been the subject of numerous Commission investigations, along with investigations by other U.S. government agencies, since the middle 1970s. Details on these investigations are provided in table 1.

THE PRODUCT

Description[6]

For purposes of these investigations, stainless steel bars are articles of stainless steel[7] in straight lengths[8] having a uniform solid cross section along their whole length, in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, or other convex polygons.[9]

Data were collected via the Commission's questionnaires in three general categories: stainless steel bar, hot-formed stainless steel bar (hot-formed SSB), and cold-finished stainless steel bar (cold-finished SSB). The Commission collected data in this manner in order to permit it to explore two possible "like product" scenarios, namely: (1) stainless steel bar as a single "like product," as put forth by petitioners and adopted by the Commission in the preliminary investigations and (2) hot-formed SSB and cold finished SSB consisting of two separate "like products," as argued by respondents. Stainless steel bar, hot-formed SSB, and cold-finished SSB were defined by the Commission for questionnaire purposes as follows:

> Stainless steel bar.--Articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled, or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons, all as provided for in subheadings 7222.10.00, 7222.20.00, and 7222.30.00 of the Harmonized Tariff Schedule of the United States (HTS). Except as specified above, the term does not include stainless steel semifinished products, cut-to-length flat-rolled products (i.e., cut-to-length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes, or sections. Stainless steel bar includes cold-finished stainless steel bars that are turned or ground in straight lengths, whether produced from hot-formed bar or from straightened and cut wire rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

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[6] See "Like Product Considerations" for a discussion of how the Commission has defined the product for analysis in earlier investigations.

[7] Stainless steels are distinguished from carbon and other alloy steels chiefly by stainless steel's superior resistance to corrosion, achieved primarily by the addition of chromium. In addition to chromium, other elements may be added based on the desired physical and mechanical properties of the end-use product; common additions include copper, aluminum, silicon, nickel, and molybdenum. Precise chemical content is indicated by grade.

[8] Coiled products are, by definition, classified as wire rod and are not subject to these investigations.

[9] Subject products include reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process, but exclude products that have been cut from stainless steel sheet or plate.

Table 1
Stainless steel bar: Previous and related investigations, 1976-94

Item	Agency	Investigation number	Date of issue	Report No.	Result
Stainless steel and alloy tool steel	USITC	TA-201-5	1976	USITC 756	Affirmative[1]
Stainless steel round wire	USITC	TA-201-13	1976	USITC 779	Negative
Stainless steel and alloy tool steel	USITC	TA-203-3	1977	USITC 838	Affirmative[2]
Stainless steel round wire	USITC	AD-INQ-17	1978	USITC 907	Affirmative
Stainless steel and alloy tool steel	USITC	332-94	1978	USITC 875, etc.	Report(s) to Congress
Stainless steel and alloy tool steel	USITC	TA-203-5	1979	USITC 968	Affirmative[3]
Stainless steel and alloy tool steel	USTR	Sec. 301	1981-82	(4)	Sec. 201 investigation instituted[5]
Stainless steel bar:[6] Spain	USITC	701-TA-176-178 (P)	1982	USITC 1254	Affirmative
Stainless steel bar:[6] Brazil	USITC	701-TA-179-181 (P)	1982	USITC 1276	Affirmative
Stainless steel bar:[6] Spain	USITC	701-TA-176-178 (F)	1983	USITC 1333	Negative[7]
Stainless steel bar:[6] Brazil	USITC	701-TA-179-181 (F)	1983	USITC 1398	Affirmative
Stainless steel	USITC	TA-201-48	1983	USITC 1377	Affirmative[8]
Stainless steel and alloy tool steel	USTR	(4)	1984	(4)	VRAs negotiated[9]
Stainless steel and alloy tool steel	USITC	TA-203-16	1987	USITC 1975	Affirmative[10]
Stainless steel wire rod: Brazil, France, & India	USITC	731-TA-636-638 (P)	1993	USITC 2599	Affirmative
Stainless steel wire rod: India	USITC	731-TA-638 (F)	1993	USITC 2704	Affirmative
Stainless steel wire rod: Brazil France	USITC	731-TA-636-637 (F)	1994	USITC 2721	Affirmative

[1] President Ford established a 3-year import restraint program for these products effective June 14, 1976 (41 F.R. 24101).
[2] Quantitative limits were eliminated on chipper knife steel and band saw steel; limits on stainless steel bar were unaffected.
[3] Quantitative limits were extended; such limits were phased out effective Feb. 13, 1980.
[4] Not applicable.
[5] 47 F.R. 51717.
[6] Also included stainless steel wire rod.
[7] Affirmative with respect to wire rod.
[8] President Reagan proclaimed import relief in the form of a 4-year quota program, expanding at an annual rate of 3 percent (48 F.R. 31177).
[9] The VRAs, entered into with the governments of Australia, Austria, Brazil, Czechoslovakia, the European Community, Finland, the German Democratic Republic, Hungary, Japan, Mexico, Poland, Portugal, the Republic of Korea, Romania, South Africa, Spain, Venezuela, and Yugoslavia, incorporated the quotas established under Inv. No. TA-201-48. On July 25, 1989, President Bush extended these VRAs until Mar. 31, 1992.
[10] Quantitative limits were retained on stainless steel bar, but were eliminated for stainless steel flat products.

Hot-formed SSB.--Stainless steel bar, as defined above, not further worked than hot-rolled, hot-drawn, or hot-forged (i.e., produced on a hammer mill), including both black bar and black bar that has been subjected to limited further processing, including annealing, or other heat treatment, spot conditioning, straightening, or mechanical or chemical cleaning of surface oxides (shot blasting, rough turning, or pickling), and excluding process plate flats. Such product when sold on the open market generally meets American Society for Testing and Materials (ASTM) A484 specifications for hot-rolled products but does not maintain the smooth finish or tight tolerances of a cold-finished product and, thus, does not meet ASTM A484 specifications for cold-finished stainless steel bar.

Cold-finished SSB.--Stainless steel bar, as defined above, which has been produced either from hot-formed stainless steel bar or from straightened rod or wire, and which has undergone a cold-finishing operation, including cold-rolling or cold-drawing process, in order to improve surface appearance, dimensional tolerances, and grain orientation, and which may have been subjected to additional processing, including centerless grinding, smooth turning, polishing, re-annealing, or re-pickling. Cold-finished stainless steel bar meets or exceeds ASTM A484 specifications for cold-finished stainless steel bar.

Manufacturing Process

As described in this section, the manufacturing process for stainless steel bar (figure 1)[10] consists of three different stages: (1) melting and casting, (2) hot-forming, and (3) cold-finishing.

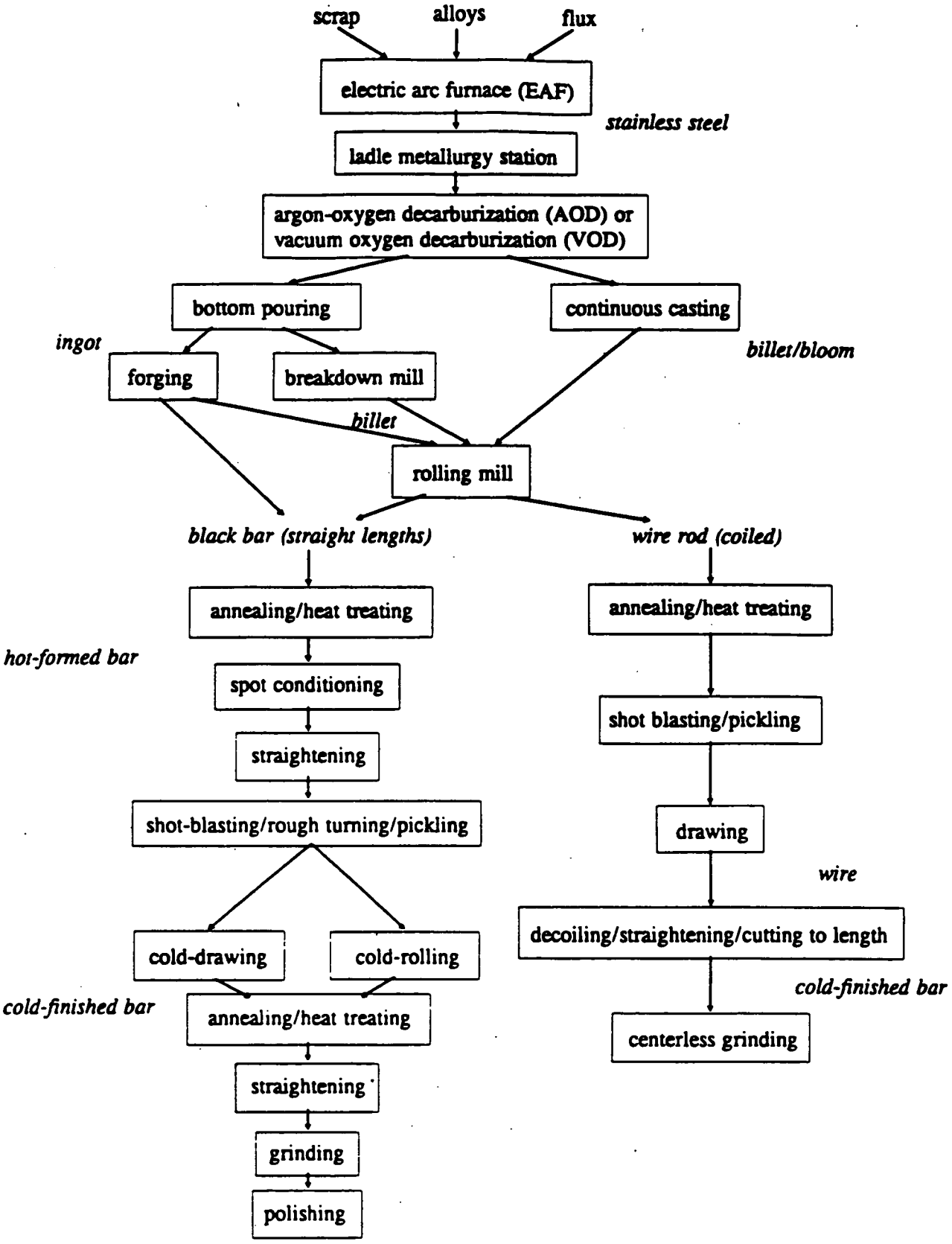
Melting and Casting

Most stainless steels are melted from scrap in an electric arc furnace (EAF). The scrap charge may consist of stainless steel scrap alone, or may be combined with high grade carbon steel scrap; additions of alloying agents (including chromium, nickel, and molybdenum), fluorspar, and lime or limestone are made to the liquid steel to impart specific properties to the finished steel products or to serve as fluxing agents. The molten steel is poured or tapped from the furnace to a ladle, which is an open-topped, refractory-lined vessel with an off-center opening in its bottom, equipped with a nozzle. Meanwhile, the EAF may be charged with new materials to begin another refining cycle.

Molten stainless steel is typically passed through a ladle metallurgy station, where its chemistry is refined to embody the steel with properties required for specific applications. At the ladle metallurgy (or secondary steelmaking) station, the chemical content is adjusted and alloying agents may be added, the steel may be degassed (i.e., oxygen and hydrogen removed), and the temperature of the steel is adjusted for optimum casting. Stainless steelmakers also use additional processes, such as argon-oxygen decarburization (AOD) or vacuum oxygen decarburization (VOD), to purify the steel.

[10] Petitioners claim that although figure 1 captures the overall stainless steel bar production process, it oversimplifies the myriad finishing combinations performed for different stainless steel bar products (Petitioners' Post-Hearing Brief, attachment 9, p. 1). Petitioners argue that the variation in specific tolerances, surface finishes, and mechanical properties demanded by the end-use applications for stainless steel bar require producers to maintain flexibility in the cold-finishing end of their manufacturing operations (Testimony of Michael Shor, General Manager of Marketing, Carpenter Technology Corp., Hearing Transcript (TR), p. 35).

Figure 1
Stainless steel bar: Production process



Once molten steel with the correct properties has been produced, it is cast into a semifinished form that can enter the rolling process. Stainless steels may be cast into ingots, but continuous casting of blooms or billets[11] is the preferred method for making semifinished shapes for the industry producing bars. The decision to use ingot or continuous casting is largely determined by steel grade and end-product size. Continuous casting results in energy savings and higher yields of raw steel to steel product when compared with ingot production.

In continuous strand casting, molten steel is poured from the ladle into a tundish, which controls the rate of flow of the molten steel into the caster's mold. Strand casters are designed to produce billets in the desired cross-sectional dimensions, based on the intended bar size and the number of passes to be made during rolling.

In ingot casting, molten steel is poured from the ladle into ingot molds; in general, ingots are bottom-poured to improve finished steel quality. As the steel begins to solidify, the mold is stripped from the ingot, which is transferred to a soaking pit, a specialized heating furnace that equalizes the temperature within the ingot. Following removal from the soaking pit, ingots are hot-rolled on a roughing or breakdown mill, forged, or pressed to intermediate size blooms and billets.

Billets produced either by continuous casting or from ingots may be charged directly into the hot-forming process ("hot-charged"), or they may be subjected to one or several conditioning operations, including annealing, grinding, or turning, to ready them for hot-forming.

Hot-Forming

Hot-forming comprises two distinct processes: hot-rolling and hot-forging. The selection of hot-forming method depends on several factors, including steel composition and intended product size. Hot-rolling dominates U.S. production, accounting for 94.4 percent of 1993 hot-formed SSB production. Billets are usually channeled through a reheat furnace prior to hot-forming to increase the malleability of the steel and reduce wear and energy consumption on the rolling mill or forger.

Most modern rolling mills are in-line (or straight line), although cross-country mills[12] are still in limited use. Exiting the reheat furnace, the billet is initially reduced in cross section by passing it through a series of rolls, termed roughing stands. The billet may be reheated to maintain optimum rolling temperature prior to passing through to intermediate and finishing stands, which successively reduce the billet to its final size. The rolls in each stand can be set to produce the desired size and shape bar.

Hot-forging accounts for a limited portion, 5.6 percent in 1993, of U.S. production of hot-formed SSB.[13] Forging is generally used to produce bars that are too big for rolling mills and for bars that will be used in certain high-stress, primarily aerospace, applications.[14] Forging may also be used to reduce ingots to a size that can enter the rolling process.

Forging may be performed on either a forge press or a rotary forge. A press consists of one large hammer that strikes the steel repeatedly from above. In contrast, in a rotary forge, 4 hammers set at 90 degree angles simultaneously strike the ingot. In both cases, the ingot or billet is rotated during the forging process to control the steel's deformation.

The product that emerges from the hot-forming process is termed "black bar" because of the heavy layer of surface oxide. Black bar may be subjected to limited further processing, including

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[11] Billets and blooms are distinguished by size. The following discussion uses the term "billets" to refer to any non-ingot shape used to produce bars.

[12] A cross-country mill is a multi-stand rolling mill in which roll stands are not placed continuously in line. The steel product being rolled generally changes direction in each roll pass and relies on a transfer mechanism to be aligned with successive mill stands. As additional reductions are imparted, the steel travels in a direction perpendicular to the primary rolling vectors. Unlike a continuous rolling mill, the bar being worked may pass more than once through each mill stand.

[13] ***.

[14] Staff telephone conversation with Patrick Magrath, Georgetown Economic Services, Oct. 20, 1994.

annealing or another heat treatment, spot conditioning, straightening, or mechanical or chemical cleaning of surface oxides (shot-blasting, rough turning, or pickling).

Petitioners have questioned whether rough turning should be classified as a hot-forming process. According to petitioner Carpenter, changes in turning technology have increased the precision with which surface scale can be removed from stainless steel bars, resulting in tighter dimensional tolerances and eliminating the distinction between "rough" and "smooth" turning.[15] Petitioners allege that rough-turned bar is interchangeable in many instances with bar that has been smooth-turned or subjected to other finishing processes.[16]

Petitioners additionally note a recent U.S. Customs Service classification of certain alloy and nonalloy steel bar from the United Kingdom. In this instance, Customs rejected the assertion that while the turning process to remove oxide crust inevitably reduces the surface dimensions of the bar, it does not size the bar to cold-finished tolerances. Rather, Customs found that where steel bars are imported with diameters expressed in 1/8 inch increments, turning is designed less for removal of surface oxides than to insure dimensional accuracy in accordance with customers' specifications. Consequently, Customs classified the bar as cold-finished.[17] Petitioners allege that the overlap in tolerance and the resulting interchangeability of rough-turned bar with other finished bar precludes a clear distinction between hot-formed and cold-finished stainless steel bar.[18]

Respondents refute petitioners' allegations, claiming that rough-turning is nothing more than a descaling/cleaning process that removes surface oxides. According to respondents, rough turning neither transforms hot-formed SSB into cold-finished SSB nor makes the hot-formed bar into a product that purchasers would view as an adequate substitute for cold-finished bar, because it would not meet the tolerance requirements for cold-finished products or have the increased mechanical properties or surface finish of cold-finished SSB. Respondents further note that a substantial segment of the hot-formed SSB market, i.e., hot-formed flat bar, is not subjected to rough turning due to its shape.[19] [20]

The work force or shift engaged in hot-forming operations in a U.S. steel mill is not usually the same as the one performing conditioning or subsequent processing, such as cold-finishing. For example, labor contracts with the United Steelworkers union usually prevent worker cross-over between departments, and different work schedules within hot-forming, annealing and pickling, and cold-finishing departments may prevent employee shifting as well. Because these operations tend to be spread out spatially (a hot-rolling mill may measure several hundred yards in length) and because of the need to avoid environmental contamination, these various operations may be located in separate buildings as well. Most of the domestic industry participants perform cold-finishing operations in facilities that are separate from their hot-forming operations.

Cold-Finishing

Hot-formed SSB is processed into cold-finished SSB through additional operations that result in superior dimensional tolerance and improved surface finish and mechanical properties. Cold-working includes both cold-rolling and cold-drawing. Before cold-drawing, the hot-formed bar product is annealed, pickled, and coated with a material, such as copper, lime, borax, phosphate, or soap, to neutralize any residual acid and provide a lubricant in the drawing operation. Cold-finished bars may be annealed or otherwise heat treated and descaled after cold working (which usually

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[15] USITC staff fieldwork, Oct. 26, 1994.
[16] Testimony of Laurence J. Lasoff, Collier, Shannon, Rill & Scott, TR, pp. 68-69.
[17] U.S. Customs Service, letter to Thomas J. O'Donnell, O'Donnell, Byrne & Williams, Sept. 19, 1994.
[18] Petitioners' Post-Hearing Brief, p. 8.
[19] Weil, Gotshal & Manges, Post-Hearing Brief, annex A, pp. 11-12.
[20] Commission staff notes that only round hot-formed SSB can be subjected to rough turning due to equipment limitations. Round hot-formed SSB accounted for *** of total U.S. shipments of hot-formed bar in 1993.

increases tensile strength and hardness), although these operations necessitate larger tolerance limits because of metal loss in heat treating and cleaning.

Cold-finished SSB is commonly machine straightened, followed by centerless grinding, or grinding and polishing. Grinding and polishing do not alter the bar's essential mechanical properties, and these processes are utilized to enhance the bar's surface finish or tolerance. Because of their shape, cold-finished square, flat, hexagon, octagon, and special shape bars are produced from hot-rolled bars by cold drawing or cold rolling; they may subsequently be subjected to grinding or polishing.

Small diameter cold-finished SSB alternatively may be produced from stainless steel wire rod.[21] In this process, hot-rolled rod is decoiled and subjected to acid cleaning, drawing,[22] and shaving (similar to turning), and then straightened and cut to length. The cut-to-length bar may then be centerless ground. Cold-finished SSB is produced from wire rod in circumstances where steel producers find it more cost-effective to cold-finish the steel product in a coiled form than as straight lengths.[23] Bar produced from wire rod accounted for 26.6 percent of total U.S. production of cold-finished SSB in 1993.[24] Stainless steel wire rod is principally used to produce small bar, with diameters under 5/8 inches.[25]

Cold-finishing operations are primarily performed by the producers of hot-formed SSB, who accounted for nearly all cold-finished SSB production reported by questionnaire respondents in 1993.[26] However, a limited amount of cold-finishing (primarily centerless grinding) is performed by converters on a toll-contract basis. In addition, certain converters do a limited amount of independent cold-finishing,[27] purchasing hot-rolled wire rod to produce small diameter cold-finished SSB.

Uses

Most stainless steel long products, including bar, are typically used in capital investment projects where corrosion resistance is the primary concern. The subject products are likely to be used for applications involving beverage, food, pharmaceutical, refinery, power plant (including jet engines and exhaust manifolds), and chemical process industry equipment. Differences in end uses and specific applications dictate variations in chemistry and finish. Companies that purchase stainless steel bar first identify the necessary mechanical properties (e.g., ductility, strength, and hardness), corrosion resistance, and hardening capability and then select a grade of stainless steel that meets those criteria.

The primary consumers of hot-formed SSBs are cold-finished SSB manufacturers (including captive consumers and converters), service centers, manufacturers of forgings, and machine shops

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[21] The manufacturing process for hot-rolled stainless steel wire rod is almost identical to that for hot-rolled stainless steel bar, described above. Rod is typically rolled on rod mills, which differ slightly from bar mills in their engineering requirements, such as number of stands and speed of operation. Wire rod is generally produced to less exacting dimensional tolerances than bar.

[22] Once the coiled product has been cold-finished, it is referred to as "wire."

[23] USITC staff fieldwork, Oct. 26, 1994.

[24] Compiled from data submitted in response to questionnaires of the Commission.

[25] USITC staff fieldwork, Oct. 26, 1994.

[26] Compiled from data submitted in response to questionnaires of the Commission.

[27] In the preliminary investigations, respondents alleged that the independent cold-finishing industry comprised approximately 15 firms (Willkie Farr & Gallagher, Joint Post-Conference Brief, app. 3, pp. 13-14). In response to the Commission's questionnaires in the final investigations only *** has reported as an independent cold-finisher. In addition to cold-finishing, *** does a limited amount of toll work for the integrated producers. *** accounted for *** percent of cold-finished SSB production in 1993. Of the others, 4 are not in business, 8 indicated they do not perform cold-finishing SSB operations, and 2 did not respond. One of the two not responding in the final investigations, ***, did provide limited data in the preliminary investigations and accounted for *** percent of cold-finished SSB production in 1992.

(e.g., for the production of fasteners, turbines, and electrical and industrial equipment); other end users account for a small percentage of net shipments (generally applications where surface appearance is not critical or will be altered during fabrication processing, such as during stamping).[28]

The primary consumers of cold-finished SSB are end users, including machine shops and equipment manufacturers. Captive consumption and conversion accounts for a much lower percentage of shipments when compared with hot-formed bars. Dimensional tolerance, surface condition, appearance, and finish are more critical; applications include aircraft landing gear, automotive valves and fittings, marine propeller shafts, pump shafts, and drive shafts.

Comparison of Imported and Domestic Products

Parties disagree on quality comparability between the domestic and imported products. Petitioners allege that there is little or no difference in quality between the domestic products and their imported counterparts and that the imported products may be substituted for stainless steel bar produced in the United States within certain limits.[29]

In contrast, respondents claim that imported stainless steel bar does not compete with domestically produced bar. Respondents allege that imports from India are not fungible with the stainless steel bar produced by the U.S. industry or imported from other countries because of significant quality differences, different end uses, different market niches, and inferior delivery times.[30] Petitioners noted that the three grades Indian respondents sell in the U.S. market, 303, 304, and 316, are the three highest volume grades for domestic producers.[31] Questionnaire responses in the final investigations indicate that the aforementioned grades are the most commonly shipped by both producers and importers.[32]

Respondents allege that a majority of their imports of hot-formed SSB are of hot-rolled stainless steel flat bar[33] produced on bar mills, which occupy a distinct market segment. In contrast, flat bars represented *** of the domestic industry's total U.S. shipments of hot-formed SSB from 1991 to 1993. According to respondents, even in this small area of competition, the domestic industry maintained a dominant and increasing market share.[34] Respondents claim that domestic producers largely abandoned the flat bar market segment for several years and only recently resumed production. Additionally, respondents assert that imported flat bar competes primarily with process plate flats,[35] a nonsubject product. Questionnaire responses in the final investigations indicate that flat bar accounted for 16.7 percent of importer shipments and 6.5 percent of producer shipments of stainless steel bar in 1993. In absolute terms, U.S. producer shipments of flat bar were double those of importers in 1993.[36]

In these final investigations, Commission staff requested detailed information from U.S. importers and purchasers about the comparability of domestic and imported products.[37] Purchasers were asked to compare the overall quality of U.S. hot-formed SSB and cold-finished SSB to imports from each of the subject countries; purchasers were instructed to classify the imported bar's quality as "superior," "comparable," or "inferior" to domestic bar. Twenty-five purchasers responded to

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[28] Willkie Farr & Gallagher, Respondents' Joint Post-Conference Brief, app. 3, p. 23.
[29] Petitioners' Post-Conference Brief, pp. 44-45.
[30] Willkie Farr & Gallagher, Respondents' Joint Post-Conference Brief, app. 3, p. 23.
[31] Petitioners' Post-Conference Brief, p. 42.
[32] Compiled from data submitted in response to Commission questionnaires.
[33] Most hot-formed flat bars are used in structural applications, pressure vessels, turbine blades, and in conversion to angles.
[34] Weil, Gotshal & Manges, Pre-Hearing Brief, p. 3.
[35] Process plate flats are discussed in detail under "Technical Substitutes."
[36] More than 90 percent of importer shipments and nearly two-thirds of U.S. producer shipments of flat bar were hot-formed.
[37] More information about the comparability of domestic and imported products and the comparability among imported products is presented in the pricing section of the report.

this section of the questionnaire;[38] with the exception of imports from India, subject products were generally judged to be comparable to U.S.-produced bar. Responses for each category are presented in the following tabulation:[39]

	Superior	Comparable	Inferior
Hot-formed SSB from:			
Brazil	0	4	2
India	0	1	2
Japan	2	9	0
Spain	0	6	1

	Superior	Comparable	Inferior
Cold-finished SSB from:			
Brazil	1	9	5
India	0	3	9
Japan	2	17	1
Spain	1	16	2

Technical Substitutes

With respect to the uses indicated earlier, there are limited acceptable alternatives to stainless steel bar that possess the same or similar degree of corrosion and heat resistance. The substitution of ceramics, which possess greater heat-resistance capability than stainless steel, is constrained by ceramics' limited fracture resistance and lack of ductility or flexibility. Other substitutes for stainless steel bar include aluminum (limited by its lower tensile strength and hardness) and titanium alloys, high nickel alloys, and plastics (limited by technical and cost factors).

Substitution between stainless and carbon steels is also limited. Other steels may possess a greater degree of machinability and some coatings (e.g., galvanized carbon steel) may provide corrosion resistance, but these machining steels and metallic coatings do not provide corrosion or heat resistance to the same degree or across the same range of atmospheres and temperatures as stainless steel. Although cold-finished SSBs could be substituted for hot-formed bars in most instances, it is commercially impractical to do so from a cost standpoint; it is unlikely that hot-formed bars could be substituted for cold-finished bars from a technical standpoint.

Respondents have argued that stainless steel wire rod that has been cut to length (as distinguished from stainless steel rod that is destined for production into stainless steel bar) can substitute for stainless steel bar.[40] Respondents allege that there is no meaningful distinction between wire rod that is used to produce cold-finished bar and wire rod that is redrawn into wire or used to manufacture other products. According to respondents, with the exception of a few specialty or proprietary grades designed for a particular end use, the same grades of stainless steel are used to produce wire rod for transformation into either cold-finished SSB or stainless steel wire.[41]

In rebuttal, petitioners argue that stainless steel bar and rod differ significantly in their chemical and metallurgical properties. According to petitioners, wire rod is an entirely different product, which is manufactured and sold from a point well upstream from the coil feedstock used to

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[38] Questionnaire respondents did not necessarily offer their opinion on all of the categories.
[39] Compiled from data submitted in response to Commission questionnaires.
[40] Weil, Gotshal & Manges, Pre-Hearing Brief, p. 74.
[41] Weil, Gotshal & Manges, Post-Hearing Brief, attachment A, p. 9.

produce small diameter bar.[42] Petitioners assert that it is highly implausible, in a commercial sense, that stainless steel wire rod could be cut to length and substituted for stainless bar: the resultant product would contain surface imperfections, would not be straight, and would be "out of round."[43]

Stainless steel flat bars may be substitutable to some degree with process plate flats, which are produced by slitting or cutting de-coiled sheet and plate to the desired width. Process plate flats, alternatively referred to as process sheet flats, cut (or "c-") flats, and Gauer bars,[44] are not within the scope the these investigations.

Parties disagree about the extent of substitutability between process plate flats and flat bars (also referred to as "true flats"). Respondents allege that flat bar has been steadily losing market share in recent years to less expensive Gauer bar, which, according to respondents, began to substitute for flat bar approximately 15 years ago when its lower price (20 to 25 percent lower than flat bar) made it attractive despite lower quality.

According to petitioners, substitution of process plate flats for flat bars is limited, despite the former's much lower price, by the product's technical disadvantages relative to flat bar.[45] Additionally, petitioners allege that cutting or shearing plate to bar dimensions establishes stresses at the edges, making it weaker than bar-mill product. The extent that these stress fractures might be reduced through edge milling or grinding and stress relieving is unknown.

In its questionnaires in the final investigations, the Commission sought limited trade data with regard to process plate flats and asked a number of narrative questions relative to their competitiveness with stainless steel flat bars. No trade data were received from questionnaire respondents and the narrative responses were somewhat limited in nature. Most purchaser questionnaire respondents in answer to a question concerning competition between process plate flats and "true flats" replied "no," "not applicable," "don't know," or "don't use flat bar."

U.S. Tariff Treatment

Imports of the stainless steel bar subject to these investigations are classified under HTS subheadings 7222.10.00,[46] 7222.20.00,[47] and 7222.30.00.[48] The most-favored-nation (MFN) (column 1-general) rate of duty applicable to imports of such stainless steel bar from all MFN countries, including those subject to investigation, is 9.5 percent ad valorem. No imports of stainless steel bar from Brazil, India, Japan, or Spain are eligible for duty-free or reduced-duty entry under any preference program.

Voluntary Restraint Agreements

On July 19, 1983, the President announced his decision to grant import relief to the specialty steel industry (the industry producing stainless steel and alloy tool steel products) for a period of 4

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[42] Petitioners' Post-Hearing Brief, attachment 8, p. 2.
[43] Ibid, p. 3.
[44] Gauer bars are process plate flats that have had their edges milled square via the "Gauer" process.
[45] Petitioners cite the following technical disadvantages: the sheared material of plate flats will not polish as well as a true flat due to unequal edges; sheared and edged bars tend to have a parallelogram cross-section versus the rectangular cross-section of a true flat, making measurements from an edge inconsistent; flatness of sheared and edged material has greater variance than rolled bar; and rolling sheared and edged material may result in unwanted results because of inconsistent tolerances (Petitioners' Post-Hearing Brief, attachment 3, p. 1).
[46] Bars and rods (not in coils), not further worked than hot-rolled, hot-drawn, or extruded.
[47] Bars and rods (not in coils), not further worked than cold-formed or cold-finished.
[48] Bars and rods (not in coils), other.

years under section 203 of the Trade Act of 1974 (53 F.R. 52897). Under the relief, quotas[49] were placed on imports of stainless steel bars, stainless steel wire rods, and certain alloy tool steel products; and increased duties were imposed on stainless steel plates and stainless steel sheets and strip. On July 16, 1987, the President announced his decision to extend the import relief in the form then in effect for a period from July 20, 1987, through September 30, 1989.

Relief to the specialty steel industry was then extended an additional 2½ years, until March 31, 1992, and the program largely was incorporated into the system of Voluntary Restraint Agreements (VRAs) that covered imports of carbon steel and certain alloy steel products.[50] The European Community (now called the European Union (EU)) negotiated limits on stainless steel rods, bars, and alloy tool steel as part of its VRA; Brazil, whose VRA included the specialty steel products subject to quotas, was unaffected by the slight alteration in the program, as was Japan. India was not party to either program.

In terms of these investigations, the period between January 1991 and March 31, 1992, comes under the VRA-based quota system. (The extended VRAs were divided into two periods, Oct. 1, 1989, through Dec. 31, 1990, or initial period, and Jan. 1, 1991, through Mar. 31, 1992, or final period.) Although stainless steel bar was a separate category under the VRAs, it is difficult to judge how binding the agreements were because of product shifting within the periods and quota groups, and because the quota for Spain was part of the EU's total quota. Information on the restraint level for the period under investigation is presented in the following tabulation (in metric tons):[51]

	Export limits: Jan. 1, 1991-Mar. 31, 1992
Brazil	1,068
EU	2,775
Japan	20,649

Petitioners allege that concurrent with the expiration of the VRAs, imports from the subject countries have surged, preventing the domestic industry from taking advantage of growth occurring in the market.[52]

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[49] The restraint limits are more accurately defined as export limits, as the countries under agreement (the European Commission and Eurofer, the European steel producers association, allocated the quota in the case of European Community exports) controlled their shipments of exports in lieu of U.S. import quotas.

[50] When the VRAs were extended in 1989, the United States sought to address the causes of unfair trade and to eliminate subsidies to and overcapacity in the steel industry. These agreements sought to include commitments by countries to prohibit export and production subsidies specifically for steel products, to reduce tariffs and non-tariff barriers to steel trade, and to incorporate a binding arbitration mechanism; the bilateral consensus agreements were to be multilateralized within GATT through incorporation in the Uruguay Round of negotiations (Press Release of USTR, Dec. 12, 1989, and accompanying Steel Trade Liberalization Program Fact Sheet). As envisioned, negotiations were to be completed by Dec. 1990, with the new agreement called the Multilateral Steel Agreement (MSA). On Mar. 31, 1992, negotiations on a MSA were suspended without agreement, although considerable progress had been made. Negotiators have reportedly agreed to continue to meet bilaterally and multilaterally, but no specific time schedule has been set.

[51] USITC, *Quarterly Report on the Status of the Steel Industry.*

[52] Petitioners' Pre-Hearing Brief, p. 2.

Like Product Considerations

Throughout these investigations, petitioners have argued that, on the basis of either the factors the Commission traditionally considers in analyzing like-product issues[53] or of a finished/semifinished product analysis, stainless steel bar comprises a single like product. According to petitioners, the products under investigation are similar with respect to basic production processes, channels of distribution, and inherent physical characteristics. Because of the distinct demands of a multitude of end users, petitioners contend these products are manufactured along a continuum of shapes and grades and produced and marketed along a continuum of finishing processes.

In characterizing the production continuum, petitioners argue that (1) an overwhelming majority of hot-formed bar is dedicated for use in the production of cold-finished bar; (2) there are virtually no independent markets for hot-formed bar; (3) the physical differences between hot-formed and cold-finished bar are reflected in the product tolerances, which overlap at points, while the similarities are reflected in the products' stainless composition, which is the essential characteristic of stainless steel bar and which is inherent in the bar at every stage of the production continuum; (4) a significant majority of the costs required to produce stainless steel bar are concentrated in the hot-end of the production process; and (5) the processes that transform a semifinished bar may vary in terms of sequence, may be repeated, and may overlap with hot-finishing operations in terms of costs and facilities and importance to the overall production process and finished product.[54]

According to petitioners, these factors mitigate against drawing a bright-line distinction between hot-formed and cold-finished bar and compel the finding of a single like product of stainless steel bar.[55] Petitioners do not argue that stainless steel wire rod should be included in the like product as a semifinished product, but rather that rod should be considered a feedstock that is dedicated to stainless steel bar production.[56]

Based on these same like-product factors, respondents argue that the Commission should find separate like products of hot-formed and cold-finished SSB. They argue that such a product delineation is widely recognized in the steel industry,[57] conforming to the clear and precise ASTM A484 standards that differentiate between hot-formed and cold-finished SSB. In further support of their position, they allege that approximately one third of cold-finished SSB is made from stainless steel wire rod feedstocks, and thus does not follow petitioners' asserted continuum.[58] Questionnaire responses in the final investigations show that 26.6 percent of U.S. producers' shipments of cold-finished SSB in 1993 came from wire rod feedstocks.

Respondents allege that petitioners' like product arguments diverge from the record in the following respects: petitioners deny the existence of a meaningful independent market for hot-formed SSB; petitioners characterize rough-turned hot-formed SSB as cold-finished SSB, or as a

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[53] Physical characteristics and uses, interchangeability, channels of distribution, producer and customer perceptions of the articles, the use of common production facilities and employees, and where appropriate, price.

[54] Petitioners' Post-Hearing Brief, pp. 2-3.

[55] Petitioners' Post-Conference Brief, pp. 1-2.

[56] Petitioners' Post-Hearing Brief, attachment 7, p. 2.

[57] Respondents have cited the delineation between hot-formed SSB and cold-finished SSB in both the HTS and in American Iron and Steel Institute (AISI) product categories. However, AISI, in a letter to the Commission, notes that their product categories were established for ongoing record-keeping purposes, not to precisely describe either the steel products covered or the state of current production and technology. Although U.S. stainless steel bar producers report to AISI data on hot-rolled SSB, AISI cautions that this should not be viewed as an industry-wide endorsement of the product categories. As a result, AISI discourages the Commission from relying on the categories as a basis for any like product determination. (Andrew G. Sharkey, III, President and Chief Executive Officer, AISI, Letter to Donna R. Koehnke, Secretary, U.S. International Trade Commission, Sept. 8, 1994.)

[58] Willkie Farr & Gallagher, Joint Post-Conference Brief, p. 1, and exhibit 3, pp. 27-29.

substitute for cold-finished SSB; petitioners have obscured significant physical differences (dimensional tolerances, mechanical properties, and surface finish) between cold-finished SSB and hot-finished SSB; and petitioners characterize cold-finishing operations as insignificant, in terms of both cost and overall operations.[59]

In the 1982-83 Title VII investigations of stainless steel bar,[60] the Commission found that hot-rolled[61] and cold-formed[62] stainless steel bar were separate like products. In making its like product determination, the Commission stated:

> Petitioners argue that hot-rolled bar, cold-formed bar, and wire rod should be considered to be one like product because they can be and are generally rolled on the same equipment, and because they are to some extent substitutable. The fact that all three products share production processes is not dispositive. This factor is only relevant to the extent that it relates to the basic issue of characteristics and uses. Furthermore, although there may be some limited substitutability among these products, such instances are not sufficient to warrant a finding that these products collectively are "like." Therefore, we find that hot-rolled bar, cold-formed bar and wire rod are three separate like products.[63]

In urging that the Commission's like product determination in previous stainless steel bar investigations not be applied to the current investigations, petitioners argue that the Commission's prior analysis of like product was significantly less rigorous than the present Commission would require.[64] Additionally, petitioners note that the limited analysis in the 1983 determination suggested that the facts supported a finding of one like product consisting of all stainless steel bar, rather than separate like products of hot-rolled and cold-formed SSB.[65]

In rebuttal, respondents charge that petitioners' like product claim is artificially fashioned to result in an affirmative outcome.[66] Additionally, respondents note that in the recent stainless steel wire rod cases,[67] petitioners relied upon the "clear precedent" of separate like products established by the 1982-83 cases as the basis for arguing that stainless steel wire rod and bar are two separate like products.[68]

NATURE AND EXTENT OF THE SALES AT LTFV

Brazil

To determine the final LTFV margins for Brazil, Commerce based its finding on "Best Information Available" (BIA), due to the failure of Acos Villares, S.A. (Villares) to respond to its antidumping questionnaires. Villares was responsible for at least 60 percent of the exports of the

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[59] Weil, Gotshal & Manges, Post-Hearing Brief, pp. 5-9.

[60] These investigations included stainless steel wire rod. *Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain* (investigations Nos. 701-TA-176-178) *and Brazil* (investigations Nos. 701-TA-179-181).

[61] "Hot-rolled" in the 1983 investigations was analogous to the product referred to as "hot-formed" in the subject investigations.

[62] "Cold-formed" in the 1983 investigations was analogous to the term "cold-finished" in the subject investigations.

[63] USITC, *Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain* (investigations Nos. 701-TA-176-178), USITC publication 1333, 1982, pp. 6-7.

[64] Petitioners' Post-Conference Brief, p. 5.

[65] Ibid.

[66] Willkie Farr & Gallagher, Joint Post-Conference Brief, p. 1.

[67] USITC, *Stainless Steel Wire Rod from Brazil and France* (investigations Nos. 731-TA-636-637 (Final)), USITC publication 2721, Jan. 1994.

[68] Willkie Farr & Gallagher, Joint Post-Conference Brief, p. 2.

subject merchandise to the United States during the period of investigation (POI).[69] As BIA, Commerce assigned 19.43 percent, the highest margin among the margins alleged in the petition.

In the petition, through their own market research, petitioners obtained U.S. prices for grade 416 stainless steel bar delivered in the first quarter of 1993 by Villares. They based U.S. prices (USP) on such quotes, after adjusting for duty, ocean freight, marine insurance, and harbor maintenance and U.S. merchandise processing fees. Foreign market value (FMV) was based on Villares' May and June 1993 home market prices for the identical grade of stainless steel bar, adjusted for freight expenses.

India

USP was based on purchase price in accordance with section 772 of the Act. Purchase price was calculated based on packed C&F prices to unreleated customers. Where appropriate, deductions were made for foreign brokerage (including containerization, foreign inland freight, and port charges) and ocean freight.

With respect to FMV, Commerce used two approaches for the two companies named as respondents, Mukand, Ltd. (Mukand) and Grand Foundry, Ltd. (Grand Foundry). For Mukand, Commerce used BIA as a result of Mukand's failure to cooperate in the investigation. For BIA, Commerce assigned 21.02 percent,[70] the highest margin alleged in the petition. For Grand Foundry, FMV was based on C&F or CIF prices charged to unrelated customers in Germany. Where appropriate, deductions were made for foreign brokerage (including containerization, foreign inland freight, and port charges) and ocean freight, and marine insurance.[71] Based on the comparison of USP to FMV, Commerce arrived at a final margin of 3.87 percent for Grand Foundry.

Japan

To determine the final LTFV margins for Japan, Commerce based its finding on BIA, due to the failure of Aichi Steel Works, Ltd. (Aichi), Daido Steel Co., Ltd. (Daido), and Sanyo Special Steel Co., Ltd. (Sanyo) to respond to its antidumping questionnaires. The three firms were responsible for at least 60 percent of the exports of the subject merchandise to the United States during the POI. As BIA, Commerce assigned 61.47 percent, the highest margin among the margins alleged in the petition.

In the petition, USP was based on petitioners' market intelligence reports regarding sales by Daido, the largest Japanese manufacturer of stainless steel bar. Petitioners obtained price quotes for grades 303, 304, and 316 stainless steel bar. These prices were adjusted for duty, ocean freight, marine insurance, and harbor maintenance and U.S. merchandise processing fees. For FMV, petitioners used prices charged by Daido in Japan during May and June 1993, adjusted for inland freight, packaging, trade discounts, rebates and sales promotions, advertising, warranties, and credit expenses.

Spain

In its investigation, Commerce named two respondents, Roldan, S.A. (Roldan) and Acenor, S.A. (Acenor), which represented 100 percent of U.S. imports of subject merchandise from Spain during the POI.[72] In its final determination concerning Acenor (and its successor companies), Commerce based its finding on BIA, stating in part:

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[69] 59 F.R. 39732, Aug. 4, 1994. The POI for all the investigations was July 1, 1993, through Dec. 31, 1993.

[70] Manufacturers, producers, and exporters falling in the "All others" category received a margin of 12.45 percent.

[71] Additionally, Commerce made further circumstance-of-sale adjustments, where appropriate, for differences in credit expenses and bank charges between the U.S. and third country markets. Also, Commerce deducted third-country packing and added U.S. packing costs and, where appropriate, made adjustments for differences in physical characteristics of the merchandise.

[72] 59 F.R. 39741.

"Neither Acenor nor its successors responded to our deficiency letters, and we were not able to verify the incomplete information in Acenor's initial questionnaire given Acenor's complete withdrawal from this proceeding. On that basis, we have found that Acenor has not cooperated in this investigation."[73]

As BIA, Commerce assigned 62.85 percent, the highest margin among the margins alleged in the petition.

For Roldan, USP was based on purchase price because merchandise was sold to unrelated purchasers in the United States before importation and exporter's sales price methodology was not otherwise indicated. The purchase price was based on CIF delivered prices to unrelated customers in the United States. To calculate FMV, Commerce used Roldan's sales to its unrelated customers and constructed value. For price-to-price comparisons, FMV was calculated based on packed delivered and f.o.b. prices to unrelated customers in the home market. Appropriate circumstance-of-sale adjustments were made for differences in credit expenses for both price-to-price comparisons and comparisons to constructed value. Based on its fair value comparisons, Commerce assigned a final margin of 7.74 percent to Roldan and 25.80 percent to those in the "All others" category.

THE U.S. MARKET

Apparent U.S. Consumption

Data for apparent U.S. consumption of stainless steel bar are presented in table 2 and figure 2 and for hot-formed SSB and cold-finished SSB in table 3 and figure 3.

Stainless Steel Bar

The Commission received questionnaire responses from the vast majority of known producers of stainless steel bar during the period examined, and data are believed to account for virtually 100 percent of shipments of stainless steel bar during that period. Although reported subject imports account for more than 81 percent, by volume, of 1993 official U.S. import statistics for stainless steel bar, Commerce statistics have been used in the calculation of apparent U.S. consumption of stainless steel bar.

Data presented in table 2 include company transfers, ***,[74] and open-market shipments reported by U.S. producers in their questionnaire responses. The quantity of apparent U.S. consumption of stainless steel bar, after declining slightly from 1991 to 1992, increased by 12.3 percent from 1992 to 1993. Interim 1994 consumption was up 9.5 percent compared with interim 1993 consumption.[75] From 1991 and 1993, subject imports rose, as did U.S. producers' domestic shipments. Import tonnage not subject to investigation also increased overall during this period. During interim 1994, non-subject imports and domestic products shared in the market growth while subject imports dropped compared with interim 1993. Value-based data reflect a drop from 1991 to 1992 that outstripped the slight decline in the quantity of consumption. While the value of consumption in 1993 increased from the previous year it was still down from 1991 by 3.1 percent. As with volume-based data, interim 1994 data showed an upturn when compared with interim 1993, in the amount of 9.8 percent.

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[73] 59 F.R. 66932, Dec. 28, 1994.

[74] Internally consumed hot-formed SSB for the production of cold-finished SSB is shown separately in table 8 as "company transfers."

[75] Throughout this report, the terms "interim 1993" and "interim 1994" refer to the periods of January-September 1993 and January-September 1994, respectively.

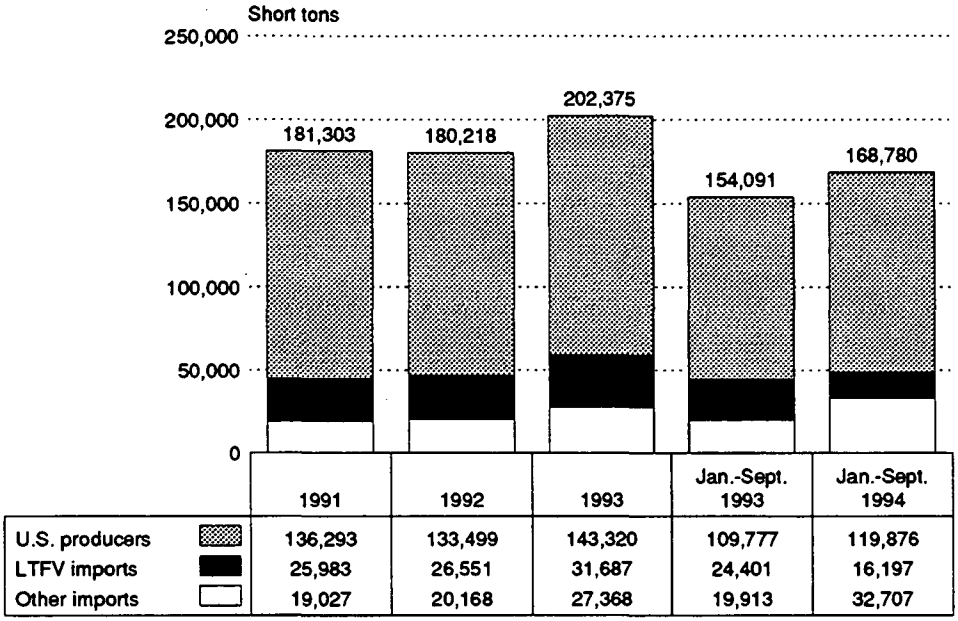
Table 2
Stainless steel bar: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Producers' U.S. shipments	136,293	133,499	143,320	109,777	119,876
U.S. imports from--					
Brazil	3,334	4,209	4,594	3,888	1,952
India	1,402	2,186	4,243	3,532	2,420
Japan	15,621	14,511	15,515	11,601	7,145
Spain	5,626	5,645	7,335	5,380	4,680
Subtotal	25,983	26,551	31,687	24,401	16,197
Other sources	19,027	20,168	27,368	19,913	32,707
Total	45,010	46,719	59,056	44,314	48,904
Apparent consumption	181,303	180,218	202,376	154,091	168,780
	Value (*1,000 dollars*)				
Producers' U.S. shipments	487,636	453,960	457,859	351,064	388,842
U.S. imports from--					
Brazil	8,529	9,697	9,267	7,915	3,766
India	3,607	5,220	9,089	7,628	4,891
Japan	44,811	37,791	40,160	29,953	19,444
Spain	15,844	13,939	17,508	13,034	10,773
Subtotal	72,792	66,647	76,025	58,530	38,874
Other sources	57,877	55,418	65,426	48,806	75,623
Total	130,669	122,065	141,450	107,336	114,497
Apparent consumption	618,305	576,025	599,309	458,400	503,339

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

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

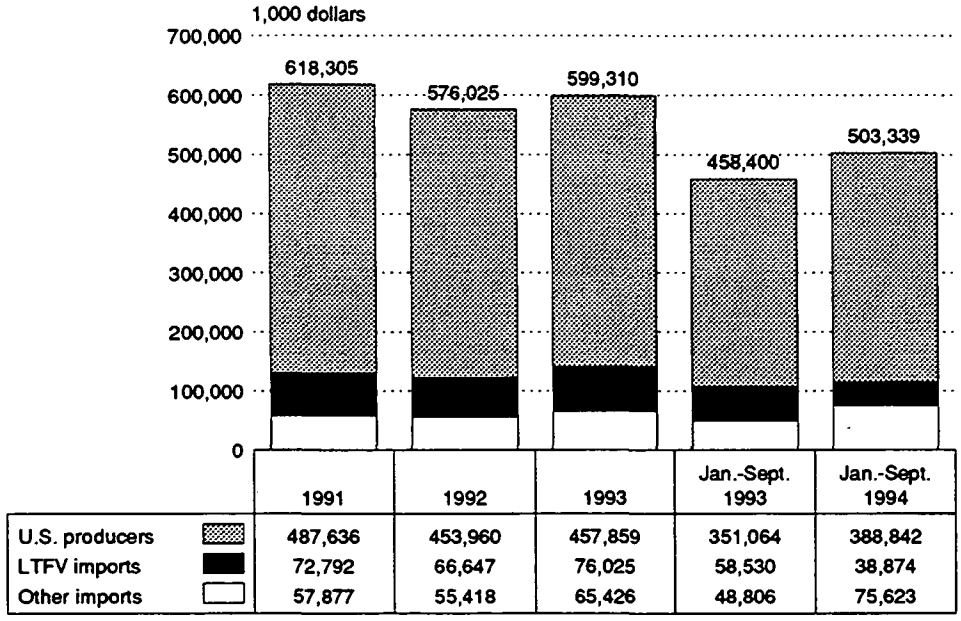
Figure 2a
Stainless steel bar: Apparent U.S. consumption (quantity), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	136,293	133,499	143,320	109,777	119,876
LTFV imports	25,983	26,551	31,687	24,401	16,197
Other imports	19,027	20,168	27,368	19,913	32,707

Source: Table 2.

Figure 2b
Stainless steel bar: Apparent U.S. consumption (value), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	487,636	453,960	457,859	351,064	388,842
LTFV imports	72,792	66,647	76,025	58,530	38,874
Other imports	57,877	55,418	65,426	48,806	75,623

Source: Table 2.

Hot-Formed SSB and Cold-Finished SSB

Apparent U.S. consumption of hot-formed SSB and cold-finished SSB is presented in table 3 and figure 3. Given that HTS definitions for these products differ from the definitions used by the Commission in these investigations, official statistics could not be used. Hence, consumption numbers come from data supplied in producer and importer questionnaires.

Hot-formed SSB

Data on hot-formed SSB are based on company transfers (including internally consumed products) and open-market shipments reported by U.S. producers and importers. Virtually all U.S. producers' company transfers were to their cold-finishing operations, while such shipments by importers were to related service centers, mill depots, etc. During 1993, only 15.7 percent of U.S. producers' shipments went to the open-market (see table 8).

The quantity of apparent U.S. consumption of hot-formed SSB followed a trend similar to stainless steel bar, dropping slightly from 1991 to 1992 and then registering a substantial increase, 14.0 percent, from 1992 to 1993. Interim 1994 consumption was up 11.7 percent compared with that in interim 1993. From 1991 to 1993, subject import shipments followed the same trends. Shipments of imports not subject to investigation also increased overall during this period. During interim 1994, non-subject imports rose while subject import shipments dropped compared with those in interim 1993.

Value-based data also mirrored the trend for stainless steel bar, declining from 1991 to 1992 then increasing in 1993. As with volume-based data, interim 1994 data rose when compared with interim 1993.

Apparent consumption data on an open-market only basis are presented in table 4 and figure 4. As noted earlier, 15.7 percent of U.S. producers' shipments went to the open-market during 1993.

Cold-finished SSB

Apparent consumption of cold-finished SSB is based on company transfers and open-market shipments reported by U.S. producers and importers. Virtually all U.S. producers' company transfers were ***, while such shipments by importers were to related service centers, mill depots, etc.

By volume, apparent U.S. consumption of cold-formed SSB increased steadily from 1991 to 1993, rising by 13.7 percent. Interim 1994 consumption was up 13.0 percent compared with interim 1993 consumption. From 1991 to 1993, subject import shipments rose 35.3 percent while non-subject import shipments increased by 26.4 percent. During interim 1994, non-subject imports increased while subject import shipments dropped compared with interim 1993.

By value, consumption of cold-finished SSB dropped from 1991 to 1992 then increased in 1993 to register an overall increase of 2.4 percent. Interim 1994 consumption was up 14.9 percent over interim 1993.

Parties to these investigations note that, as with other steel products, the range of end-use applications for stainless steel bar is sufficiently varied so as to make demand for bar sensitive to fluctuations in overall economic activity. Accordingly, both producers and importers generally agree that the trend in demand during the period examined mirrored the recession, first trending downward from 1990 to early 1992, then upward for the remainder of the period, with demand stronger at the end of the period than at the beginning. Petitioners point out some conflicting factors affecting stainless steel bar consumption, notably a slowing of demand due to cutbacks in the defense industry, balanced off somewhat by an increase in the number of new applications for stainless steel, particularly in the automotive industry.[76] Importers were somewhat more equivocal on whether

[76] E.g., questionnaire response of ***. For the most part, petitioners see rising demand for stainless steel bar. Conference TR, p. 30.

Table 3
Hot-formed SSB and cold-finished SSB: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, by products, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Hot-formed SSB:					
Producers' U.S. shipments	117,327	115,504	128,001	96,016	108,562
Importers' U.S. shipments:					
Brazil	982	717	1,317	909	240
India	0	0	0	0	0
Japan	3,038	2,911	3,469	2,683	2,013
Spain	0	0	0	0	0
Subtotal	4,020	3,628	4,786	3,592	2,253
Other sources	2,888	3,129	6,559	4,428	5,415
Total	6,908	6,757	11,345	8,020	7,668
Apparent consumption	124,235	122,261	139,346	104,036	116,230
Cold-finished SSB:					
Producers' U.S. shipments	107,588	106,925	118,195	89,384	101,641
Importers' U.S. shipments:					
Brazil	1,765	2,698	3,630	2,785	1,673
India	878	1,794	2,508	1,674	2,313
Japan	9,846	9,468	9,563	6,946	5,666
Spain	2,602	4,166	4,721	3,559	3,477
Subtotal	15,091	18,126	20,422	14,964	13,129
Other sources	7,137	7,498	9,021	6,700	10,671
Total	22,228	25,624	29,443	21,664	23,800
Apparent consumption	129,816	132,549	147,638	111,048	125,441

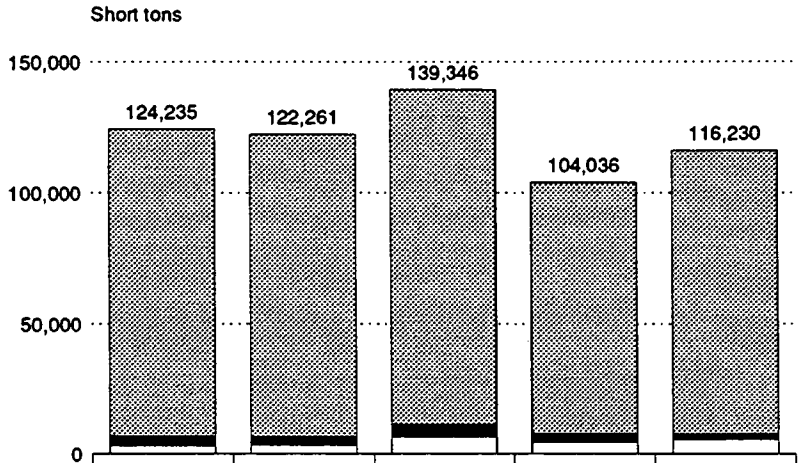
Table continued on the following page.

Table 3--Continued
Hot-formed SSB and cold-finished SSB: U.S. shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. consumption, by products, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Value (*1,000 dollars*)				
Hot-formed SSB:					
Producers' U.S. shipments	271,337	249,948	264,891	198,488	220,884
Importers' U.S. shipments:					
Brazil	2,918	2,060	2,965	2,437	623
India	0	0	0	0	0
Japan	10,402	10,115	11,264	8,705	6,946
Spain	0	0	0	0	0
Subtotal	13,320	12,175	14,229	11,142	7,569
Other sources	9,467	9,261	17,818	12,025	14,855
Total	22,787	21,436	32,047	23,167	22,424
Apparent consumption	294,124	271,384	296,938	221,655	243,308
Cold-finished SSB:					
Producers' U.S. shipments	379,394	360,824	377,351	284,987	329,576
Importers' U.S. shipments:					
Brazil	5,279	7,424	9,587	7,423	4,511
India	2,283	4,395	5,567	3,825	5,395
Japan	30,309	28,954	27,440	19,778	17,517
Spain	7,001	10,241	11,383	8,559	8,462
Subtotal	44,872	51,014	53,977	39,585	35,885
Other sources	20,785	19,614	24,280	18,276	28,552
Total	65,657	70,628	78,257	57,861	64,437
Apparent consumption	445,051	431,452	455,608	342,848	394,013

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

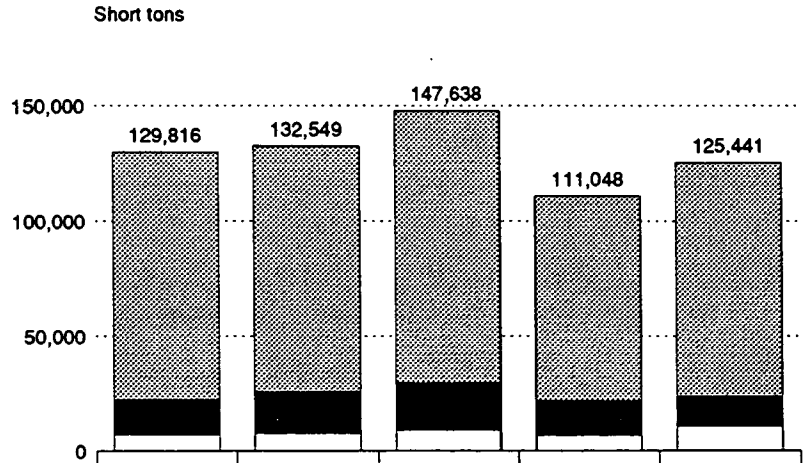
Figure 3a
Hot-formed SSB: Apparent U.S. consumption, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	117,327	115,504	128,001	96,016	108,562
LTFV imports	4,020	3,628	4,786	3,592	2,253
Other imports	2,888	3,129	6,559	4,428	5,415

Source: Table 3.

Figure 3b
Cold-finished SSB: Apparent U.S. consumption, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	107,588	106,925	118,195	89,384	101,641
LTFV imports	15,091	18,126	20,422	14,964	13,129
Other imports	7,137	7,498	9,021	6,700	10,671

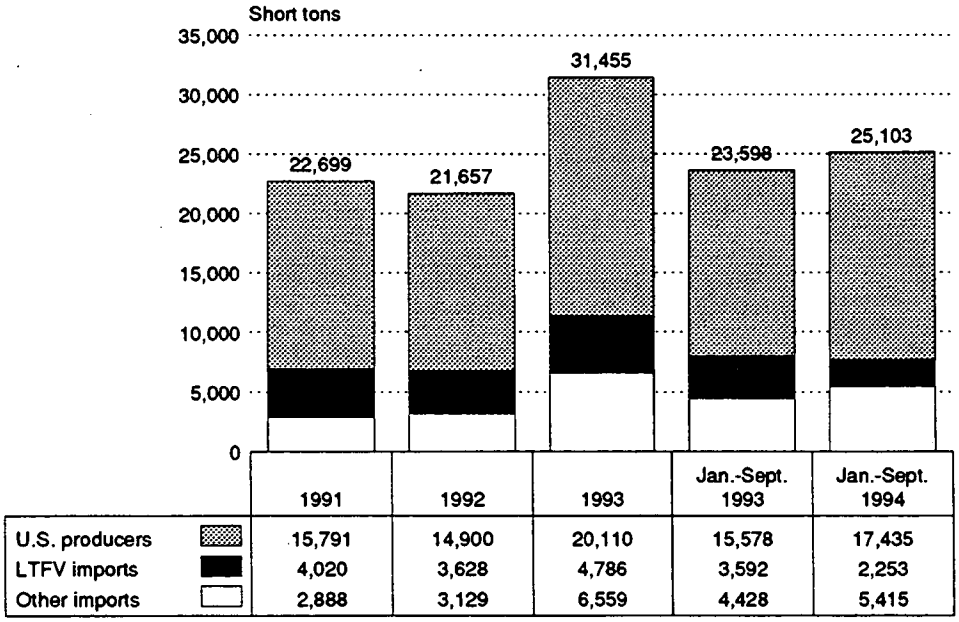
Source: Table 3.

Table 4
Hot-formed SSB: U.S. open-market shipments of domestic product, U.S. shipments of imports, by sources, and apparent U.S. open-market consumption, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Producers' domestic open-market shipments	15,791	14,900	20,110	15,578	17,435
Importers' U.S. shipments:					
Brazil	982	717	1,317	909	240
India	0	0	0	0	0
Japan	3,038	2,911	3,469	2,683	2,013
Spain	0	0	0	0	0
Subtotal	4,020	3,628	4,786	3,592	2,253
Other sources	2,888	3,129	6,559	4,428	5,415
Total	6,908	6,757	11,345	8,020	7,668
Apparent consumption	22,699	21,657	31,455	23,598	25,103
	Value (*1,000 dollars*)				
Producers' domestic open-market shipments	59,501	52,393	64,093	50,189	56,661
Importers' U.S. shipments:					
Brazil	2,918	2,060	2,965	2,437	623
India	0	0	0	0	0
Japan	10,402	10,115	11,264	8,705	6,946
Spain	0	0	0	0	0
Subtotal	13,320	12,175	14,229	11,142	7,569
Other sources	9,467	9,261	17,818	12,025	14,855
Total	22,787	21,436	32,047	23,167	22,424
Apparent consumption	82,288	73,829	96,140	73,356	79,085

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

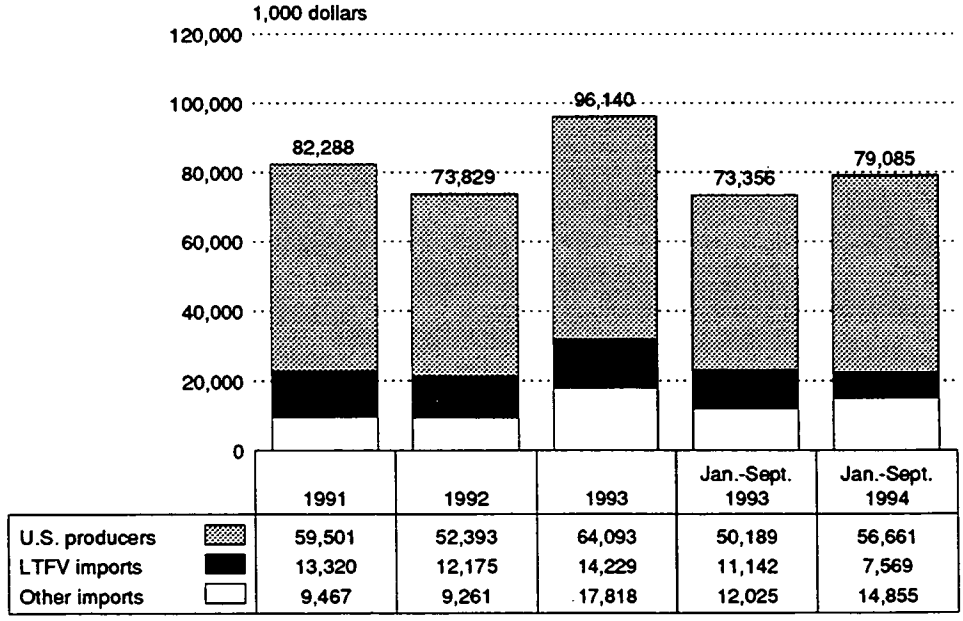
Figure 4a
Hot-formed SSB: Apparent U.S. open-market consumption, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	15,791	14,900	20,110	15,578	17,435
LTFV imports	4,020	3,628	4,786	3,592	2,253
Other imports	2,888	3,129	6,559	4,428	5,415

Source: Table 4.

Figure 4b
Hot-formed SSB: Apparent U.S. open-market consumption, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	59,501	52,393	64,093	50,189	56,661
LTFV imports	13,320	12,175	14,229	11,142	7,569
Other imports	9,467	9,261	17,818	12,025	14,855

Source: Table 4.

demand for stainless steel bar is increasing, with most questionnaire respondents detecting no change in demand during the period examined or a slight increase.[77]

U.S. Producers

According to the petition, during 1991-94 there were eight U.S. producers of stainless steel bar.[78] Seven of these firms are petitioners. The remaining firm, Armco Stainless and Alloy Products (Armco), Baltimore, MD, ceased production of stainless steel bar in April 1993.[79] The petitioning firms and their plant locations are shown in the following tabulation:

Petitioning firm	Plant location
Al Tech	Dunkirk, NY
Carpenter	Reading, PA & Orangeburg, SC
Electralloy	Oil City, PA
Crucible	Syracuse, NY
Republic	Massillon, OH, Canton, OH, & Chicago, IL
Slater	Fort Wayne, IN
Talley	Hartsville, SC

The Commission sent questionnaires to the 8 producers identified in the petition and also sent questionnaires to 27 additional firms suspected of producing stainless steel bar, in part based on their known production of stainless steel wire rod or other stainless products or because they were believed to be independent cold-finishers. Twenty-seven companies responded, 11 of which provided usable data on stainless steel bar.[80] Accordingly, 8 companies did not respond to the questionnaire.[81]

Manufacturers of stainless steel bar can generally be classified either as "integrated" producers who melt, pour, and cast stainless steel, hot-roll the bar on their own rolling mills, and then finish the bar in-house, or as "finishers" who buy hot-rolled bar and perform only the last set of operations. Of responding producers, eight firms (including all the petitioners) were integrated firms, and three were cold-finishers.[82] All responding firms indicated that they serve a national market area.[83]

Several responding producers indicated that they are subsidiaries or divisions of larger firms. Those firms and their corporate parents are listed in the tabulation on the following page.

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[77] Respondents' economic expert testified at the conference, however, that there has been a significant increase in demand during the period examined, particularly in 1993, with another strong year expected in 1994. Conference TR, pp. 153, 190. According to respondents, the market growth is expected to be concentrated in hot-rolled bar, as applications such as food and chemical processing are expected to be strong. Conference TR, p. 191.

[78] Petition, p. 3.

[79] On Jan. 3, 1995, Republic announced that it had completed the purchase of the steel mill owned by Armco. Republic has hired 50 former Armco employees at the Baltimore complex and will begin production with one shift. *Akron (Ohio) Beacon Journal, Jan. 4, 1995* and ***.

[80] Of these, 8 firms provided usable data on hot-finished SSB and 10 firms provided such data regarding cold-finished SSB. Of responding companies, 7 were petitioners; of non-petitioner companies, 2 supported the petition and 2 took no position.

[81] No members of this group are known to produce significant, if any, quantities of the products under investigation.

[82] One of the petitioners, Talley, does not have a melt shop and buys billets on the open market for hot-rolling in its plant.

[83] Slater indicated that ***.

Producer	Parent company	Percent ownership
*	* * * * * *	

Carpenter is the largest U.S. producer of stainless steel bar, with a ***-percent share, by value, of U.S. shipments in 1993. Carpenter produces stainless bar in two U.S. facilities (Reading, PA, and Orangeburg, SC), and is a fully integrated producer, engaging in all steps of the production process from melting through hot-rolling to cold-finishing. Along with stainless bar products, Carpenter produces other alloy bar products, stainless rod and wire products, and other alloy wire and rod products in its Reading and Orangeburg plants. In its $135 million "multi-mill" in Reading, Carpenter manufactures an extraordinarily diverse product line, and has the capacity to melt over 450 different grades, each designed for unique applications depending on customer requirements.[84] Unlike other U.S. producers, Carpenter sells the vast majority of its production through company-owned distributor outlets.[85] According to Carpenter, this system helps it achieve better control over inventories and ensure customer satisfaction.[86]

U.S. Importers

The petition identified 12 firms that allegedly imported stainless steel bar from the subject countries during the period examined. Imports of stainless steel bar enter the United States under HTS subheadings 7222.10.00 (for "hot-rolled" bar), 7222.20.00 (for "cold-formed" or "cold-finished" bar), and 7222.30.00 (for "other bars and rods"). Therefore, because the petition defined the scope of the investigations as constituting all imports entering under these subheadings, the Commission sent importers' questionnaires to 88 firms importing more than $50,000 each under these subheadings, or under the headings reserved for stainless steel wire rod, in either calendar year 1991, 1992, or 1993, or during January-September 1994, according to the Customs Net Import File (CNIF). The Commission sent questionnaires to all importers named in the petition (most of which were listed in the CNIF), as well as to all firms to which it had sent producer questionnaires, for a total of 107 questionnaires.

The Commission received usable data on stainless steel bar from 40 companies. Twenty-eight firms, mostly importers of stainless steel wire rod, reported that they did not import any of the products covered by the questionnaire.[87] Twenty firms reported imports of hot-formed SSB, and 36 firms reported imports of cold-finished SSB. Companies responding to the Commission's questionnaire accounted for over 81 percent, by volume, of cumulated 1993 imports of stainless steel bar from the four subject countries, based on official Commerce data.

Importers of stainless steel bar can be classified into two categories: (1) "resellers," who buy the products from foreign producers and then resell them, either to end users or to other, smaller, resellers and (2) "manufacturers/end users," who use the bar in manufacturing a wide variety of downstream products. Of the 40 importers providing usable data to the Commission, only 4 were manufacturers, and the remainder were resellers.[88] In the main, importers imported from only one subject source.

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[84] Conference TR, p. 25. Carpenter noted in its questionnaire response that it often assists its customers in designing specifications based on the end use in question, as various grades of stainless steel can be put to widely varying uses depending on the chemistry of the product.

[85] Carpenter sells the remainder of its output to unrelated end users; it does not sell to independent service centers or mill depots.

[86] Conference TR, p. 62.

[87] Thus, 39 firms did not respond to the questionnaire, or provided data that were incomplete or otherwise unusable (2 firms could not be reached with the questionnaire). Companies known to be significant importers of stainless steel bar from the subject countries that did not respond or provided incomplete or unusable data include ***.

[88] This pattern reflects the general nature of the market, in that very few sales are made directly to end users.

There is no indication on the record that imports from the subject countries are geographically concentrated in any particular region of the United States.[89] Moreover, imports from each of the subject countries were spread over several firms; the tabulation below indicates the number of responding importers reporting imports in 1993 from each subject source:

Source	Number of importers reporting
Brazil	9
India	11
Japan	18
Spain	4

The majority of importers reporting data are subsidiaries of, or related to, larger foreign companies. These firms, and their related companies, are presented in the tabulation below:

Importer	Parent company	Percent ownership
*	* * *	* * * *

Marketing Considerations and Channels of Distribution

Both U.S. producers and importers sell mainly through distributors, be they service centers or mill depots. Based on questionnaire responses in the final investigations, 71 percent of reported 1993 U.S. producer shipments of stainless steel bar were to service center distributors, about 40 percent of which were related distributors.[90] Twenty-three percent of the shipments went directly to end users,[91] 5 percent to mill depots (75 percent related), and less than 1 percent to independent cold-finishers. For importers, 73 percent of 1993 shipments were sold through service center distributors, nearly 90 percent of which were unrelated. Twenty-two percent of the shipments went to mill depots (nearly 40 percent related),[92] while 4 percent went directly to end users and less than 1 percent to independent cold-finishers.

CONSIDERATION OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

Section 771(7)(B) of the Act (19 U.S.C. § 1677(7)(B)) provides that in making its determinations in these investigations the Commission--

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[89] See, e.g., Conference TR, p. 74. Importers contended, however, that they tend to concentrate on developing markets on the West Coast, because domestic producers are generally unwilling and/or unable to compete in that region. TR, pp. 156, 228, 254.

[90] Carpenter sells only through its own related service centers. Talley sells through related distributors as well as independent service centers. Al Tech, Slater, and Republic sell only through independent service centers. Conference TR, p. 69.

[91] On an "arm's-length" transaction basis, 52.2 percent of U.S. producers' sales in 1993 were shipped to end users. On the same basis, 8.8 percent of importers' sales were shipped to end users.

[92] In the preliminary investigations, respondents had estimated that at least 50 percent of subject imports are sold through distributors known as "mill depots." Mill depots maintain large inventories and stock specialty products for sale to service centers. The role of mill depots is to meet the inventory needs of service centers by supplying small quantities and same day or next day deliveries to service centers. In the preliminary investigations, respondents contended that U.S. producers generally will not sell to mill depots, and thus the mill depots deal mainly in imported stainless steel bar. Conference TR, pp. 126-129. In absolute terms, according to questionnaires in the final investigations, shipments to mill depots by U.S. producers exceeded those of U.S. importers during 1993.

shall consider (I) the volume of imports of the merchandise which is the subject of the investigation, (II) the effect of imports of that merchandise on prices in the United States for like products, and (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States; and

may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

Section 771(7)(C) of the Act (19 U.S.C. § 1677(7)(C)) further provides that--

In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States is significant.

In evaluating the effect of imports of such merchandise on prices, the Commission shall consider whether (I) there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States, and (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

In examining the impact required to be considered under subparagraph (B)(iii), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to, (I) actual and potential decline in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and (IV) 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.

Available information on the volume of imports (item (B)(I) above) is presented in the section of this report entitled "U.S. Imports." Information on the other factors specified is presented in this section, and (except as noted) is based on the questionnaire responses of 11 firms that accounted for virtually all U.S. production of stainless steel bar during 1993.[93] [94] ***.

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[93] According to AISI statistics.

[94] At the hearing in these investigations and in its post-hearing submission, counsel for Roldan urged the Commission to consider examining "two tiers" of the domestic industry when considering the issue of material injury. According to Roldan's counsel, the domestic industry is made up of one group of "profitable, efficient, well run operations that can compete with anybody," (i.e., ***) and a second tier made up of the remaining companies "that are known to be inefficient producers that are lucky to be able to make a profit at the peak of the upside of the cycle." Roldan Post-Hearing Brief, p. 10. Summary data for these two groups of producers (as defined by Roldan's counsel) are presented in app. B (tables B-4 through 9).

U.S. Production, Capacity, and Capacity Utilization

Data for U.S. production, capacity, and capacity utilization of stainless steel bar are presented in table 5 and for hot-formed SSB and cold-finished SSB in table 6.

Stainless Steel Bar

U.S. capacity to manufacture stainless steel bar declined by 5 percent from 1991 to 1993 and in interim 1994 was down 11 percent in comparison with interim 1993. Production, however, increased in each period. Capacity utilization levels were consistently low during the period examined, but showed a slight increase overall from 1991 to 1993. Utilization figures for interim 1994 showed a more marked increase when compared with interim 1993, rising to 58.1 percent from 48.0 percent.

Four producers indicated that they either perform tolling operations for other producers in their plants, or send out products from their facilities for tolling by other firms. Only one of these firms, ***, indicated that such operations were substantial in value.[95]

Several producers reported changes in their operations during the period examined that have an impact on reported capacity and production. Al Tech enumerated ***.[96] Most of these shutdowns ***. Electralloy reported that ***.[97] In late 1992, Talley ***. Crucible reported that ***. Finally, as noted earlier, Armco ceased stainless bar operations in April 1993.

Most firms indicated multi-shift operation, ranging from 120 to 150 hours a week, 50 weeks a year. *** reported single-shift operation. Responding companies indicated a wide range of other products produced in their mills, including stainless steel wire rod, angles, and ingots; tool steel; nickel-based alloys; titanium wire rod; and carbon and other alloy bars. The time required to change production from one product to another was generally estimated as minimal.

In its questionnaire, the Commission requested producers to indicate whether they engaged in the following production steps in their manufacture of stainless steel bar: melting, pouring, casting, hot-rolling, pickling, annealing, cold-drawing, cold-finishing, and polishing. Data received in response to this request are presented in the tabulation below:

Melting	Pouring	Casting	Hot-rolling	Pickling
	* * * * * * *			

Annealing	Cold-drawing	Cold-finishing	Polishing
	* * * * * * *		

Firms were also requested to indicate the share of total cost of production accounted for by each of the above steps. Such information is discussed in the "Financial Experience of U.S. Producers" section of this report.

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[95] ***. It reported that ***.
[96] These included ***.
[97] ***.

Table 5
Stainless steel bar: U.S. capacity, production, and capacity utilization, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
Average-of-period capacity (*short tons*)	276,643	273,143	262,483	223,584	199,104
Production (*short tons*)	134,832	135,318	138,284	107,677	115,985
Average-of-period capacity utilization (*percent*)	48.7	49.4	52.6	48.0	58.1

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.

Hot-Formed SSB and Cold-Finished SSB

As noted earlier, data for U.S. production, capacity, and capacity utilization of hot-formed SSB and cold-finished SSB are presented in table 6.

Hot-formed SSB

U.S. capacity to manufacture hot-formed SSB remained level from 1991 to 1993, as well as in the interim periods. Production decreased in 1992, but then increased in each subsequent period. Like stainless steel bar, capacity utilization levels were consistently low during the period examined, but showed an overall increase from 1991 to 1993. Utilization figures in interim 1994 were up to 51.5 percent compared with 46.2 percent for interim 1993.

Cold-finished SSB

U.S. capacity to manufacture cold-finished SSB declined slightly from 1991 to 1993 and remained level in a comparison of the interim periods. Production increased in each period. Capacity utilization levels were consistently low during the period examined, but showed an overall increase from 1991 to 1993. Interim 1994 utilization figures increased to 57.4 percent compared with 50.8 percent for interim 1993.

Table 6
Hot-formed SSB and cold-finished SSB: U.S. capacity, production, and capacity utilization, by products, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Average-of-period capacity (*short tons*)				
Hot-formed SSB	233,753	233,753	233,753	208,104	208,104
Cold-finished SSB	204,814	201,314	201,814	171,536	171,536
	Production (*short tons*)				
Hot-formed SSB	118,264	116,493	127,719	96,369	107,511
Cold-finished SSB	106,600	108,049	114,008	87,433	98,798
	Capacity utilization (*percent*)				
Hot-formed SSB	50.5	49.7	54.5	46.2	51.5
Cold-finished SSB	51.9	53.5	56.3	50.8	57.4

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' Company Transfers, Domestic Shipments, and Export Shipments

Data for U.S. producers' company transfers, domestic shipments, and export shipments of stainless steel bar are presented in table 7 and for hot-formed SSB and cold-finished SSB in table 8.

Stainless Steel Bar

Eleven producers reported data with respect to stainless steel bar shipments. These data show that the quantity of U.S. shipments (company transfers[98] and domestic shipments) increased irregularly from 1991 to 1993, by 5.2 percent. Interim 1994 numbers were up 9.2 percent over interim 1993. In terms of value, shipments decreased irregularly from 1991 to 1993, falling by 6.1 percent. Interim 1994 value figures increased 10.8 percent compared with interim 1993 figures. Unit values fell off consistently during the 3-year period, by 10.7 percent, but showed a modest increase when the interim 1993 and 1994 periods are compared.

Hot-Formed SSB and Cold-Finished SSB

As noted earlier, shipment data for hot-formed SSB and cold-finished SSB are presented in table 8 and figure 5.

[98] The vast majority of company transfers are accounted for by ***. Questionnaire respondents were asked to report the value of such shipments at fair market value.

Table 7
Stainless steel bar: Shipments by U.S. producers, by types, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Company transfers	43,517	45,748	46,380	34,762	37,759
Domestic shipments	92,776	87,751	96,940	75,015	82,117
Subtotal	136,293	133,499	143,320	109,777	119,876
Exports	860	407	876	579	467
Total	137,153	133,906	144,196	110,356	120,343
	Value (*1,000 dollars*)				
Company transfers	157,884	161,474	156,656	117,798	127,923
Domestic shipments	329,752	292,486	301,203	233,266	260,919
Subtotal	487,636	453,960	457,859	351,064	388,842
Exports	4,340	2,795	4,876	3,337	2,797
Total	491,976	456,755	462,735	354,401	391,639
	Unit value (*per short ton*)				
Company transfers	$3,628	$3,530	$3,378	$3,389	$3,388
Domestic shipments	3,554	3,333	3,107	3,110	3,177
Average	3,578	3,400	3,195	3,198	3,244
Exports	5,047	6,867	5,566	5,763	5,989
Average	3,587	3,411	3,209	3,211	3,254

Note.--Because of rounding, figures may not add to the totals shown. Unit values are calculated using data of firms supplying both quantity and value information.

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

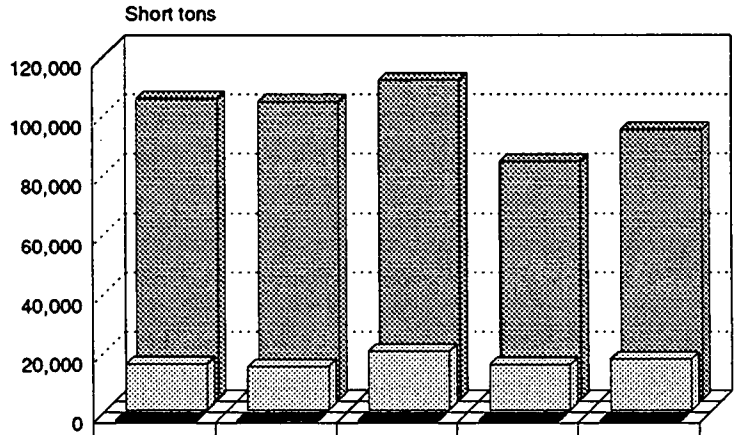
Table 8
Hot-formed SSB and cold-finished SSB: Shipments by U.S. producers, by products and by types, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Hot-formed SSB:					
Company transfers	101,536	100,604	107,891	80,438	91,127
Domestic shipments	15,791	14,900	20,110	15,578	17,435
Subtotal	117,327	115,504	128,001	96,016	108,562
Exports	313	158	325	232	139
Total	117,640	115,662	128,326	96,248	108,701
Cold-finished SSB:					
Company transfers	42,817	44,948	45,580	34,162	36,959
Domestic shipments	64,771	61,977	72,615	55,222	64,682
Subtotal	107,588	106,925	118,195	89,384	101,641
Exports	547	249	551	347	328
Total	108,135	107,174	118,746	89,731	101,969
	Value (*1,000 dollars*)				
Hot-formed SSB:					
Company transfers	211,836	197,555	200,798	148,299	164,223
Domestic shipments	59,501	52,393	64,093	50,189	56,661
Subtotal	271,337	249,948	264,891	198,488	220,884
Exports	1,547	1,067	1,946	1,445	1,037
Total	272,884	251,015	266,837	199,933	221,921
Cold-finished SSB:					
Company transfers	155,377	158,643	153,889	115,588	125,318
Domestic shipments	224,017	202,181	223,462	169,399	204,258
Subtotal	379,394	360,824	377,351	284,987	329,576
Exports	2,793	1,728	2,930	1,891	1,760
Total	382,187	362,552	380,281	286,878	331,336
	Unit value (*per short ton*)				
Hot-formed SSB:					
Company transfers	$2,086	$1,964	$1,861	$1,844	$1,802
Domestic shipments	3,768	3,516	3,187	3,222	3,250
Average	2,313	2,164	2,069	2,067	2,035
Exports	4,942	6,753	5,988	6,228	7,460
Average	2,320	2,170	2,079	2,077	2,042
Cold-finished SSB:					
Company transfers	3,629	3,529	3,376	3,384	3,391
Domestic shipments	3,459	3,262	3,077	3,068	3,158
Average	3,526	3,375	3,193	3,188	3,243
Exports	5,095	6,916	5,301	5,432	5,366
Average	3,534	3,383	3,202	3,197	3,249

Note.--Because of rounding, figures may not add to the totals shown. Unit values are calculated using data of firms supplying both quantity and value information.

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

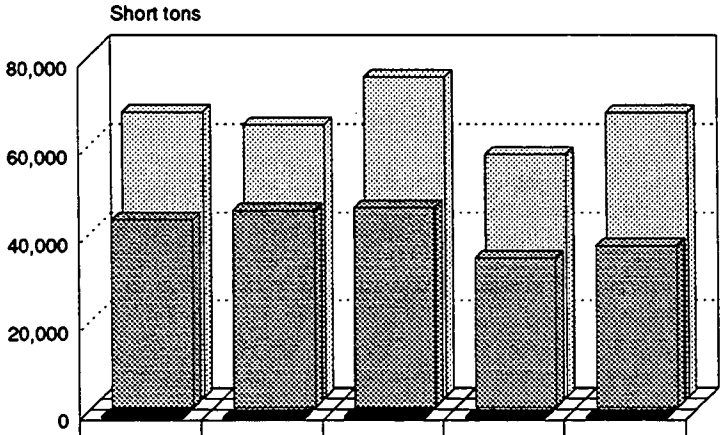
Figure 5a
Hot-formed SSB: Shipments by U.S. producers, by types, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Company transfers	101,536	100,604	107,891	80,438	91,127
Domestic shipments	15,791	14,900	20,110	15,578	17,435
Exports	313	158	325	232	139
. Total shipments	117,640	115,662	128,326	96,248	108,701

Source: Table 8.

Figure 5b
Cold-finished SSB: Shipments by U.S. producers, by types, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Domestic shipments	64,771	61,977	72,615	55,222	64,682
Company transfers	42,817	44,948	45,580	34,162	36,959
Exports	547	249	551	347	328
. Total shipments	108,135	107,174	118,746	89,731	101,969

Source: Table 8.

Hot-formed SSB

Nine producers reported data with respect to hot-formed SSB shipments.[99] These data show that the quantity of domestic shipments[100] increased irregularly from 1991 to 1993, by 27.4 percent. Interim 1994 numbers were up 11.9 percent compared with interim 1993. By value, domestic shipments also increased irregularly from 1991 to 1993, rising 7.7 percent. Interim 1994 values increased 12.9 percent in comparison with interim 1993 values. Unit values dropped steadily from 1991 to 1993, by 15.4 percent, but showed a very slight increase in interim 1994 compared with interim 1993.

Cold-finished SSB

Nine producers reported data with respect to cold-finished SSB shipments. These data show that the quantity of U.S. shipments (company transfers and domestic shipments) increased irregularly from 1991 to 1993, by 9.9 percent. Interim 1994 numbers rose 13.7 percent compared with interim 1993. On a value basis, U.S. shipments exhibited an irregular decline of 0.5 percent from 1991 to 1993. Interim 1994 shipment values were up 15.6 percent in comparison with interim 1993 shipment values. Unit values fell consistently from 1991 to 1993, by 9.5 percent, but showed an increase of 1.7 percent in interim 1994 compared with interim 1993.

U.S. Producers' Inventories

Data for U.S. producers' inventories of stainless steel bar are presented in table 9 and for hot-formed SSB and cold-finished SSB in table 10.

Stainless Steel Bar

Inventory data were supplied by 10 of the 11 firms producing stainless steel bar during the period examined (table 9). Inventories increased from 1991 to 1992, then dropped markedly from 1992 to 1993 for an overall decline of 17.3 percent. Inventories dropped sharply in the 9-month 1994 period, when compared to the same period of 1993. As a ratio to preceding-period U.S. shipments, such inventories followed a similar trend.

For the most part, domestic producers of stainless steel bar do not produce to stock, except for instances in which a standard grade can be sold to more than one customer.[101] Lead times reported by domestic producers varied from 1 to 7 days to 6 to 24 weeks.[102] Responding producers reported no unusual occurrences during the period examined that may have had an effect on inventory levels.

Hot-Formed SSB and Cold-Finished SSB

As noted earlier, inventory data for hot-formed SSB and cold-finished SSB are presented in table 10.

Hot-formed SSB

Nine firms producing hot-formed SSB provided inventory information. Inventories increased irregularly from 1991 to 1993 rising by 5.0 percent. For the 9-month 1994 period, inventories dropped sharply in comparison with the same period of 1993. As a ratio to preceding-period U.S. shipments, such inventories irregularly declined from 1991 to 1993 and also showed a decline in a comparison of the 9-month 1994 period with the same period of 1993.

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[99] ***.

[100] Given that virtually all company transfers of hot-formed SSB are internally consumed in the production of cold-finished SSB, the discussion will focus on domestic "open-market" shipments.

[101] Conference TR, p. 62.

[102] Republic quoted ***.

Table 9
Stainless steel bar: End-of-period inventories of U.S. producers, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
Inventories (*short tons*)	26,185	27,597	21,659	24,827	17,222
Ratio of inventories to--					
Production (*percent*)	19.5	20.4	15.7	17.3	11.2
U.S. shipments (*percent*)	19.3	20.7	15.1	17.0	10.8
Total shipments (*percent*)	19.2	20.7	15.0	16.9	10.8

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.

Table 10
Hot-formed SSB and cold-finished SSB: End-of-period inventories of U.S. producers, by products, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Hot-formed SSB	4,505	5,336	4,729	5,457	3,539
Cold-finished SSB	21,117	21,992	17,254	19,694	14,083
	Ratio to production (*percent*)				
Hot-formed SSB	3.8	4.6	3.7	4.2	2.5
Cold-finished SSB	19.9	20.4	15.2	16.9	10.7
	Ratio to U.S. shipments (*percent*)				
Hot-formed SSB	3.8	4.6	3.7	4.3	2.4
Cold-finished SSB	19.7	20.6	14.6	16.6	10.4
	Ratio to total shipments (*percent*)				
Hot-formed SSB	3.8	4.6	3.7	4.3	2.4
Cold-finished SSB	19.6	20.6	14.6	16.5	10.4

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.

Cold-finished SSB

Eight firms producing cold-finished SSB provided inventory information. Inventories declined irregularly from 1991 to 1993, falling by 18.3 percent. Nine-month 1994 inventories were down sharply in comparison with the same period of 1993. As a ratio to preceding-period U.S. shipments, such inventories irregularly declined from 1991 to 1993 and also exhibited a decline when the 9-month 1994 period is compared with the same period of 1993.

U.S. Employment, Wages, and Productivity

Employment data for U.S. producers' stainless steel bar operations are presented in table 11 and for hot-formed SSB and cold-finished SSB in table 12.

Stainless Steel Bar

Of the 11 firms reporting production of stainless steel bar, 9 provided usable employment data. The number of workers employed in the production of stainless steel bar dropped very slightly from 1991 to 1993, by 1.4 percent. The number of hours worked by these employees followed a similar trend, falling 2.4 percent. Hourly compensation increased throughout the period, from $24.81 in 1991 to $26.91 in 1993. During interim 1994, the number of production workers showed a slight drop compared with the number for interim 1993, while hours worked increased by 5.2 percent for the same comparison.[103] Hourly compensation also continued to increase during interim 1994 as compared to interim 1993.

Labor productivity, as measured by tons produced per 1,000 hours, increased consistently from 1991 to 1993. This indicator continued to trend upward in interim 1994, when compared to interim 1993. U.S. producers' unit labor costs dropped consistently from 1991 to 1993; such costs continued this trend when the interim periods are compared.

In its questionnaire, the Commission requested firms producing stainless steel bar to indicate whether the same production and related workers are employed in the production of both stainless steel bar and other products manufactured in their facilities. One producer, ***, indicated that its workers engaged in stainless steel bar production also produce stainless steel wire rod. Slater reported that ***. With regard to different varieties of stainless steel bar, such as hot-formed and cold-finished SSB, ***.[104]

Seven producers reporting employment data noted that their workforces are represented by unions.[105] These firms, and the unions involved, are listed in the following tabulation:

Company	Union
Al Tech	United Steelworkers
Crucible	United Steelworkers
Electralloy	United Steelworkers
Inco	United Steelworkers
Industrial	United Electrical and Radio Workers
Republic	United Steelworkers Bricklayers & Allied Craftsmen, AFL/CIO
Slater	United Steelworkers

The Commission also requested firms producing stainless steel bar to provide detailed information concerning reductions in the number of production and related workers producing such

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[103] The closing of Armco's facilities producing stainless steel bar in April 1993 resulted in a reduction in Armco's workforce of 600 positions. Post-conference Brief of petitioners at attachment 4. Armco did not report employment data; had such data been included, the decline seen from a comparison of the interim periods would have been more pronounced.

[104] Field visit with ***.

[105] Carpenter, the largest stainless steel bar producer, is a non-union plant.

Table 11
Average number of U.S. production and related workers producing stainless steel bar, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs,[2] 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[3]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
Production and related workers (PRWs)	2,189	2,066	2,159	2,151	2,129
Hours worked by PRWs (*1,000 hours*)	4,387	4,222	4,281	3,299	3,470
Wages paid to PRWs (*1,000 dollars*)	77,098	75,267	80,780	62,250	68,120
Total compensation paid to PRWs (*1,000 dollars*)	108,845	107,148	115,190	88,129	94,898
Hourly wages paid to PRWs	$17.57	$17.83	$18.87	$18.87	$19.63
Hourly total compensation paid to PRWs	$24.81	$25.38	$26.91	$26.71	$27.35
Productivity (*short tons per 1,000 hours*)	28.2	29.5	31.4	31.5	33.3
Unit labor costs (*per short ton*)	$879	$861	$857	$849	$820

[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 97.3 percent of reported total U.S. shipments (based on quantity) in 1993.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

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

products if such reductions involved at least 5 percent of the workforce, or more than 50 workers. The reported layoffs are shown in the following tabulation:

Firm	Product	Date	Number of workers	Duration	Reason
*	*	*	*	*	*	*

Hot-formed SSB

The number of production and related workers producing hot-formed SSB showed an irregular decline from 1991 to 1993 while hours worked, wages paid, total compensation, and unit labor costs exhibited irregular increases over the same period. Hourly wages, compensation, and productivity each steadily increased from 1991 to 1993. Interim 1994 numbers in each category were up compared with interim 1993.

Table 12
Average number of U.S. production and related workers producing stainless steel bar, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs,[2] by products, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[3]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Number of production and related workers (PRWs)				
Hot-formed SSB	747	702	736	722	786
Cold-finished SSB	1,301	1,194	1,231	1,220	1,316
	Hours worked by PRWs (*1,000 hours*)				
Hot-formed SSB	1,534	1,454	1,558	1,151	1,312
Cold-finished SSB	2,665	2,466	2,603	1,943	2,188
	Wages paid to PRWs (*1,000 dollars*)				
Hot-formed SSB	27,583	26,871	30,656	22,636	27,147
Cold-finished SSB	47,527	45,203	50,655	37,858	44,566
	Total compensation paid to PRWs (*1,000 dollars*)				
Hot-formed SSB	39,341	38,090	43,499	31,795	37,589
Cold-finished SSB	67,175	63,559	71,513	52,842	61,380
	Hourly wages paid to PRWs				
Hot-formed SSB	$17.98	$18.48	$19.68	$19.67	$20.69
Cold-finished SSB	17.83	18.33	19.46	19.48	20.37
	Hourly total compensation paid to PRWs				
Hot-formed SSB	$25.65	$26.20	$27.92	$27.62	$28.65
Cold-finished SSB	25.21	25.77	27.47	27.20	28.05
	Productivity (*short tons per 1,000 hours*)				
Hot-formed SSB	44.1	45.3	47.7	47.2	48.6
Cold-finished SSB	27.7	30.2	32.2	32.5	34.1
	Unit labor costs (*per short ton*)				
Hot-formed SSB	$582	$578	$586	$586	$590
Cold-finished SSB	909	853	852	838	824

[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 59 percent and 73 percent of reported total U.S. shipments (based on quantity) of hot-formed SSB and cold-finished SSB, respectively in 1993.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

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

Cold-finished SSB

The number of production and related workers producing cold-finished SSB as well as hours worked dropped irregularly from 1991 to 1993 while wages paid and total compensation showed irregular increases over the same time frame. Hourly wages, compensation, and productivity steadily increased from 1991 to 1993 while unit labor costs dropped over the same period. Interim 1994 numbers in each category (with the exception of unit labor costs) were up compared with interim 1993.

Financial Experience of U.S. Producers

Eight U.S. producers of stainless steel bar, including all of the major ones, reported profit-and-loss information on their U.S. operations.[106] These companies accounted for virtually all reported 1993 trade sales of stainless steel bar, hot-formed SSB, and cold-finished SSB.

In addition to data on the overall establishments where stainless steel bar is produced, separate data were collected on (1) stainless steel bar operations, (2) hot-formed SSB operations, (3) cold-finished SSB operations, and (4) process plate flats. The data indicate that from 1991 to 1993 between 10 and 13 percent of all hot-formed SSB produced (on a tonnage basis) was sold to outside parties while the remaining 87 to 90 percent was internally transferred to cold-finishing operations. During the same period, 93 to 94 percent of all cold-finished SSB produced was sold to outside parties (including Carpenter's sales through its distribution centers) with the remaining 6 to 7 percent internally transferred to produce other products. U.S. producers reported no sales of process plate flats.

Data for Carpenter, which accounted for *** percent of stainless steel bar sales in 1993, were verified by Commission staff. As a result of the verification, ***.

Overall Establishment Operations

Profit-and-loss data for the overall establishment operations of the producers are shown in table 13. The results are dominated by *** profits. Also, throughout the period examined, many producers reported large ($40 to $70 million) costs relating to post-retirement benefits, employee stock option programs, and restructuring costs. While most of the costs were classified as other expense items and therefore affected only net income, a portion of them also affected operating income.

1992 results were all down somewhat compared to 1991. While net sales were virtually unchanged, the slim operating income got even smaller and the net loss deepened. The situation reversed itself in 1993, as net sales increased perceptibly, operating income quadrupled, the net loss became positive net income, and cash flow more than doubled. The results continued to improve when comparing interim 1993 to interim 1994. Despite the loss of one producer, net sales increased almost 10 percent, operating income was up by about one-third, net income doubled, and the number of companies with operating and net losses was down markedly.

In 1993, net sales of stainless steel bar accounted for about 30 percent of overall establishment net sales.

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[106] The producers (and their respective fiscal yearends if other than Dec. 31) are Al Tech, Armco, Carpenter (June 30), Crucible, Electralloy, Republic, Slater, and Talley.

Table 13
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein stainless steel bar is produced, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[1]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Value (*1,000 dollars*)				
Net sales	1,600,046	1,598,230	1,689,936	1,277,041	1,393,223
Cost of goods sold	1,415,444	1,425,601	1,453,321	1,095,521	1,179,376
Gross profit	184,602	172,629	236,615	181,520	213,847
Selling, general, and administrative expenses	155,207	152,491	153,306	112,756	120,505
Operating income	29,395	20,138	83,309	68,764	93,342
Interest expense	51,022	46,340	38,358	33,913	28,480
Other expense items	37,141	57,656	41,858	24,047	31,240
Other income items	5,241	8,921	4,201	8,015	3,059
Net income or (loss) before income taxes	(53,527)	(74,937)	7,294	18,819	36,681
Depreciation, amortization, and non-cash items	94,918	128,254	107,057	77,085	78,075
Cash flow[2]	41,391	53,317	114,351	95,904	114,756
	Ratio to net sales (*percent*)				
Cost of goods sold	88.5	89.2	86.0	85.8	84.7
Gross profit	11.5	10.8	14.0	14.2	15.3
Selling, general, and administrative expenses	9.7	9.5	9.1	8.8	8.6
Operating income	1.8	1.3	4.9	5.4	6.7
Net income or (loss) before income taxes	(3.3)	(4.7)	0.4	1.5	2.6
	Number of firms reporting				
Operating losses	3	4	4	3	1
Net losses	6	6	6	5	3
Data	8	8	8	8	7

[1] The producers (and their respective fiscal yearends if other than Dec. 31) are Al Tech, Armco, Carpenter (June 30), Crucible, Electralloy, Republic, Slater, and Talley. Armco stopped production in 1993.

[2] Cash flow is defined as net income or loss plus depreciation, amortization, and certain non-cash cost or income items. The non-cash adjustments were (in thousands) $37,827 in 1991; $71,405 in 1992; $48,910 in 1993; $33,963 in interim 1993; and $32,574 in interim 1994.

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

Stainless Steel Bar Operations

As previously mentioned, separate data were collected on stainless steel bar operations, hot-formed SSB operations, and cold-finished SSB operations. Data presented in this section (for stainless steel bar) are, in effect, the consolidated results of operations on both hot-formed SSB and cold-finished SSB. Trade sales include trade sales of both hot-formed SSB and cold-finished SSB, while intercompany transfers are strictly transfers of cold-finished SSB, not transfers of hot-formed SSB.[107]

Most producers sell their products to independent distributors and service centers. These sales to unrelated parties, which are comparable to sales at the wholesale level, are clearly trade sales. ***.

Since the Commission has detailed revenue and cost data on ***, the data are presented here in two ways. The first, presented in tables 14 and 15, are the results of ***. The second, presented in tables 16 and 17, are the results of ***.

The data in tables 18 and 19 (relating to trade sales of hot-formed SSB) and tables 21, 22, and 23 (relating to sales of cold-finished SSB) reflect ***.

Profit-and-loss data for the stainless steel bar operations of the producers are shown in tables 14 and 16. The industry-wide operating income or (loss) is affected from period to period by *** in 1992. Although these costs have been reported in accordance with generally accepted accounting principles (GAAP), they do affect comparability between periods. Therefore, the effect is footnoted in tables 14 and 16.

Although the absolute values of the net sales, costs, and profits differ between tables 14 and 16, the trends are the same. Financial results were all down from 1991 to 1992 as declines in net sales by most producers resulted in a decrease in the aggregate. Weakening unit net sales values (see tables 15 and 17, which contain selected profit-and-loss information on a company-by-company basis) coupled with moderate increases in unit operating costs (cost of goods sold and selling, general, and administrative (SG&A) expenses) resulted in diminished gross and operating profits. Large increases in other expense items (most notably for post-retirement benefits) further exacerbated the situation and resulted in a large net loss. *** from 1991 to 1992.

1993 results were improved, as net sales were up, unit operating costs were down, and all levels of profitability increased. Unit operating costs decreased mostly because *** charges in 1993 as opposed to 1992 and ***, a high-cost producer, only sold about one-third as much bar in 1993 as 1992.

Interim 1994 results were greatly improved compared to interim 1993. Net sales were up by about 10 percent as all 7 producers--***--reported increases. The combination of increased unit sales values and decreased unit operating costs resulted in very large increases in all profit levels.

Table 14
Income-and-loss experience of U.S. producers on their operations producing stainless steel bar, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

Table 15
Selected financial data of U.S. producers[1] on their operations producing stainless steel bar, by firms, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

[107] If any hot-formed SSB had been internally transferred to produce any product other than cold-finished SSB, it would have appeared in this section as a transfer. However, no such transfers were reported.

Table 16
Income-and-loss experience of U.S. producers[1] on their operations producing stainless steel bar, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[2]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
			Quantity (*short tons*)		
Net sales	136,211	135,240	146,135	109,408	119,109
			Value (*1,000 dollars*)		
Net sales	476,425	451,543	462,166	345,777	378,950
Cost of goods sold	436,839	434,372	432,112	326,085	336,692
Gross profit	39,586	17,171	30,054	19,692	42,258
Selling, general, and administrative expenses	33,896	35,404	33,514	24,894	24,658
Operating income or (loss)[3]	5,690	(18,233)	(3,460)	(5,202)	17,600
Interest expense	12,021	11,337	9,327	8,017	5,999
Other expense items	4,142	24,616	1,759	1,088	1,309
Other income items	488	4,943	6,160	5,416	4,694
Net income or (loss) before income taxes	(9,985)	(49,243)	(8,386)	(8,891)	14,986
Depreciation, amortization, and non-cash items	18,106	59,048	25,229	21,601	19,098
Cash flow[4]	8,121	9,805	16,843	12,710	34,084
			Value (*per short ton*)		
Net sales	$3,498	$3,339	$3,163	$3,160	$3,182
Cost of goods sold	3,207	3,212	2,957	2,980	2,827
Gross profit	291	127	206	180	355
Selling, general, and administrative expenses	249	262	229	228	207
Operating income or (loss)	42	(135)	(24)	(48)	148
			Ratio to net sales (*percent*)		
Cost of goods sold	91.7	96.2	93.5	94.3	88.8
Gross profit	8.3	3.8	6.5	5.7	11.2
Selling, general, and administrative expenses	7.1	7.8	7.3	7.2	6.5
Operating income or (loss)[3]	1.2	(4.0)	(0.7)	(1.5)	4.6
Net income or (loss) before income taxes	(2.1)	(10.9)	(1.8)	(2.6)	4.0

Table continued on next page.

Table 16--Continued
Income-and-loss experience of U.S. producers[1] on their operations producing stainless steel bar, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[2]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Number of firms reporting				
Operating losses	4	5	4	3	3
Net losses	6	5	6	5	3
Data	8	8	8	8	7

[1] ***.

[2] All 8 producers that provided financial information produced stainless steel bar.

[3] Comparability between periods is affected by non-recurring expenses or credits relating to environmental costs and charges for post-retirement benefits other than pensions. If deleted from the above table, the net effect would be an increase in operating income of $*** in fiscal year 1992, and the operating (loss) margin would be ***.

[4] Cash flow is defined as net income or loss plus depreciation, amortization, and certain non-cash cost or income items. The non-cash adjustments were (in thousands) $0 in 1991; $39,440 in 1992; $5,674 in 1993; $6,879 in interim 1993; and $4,355 in interim 1994.

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

Table 17
Selected financial data of U.S. producers[1] on their operations producing stainless steel bar, by firms, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Value (*1,000 dollars*)				
Net sales:					
Slater	***	***	***	***	***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Total	476,425	451,543	462,166	345,777	378,950
Operating income or (loss):					
Slater	***	***	***	***	***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Total	5,690	(18,233)	(3,460)	(5,202)	17,600
	Value (*per short ton*)				
Net sales:					
Slater	$***	$***	$***	$***	$***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Average	3,498	3,339	3,163	3,160	3,182
Operating income or (loss):					
Slater	$***	$***	$***	$***	$***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Average	42	(135)	(24)	(48)	148

Table continued on next page.

Table 17--Continued
Selected financial data of U.S. producers[1] on their operations producing stainless steel bar, by firms, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Ratio to net sales (*percent*)				
Operating income or (loss):					
Slater	***	***	***	***	***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Average	1.2	(4.0)	(0.7)	(1.5)	4.6

[1] ***.

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

Operations on Trade Sales of Hot-Formed SSB

Profit-and-loss data for the hot-formed SSB trade sales operations of the U.S. producers are shown in table 18. While net sales were flat from 1991 to 1992, the positive operating and net profits both turned into losses. As with stainless steel bar, the main reason was ***. Absent the charges, unit operating costs and profitability levels would have been about the same as 1991 levels. Results were up sharply in 1993 as a one-third increase in sales quantities and $478 per ton decrease in unit operating costs more than offset the $337 decrease in unit sales values. Three of the four producers reported increases in net sales and profitability (see table 19, which contains selected profit-and-loss information on a company-by-company basis).

Much like operations on stainless steel bar, interim 1994 results were very improved compared to interim 1993. Net sales and all levels of profitability were up for the overall industry and all but one producer. Even though unit sales values were down by $170 per ton, unit operating costs were down by almost twice as much ($338).

As previously noted, trade sales of hot-formed SSB only accounted for 10 to 13 percent of hot-formed SSB production, with the remaining 87 to 90 percent internally transferred to cold-finishing operations. In previous investigations where there were large intracompany transfers of one product used to produce another the staff has presented profit-and-loss data utilizing trade sales and intracompany transfers with certain adjustments. The adjustments basically consisted of (1) accounting for any known cost differences between product which was sold and product which was transferred and (2) assuming intercompany transfers would be sold with the same profit margin as trade sales.[108]

It was not possible to present such profit-and-loss data for hot-formed SSB for two main reasons. First was the fact that half of the producers had no trade sales of hot-formed SSB, and transferred all their hot-formed SSB production to cold-finishing operations. Therefore, there was no way to determine an appropriate profit margin. Second was that the trade sales of hot-formed SSB for the other producers were very small compared to their intercompany transfers.

[108] See pp. I-94 and I-95 of the final report in Investigations Nos. 701-TA-319-332 *et al*, Certain Flat-rolled Carbon Steel Plate from 20 countries (INV-Q-115), dated July 20, 1993.

Table 18
Income-and-loss experience of U.S. producers[1] on their trade sales of hot-formed SSB, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[2]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Net sales	15,238	15,441	20,473	15,108	16,799
	Value (*1,000 dollars*)				
Net sales	51,163	51,053	60,783	46,714	49,081
Cost of goods sold	45,113	47,251	53,976	41,380	40,817
Gross profit	6,050	3,802	6,807	5,334	8,264
Selling, general, and administrative expenses	3,391	4,110	4,344	3,256	3,138
Operating income or (loss)[3]	2,659	(308)	2,463	2,078	5,126
Interest expense	1,220	1,251	1,176	1,018	808
Other expense items	560	6,929	308	204	175
Other income items	126	504	646	561	474
Net income or (loss) before income taxes	1,005	(7,984)	1,625	1,417	4,617
Depreciation, amortization, and non-cash items	1,569	10,902	2,755	2,386	1,953
Cash flow[4]	2,574	2,918	4,380	3,803	6,570
	Value (*per short ton*)				
Net sales	$3,358	$3,306	$2,969	$3,092	$2,922
Cost of goods sold	2,961	3,060	2,636	2,739	2,430
Gross profit	397	246	332	353	492
Selling, general, and administrative expenses	223	266	212	216	187
Operating income or (loss)	174	(20)	120	138	305
	Ratio to net sales (*percent*)				
Cost of goods sold	88.2	92.6	88.8	88.6	83.2
Gross profit	11.8	7.4	11.2	11.4	16.8
Selling, general, and administrative expenses	6.6	8.1	7.1	7.0	6.4
Operating income or (loss)[3]	5.2	(0.6)	4.1	4.4	10.4
Net income or (loss) before income taxes	2.0	(15.6)	2.7	3.0	9.4

Table continued on next page.

Table 18--Continued
Income-and-loss experience of U.S. producers[1] on their trade sales of hot-formed SSB, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[2]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Number of firms reporting				
Operating losses	1	1	1	1	1
Net losses	1	1	2	2	2
Data	4	4	4	4	4

[1] ***.

[2] The producers are Slater, Carpenter, Republic, and Al Tech.

[3] Comparability between periods is affected by non-recurring expenses or credits relating to environmental costs and charges for post-retirement benefits other than pensions. If deleted from the above table, the net effect would be an increase in operating income of *** in fiscal year 1992, and the operating income margin would be *** percent.

[4] Cash flow is defined as net income or loss plus depreciation, amortization, and certain non-cash cost or income items. The non-cash adjustments were (in thousands) $0 in 1991; $9,013 in 1992; $530 in 1993; $670 in interim 1993; and $395 in interim 1994.

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

Table 19
Selected financial data of U.S. producers[1] on their trade sales of hot-formed SSB, by firms, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.– 1993	1994
	Value (*1,000 dollars*)				
Net sales:					
Slater	***	***	***	***	***
Carpenter	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Total	51,163	51,053	60,783	46,714	49,081
Operating income or (loss):					
Slater	***	***	***	***	***
Carpenter	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Total	2,659	(308)	2,463	2,078	5,126
	Value (*per short ton*)				
Net sales:					
Slater	$***	$***	$***	$***	$***
Carpenter	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Average	3,358	3,306	2,969	3,092	2,922
Operating income or (loss):					
Slater	***	***	***	***	***
Carpenter	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Average	174	(20)	120	138	305
	Ratio to net sales (*percent*)				
Operating income or (loss):					
Slater	***	***	***	***	***
Carpenter	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Average	5.2	(0.6)	4.1	4.4	10.4

[1] ***.

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

Hot-Formed SSB Production Costs

Data on production costs for hot-formed SSB are presented in table 20. The data show a steady decrease in the total cost, primarily because of decreases in basic steelmaking costs. While all producers providing data reported decreased costs, the large drops in melting costs from 1992 to 1993 and from interim 1993 to interim 1994 are in large part because of the same reasons unit cost of goods sold decreased for stainless steel bar--***.

Operations on Trade Sales of Cold-Finished SSB

Data on trade sales of cold-finished SSB are presented in table 21. Not surprisingly, the data are quite similar to data on stainless steel bar (tables 14 and 16). Sales and all levels of profitability declined in 1992 before improving in 1993. Interim 1994 results were much better than interim 1993 results as sales quantities, unit sales values, and unit operating costs all improved. Selected financial data on a company-by-company basis are presented in table 22.

Operations on Cold-Finished SSB

Data on the U.S. producers' cold-finished SSB operations are presented in table 23. As discussed in the hot-formed SSB section, the data are presented utilizing trade sales and intercompany transfers with certain adjustments. The data are very similar to those for trade sales of cold-finished SSB (table 21), whether in terms of absolute values, trends, or financial ratios.

Cold-Finished SSB Production Costs

Data on production costs for cold-finished SSB are presented in table 24. The flow of tonnage and costs from hot-forming operations can now be clearly seen along with the steady decline in cost. Data in the table may seem to differ from data in other parts of this report with respect to the portion of cold-finished SSB made from wire rod. The difference is because in table 24 *** is included in the tonnages and costs transferred in from hot-forming operations.

Table 20
U.S. producers' hot-formed SSB costs of production, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Production quantity (*short tons*)				
Total hot-formed SSB production	150,562	150,195	158,946	118,409	128,714
Allocated to trade sales	15,238	15,441	20,473	15,108	16,799
Allocated to company transfers	135,324	134,754	138,473	103,301	111,915
	Value (*1,000 dollars*)				
Total production costs and inventory change	322,199	306,461	299,473	229,350	225,056
Allocated to trade sales	45,113	47,251	53,976	41,380	40,817
Allocated to company transfers	277,086	259,210	245,497	187,970	184,239
	Value (*per short ton*)				
Total hot-formed SSB production	$2,143	$2,039	$1,893	$1,946	$1,743
Allocated to trade sales	2,961	3,060	2,636	2,739	2,430
Allocated to transfers	2,048	1,924	1,773	1,820	1,646

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

Table 21
Income-and-loss experience of U.S. producers[1] on their trade sales of cold-finished SSB, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[2]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Net sales	112,099	110,910	117,823	88,600	96,114
	Value (*1,000 dollars*)				
Net sales	391,400	370,371	378,079	281,814	311,782
Cost of goods sold	356,826	355,881	356,118	268,470	279,813
Gross profit	34,574	14,490	21,961	13,344	31,969
Selling, general, and administrative expenses	28,755	29,854	27,726	20,626	20,562
Operating income or (loss)[3]	5,819	(15,364)	(5,765)	(7,282)	11,407
Interest expense	9,852	9,210	7,487	6,574	4,787
Other expense items	3,687	17,737	1,450	883	1,134
Other income items	362	4,439	5,510	4,855	4,221
Net income or (loss) before income taxes	(7,358)	(37,872)	(9,192)	(9,884)	9,707
Depreciation, amortization, and non-cash items	14,616	46,525	21,443	18,447	16,399
Cash flow[4]	7,258	8,653	12,251	8,563	26,106
	Value (*per short ton*)				
Net sales	$3,492	$3,339	$3,209	$3,181	$3,244
Cost of goods sold	3,183	3,209	3,022	3,030	2,911
Gross profit	308	131	186	151	333
Selling, general, and administrative expenses	257	269	235	233	214
Operating income or (loss)	52	(139)	(49)	(82)	119
	Ratio to net sales (*percent*)				
Cost of goods sold	91.2	96.1	94.2	95.3	89.7
Gross profit	8.8	3.9	5.8	4.7	10.3
Selling, general, and administrative expenses	7.3	8.1	7.3	7.3	6.6
Operating income or (loss)[3]	1.5	(4.1)	(1.5)	(2.6)	3.7
Net income or (loss) before income taxes	(1.9)	(10.2)	(2.4)	(3.5)	3.1

Table continued on next page.

Table 21--Continued
Income-and-loss experience of U.S. producers[1] on their trade sales of cold-finished SSB, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[2]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Number of firms reporting				
Operating losses	4	5	4	4	3
Net losses	6	5	6	6	3
Data	8	8	8	8	7

[1] ***.

[2] All eight producers produced cold-finished SSB.

[3] Comparability between periods is affected by non-recurring expenses or credits relating to environmental costs and charges for post-retirement benefits other than pensions. If deleted from the above table, the net effect would be an increase in operating income of *** in fiscal year 1992, and the operating (loss) margin would be *** percent.

[4] Cash flow is defined as net income or loss plus depreciation, amortization, and certain non-cash cost or income items. The non-cash adjustments were (in thousands) $0 in 1991; $30,427 in 1992; $5,144 in 1993; $6,209 in interim 1993; and $3,960 in interim 1994.

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

Table 22
Selected financial data of U.S. producers[1] on their trade sales of cold-finished SSB, by firms, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Value (*1,000 dollars*)				
Net sales:					
Slater	***	***	***	***	***
Crucible	***	***	***	***	***
arpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Total	391,400	370,371	378,079	281,814	311,782
Operating income or (loss):					
Slater	***	***	***	***	***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Total	5,819	(15,364)	(5,765)	(7,282)	11,407
Net income or (loss) before income taxes:					
Slater	***	***	***	***	***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Total	(7,358)	(37,872)	(9,192)	(9,884)	9,707
	Value (*per short ton*)				
Net sales:					
Slater	$***	$***	$***	$***	$***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Average	3,492	3,339	3,209	3,181	3,244

Table continued on next page.

Table 22--Continued
Selected financial data of U.S. producers[1] on their trade sales of cold-finished SSB, by firms, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Value (*per short ton*)				
Operating income or (loss):					
Slater	$***	$***	$***	$***	$***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Average	52	(139)	(49)	(82)	119
	Ratio to net sales (*percent*)				
Operating income or (loss):					
Slater	***	***	***	***	***
Crucible	***	***	***	***	***
Carpenter	***	***	***	***	***
Talley	***	***	***	***	***
Republic	***	***	***	***	***
Al Tech	***	***	***	***	***
Electralloy	***	***	***	***	***
Armco	***	***	***	***	***
Average	1.5	(4.1)	(1.5)	(2.6)	3.7

[1] ***.

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

Table 23
Income-and-loss experience of U.S. producers[1] on their operations producing cold-finished SSB, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994[2]

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Value (*1,000 dollars*)				
Net sales	425,094	400,685	399,609	297,691	327,597
Cost of goods sold	391,726	387,121	378,136	284,705	295,875
Gross profit	33,368	13,564	21,473	12,986	31,722
Selling, general, and administrative expenses	29,872	30,846	28,545	21,203	21,242
Operating income or (loss)	3,496	(17,282)	(7,072)	(8,217)	10,480
	Value (*per short ton*)				
Net sales	$3,135	$2,933	$2,769	$2,741	$2,741
Cost of goods sold	2,889	2,834	2,620	2,621	2,475
Gross profit	246	99	149	120	265
Selling, general, and administrative expenses	220	226	198	195	178
Operating income or (loss)	26	(127)	(49)	(76)	88
	Ratio to net sales (*percent*)				
Cost of goods sold	92.2	96.6	94.6	95.6	90.3
Gross profit	7.8	3.4	5.4	4.4	9.7
Selling, general, and administrative expenses	7.0	7.7	7.1	7.1	6.5
Operating income or (loss)	0.8	(4.3)	(1.8)	(2.8)	3.2
	Number of firms reporting				
Operating losses	5	5	5	4	3
Data	8	8	8	8	7

[1] ***.

[2] All 8 producers producing stainless steel bar provided data.

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

Table 24
U.S. producers' cold-finished SSB costs of production, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Production quantity (*short tons*)				
Transferred from hot-forming operations	135,324	134,754	138,473	103,301	111,915
Purchased domestic rod	5,342	5,968	8,707	6,889	8,071
Rod straightening and cutting	145,127	131,313	147,588	105,663	139,497
Cold-drawing	123,245	50,567	53,279	38,973	43,028
Cold-finishing	152,947	143,684	163,713	120,113	152,435
Pickling	69,596	68,590	74,138	53,544	59,847
Annealing	80,412	82,976	88,958	65,450	71,855
Polishing	3,120	2,621	3,035	2,192	2,053
Cold-finished SSB production	120,973	119,552	125,662	94,302	102,311
Allocated to trade sales	112,099	110,910	117,823	88,600	96,114
Allocated to company transfers	8,874	8,642	7,839	5,702	6,197
	Value (*1,000 dollars*)				
Transferred from hot-forming operations	277,086	259,210	245,497	187,970	184,239
Purchased domestic rod	10,417	11,232	15,395	11,768	16,025
Rod straightening and cutting	11,284	10,754	12,398	8,601	10,529
Cold-drawing	10,966	11,654	13,409	9,227	10,570
Cold-finishing	41,695	47,190	47,709	35,619	40,783
Pickling	8,963	9,190	10,409	7,200	8,898
Annealing	9,609	10,433	12,050	8,278	9,447
Polishing	283	247	276	200	175
Other processing	20,413	26,368	23,677	17,402	17,331
Total production costs	390,716	386,278	380,820	286,265	297,997
Inventory increase or (decrease)	(1,010)	(843)	2,684	1,560	2,122
Total production costs and inventory change	391,726	387,121	378,136	284,705	295,875
Allocated to trade sales	356,826	355,881	356,118	268,470	279,813
Allocated to company transfers	34,900	31,240	22,018	16,235	16,062
	Value (*per short ton*)				
Transferred from hot-forming operations	$2,058	$1,927	$1,752	$1,800	$1,617
Purchased domestic rod	1,950	1,882	1,768	1,708	1,986
Rod straightening and cutting	80	84	88	86	80
Cold-drawing	89	228	250	235	244
Cold-finishing	274	331	294	299	269
Pickling	127	132	138	132	147
Annealing	120	126	135	126	131
Polishing	91	94	91	91	85
Cold-finished SSB production	3,230	3,231	3,031	3,036	2,913
Allocated to trade sales	3,183	3,209	3,022	3,030	2,911
Allocated to company transfers	3,933	3,615	2,809	2,847	2,592

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 25. These data are *** of the industry total. The return on assets are not presented because (1) of the difficulty in aggregating upstream assets of produced products and (2) many of the less profitable producers did not supply useable asset data.

Capital Expenditures

Data on U.S. producers' capital expenditures are shown in table 26. The companies which expended the most on stainless steel bar, together with their yearly expenditures (in millions) from 1991 to 1993, were ***.

Research and Development Expenses

Data on U.S. producers' research and development expenses are shown in table 27. *** relating to stainless steel bar.

Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of stainless steel bar from the countries subject to these investigations on their firms' growth, investment, ability to raise capital, and/or development and production efforts. Their responses are shown in appendix C.

Table 25
Value of assets of U.S. producers' establishments wherein stainless steel bar is produced, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(In thousands of dollars)

Item	As of the end of fiscal year--			As of Sept. 30--	
	1991	1992	1993	1993	1994
All products:					
Fixed assets:					
Original cost	1,232,931	1,259,785	1,294,281	1,275,876	1,359,154
Book value	650,262	628,198	614,237	619,639	652,767
Total assets[1]	1,192,662	1,170,013	1,247,600	1,223,453	1,285,482
Stainless steel bar:					
Fixed assets:					
Original cost	418,609	428,615	437,610	430,817	441,688
Book value	248,085	241,499	234,328	237,407	230,042
Total assets[2]	454,499	444,671	439,260	448,042	438,738
Hot-formed SSB:					
Fixed assets:					
Original cost	214,344	220,994	230,317	225,075	235,063
Book value	127,356	123,919	122,294	123,013	120,406
Total assets[2]	226,115	222,848	225,617	228,838	226,987
Cold-finished SSB:					
Fixed assets:					
Original cost	384,353	388,425	390,242	387,261	389,923
Book value	228,830	220,162	210,205	214,791	204,775
Total assets[2]	417,114	403,552	390,999	402,138	387,339

[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 ratio of the respective book values of fixed assets.

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

Table 26
Capital expenditures by U.S. producers of stainless steel bar, by products, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(In thousands of dollars)

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
All products	55,378	32,618	43,680	27,291	80,357
Stainless steel bar	23,259	12,322	15,212	8,573	10,765
Hot-formed SSB	9,548	5,316	6,757	3,614	4,925
Cold-finished SSB	20,495	10,634	12,684	6,919	9,172

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

Table 27
Research and development expenses of U.S. producers of stainless steel bar, by products, fiscal years 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

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

Section 771(7)(F)(i) of the Act (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[109]--

> (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,
>
> (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,

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[109] 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."

(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.[110]

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 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.

U.S. Importers' Inventories

Twenty of the 40 firms reporting imports of stainless steel bar also reported end-of-period inventories of those imports. These data are presented in table 28. Data concerning end-of-period inventories of hot-formed SSB and cold-finished SSB are presented in table 29.

Stainless Steel Bar

End-of-period inventories of stainless steel bar from the countries subject to investigation remained essentially level from 1991 to 1993. End-of-period inventories for interim 1994 were down 17.5 percent from interim 1993 levels. In relation to preceding-period shipments, however, inventories of imports from subject sources showed a decline from 1991 to 1993. This ratio also showed a decline when the interim periods are compared.

As is seen by comparing table 28 to table 9, importers tend to keep higher levels of inventories in relation to shipments than do domestic producers. Notwithstanding this, lead times tend to be considerably longer for orders sourced from importers than from domestic producers. Responding importers reported lead times ranging from 1 to 7 days for shipments out of U.S.

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[110] 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."

inventories and 4 to 26 weeks for shipments from overseas. Of the 36 firms responding to this question, only 5 indicated that they sell from stock.[111]

Table 28
Stainless steel bar: End-of-period inventories of U.S. importers, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Brazil	2,056	1,978	1,533	1,225	1,196
India	***	***	***	***	***
Japan	3,186	2,939	3,190	2,957	2,791
Spain	***	***	***	***	***
Subtotal	5,986	5,934	5,972	5,373	4,432
Other sources	5,248	5,748	6,013	5,894	8,226
Total	11,234	11,682	11,985	11,267	12,658
	Ratio to U.S. shipments of imports (*percent*)				
Brazil	61.7	50.1	28.1	25.1	40.2
India	***	***	***	***	***
Japan	32.3	29.1	35.9	33.7	37.6
Spain	***	***	***	***	***
Average	41.4	36.9	34.2	32.7	30.8
Other sources	47.9	48.7	39.1	40.1	41.5
Average	44.2	41.9	36.5	36.2	37.0

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.

[111] It should be noted, however, that a number of the importer questionnaires were completed by importers of record, who may well not fulfill a primary distribution function. In this industry, firms who do fulfill that function, known as master distributors or "mill depots," characteristically do not serve as importers of record, but buy direct from foreign mills through the importer of record (e.g., a Japanese trading company). Lead times for master and smaller distributors would be likely to be lower than those for a number of the responding importers. One representative of a large mill depot, KG Specialty Steel, indicated that his firm offers same-day or next-day service on orders. Conference TR, p. 129.

Except for Japan, the subject countries appear to have had problems meeting U.S. importers' delivery schedules during the period examined. Brazil, India, and Spain were specifically cited by one importer as being consistently late in delivery, with delays ranging from 1 to 6 months.[112]

In its questionnaire, the Commission requested importers to list any expected deliveries of stainless steel bar from Brazil, India, Japan, and Spain after September 30, 1994. Responding importers reported a total of 1,223 tons of stainless steel bar from all sources, of which *** tons were specifically identified as Japanese product, *** tons from India, with the balance identified as non-subject product.

Hot-Formed SSB and Cold-Finished SSB

As noted earlier, data concerning end-of-period inventories of hot-formed SSB and cold-finished SSB are presented in table 29.

Hot-formed SSB

End-of-period inventories of hot-formed SSB from subject countries dropped 20.2 percent from 1991 to 1993. End-of-period inventories for interim 1994 also dropped, by 6.7 percent, compared with interim 1993 levels. In relation to preceding-period shipments, inventories of imports from subject sources declined steadily from 1991 to 1993. This ratio increased sharply in a comparison of interim 1994 to interim 1993.

Cold-finished SSB

End-of-period inventories of cold-finished SSB from the countries subject to investigation experienced an increase of 10.1 percent from 1991 to 1993. For interim 1994, end-of-period inventories were down sharply, by 25.6 percent, from interim 1993 levels. In relation to preceding-period shipments, inventories of imports from subject sources showed a decline from 1991 to 1993, with the ratio dropping more markedly in a comparison of interim 1994 with interim 1993.

[112] Conference TR, p. 227.

Table 29
Hot-formed SSB and cold-finished SSB: End-of-period inventories of U.S. importers, by products and by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.– 1993	1994
	Quantity (*short tons*)				
Hot-formed SSB:					
Brazil	166	77	28	18	23
India	-	-	-	-	-
Japan	976	798	883	745	689
Spain	-	-	-	-	-
Subtotal	1,142	875	911	763	712
Other sources	839	1,344	1,614	1,900	2,736
Total	1,981	2,219	2,525	2,663	3,448
Cold-finished SSB:					
Brazil	1,147	1,280	963	1,207	722
India	***	***	***	***	***
Japan	2,211	2,141	2,305	2,212	2,098
Spain	***	***	***	***	***
Subtotal	4,102	4,438	4,515	4,675	3,476
Other sources	2,694	2,614	3,008	2,892	3,363
Total	6,796	7,052	7,523	7,567	6,839
	Ratio to U.S. shipments of imports (*percent*)				
Hot-formed SSB:					
Brazil	16.9	7.9	2.2	1.5	7.3
India	-	-	-	-	-
Japan	44.4	34.9	38.4	30.7	38.0
Spain	-	-	-	-	-
Average	35.9	28.5	25.3	21.2	33.4
Other sources	32.4	60.2	37.9	50.0	65.7
Average	34.3	42.0	32.2	36.0	54.7
Cold-finished SSB:					
Brazil	65.0	47.9	26.7	32.7	32.4
India	***	***	***	***	***
Japan	28.8	28.0	35.0	34.8	37.5
Spain	***	***	***	***	***
Average	38.3	36.2	34.4	37.1	30.0
Other sources	45.2	40.3	37.3	35.0	26.0
Average	40.8	37.6	35.5	36.3	27.9

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.

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

The Brazilian Industry

In these final investigations, the Commission received information from three of the four firms named in the petition as exporters of stainless steel bar to the United States. The three, Villares, Eletrometal S/A Metais Especiais (Eletrometal), and Companhia Acos Especiais Itabira (Acesita), accounted for 75 percent of U.S. imports of stainless steel bar from Brazil in 1993, based on official U.S. import statistics. Information from the fourth firm, Acos Finos Piratini S.A. (Piratini), which supplies the balance of imports from Brazil, was not received. Data from the three firms concerning stainless steel bar, hot-formed SSB, and cold-finished SSB, are presented in tables 30, 31 and 32, respectively.

As can be seen from table 30, Brazilian firms' production of stainless steel bar dropped irregularly from 1991 to 1993, and is projected to decline again in 1994 and 1995. In the latter instance, the numbers are particularly affected by ***. Capacity declined slightly from 1991 and is projected to decrease further in 1994 and 1995. Exports to the United States increased markedly, by 50.2 percent, from 1991 to 1993. Interim 1994 exports to the United States are well behind those for interim 1993. The share of such exports in total Brazilian shipments increased from 1991 to 1993, but dropped in interim 1994 compared with interim 1993.

Except for Villares, stainless steel bar made up small percentages of total production for each company. Bar plants in Brazil are generally located in the state of Sao Paulo. Villares sells to the United States exclusively through a wholly-owned subsidiary, Villares Corp. of America. Companies reported production of a wide range of other products on production lines used to produce stainless steel bar, such as stainless steel wire rod, high speed steel, tool and valve steel, nickel base alloys, castings and forgings, and forged rolls. Mills were run generally on a basis of 132 hours a week, 50-52 weeks a year (i.e., multi-shift operation). Three Brazilian producers of stainless steel bar, Villares, Electrometal, and Piratini, are presently subject to outstanding dumping orders with respect to stainless steel wire rod.[113]

Reporting firms noted several occurrences affecting stainless steel bar production during the period examined. In addition to projecting ***, Villares noted that in February 1994 ***. By contrast, Eletrometal reported ***. ***.

Export markets for these firms included such countries as Taiwan, Syria, Iran, Canada, Australia, the European Union, and other Latin American countries.

Table 30
Stainless steel bar: Brazil's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Sept. 1993, Jan.-Sept. 1994, and projected 1994-95

* * * * * * *

Table 31
Hot-formed SSB: Brazil's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Sept. 1993, Jan.-Sept. 1994, and projected 1994-95

* * * * * * *

[113] 59 F.R. 4021, Jan. 28, 1994. The margins are: Villares, 26.50 percent; Electrometal, 24.63 percent; Piratini, 26.50 percent; and "all others", 25.88 percent.

Table 32
Cold-finished SSB: Brazil's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Sept. 1993, Jan.-Sept. 1994, and projected 1994-95

* * * * * * *

The Indian Industry

The petition named five firms as producing stainless steel bar in India. Two of these firms were represented by counsel in the preliminary investigations; however, none of the Indian firms is represented by counsel in the final investigations. In the preliminary investigations, the Commission received data from only one firm, Mukand[114] which is believed to be the largest stainless steel bar manufacturer in India. Based on official U.S. import statistics, Mukand accounted for *** percent, by volume, of U.S. imports of stainless steel bar from India in 1992.

Mukand's production of stainless steel bar ***, by *** percent, between 1990 and 1991, *** by *** percent in 1992, and was expected to *** in 1993 (table 33). Capacity *** during the period examined; as a result, capacity utilization levels *** because of the ***. Exports to the United States *** between 1990 and 1992 from a *** initial level. Such exports were projected to *** in 1993. As a share of total shipments, exports to the United States *** from *** percent in 1990 to *** percent in 1993.

Mukand reported that stainless steel bar makes up approximately *** percent of its total production. It reported that, along with stainless steel bars, it ***. This plant is ***. Mukand and Grand Foundry as well as all the other Indian producers of stainless steel wire rod are presently subject to dumping duties of 48.8 percent on that product.[115]

Other than to the United States, Mukand exports stainless steel bar to ***. It sells to the United States primarily through one firm, ***.

Table 33
Stainless steel bar: Mukand's (India) capacity, production, inventories, capacity utilization, and shipments, 1990-92, Jan.-Sept. 1992, Jan.-Sept. 1993, and projected 1993-94

* * * * * * *

The Japanese Industry

The petition listed five Japanese manufacturers of stainless steel bar. In the preliminary investigations, four of these firms, in addition to four other firms not named in the petition, were represented by counsel.[116] In those investigations, all eight firms provided information on the industry in response to the Commission's questionnaire. However, in the final investigations, the

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[114] In the final investigations, the Commission's request for information was forwarded to the Indian producers by their counsel in the preliminary investigations, but no response was forthcoming. Additionally, Commission staff sought the assistance of the American Embassy in New Delhi in gathering information, but received no response to that request. Hence, the information presented for Indian producers is that from the preliminary investigations and is the best available.

[115] 58 F.R. 67909, Dec. 22, 1993.

[116] There is no indication on the record that Sumitomo Metal Industries, Ltd. (Sumitomo), the fifth firm named in the petition, is a significant producer of stainless steel bar.

firms did not retain counsel. The Commission's request for information was forwarded to the firms via their former counsel and, additionally, staff sought the assistance of the American Embassy in Tokyo. None of the firms responded to the Commission and the only response from the Embassy read, in part:

> ". . . the companies were unwilling to furnish MITI with any answers. These firms have decided their small export volume to the U.S. does not justify the high attorney fees they previously paid to submit information to the ITC."[117]

Consequently, the best information available is that which was presented in the preliminary investigations. These data are presented in table 34.

Reported Japanese exports to the United States, accounting for 94 percent of 1992 exports of stainless steel bar from Japan to the United States (according to official U.S. import statistics), dropped from approximately 15,000 tons in 1990 to 13,630 tons in 1991, and stayed virtually constant in 1992. Such exports were expected to increase slightly, however, by 3 percent, in 1993. Japanese production of stainless steel bar dropped substantially between 1990 and 1992, with the 1992 level 20 percent below that of 1990. Capacity remained constant throughout the period examined; thus, utilization levels, although remaining quite high, fell steadily.

As a share of total shipments, exports to the United States increased marginally between 1990 and 1992. The share of total shipments accounted for by exports to third countries also rose slightly during the period examined. Shipments were heavily concentrated in the Japanese home market throughout the period.

Of the eight reporting producers, three (Abe Bright Shaft Manufacturing Co., Ltd. (Abe Bright); Kansai Metal Industry Co., Ltd. (Kansai); and Yamashin Steel Co., Inc. (Yamashin)) were cold-finishers; i.e., their production activities were limited to purchasing the hot-rolled product and performing finishing operations in their mills. The remaining five firms were "integrated" producers in that they produced both hot-formed and cold-finished SSB. For the integrated producers, stainless steel bar represented a fairly insignificant part of their product line.[118] Integrated producers tended to report two-shift operations, whereas cold-finishers operated their facilities only one shift. Alternative export markets were concentrated heavily in East Asia.

The Spanish Industry

The industry in Spain is made up of two producers: Acenor, located in Bilbao, and Roldan headquartered in Madrid. In the preliminary investigations, both firms supplied information to the Commission through their counsel. However, in the final investigations only Roldan supplied information. Concerning Acenor, counsel advised:

> "With respect to the questionnaire forwarded for Acenor, S.A., please be advised that we have not entered an appearance in this final investigation on behalf of Acenor, S.A., the other Spanish bar producer. Acenor, S.A. sold the part of its industrial assets dedicated to the production of stainless steel bar on July 27, 1994. By letter of August 3, 1994, Acenor, S.A., advised the Department of Commerce that it had ceased to be an "interested party" to the investigation in that it was no longer a producer or exporter of stainless steel bar."[119]

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[117] U.S. State Department telegram 016068.

[118] Except for ***, cold-finishers considered stainless steel bar a major part of their product line; ***.

[119] Letter from George V. Egge, Jr. to Jim McClure, U.S. International Trade Commission, Nov. 9, 1994.

Table 34
Stainless steel bar: Japan's capacity, production, inventories, capacity utilization, and shipments, 1990-92, Jan.-Sept. 1992, Jan.-Sept. 1993, and projected 1993-94

Item	1990	1991	1992	Jan.-Sept.-- 1992	Jan.-Sept.-- 1993	Projected 1993	Projected 1994
	Quantity (*short tons*)						
Capacity	185,550	185,550	185,550	139,180	139,180	185,550	185,550
Production	204,430	194,870	163,620	120,590	127,980	167,810	172,140
End-of-period inventories	9,140	10,790	9,540	10,000	10,110	9,850	10,070
Shipments:							
Home market	164,380	159,100	127,400	94,780	97,180	129,650	134,850
Exports to--							
The United States	14,840	13,630	13,660	10,140	11,580	14,070	12,530
All other markets	22,830	20,170	23,560	16,320	18,460	23,530	24,330
Total exports	37,670	33,800	37,220	26,460	30,040	37,600	36,860
Total shipments	202,050	192,900	164,620	121,240	127,220	167,250	171,710
	Ratios and shares (*percent*)						
Capacity utilization	110.2	105.0	88.2	86.6	92.0	90.4	92.8
Inventories to production	4.5	5.5	5.8	6.2	5.9	5.9	5.8
Inventories to total shipments	4.5	5.6	5.8	6.2	6.0	5.9	5.9
Share of total quantity of shipments:							
Home market	81.4	82.5	77.4	78.2	76.4	77.5	78.5
Exports to--							
The United States	7.3	7.1	8.3	8.4	9.1	8.4	7.3
All other markets	11.3	10.5	14.3	13.5	14.5	14.1	14.2

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information; 8 firms supplied data.

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

Consequently, the data presented in table 35 are for Roldan only. The data from the preliminary investigations shown in table 36 are presented for reference. In those investigations, data supplied by Roldan and Acenor, based on official U.S. import statistics, accounted for *** percent of 1992 exports to the United States of stainless steel bar. Roldan's share of 1993 exports to the United States was just over *** percent.

Roldan reported *** in production of stainless steel bar[120] from 1991 to 1993. Production is projected to *** in 1994 and 1995. Capacity *** for the period examined. Capacity utilization *** in 1992, before *** in 1993. The share of exports to the United States in total shipments *** from 1991 to 1993, reaching *** percent of such shipments. Exports to the United States are projected to ***.

Roldan was incorporated in 1957. Its main production facility in Ponferrada, Leon Province, operates ***. Its main shareholder is ***. Other than stainless steel bar, it produces rod, wire, and angles; stainless steel bar accounts for approximately *** percent of its total production. Other than the United States, its exports are limited to ***.

Table 35
Stainless steel bar: Roldan's capacity, production, inventories, capacity utilization, and shipments, 1991-93, Jan.-Sept. 1993, Jan.-Sept. 1994, and projected 1994-95

* * * * * * *

Table 36
Stainless steel bar: Spain's capacity, production, inventories, capacity utilization, and shipments, 1990-92, Jan.-Sept. 1992, Jan.-Sept. 1993, and projected 1993-94

* * * * * * *

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

U.S. Imports

Imports of stainless steel bar subject to these investigations are provided for under subheadings 7222.10.00, 7222.20.00, and 7222.30.00 of the HTS. HTS subheading 7222.10.00 provides for stainless steel bars not further worked than hot-drawn, hot-rolled, or extruded. Similarly, subheading 7222.20.00 provides for stainless steel bars not further worked than cold-formed or cold-finished. The residual subheading, 7222.30.00, provides for "other bars and rods;" for example, bars that have been further worked than cold-formed or cold-finished.

There were no reported imports of stainless steel bar from subject sources by U.S. producers during the period examined. One U.S. producer, Al Tech (a member of the petitioning group), reported ***.[121] Another petitioner, Talley, did not report direct imports from subject sources but has a wholly-owned subsidiary, Amcan Specialty Steels, Inc., Hermitage, PA, that ***. This firm, however, did not ***.

Stainless Steel Bar

Imports of stainless steel bar from the subject countries showed an overall increase from 1991 to 1993, with most of the increase occurring from 1992 to 1993 (table 37 and figure 6). Interim 1994 imports from subject countries were down 33.6 percent from interim 1993 imports. In

[120] Roldan reported that ***.

[121] Al Tech also ***.

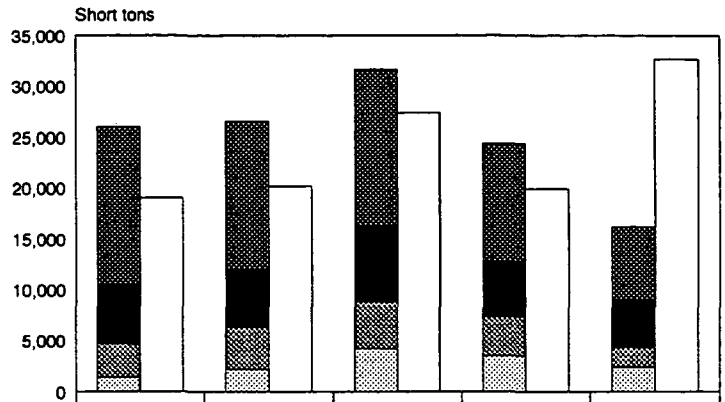
Table 37
Stainless steel bar: U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Brazil	3,334	4,209	4,594	3,888	1,952
India	1,402	2,186	4,243	3,532	2,420
Japan	15,621	14,511	15,515	11,601	7,145
Spain	5,626	5,645	7,335	5,380	4,680
Subtotal	25,983	26,551	31,687	24,401	16,197
Other sources	19,027	20,168	27,368	19,913	32,707
Total	45,010	46,719	59,056	44,314	48,904
	Value (*1,000 dollars*)				
Brazil	8,529	9,697	9,267	7,915	3,766
India	3,607	5,220	9,089	7,628	4,891
Japan	44,811	37,791	40,160	29,953	19,444
Spain	15,844	13,939	17,508	13,034	10,773
Subtotal	72,792	66,647	76,025	58,530	38,874
Other sources	57,877	55,418	65,426	48,806	75,623
Total	130,669	122,065	141,450	107,336	114,497
	Unit value (*per short ton*)				
Brazil	$2,558	$2,304	$2,017	$2,036	$1,929
India	2,574	2,388	2,142	2,159	2,021
Japan	2,869	2,604	2,588	2,582	2,721
Spain	2,816	2,469	2,387	2,423	2,302
Average	2,802	2,510	2,399	2,399	2,400
Other sources	3,042	2,748	2,391	2,451	2,312
Average	2,903	2,613	2,395	2,422	2,341

Note.--Because of rounding, figures may not add to the totals shown; unit values are calculated from unrounded figures.

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

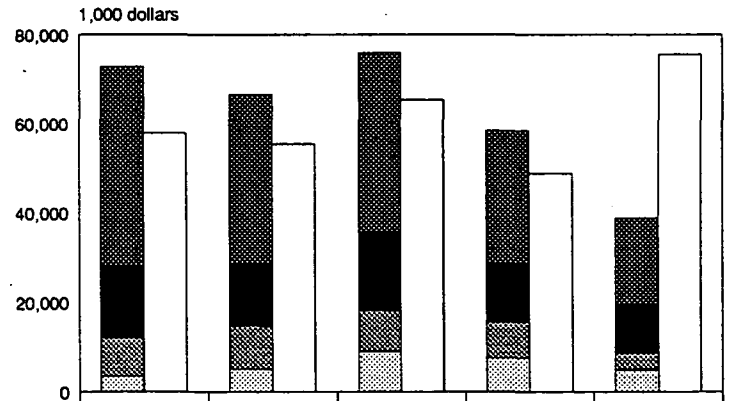
Figure 6a
Stainless steel bar: U.S. imports (quantity), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Japan	15,621	14,511	15,515	11,601	7,145
Spain	5,626	5,645	7,335	5,380	4,680
Brazil	3,334	4,209	4,594	3,888	1,952
India	1,402	2,186	4,243	3,532	2,420
. Total LTFV	25,983	26,551	31,687	24,401	16,197
Other sources	19,027	20,168	27,368	19,913	32,707

Source: Table 37.

Figure 6b
Stainless steel bar: U.S. imports (value), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Japan	44,811	37,791	40,160	29,953	19,444
Spain	15,844	13,939	17,508	13,034	10,773
Brazil	8,529	9,697	9,267	7,915	3,766
India	3,607	5,220	9,089	7,628	4,891
. Total LTFV	72,792	66,647	76,025	58,530	38,874
Other sources	57,877	55,418	65,426	48,806	75,623

Source: Table 37.

value terms, such imports showed an irregular increase from 1991 to 1993, with interim 1994 value figures down from interim 1993. Unit values of imports from subject sources dropped consistently from 1991 to 1993; the average interim 1994 unit value was virtually unchanged from that in interim 1993.

Hot-Formed SSB and Cold-Finished SSB

Data on imports of hot-formed SSB and cold-finished SSB are shown in table 38 and figure 7.

Hot-formed SSB

Imports of hot-formed SSB from the subject countries showed an irregular increase from 1991 to 1993. Interim 1994 imports from subject countries were down 41.2 percent from interim 1993 imports. By value, such imports exhibited an irregular decline from 1991 to 1993 and a pronounced decline in interim 1994 compared with interim 1993. Unit values of imports from subject sources dropped consistently from 1991 to 1993, but interim 1994 unit values were up from those in interim 1993.

Cold-finished SSB

Imports of cold-finished SSB from the subject countries showed a consistent increase from 1991 to 1993. Interim 1994 imports from subject countries were down 21.3 percent from interim 1993 imports. On a value basis, such imports followed the same trend from 1991 to 1993 and during the interim periods. Unit values of imports from subject sources dropped consistently from 1991 to 1993, but interim 1994 unit values were up somewhat from interim 1993 unit values.

Table 38
Stainless steel bar: U.S. imports, by products and by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Hot-formed SSB:					
Brazil	1,059	641	1,268	850	235
India	0	0	0	0	0
Japan	3,377	2,733	3,572	2,647	1,819
Spain	0	0	0	0	0
Subtotal	4,436	3,374	4,840	3,497	2,054
Other sources	3,308	3,720	7,973	5,818	6,820
Total	7,744	7,094	12,813	9,315	8,874
Cold-finished SSB:					
Brazil	1,968	2,873	3,471	2,816	1,432
India	913	1,855	2,718	1,998	1,678
Japan	9,858	9,398	9,698	7,017	5,489
Spain	2,600	4,212	4,784	3,613	3,548
Subtotal	15,339	18,338	20,671	15,444	12,147
Other sources	7,676	7,369	9,042	6,695	11,063
Total	23,015	25,707	29,713	22,139	23,210
	Value (*1,000 dollars*)				
Hot-formed SSB:					
Brazil	2,350	1,678	2,147	1,690	533
India	0	0	0	0	0
Japan	10,093	7,743	9,577	7,129	4,866
Spain	0	0	0	0	0
Subtotal	12,443	9,421	11,724	8,819	5,399
Other sources	9,776	10,232	18,137	13,207	14,421
Total	22,219	19,653	29,861	22,026	19,820
Cold-finished SSB:					
Brazil	5,298	6,779	7,064	5,696	3,002
India	2,232	4,238	5,631	4,199	3,755
Japan	27,117	25,242	25,128	18,200	14,971
Spain	6,845	10,068	11,176	8,406	8,302
Subtotal	41,492	46,327	48,999	36,501	30,030
Other sources	21,047	17,273	21,552	16,060	26,381
Total	62,539	63,600	70,551	52,561	56,411

Table continued on the following page.

Table 38--Continued
Stainless steel bar: U.S. imports, by products and by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

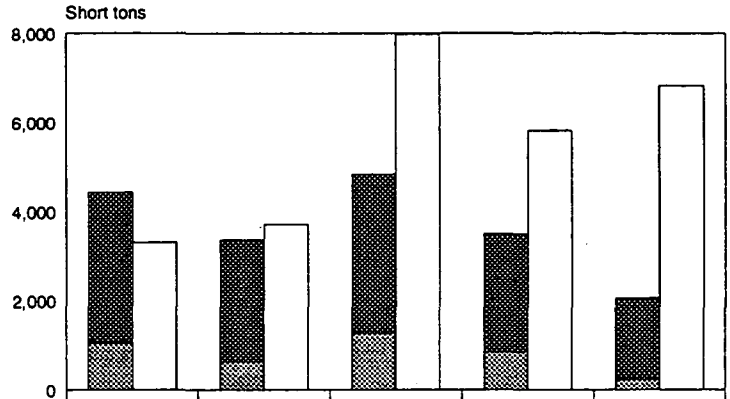
Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Unit value (*per short ton*)				
Hot-formed SSB:					
Brazil	$2,219	$2,618	$1,693	$1,988	$2,268
India	(1)	(1)	(1)	(1)	(1)
Japan	2,989	2,833	2,681	2,693	2,675
Spain	(1)	(1)	(1)	(1)	(1)
Average	2,805	2,792	2,422	2,522	2,629
Other sources	2,955	2,751	2,275	2,270	2,115
Average	2,869	2,770	2,331	2,365	2,233
Cold-finished SSB:					
Brazil	2,692	2,360	2,035	2,023	2,096
India	2,445	2,285	2,072	2,102	2,238
Japan	2,751	2,686	2,591	2,594	2,727
Spain	2,633	2,390	2,358	2,355	2,369
Average	2,705	2,526	2,375	2,370	2,481
Other sources	2,742	2,344	2,384	2,399	2,385
Average	2,717	2,474	2,378	2,379	2,435

[1] Not applicable.

Note.--Because of rounding, shares may not add to the totals shown. Unit values are calculated using data of firms supplying both numerator and denominator information.

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

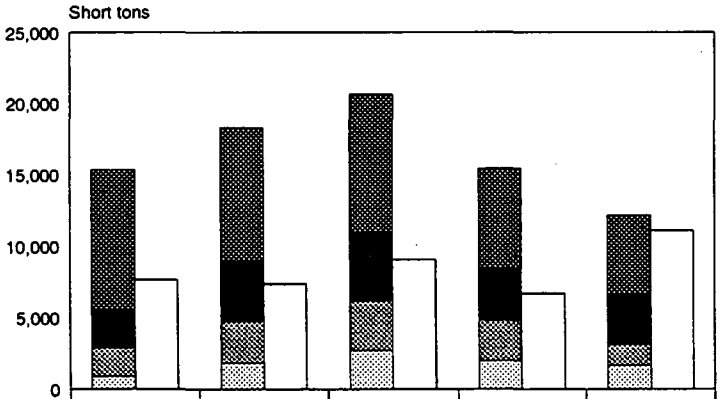
Figure 7a
Hot-formed SSB: U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Japan	3,377	2,733	3,572	2,647	1,819
Spain	0	0	0	0	0
Brazil	1,059	641	1,268	850	235
India	0	0	0	0	0
. Total LTFV	4,436	3,374	4,840	3,497	2,054
Other sources	3,308	3,720	7,973	5,818	6,820

Source: Table 38.

Figure 7b
Cold-finished SSB: U.S. imports, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
Japan	9,858	9,398	9,698	7,017	5,489
Spain	2,600	4,212	4,784	3,613	3,548
Brazil	1,968	2,873	3,471	2,816	1,432
India	913	1,855	2,718	1,998	1,678
. Total LTFV	15,339	18,338	20,671	15,444	12,147
Other sources	7,676	7,369	9,042	6,695	11,063

Source: Table 38.

U.S. Market Penetration by Imports

Data for market penetration for imports of stainless steel bar are presented in table 39 and figure 8 and for hot-formed SSB and cold-finished SSB in table 40 and figure 9.

Stainless Steel Bar

Market penetration by imports from the subject sources increased from 14.3 percent in 1991 to 15.7 percent in 1993. Three of the four subject countries increased their market shares over the same period, with only Japan losing share. Nevertheless, Japan held the largest share of the market among subject countries throughout the period. From 1991 to 1993, imports from non-subject sources increased in market share from 10.5 percent to 13.5 percent. Interim 1994 market penetration from subject sources was down to 9.6 percent in comparison with 15.8 percent in interim 1993.

Hot-Formed SSB and Cold-Finished SSB

As noted earlier, market penetration data for hot-formed SSB and cold-finished SSB are presented in table 40 and figure 9.

Hot-formed SSB

On a quantity basis, hot-formed SSB imports from the subject sources experienced an irregular increase in market share from 3.2 percent in 1991 to 3.4 percent in 1993. Both of the subject sources of hot-formed SSB increased market share over the period, with Japan being the larger of the two. Interim 1994 market penetration from subject sources was down to 1.9 percent in comparison with 3.5 percent in interim 1993

Market penetration data on an open-market only basis are presented in table 41 and figure 10.

Cold-finished SSB

Market penetration, by quantity, of cold-finished SSB imports from the subject sources increased from 11.6 percent in 1991 to 13.8 percent in 1993. All of the subject countries, save Japan, increased market share over the same period. Nevertheless, Japan continued to hold the largest portion of the market among subject countries. From 1991 to 1993, the market share for cold-finished SSB imports from non-subject sources increased slightly from 5.5 percent to 6.1 percent. Interim 1994 market penetration from subject sources was down to 10.5 percent compared with 13.5 percent for interim 1993.

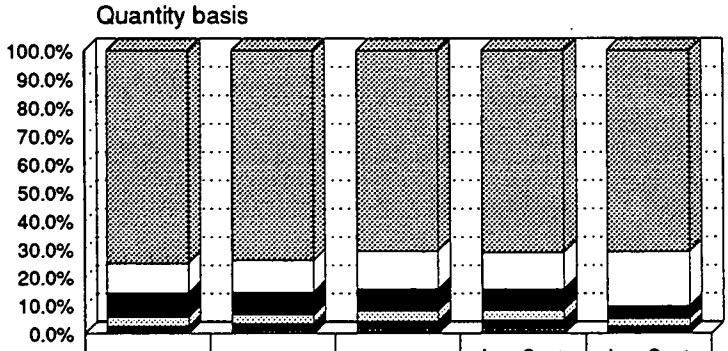
Table 39
Stainless steel bar: Apparent U.S. consumption and market penetration, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Quantity (*short tons*)				
Apparent consumption	181,303	180,218	202,376	154,091	168,780
	Value (*1,000 dollars*)				
Apparent consumption	618,305	576,025	599,309	458,400	503,339
	Share of the quantity of U.S. consumption (*percent*)				
Producers' U.S. shipments	75.2	74.1	70.8	71.2	71.0
U.S. imports from--					
Brazil	1.8	2.3	2.3	2.5	1.2
India	.8	1.2	2.1	2.3	1.4
Japan	8.6	8.1	7.7	7.5	4.2
Spain	3.1	3.1	3.6	3.5	2.8
Subtotal	14.3	14.7	15.7	15.8	9.6
Other sources	10.5	11.2	13.5	12.9	19.4
Total	24.8	25.9	29.2	28.8	29.0
	Share of the value of U.S. consumption (*percent*)				
Producers' U.S. shipments	78.9	78.8	76.4	76.6	77.3
U.S. imports from--					
Brazil	1.4	1.7	1.5	1.7	.7
India	.6	.9	1.5	1.7	1.0
Japan	7.2	6.6	6.7	6.5	3.9
Spain	2.6	2.4	2.9	2.8	2.1
Subtotal	11.8	11.6	12.7	12.8	7.7
Other sources	9.4	9.6	10.9	10.6	15.0
Total	21.1	21.2	23.6	23.4	22.7

Note.--Because of rounding, figures may not add to the totals shown; shares are computed from the unrounded figures.

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.

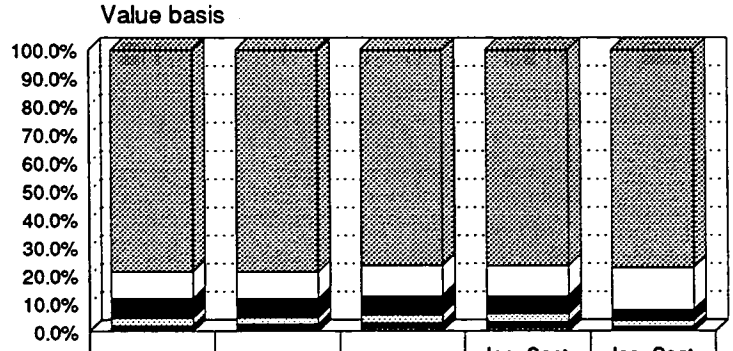
Figure 8a
Stainless steel bar: Market penetration ratios (quantity), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	75.2%	74.1%	70.8%	71.2%	71.0%
Fair value imports	10.5%	11.2%	13.5%	12.9%	19.4%
Japan	8.6%	8.1%	7.7%	7.5%	4.2%
Spain	3.1%	3.1%	3.6%	3.5%	2.8%
Brazil	1.8%	2.3%	2.3%	2.5%	1.2%
India	0.8%	1.2%	2.1%	2.3%	1.4%
. Total LTFV imports	14.3%	14.7%	15.7%	15.8%	9.6%

Source: Table 39.

Figure 8b
Stainless steel bar: Market penetration ratios (value), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	78.9%	78.8%	76.4%	76.6%	77.3%
Fair value imports	9.4%	9.6%	10.9%	10.6%	15.0%
Japan	7.2%	6.6%	6.7%	6.5%	3.9%
Spain	2.6%	2.4%	2.9%	2.8%	2.1%
Brazil	1.4%	1.7%	1.5%	1.7%	0.7%
India	0.6%	0.9%	1.5%	1.7%	1.0%
. Total LTFV imports	11.8%	11.6%	12.7%	12.8%	7.7%

Source: Table 39.

Table 40
Hot-formed SSB and cold-finished SSB: Apparent U.S. consumption and market penetration, by products and by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.– 1993	1994
	Quantity (*short tons*)				
Hot-formed SSB	124,235	122,261	139,346	104,036	116,230
Cold-finished SSB	129,816	132,549	147,638	111,048	125,441
	Value (*1,000 dollars*)				
Hot-formed SSB	294,124	271,384	296,938	221,655	243,308
Cold-finished SSB	445,051	431,452	455,608	342,848	394,013
	Share of the quantity of U.S. consumption (*percent*)				
Hot-formed SSB:					
Producers' U.S. shipments	94.4	94.5	91.9	92.3	93.4
Importers' U.S. shipments:					
Brazil	.8	.6	.9	.9	.2
India	0	0	0	0	0
Japan	2.4	2.4	2.5	2.6	1.7
Spain	0	0	0	0	0
Subtotal	3.2	3.0	3.4	3.5	1.9
Other sources	2.3	2.6	4.7	4.3	4.7
Total	5.6	5.5	8.1	7.7	6.6
Cold-finished SSB:					
Producers' U.S. shipments	82.9	80.7	80.1	80.5	81.0
Importers' U.S. shipments:					
Brazil	1.4	2.0	2.5	2.5	1.3
India	.7	1.4	1.7	1.5	1.8
Japan	7.6	7.1	6.5	6.3	4.5
Spain	2.0	3.1	3.2	3.2	2.8
Subtotal	11.6	13.7	13.8	13.5	10.5
Other sources	5.5	5.7	6.1	6.0	8.5
Total	17.1	19.3	19.9	19.5	19.0

Table continued on the following page.

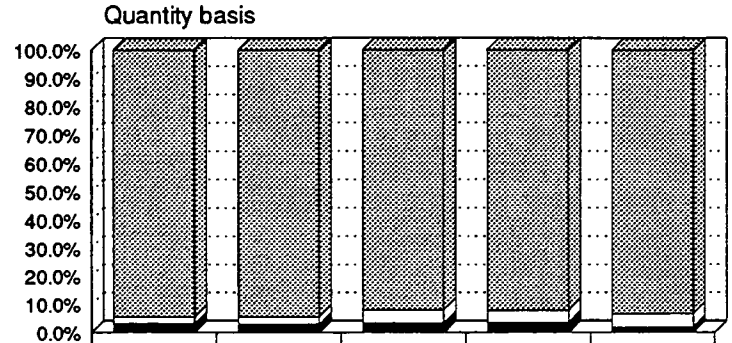
Table 40--Continued
Hot-formed SSB and cold-finished SSB: Apparent U.S. consumption and market penetration, by products and by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.-- 1993	1994
	Share of the value of U.S. consumption (*percent*)				
Hot-formed SSB:					
Producers' U.S. shipments	92.3	92.1	89.2	89.5	90.8
Importers' U.S. shipments:					
Brazil	1.0	.8	1.0	1.1	.3
India	0	0	0	0	0
Japan	3.5	3.7	3.8	3.9	2.9
Spain	0	0	0	0	0
Subtotal	4.5	4.5	4.8	5.0	3.1
Other sources	3.2	3.4	6.0	5.4	6.1
Total	7.7	7.9	10.8	10.5	9.2
Cold-finished SSB:					
Producers' U.S. shipments	85.2	83.6	82.8	83.1	83.6
Importers' U.S. shipments:					
Brazil	1.2	1.7	2.1	2.2	1.1
India	.5	1.0	1.2	1.1	1.4
Japan	6.8	6.7	6.0	5.8	4.4
Spain	1.6	2.4	2.5	2.5	2.1
Subtotal	10.1	11.8	11.8	11.5	9.1
Other sources	4.7	4.5	5.3	5.3	7.2
Total	14.8	16.4	17.2	16.9	16.4

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

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

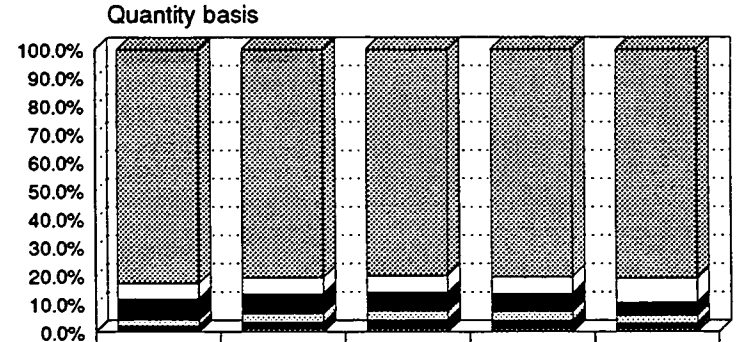
Figure 9a
Hot-formed SSB: Market penetration ratios, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	94.4%	94.5%	91.9%	92.3%	93.4%
Fair value imports	2.3%	2.6%	4.7%	4.3%	4.7%
Japan	2.4%	2.4%	2.5%	2.6%	1.7%
Spain	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	0.8%	0.6%	0.9%	0.9%	0.2%
India	0.0%	0.0%	0.0%	0.0%	0.0%
. Total LTFV imports	3.2%	3.0%	3.4%	3.5%	1.9%

Source: Table 40.

Figure 9b
Cold-finished SSB: Market penetration ratios, by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	82.9%	80.7%	80.1%	80.5%	81.0%
Fair value imports	5.5%	5.7%	6.1%	6.0%	8.5%
Japan	7.6%	7.1%	6.5%	6.3%	4.5%
Spain	2.0%	3.1%	3.2%	3.2%	2.8%
Brazil	1.4%	2.0%	2.5%	2.5%	1.3%
India	0.7%	1.4%	1.7%	1.5%	1.8%
. Total LTFV imports	11.6%	13.7%	13.8%	13.5%	10.5%

Source: Table 40.

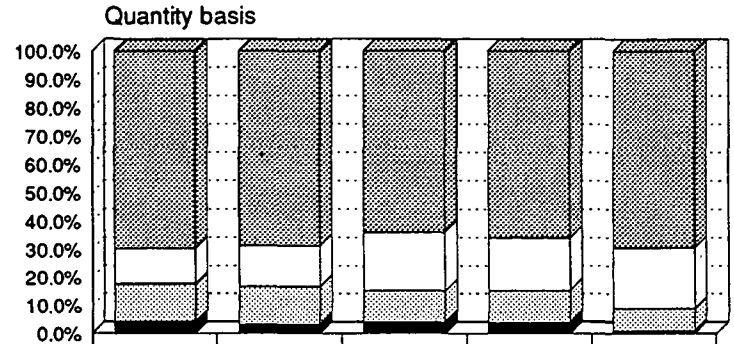
Table 41
Hot-formed SSB: Apparent U.S. open-market consumption and market penetration, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

Item	1991	1992	1993	Jan.-Sept.– 1993	1994
	Quantity (*short tons*)				
Apparent consumption	22,699	21,657	31,455	23,598	25,103
	Value (*1,000 dollars*)				
Apparent consumption	82,288	73,829	96,140	73,356	79,085
	Share of the quantity of U.S. consumption (*percent*)				
Producers' domestic open-market shipments	69.6	68.8	63.9	66.0	69.5
Importers' U.S. shipments:					
Brazil	4.3	3.3	4.2	3.9	1.0
India	0	0	0	0	0
Japan	13.4	13.4	11.0	11.4	8.0
Spain	0	0	0	0	0
Subtotal	17.7	16.8	15.2	15.2	9.0
Other sources	12.7	14.4	20.9	18.8	21.6
Total	30.4	31.2	36.1	34.0	30.5
	Share of the value of U.S. consumption (*percent*)				
Producers' domestic open-market shipments	72.3	71.0	66.7	68.4	71.6
Importers' U.S. shipments:					
Brazil	3.5	2.8	3.1	3.3	.8
India	0	0	0	0	0
Japan	12.6	13.7	11.7	11.9	8.8
Spain	0	0	0	0	0
Subtotal	16.2	16.5	14.8	15.2	9.6
Other sources	11.5	12.5	18.5	16.4	18.8
Total	27.7	29.0	33.3	31.6	28.4

Note.–Because of rounding, shares may not add to the totals shown.

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

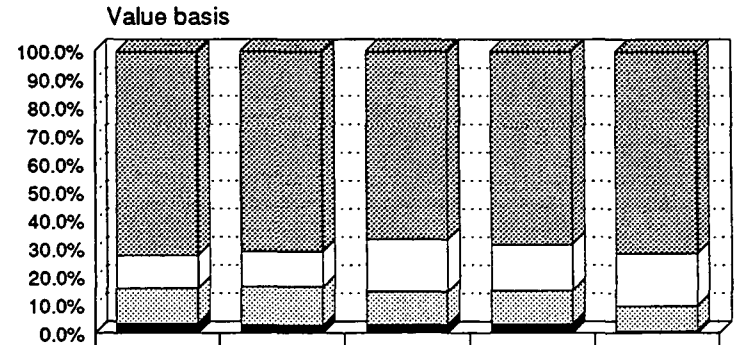
Figure 10a
Hot-formed SSB: Open-market penetration ratios (quantity), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	69.6%	68.8%	63.9%	66.0%	69.5%
Fair value imports	12.7%	14.4%	20.9%	18.8%	21.6%
Japan	13.4%	13.4%	11.0%	11.4%	8.0%
Spain	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	4.3%	3.3%	4.2%	3.9%	1.0%
India	0.0%	0.0%	0.0%	0.0%	0.0%
. Total LTFV imports	17.7%	16.8%	15.2%	15.2%	9.0%

Source: Table 41.

Figure 10b
Hot-formed SSB: Open-market penetration ratios (value), by sources, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994



	1991	1992	1993	Jan.-Sept. 1993	Jan.-Sept. 1994
U.S. producers	72.3%	71.0%	66.7%	68.4%	71.6%
Fair value imports	11.5%	12.5%	18.5%	16.4%	18.8%
Japan	12.6%	13.7%	11.7%	11.9%	8.8%
Spain	0.0%	0.0%	0.0%	0.0%	0.0%
Brazil	3.5%	2.8%	3.1%	3.3%	0.8%
India	0.0%	0.0%	0.0%	0.0%	0.0%
. Total LTFV imports	16.2%	16.5%	14.8%	15.2%	9.6%

Source: Table 41.

Prices

Market Characteristics

Six of eight U.S. producers of stainless steel bar reported in their questionnaire responses that they use selling price lists; U.S. importers of the subject imported stainless steel bar reported that they generally do not use price lists. Four of the six U.S. producers that sell from price lists reported that list prices are generally followed and that discounts are not typically made from the list price, although deviations from list price have increased in the past few years. The other producers reported that price lists are not effective because prices are frequently changing due to increased competition from importers.

Most U.S. producers offer selling terms of a 1/2-percent discount if paid in 10 days with the balance due in 30 days whereas importers' terms of sale are generally net 30 days. U.S. producers' reported order lead times that ranged from 1 to 7 days for shipments from inventories and from 6 to 24 weeks for shipments directly from mill production. Importers' reported order lead times that ranged from 1 to 7 days for shipments from U.S. inventories and from 4 to 26 weeks for shipments directly from abroad.[122] By individual countries, order lead times ranged from 8 to 26 weeks from Brazil, 8 to 20 weeks from India, 4 to 24 weeks from Japan, and 12 to 26 weeks from Spain. U.S. end users of stainless steel bar responding to the Commission questionnaires tended to rank order lead times, reliable delivery, and availability of supply ahead of price in the factors that they considered in sourcing stainless steel bars.

Almost all of the U.S. producers reported in their questionnaire responses that they sell stainless steel bars nationwide. Although slightly less than half of the importers reported selling on a nationwide basis, the majority of importers sold their stainless steel bars primarily to mill depots and service centers that frequently served customers throughout the United States. In addition to selling stainless steel bars in the U.S. market from their U.S. mills, Al Tech and Carpenter reported selling from regional storage facilities; Al Tech's warehouse is in Connecticut and Carpenter's warehouses are located in 17 states throughout the United States. The other five U.S. producers reported selling from their mills. Six U.S. importers reported selling the subject foreign stainless steel bars in the U.S. market from regional storage facilities, which were located in 7 states throughout the United States. Seventeen U.S. importers reported selling the subject imported stainless steel bars from or near the U.S. ports-of-entry.

Most U.S. producers and importers reported that U.S. freight costs generally were not an important sourcing consideration for purchasers; U.S.-inland freight costs to the west coast were the exception. Most of the U.S.-produced and subject imported stainless steel bars shipped in the United States are carried by truck. Reported freight charges typically averaged less than 2 percent of the delivered price for deliveries within 100 miles of U.S. selling locations, 2-3 percent for deliveries between 100 and 500 miles, and 3-5 percent for deliveries over 500 miles.[123] Most of the responding U.S. producers reported that they generally arrange the U.S. transportation to their customers,[124] whereas the importers more typically expect the purchaser to arrange U.S. transportation.

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[122] Mill depots, as discussed earlier in the "Channels of Distribution" section of this report, provide same-day or next-day delivery of primarily imported stainless steel bar to service centers. Mill depots, which specialize in small orders and quick deliveries, generally charge higher prices to service centers than do importers. According to ***, a service center, several years ago mill depots generally charged a higher price than domestic mills, although prices have gotten closer to those offered by domestic mills in the past 3 to 4 years. Staff conversation with ***.

[123] U.S. producers will sometimes compete for large-volume customers by freight equalizing, i.e., charging for freight based on the distance of the U.S. mill closest to the customer.

[124] U.S. producers that arrange U.S. transportation to their customers either prepay the freight and bill the customer themselves or have the carrier bill the customer.

U.S. producers and importers reported that they sell a majority of their stainless steel bars on a spot sales basis. U.S. producers reported that they typically quote selling prices f.o.b. their U.S. mills or warehouses and U.S. importers reported that they typically quote selling prices f.o.b. their U.S. warehouses or U.S. ports-of-entry.

Quality Considerations

In response to the Commission's questionnaire during the final investigations, the responding U.S. producers reported that U.S.-produced stainless steel bars and those imported from the four subject countries were typically used interchangeably and that quality differences between the U.S.-produced and imported bars were not a significant factor in their firms' sales of the domestic products. Al Tech, Slater, and Talley noted, however, that stainless steel bars from Brazil and India might not always be interchangeable with U.S. products because of some quality problems with these imported products.

U.S. importers were asked the same questions as U.S. producers about interchangeability and quality differences. The importers reported that the U.S.-produced and subject imported stainless steel bars were typically used interchangeably and that quality differences between the U.S.-produced and imported bars generally were not a significant factor in their firms' sales of the imported products. The importers noted more qualifications than U.S. producers, however. Importers' specific qualifying comments by country of origin are reported in the following discussion.

*** characterized stainless steel bar imported from Brazil as medium to low quality and *** noted that the Brazilian cold-finished products do not always meet the full specifications required.

*** indicated that cold-finished Indian stainless steel bars have small seams that open up during hot forging and *** complained that the cold-finished Indian products do not always meet full specifications and do not machine well. *** and *** felt that the cold-finished Indian products were lower in quality than the domestic products and *** further asserted that the Indian products cannot be used in all industrial applications.

*** indicated that U.S. customers preferred the Japanese cold-finished SSBs for pump and boat shaft uses. *** indicated that the Japanese cold-finished and hot-formed SSBs were superior and preferred to the U.S.-produced bars. Better surface condition and consistency of quality were cited as the reasons for the superior quality. *** asserted that U.S. producers do not produce grades 440C, ATS34C, ATS34H that are imported from Japan.

*** commented that the imported Spanish cold-finished SSBs were good quality and the Spanish hot-formed products were medium quality.

In their questionnaire responses, U.S. end users ranked various factors that they consider in sourcing stainless steel bars according to the scale of very important, somewhat important, and not important. Most frequently cited as very important were quality, reliable delivery, and availability of supply. Factors cited as very important with somewhat less frequency were order-lead-times and service. Price was also cited as very important, but with even less frequency than the latter two factors.

To obtain a measure of the overall interchangeability between the U.S.-produced and subject imported stainless steel bars, end users were asked to indicate if they bought U.S.-produced stainless steel bars when comparable imported products were available on the same purchase basis but at a lower price. Seven end users reported buying domestic stainless steel bars even though they could have bought lower priced imported products and 11 indicated that they did not buy U.S.-produced

products when they could buy lower priced subject imported products.[125] Comments of the 7 end users that bought the more expensive U.S.-produced stainless steel bars are discussed below.

*** explained that excellent service and a long supplier relationship led it to buy domestic cold-finished SSBs instead of imported Spanish bars that were priced slightly less. *** reported paying a premium of 15-20 percent for Carpenter's cold-finished SSBs due to availability and because some of its customers (involving aerospace and military applications) require domestic certification. *** did not specify the specific subject countries. *** indicated buying higher priced domestic cold-finished SSBs because of technical support and special specifications required; the firm did not specify particular subject countries. *** indicated that better consistency in machinability of the domestic products led the firm to pay a premium of 5-10 percent for domestic stainless steel bar instead of lower priced Spanish products. *** indicated that it buys U.S.-produced cold-finished SSBs because it requires a custom product that is too difficult to qualify with foreign producers and because the firm tries to maximize domestic content of all its stainless steel bar purchases. *** reported that it bought the more expensive domestic hot-formed SSBs because many of its customers (involving nuclear and aircraft uses) specify domestic material. *** indicated that the firm prefers domestic hot-formed SSBs and is willing to pay a 5-10 percent premium for U.S.-produced products. The latter 3 end users did not specify particular subject countries.

Questionnaire Price Data

The Commission requested U.S. producers and importers to provide quarterly price data during January 1992-September 1994 for up to 19 cold-finished SSB products and 18 hot-formed SSB products.[126] The Commission also requested quarterly price data from purchasers for the period January 1993-September 1994. Eighteen of the cold-finished products were round in cross-sectional shape (rounds) and of various diameters and steel chemistries, and one cold-finished product was hexagonal in cross-sectional shape. Eight of the hot-formed products were rounds and 10 were flat in cross-sectional shape (flats); products in both of the latter groups were of various cross-sectional sizes and steel chemistries. The product descriptions are shown in appendix D.[127]

The Commission requested selling price data on a net U.S. f.o.b. and delivered basis for each producer's and importer's largest sale and total quarterly sales of stainless steel bars to end users, to steel service centers, to mill depots, and to cold finishers unrelated to the supplying firm. As indicated earlier in the report, U.S. producers sell to all four types of customers, with over 90 percent of their sales of stainless steel bars to unrelated customers split fairly evenly between end users and steel service centers. The U.S. importers sell over 70 percent of their subject imported stainless steel bars to steel service centers, with mill depots and end users accounting for most of the remainder of their sales to unrelated customers. Cold finishers accounted for less than 1 percent of domestic producers' or importers' sales of stainless steel bars.

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[125] Only 2 of the 13 responding end users indicated that they were willing to pay a premium for the subject imported stainless steel bars when lower priced U.S.-produced products were available. *** indicated that it was willing to pay a 5-percent premium for Japanese or Spanish hot-formed SSBs to maintain a single source of inventory suitable to all its customers. *** reported that it was willing to pay an undisclosed premium for imported Japanese hot-formed SSBs, asserting that the Japanese products are superior for hand-made knives.

[126] The responding firms were instructed to use the ASTM A484 specifications for cold-finished and hot-formed SSBs. For purposes of collecting price data by country of origin, U.S. producers and importers were asked to provide product descriptions for their top three cold-finished and top three hot-formed products sold in 1993. *** responded with the requested information for domestically produced stainless steel bar products. Attorneys representing *** for Brazil and *** for Italy also responded with descriptions of stainless steel bar products imported from these two countries. Representatives for India, Japan, and Spain did not respond.

[127] The large diversity of stainless steel bar products imported from the subject countries and those produced domestically required the Commission staff to request price data for a large number of products.

U.S. producers generally quote prices for domestically-produced stainless steel bars on a U.S. f.o.b. basis; *** also generally arrange freight for their customers, whereas *** generally do not arrange freight to their customers. As a result, the latter three U.S. producers were not able to report delivered prices. The responding importers were also not always able to report prices on a delivered basis.[128]

Six U.S. producers provided price data for specified products accounting for *** percent of the total quantity of domestic shipments of U.S.-produced stainless steel bar during January 1992-September 1994. During this period, the 16 responding U.S. importers provided price information for products accounting for *** percent of the total quantity of reported U.S. shipments of imports of stainless steel bar from Brazil, *** percent from India, *** percent from Japan, and *** percent from Spain. The low coverage ratios reflect the extensive product diversity in the U.S. stainless steel bar market.[129]

Price trends and price comparisons discussed in the price section are based primarily on net U.S. f.o.b. selling prices reported by U.S. producers and importers. The reported selling price data are shown in appendix E for the domestic products and appendix F for the subject imported products. Purchaser price data are more limited than selling price data and are used to supplement the selling price data in the discussion of price comparisons.

Price trends

Price trends were based on indexes of net weighted-average quarterly U.S. f.o.b. selling prices of stainless steel bar reported by U.S. producers and importers in their questionnaire responses. The price indexes by type of customer and by product for which at least four quarters of data were reported and which included the January-March 1992 quarter are shown in appendix E for the domestic products and appendix F for the subject imported products. Graphs of the price indexes are shown in appendix G for the domestic and subject imported stainless steel bar products; figures G-1 through G-3 show graphs of price indexes for the cold-finished SSB products sold to end users, steel service centers, and mill depots, respectively, and figures G-4 and G-5 show graphs of price indexes for the hot-formed SSB products sold to steel service centers and mill depots, respectively.

Quarterly selling price trends of the U.S.-produced and subject imported stainless steel bar products fluctuated during January 1992-September 1994, but tended to fall during 1993 and rise somewhat in 1994. Despite some recovery of prices in 1994, U.S. producers reported selling prices at the end of the period that were still generally lower than their prices at the beginning of the period. Ending-period prices of the stainless steel bar products imported from Brazil and Japan were lower than beginning-period prices for a majority of the products reported. Limited reported price data for stainless steel bar products imported from India and Spain showed that the ending-period prices were lower than beginning-period prices.

The effect of U.S. producers' quarterly U.S. purchase prices for the four major material inputs to produce stainless steel bar on their selling prices is not readily apparent.[130] U.S. producers' quarterly U.S. purchase prices of the four major material inputs to produce stainless steel bar generally fell in 1992. Prices of iron scrap then increased significantly during 1993 and although they fell somewhat during January-September 1994, they ended almost 30 percent higher than the initial-period value. Prices of the other three inputs continued to fall during the first quarter of 1993

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[128] The majority of the imported stainless steel bars were also sold on a U.S. f.o.b. price basis. A number of importers indicated that they either did not arrange U.S. freight to their customers or shipped the imported products freight collect, such that they did not know U.S.-inland freight costs to their customers.

[129] Such product diversity led the Commission to request selling price data for 37 large-volume stainless steel bar products shipped to 4 different types of purchasers.

[130] The four major material inputs are iron scrap, nickel, 65-percent chromium, and 55-percent chromium. These inputs are also used to produce other stainless steel products such as plate, sheet, rod, pipe, etc. U.S. stainless steel bar production accounts for about *** percent of total U.S. stainless steel production.

and then fluctuated around this lower level through the second quarter of 1994 before rising somewhat during the third quarter of 1994, but still remaining below their initial-period prices. Price indexes for the four major material inputs are shown in figure 11.

United States.--During January 1992-September 1994, reported prices of U.S. producers declined for 32 stainless steel bar product and type-of-customer combinations. Price declines ranged from a *** fall in prices of U.S.-produced cold-finished SSB product 8 sold to end users to a *** fall in prices of U.S.-produced hot-formed SSB product 17 sold to steel service centers. On the other hand, U.S. producers' reported prices rose over the period for 13 product and type-of-customer combinations. Price increases ranged from *** percent for U.S.-produced cold-finished product 19 sold to steel service centers to *** percent for U.S.-produced cold-finished product 18 sold to mill depots. U.S. producers' reported prices in the ending period for 5 product and type-of-customer combinations remained equal to prices in the initial period.

Brazil.--During January 1992-September 1994, reported prices of the imported Brazilian stainless steel bars declined for 11 stainless steel bar product and type-of-customer combinations. Price declines ranged from a *** fall in prices of the Brazilian cold-finished SSB product 17 sold to steel service centers to a *** fall in prices of the Brazilian cold-finished SSB product 2 sold to steel service centers. On the other hand, reported prices of the imported Brazilian stainless steel bar products rose over the period for 9 product and type-of-customer combinations. Price increases ranged from *** percent (through April-June 1994) for the Brazilian hot-formed product 15 sold to mill depots to *** percent (through April-June 1994) for the Brazilian cold-finished product 16 sold to end users.

India.--During January 1992-September 1994, reported prices of the imported Indian stainless steel bars declined for all 7 cold-finished SSB product and type-of-customer combinations. Price declines ranged from a *** fall (through April-June 1994) in prices of the Indian cold-finished SSB product 6 sold to end users to a *** fall in prices of the Indian cold-finished SSB product 19 sold to steel service centers.

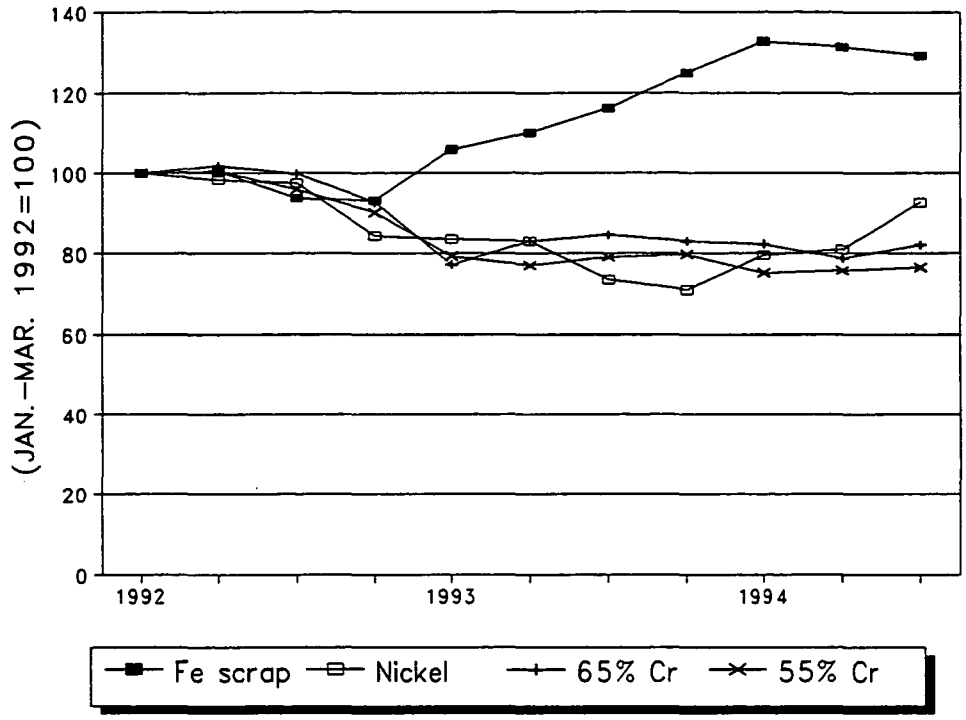
Japan.--During January 1992-September 1994, reported prices of the imported Japanese stainless steel bars fell for 13 stainless steel bar product and type-of-customer combinations. Price declines ranged from a *** fall (through April-June 1994) in prices of the Japanese cold-finished SSB product 1 sold to steel service centers to a *** drop in prices of the Japanese cold-finished SSB product 8 sold to steel service centers. On the other hand, reported prices of the imported Japanese stainless steel bar products rose over the period for 7 product and type-of-customer combinations. Price increases ranged from *** percent for the Japanese hot-formed product 5 sold to steel service centers to *** percent for the Japanese cold-finished product 15 sold to steel service centers.

Spain.--Reported quarterly prices of the imported Spanish stainless steel bars declined by *** percent for the Spanish cold-finished SSB product 1 sold to steel service centers during January 1992-September 1994, and by *** percent for the Spanish cold-finished SSB product 2 sold to steel service centers during January 1992-June 1994. These were the only imported Spanish stainless steel bar products for which price trends could be calculated.

Price comparisons

Imports of stainless steel bars from the subject countries were priced lower than U.S.-produced stainless steel bars in more than half of the total number of quarterly price comparisons of net U.S. f.o.b. selling prices reported by U.S. producers and importers in their questionnaire responses. A large number of price comparisons, however, showed the imported products to be

Figure 11
Indexes of U.S. producers' purchase prices of the four major material inputs used to produce stainless steel bars, by quarters, Jan. 1992-Sept. 1994



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

priced higher than the U.S. produced products.[131] The quarterly weighted-average selling price comparisons are shown in appendix H. A total of 518 quarterly U.S. f.o.b. selling price comparisons were possible between the domestic and subject imported stainless steel bar products. Of the total, 292 price comparisons (56 percent) showed underselling by the subject imported stainless steel bars, with margins of underselling averaging 11.2 percent or $0.17 per pound. Another 224 price comparisons (43 percent) showed the subject imported products to be priced higher than the domestic products, by an average of 9.0 percent or $0.12 per pound. The 2

[131] Quarterly selling price comparisons involving the subject imported Brazilian, Indian, and Spanish stainless steel bars showed the imported products from each country to be priced less than the domestic products in a significant majority of the possible price comparisons with each country. On the other hand, price comparisons involving the subject imported Japanese stainless steel bars showed that prices of the imported products were less than prices of the domestic products in fewer than half of the total number of price comparisons and were above prices of the domestic products in the majority of the price comparisons.

remaining price comparisons showed that prices of the domestic products were equal to prices of the subject imported products.[132]

In addition to U.S. f.o.b. selling price comparisons, 177 price comparisons were possible between the domestic and subject imported stainless steel bars based on delivered purchase prices reported by service centers and mill depots in their purchaser questionnaire responses. These delivered purchase price comparisons, which are based on much more limited sales volumes than the selling price comparisons,[133] are not shown in tables but are discussed briefly. Of the total number of delivered price comparisons, 149 (84 percent) showed underselling by the subject imported stainless steel bars, with margins of underselling averaging 15.7 percent or $0.23 per pound. Another 26 (15 percent) delivered price comparisons showed the subject imported products to be priced higher than the domestic products, by an average of 11.8 percent or $0.15 per pound. The 2 remaining delivered price comparisons showed that prices of the domestic products were equal to prices of the subject imported products.

The quarterly net U.S. f.o.b. selling price comparisons between the domestic and subject imported stainless steel bars based on price data reported by U.S. producers and importers are discussed below by the individual subject foreign countries.

Brazil.—A total of 179 quarterly U.S. f.o.b. selling price comparisons were possible between domestic and imported Brazilian stainless steel bars during January 1992-September 1994 (appendix tables H-1 through H-3). The price comparisons shown in appendix tables H-1 through H-3 are summarized in table 42.

Of the total number of quarterly price comparisons, 118 showed that the imported Brazilian products were priced less than the domestic products, by an average margin of underselling of 12.0 percent or $0.20 per pound. Sixty price comparisons showed the imported Brazilian products were priced higher than the domestic products, by an average of 6.7 percent or $0.09 per pound. The remaining price comparison showed that the price of the imported Brazilian product was equal to the price of the domestic product.

By type of stainless steel bars, 166 quarterly price comparisons involved sales of cold-finished SSB and 13 price comparisons involved sales of hot-formed SSB. The majority of the price comparisons involving cold-finished SSB and all of the price comparisons involving hot-formed SSB were based on sales to steel service centers. One-hundred-and-five of the 166 price comparisons involving cold-finished SSB showed that the imported Brazilian products were priced less than the domestic products, by an average margin of underselling of 10.8 percent or $0.17 per pound. Sixty of the price comparisons showed that the imported Brazilian cold-finished SSB was priced higher than the domestic cold-finished SSB, by an average of 6.7 percent or $0.09 per pound. One other price comparison showed that the price of the imported Brazilian cold-finished SSB was equal to the price of the domestic product. All 13 of the price comparisons involving hot-formed SSB showed

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[132] Respondents asserted that the proper market level to compare prices of the domestic and subject imported stainless steel bar was based on U.S. producers' and mill depots' sales to steel service centers. U.S. mill depots reported in purchaser questionnaires their U.S. net f.o.b. selling prices of the subject imported stainless steel bars sold to U.S. service centers unrelated to the supplying mill depots. In addition, U.S. producers reported their net f.o.b. selling prices of the domestic stainless steel bar to steel service centers unrelated to the selling producer. A total of 494 price comparisons were possible between the mill depots' selling prices to steel service centers and U.S. producers' selling prices to steel service centers. Of the total, 226 price comparisons showed underselling by the subject imported products, with margins of underselling averaging $0.12 per pound or 7.7 percent. Two-hundred-and-fifty-seven price comparisons showed the subject imported stainless steel bars to be priced higher than the domestic products, with margins averaging $0.13 per pound or 9.2 percent. Eleven price comparisons showed that prices of the domestic products were equal to prices of the subject imported products.

[133] The purchaser price comparisons involve delivered prices of the subject imported products purchased by service centers and by mill depots from U.S. importers and the domestic products purchased directly from vertically-integrated and from non vertically-integrated U.S. producers.

Table 42
Margins of under/overselling involving stainless steel bars from Brazil: A summary of average quarterly margins of under/overselling between the specified domestic and imported Brazilian stainless steel bar products, by types of customers and by types of stainless steel bar, Jan. 1992-Sept. 1994[1]

Type of SSB/ price difference	Steel service centers			Mill depots			End users		
	Per lb.	*Percent*	*No.*	*Per lb.*	*Percent*	*No.*	*Per lb.*	*Percent*	*No.*
Cold-finished SSB:									
Underselling	$0.12	7.9	82	$0.25	22.8	2	$0.34	20.8	21
Overselling	.08	6.4	55	.14	13.7	1	.15	9.0	4
Equal in price	(2)	(2)	1	(2)	(2)	(2)	(2)	(2)	(2)
Hot-formed SSB:									
Underselling	.44	21.8	13	(2)	(2)	(2)	(2)	(2)	(2)
Overselling	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Equal in price	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total stainless steel bar:									
Underselling	.16	9.8	95	.25	22.8	2	.34	20.8	21
Overselling	.08	6.4	55	.14	13.7	1	.15	9.0	4
Equal in price	(2)	(2)	1	(2)	(2)	(2)	(2)	(2)	(2)

[1] The percentage price differences between U.S. and imported Brazilian stainless steel bar products were based on net U.S. f.o.b. selling prices reported by U.S. producers and importers and calculated as differences from the U.S. producers' price.

[2] No price data reported for either or both of the domestic and imported products.

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

that the imported Brazilian products were priced less than the domestic products, by an average margin of underselling of 21.8 percent or $0.44 per pound.

India.—A total of 78 quarterly U.S. f.o.b. selling price comparisons were possible between domestic and imported Indian stainless steel bars during January 1992-September 1994 (appendix tables H-4 and H-5). The price comparisons shown in appendix tables H-4 and H-5 are summarized in table 43.

Of the total number of quarterly price comparisons, 70 showed that the imported Indian products were priced less than the domestic products, by an average margin of underselling of 16.3 percent or $0.23 per pound. All of these latter price comparisons involved cold-finished SSB. Eight price comparisons, which involved primarily cold-finished SSB, showed the imported Indian products were priced higher than the domestic products, by an average of 10.6 percent or $0.14 per pound. Most of the price comparisons involving cold-finished SSB and both of the price comparisons involving hot-formed SSB were based on sales to steel service centers.

Japan.—A total of 238 quarterly U.S. f.o.b. selling price comparisons were possible between domestic and imported Japanese stainless steel bars during January 1992-September 1994 (appendix tables H-6 and H-7). The price comparisons shown in appendix tables H-6 and H-7 are summarized in table 44.

Of the total number of quarterly price comparisons, 89 showed that the imported Japanese products were priced less than the domestic products, by an average margin of underselling of 7.1 percent or $0.12 per pound. One-hundred-and-forty-eight price comparisons showed the imported Japanese products were priced higher than the domestic products, by an average of 10.1 percent or $0.14 per pound. The remaining price comparison showed that the price of the imported Japanese product was equal to the price of the domestic product.

By type of stainless steel bars, 165 quarterly price comparisons involved sales of cold-finished SSB and 73 price comparisons involved sales of hot-formed SSB. Two-hundred-and-thirty-six of the total 238 price comparisons with the Japanese cold-finished and hot-formed SSB were based on sales to steel service centers.[134] Seventy-nine of the 165 price comparisons involving cold-finished SSB showed that the imported Japanese products were priced less than the domestic products, by an average margin of underselling of 6.5 percent or $0.10 per pound. Eighty-five of the price comparisons showed that the imported Japanese cold-finished SSB was priced higher than the domestic cold-finished SSB, by an average of 9.2 percent or $0.12 per pound. One other price comparison showed that the price of the imported Japanese cold-finished SSB was equal to the price of the domestic product.

Ten of the 73 quarterly price comparisons involving hot-formed SSB showed the imported Japanese products were priced less than the domestic products, by an average margin of underselling of 12.2 percent or $0.25 per pound. Sixty-three of the price comparisons showed that the imported Japanese hot-formed SSB was priced higher than the domestic hot-formed SSB, by an average of 11.2 percent or $0.16 per pound.

Spain.—A total of 23 quarterly U.S. f.o.b. price comparisons were possible between domestic and imported Spanish stainless steel bars during January 1992-September 1994 (appendix table H-8). All 23 price comparisons involved cold-finished SSB sold to steel service centers.

Fifteen of the 23 quarterly price comparisons showed that the imported Spanish products were priced less than the domestic products, by an average margin of underselling of 4.4 percent or $0.06 per pound. Eight price comparisons showed the imported Spanish products were priced higher than the domestic products, by an average of 5.3 percent or $0.07 per pound.

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[134] The other two price comparisons were based on sales to end users.

Table 43
Margins of under/overselling involving stainless steel bars from India: A summary of average quarterly margins of under/overselling between the specified domestic and imported Indian stainless steel bar products, by types of customers and by types of stainless steel bar, Jan. 1992-Sept. 1994[1]

Type of SSB/ price difference	Steel service centers			Mill depots			End users		
	Per lb.	*Percent*	*No.*	*Per lb.*	*Percent*	*No.*	*Per lb.*	*Percent*	*No.*
Cold-finished SSB:									
Underselling	$0.21	15.7	62	$0.11	8.3	2	$0.45	25.5	6
Overselling	.13	9.5	6	(2)	(2)	(2)	(2)	(2)	(2)
Equal in price	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Hot-formed SSB:									
Underselling	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Overselling	.16	13.8	2	(2)	(2)	(2)	(2)	(2)	(2)
Equal in price	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Total stainless steel bar:									
Underselling	.21	15.7	62	.11	8.3	2	.45	25.5	6
Overselling	.14	10.6	8	(2)	(2)	(2)	(2)	(2)	(2)
Equal in price	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)	(2)

[1] The percentage price differences between U.S. and imported Indian stainless steel bar products were based on net U.S. f.o.b. selling prices reported by U.S. producers and importers and calculated as differences from the U.S. producers' price.

[2] No price data reported for either or both of the domestic and imported products.

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

Table 44
Margins of under/overselling involving stainless steel bars from Japan: A summary of average quarterly margins of under/overselling between the specified domestic and imported Japanese stainless steel bar products, by types of customers and by types of stainless steel bar, Jan. 1992-Sept. 1994[1]

Type of SSB/ price difference	Steel service centers			End users		
	Per lb.	*Percent*	*No.*	*Per lb.*	*Percent*	*No.*
Cold-finished SSB:						
Underselling	$0.10	6.5	78	$0.28	10.1	1
Overselling	.12	9.2	85	(2)	(2)	(2)
Equal in price . . .	(2)	(2)	1	(2)	(2)	(2)
Hot-formed SSB:						
Underselling	.25	12.2	10	(2)	(2)	(2)
Overselling	.16	11.2	62	.14	12.5	1
Equal in price . . .	(2)	(2)	(2)	(2)	(2)	(2)
Total stainless steel bar:						
Underselling	.12	7.1	88	28	10.1	1
Overselling	.14	10.1	147	.14	12.5	1
Equal in price . . .	(2)	(2)	1	(2)	(2)	(2)

[1] The percentage price differences between U.S. and imported Japanese stainless steel bar products were based on net U.S. f.o.b. selling prices reported by U.S. producers and importers and calculated as differences from the U.S. producers' price.

[2] No price data reported for either or both of the domestic and imported products.

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

Exchange Rates

Quarterly data reported by the International Monetary Fund for the four subject countries indicate that the values of the reported currencies for three of the countries generally depreciated in nominal terms relative to the U.S. dollar between January 1992 and September 1994, or through the most recent period for which data were available. The only exception was the Japanese yen, which appreciated in nominal terms relative to the U.S. dollar during this period. Depending on the rates of inflation in these countries vis-a-vis rates in the United States, however, values of the reported currencies in real terms depreciated less or appreciated in value against the U.S. dollar. Exchange-rate changes for the four countries are shown in figure 12 and appendix I and are discussed below.[135]

Brazil

The nominal value of the Brazilian reais depreciated by almost 100 percent against the U.S. dollar between January 1992 and September 1994. Due to inflation of 228,965 percent in Brazil compared to 4.3 percent in the United States during this period, however, the real value of the reais appreciated against the U.S. dollar, by 31.8 percent.

India

The nominal value of the Indian rupee depreciated by 17.4 percent against the U.S. dollar between January 1992 and September 1994. Due to inflation of 24.3 percent in India compared to 4.3 percent in the United States during this period, the real value of the rupee depreciated by only 1.6 percent.

Japan

The nominal value of the Japanese yen appreciated by 29.7 percent against the U.S. dollar between January 1992 and September 1994. Prices in Japan actually deflated by 6.3 percent compared to inflation of 4.3 percent in the United States during this period. As a result, the real value of the yen appreciated less, by 16.5 percent.

Spain

The nominal value of the Spanish peseta depreciated by 21.0 percent against the U.S. dollar between January 1992 and September 1994. Because of inflation in Spain of 7.2 percent compared to 4.3 percent in the United States during this period, the real value of the peseta depreciated somewhat less, by 18.8 percent.

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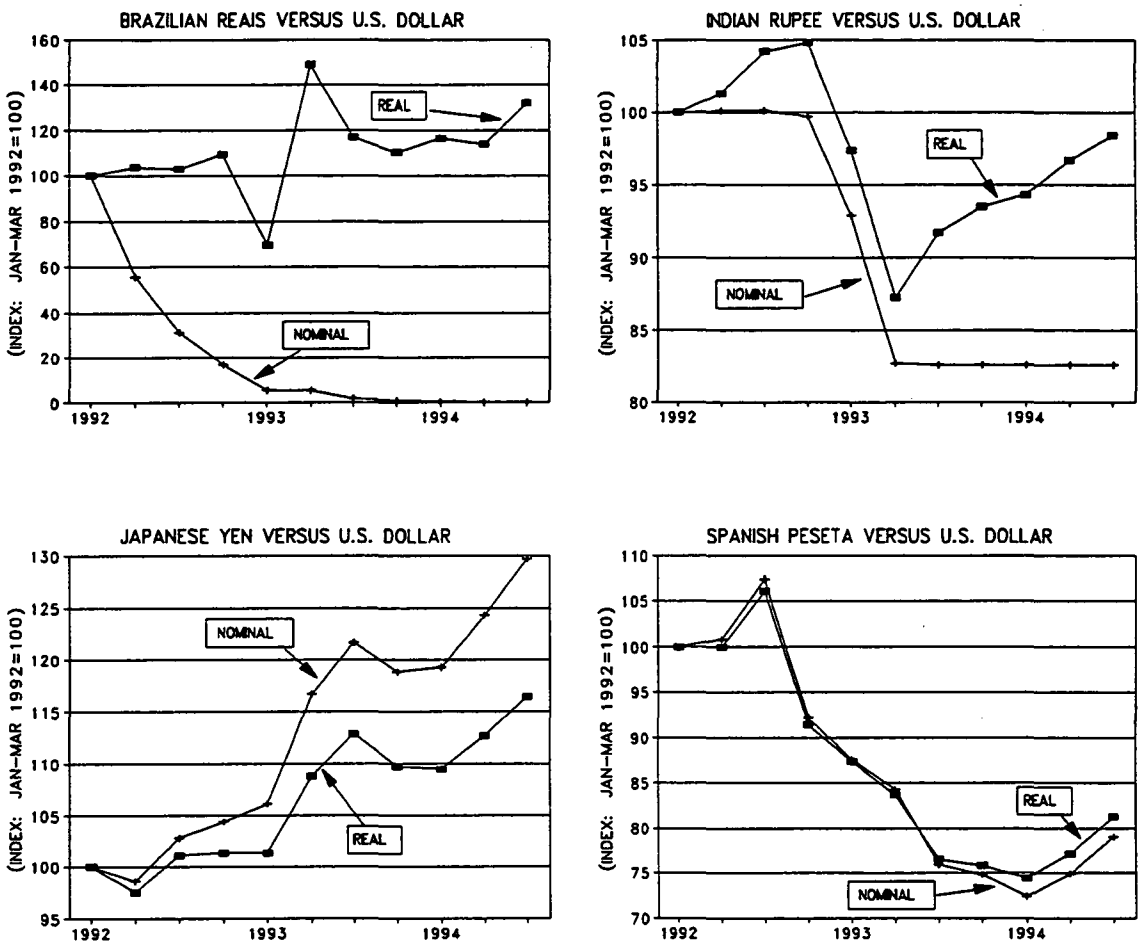
[135] *International Financial Statistics*, November 1994.

Figure 12
Exchange rates: Indexes of nominal and real exchange rates of selected currencies, by quarters, Jan. 1992-Sept. 1994



Note: Exchange rates are in U.S. dollars per unit of foreign currency.

Source: International Financial Statistics, November 1994.

Lost Revenues

During the preliminary and final antidumping investigations, *** and *** reported specific lost revenue allegations involving competition with stainless steel bars imported from Japan, which totaled $*** of alleged lost revenues on sales of *** short tons of domestic stainless steel bars. In addition, ***, ***, *** and *** also alleged lost revenues on their sales of stainless steel bars because of competition with imports of stainless steel bars from the four subject countries, but they were not able to cite specific customers, products, or dates.[136] The latter allegations do not account for competition with fairly traded imported stainless steel bar and competition among U.S. producers of stainless steel bar, or for shifts in U.S. demand for the numerous stainless steel bar products. As a result, such allegations likely overstate any lost revenues resulting from competition with the subject imported stainless steel bar. Conversations with purchasers identified in the lost revenue allegations and contacted by the Commission staff are discussed below.

*** alleged that in a sale to *** it had to lower its price on *** tons of *** from *** per pound to *** per pound because of lower-priced imports from Italy and Japan. *** purchases mainly from U.S. producers but indicated that it had increased its purchases of imports in the past few years. *** said that there had been quality problems with Indian and Spanish material in the past but that the quality of these products had improved greatly. He said that Brazilian stainless steel bar was equal in quality to U.S.-produced products and that Japanese products were as good or better than domestic products. He said that cutbacks in the defense industry had greatly decreased demand for stainless steel products, and that this was greatly affecting the stainless steel bar industry. Regarding the allegation, *** said that U.S. producers did lower their prices due to competition from *** imports. ***.

Lost Sales

During the preliminary and final antidumping investigations, ***, *** and *** reported specific lost sales allegations involving competition from stainless steel bars imported from Japan and Spain, which totaled *** or *** short tons of stainless steel bar. In addition, ***, ***, ***, and *** also alleged lost sales of their stainless steel bars because of competition with imports of stainless steel bars from the four subject countries, but they were not able to cite specific transactions. These latter U.S. producers based their lost sales assertions on observations that any shortfall in their sales of stainless steel bar from one year to the next must be the result of imports of stainless steel bars from one or more of the subject countries.[137] The latter allegations do not account for competition with fairly traded imported stainless steel bar and competition among U.S. producers of stainless steel bar, or for shifts in U.S. demand for the numerous stainless steel bar products. As a result, such allegations likely overstate any lost sales resulting from competition with the subject imported stainless steel bar. Conversations with purchasers identified in the lost sales allegations and contacted by the Commission staff are discussed below.

*** named *** in a lost sales allegation involving a total of *** of SSB grades ***. *** claimed that during the ***, *** rejected a bid of *** per pound from *** in favor of SSB at *** from ***.

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[136] These latter U.S. producers reported that the general price level for stainless steel bar declined along with their sales of domestic stainless steel bar and, they asserted, as a result their revenues fell. Based on such observations, *** alleged total lost revenues for the *** during January 1992-September 1994. The firms attributed their lost revenues to competition with the four subject countries.

[137] Based on any declines in the firm's sales volumes from one period to the next, *** alleged total lost sales for the *** during January 1992-September 1994 and asserted that they resulted from competition with stainless steel bar imported from the four subject countries.

*** stated that his firm uses SSB in the manufacture of ***. *** stated that there are approximately 5 or 6 producers of this product in the United States.

*** purchases approximately *** of each of the two named grades of SSB from a number of different sources that include *** and ***.

In order to maintain quality in the final manufactured product, *** requires that the product be "grade A" and that the producer certify the chemical analysis. *** is not concerned with the country of origin. Provided that the chemical analysis is acceptable, price is an important factor to *** that is weighed against other factors.

*** stated that, while unable to identify any specific purchase matching the *** allegation, the general price and quantity information appeared accurate for that time period. He noted that *** was offering grade *** at *** per pound in *** at the same time that it was selling grade *** at *** per pound. He inquired ***. At the time, the product was available from several other suppliers, including *** and ***, at *** per pound. *** was unable to identify from which source he purchased.

*** further observed that *** has been purchasing regularly from *** during the *** but that *** has recently raised its prices from *** per pound to *** per pound. He stated that the justification provided for the price increase is that ***. According to ***, *** is currently taking orders for delivery in ***. As a result of these factors, *** has recently placed an order with a supplier of ***. In addition, because it is no longer able to ***, *** has ***.

*** alleged that *** had purchased *** of grade *** from *** in the *** of *** at *** per pound rather than the U.S. product at a quoted price of *** per pound. *** stated that ***. The product purchased is ***. He also noted that more recently *** has contracted its *** in order to produce a better product and therefore is ***.

*** stated that *** did not purchase bar from *** in the time period specified. The original request for quote from *** was for about *** tons, although the final order was for *** tons of SSB. The producer of the purchased material was ***.

*** stated that *** had purchased material from *** many years ago but only in sample quantities. They determined that the *** material was *** and have not purchased any since. In addition, *** does not generally purchase material from any foreign sources because it has been satisfied with its domestic suppliers. An exception to this practice was a purchase from ***, a *** supplying SSB believed to be from ***. This purchase was made at a higher price than domestic SSB and was made as a hedge against anticipated problems with supply from *** and ***. *** noted that lead times for the domestic product are currently stretched out to April of 1995.

*** alleged that *** purchased *** tons of *** at *** per pound rather than the U.S. product at *** per pound. *** stated that the firm is a producer of ***. ***.

*** was unable to recall any specific purchase of SSB from *** but noted that *** buys from a number of different suppliers and it is possible that some of the material was *** in origin. For example, she believed that one supplier, ***, *** and other countries and she knows that another supplier, ***, purchases worldwide. *** is concerned with the chemistry of the metal, with consistency, and with reliability and continuity of supply, rather than the country of origin.

*** stated that there is currently not enough capacity for SSB in the United States and lead times are particularly long. *** stated that an order placed with *** in *** was not delivered until early ***. *** considers that kind of service to be horrendous and stated that she will not purchase product from *** again if it can be avoided. However, *** stated that imports have been drying up recently and across-the-board price increases have been announced several times. As a result, *** and its customers are looking for alternatives to the use of SSB ***.

***, and ***, was named in lost sales allegations by *** and *** . *** allegedly lost sales to imports from *** totaling *** tons and *** during 1990-93. ***. *** alleged *** lost sales of *** because of lower-priced imports from ***. *** because of lower-priced imports from ***.

Staff spoke with ***. *** said that his firm has not purchased imports from ***. Concerning the allegations involving *** said that the domestic quoted prices supplied by *** looked

reasonable but that his firm did not purchase *** product during 1993 because it was priced too high. *** said that the information supplied by *** was not specific enough to verify but that the ***.

*** added that imports comprised *** to *** percent of *** purchases. *** purchased imports from Brazil, Japan, and Spain during the past 3 years as well as from non-subject sources, including Germany, Korea, and Poland. *** said that stainless steel bar from Brazil, Spain, Germany, Korea, and Poland is priced lower than U.S.-produced bar but that bar from Japan was priced about the same as domestically-produced bar. He said that the quality of the Japanese product was very good, particularly on hexagons and squares, and that customers specifically request Japanese product for these shapes. In addition, *** purchases *** stainless steel bar from Japan because of its limited availability from U.S. producers. Finally, *** purchases from domestic sources mainly due to the shorter lead times, although the better quality of U.S.-produced bar compared to most imports is also a factor.

In another instance, *** allegedly lost sales *** due to lower-priced imports from ***. Staff spoke with *** named in the allegation. *** purchased only U.S.-produced stainless bar until 2 to 3 years ago, when his firm started purchasing imports from various sources including *** because of the low prices. He said that the tonnages reported in the allegation sounded reasonable. *** said that prices of *** imports were much lower than domestic prices, although the quality of the imported bar was good. However, he said that imports from *** had much poorer delivery, service, and longer lead times than U.S. producers. Finally, he said that the various domestic suppliers either don't produce small sizes of bar or don't offer competitive prices on these sizes.

*** also alleged losing sales of *** short tons of stainless steel bars priced at *** because of lower-priced imports from ***. *** named in the allegation, could not comment on the allegation ***. *** told staff that his firm had increased its percentage of import purchases, from about 30 percent of total purchases in 1989-90 to about 40 to 45 percent of purchases in 1993. He said that imports had traditionally been priced slightly lower than U.S.-produced stainless steel bar because of the longer lead times but that this gap had widened during the past 3 years. According to ***, imports from India and to a lesser extent imports from non-subject countries such as Korea, Poland, Russia, and Yugoslavia, have led a downward trend in domestic and import prices during the past 3 years.

***, however, would not purchase stainless steel bar from India because it had experienced severe quality problems with Indian bar during 1990-92. *** said that Indian bar often did not meet customer specifications and was "not acceptable at any price." Regarding imports from other sources, *** said that imports from Japan had long delivery times, about 6 months, but that delivery was reliable, quality excellent, and suppliers of the Japanese product offered good technical support. He said imports from Japan were priced higher than other imports but lower than U.S.-produced bars. The second highest priced and highest quality imports, according to ***, were those from Italy. *** said that Italian round bars were generally priced higher than domestic round bars but that square and hexagonal bars from Italy were priced lower than those produced in the United States. *** further said that imports from Spain were of average quality and reliability but that importers of the Spanish product offered poor technical support. Also, he said that imports from Brazil were of average to slightly below average quality, had longer lead times than Japan, and had erratic deliveries.

*** purchases mainly commodity grades of stainless steel bar that are available from domestic sources as well as all four subject countries. He said, however, that the imported products compete mainly on the small diameter sizes which certain domestic producers, such as Slater, do not produce and that other U.S. producers do not price these sizes competitively.

*** named *** in a lost sales allegation involving *** tons of ***. *** believes that *** accepted a price of *** per pound for Japanese product and rejected the *** price of *** per pound.

*** of *** stated that the firm, ***, bought the specified product from Japan for approximately *** per pound less than the domestic price *** but that the quantity alleged by ***

was completely inaccurate. The *** tons claimed by *** is approximately the total amount of all steel products *** purchased from Japan during that year but is far in excess of the quantity purchased of the product named.

*** noted that the product named by *** is a somewhat unique product for *** because it has unusual characteristics that are demanded by only a few customers. He noted that the firm purchases steel from other countries such as Brazil, Spain, Italy, and Germany based on the price of the product but that *** SSB was purchased from Japan primarily because of quality characteristics. In particular, the Japanese bar is straighter and is packaged in a manner that preserves that straightness and also reduces deterioration of the steel during inventory. *** does not supply its SSB in a similar manner.

*** noted that, since the institution of this dumping investigation, the supply of foreign SSB has dried up and prices have significantly increased. Domestic producers have announced the third round of price increases, to take effect on December 1, 1994. *** has not been seriously affected by increased lead times, however, because it has long-established purchasing programs with its suppliers; purchasers placing orders without such programs are believed to be suffering from increased lead times, according to ***.

***, a ***, was named in a *** lost sale allegation by ***. The sale, allegedly lost to lower-priced imports from ***. Staff spoke with ***, who said that the prices and quantities sounded correct, and that his firm purchased product from *** because it was priced 5 percent less than domestic product in 1992. *** said that about 50 percent of his firm's purchases are of U.S.-produced product and 50 percent of its purchases are of imports, mainly from Japan and Spain. He said that for the past year and one-half, prices of U.S., Japanese, and Spanish bar have been about equal. Reasons for purchasing imports include the high quality of Japanese imports and certain sizes of hexagonal bar that are not generally available from U.S. producers but are imported from Japan and Spain.

*** said that price is a very important factor *** industry because stainless steel bar ***. Nevertheless, *** does not purchase imports from certain sources such as India, which are priced much lower than imports from Spain, Japan, and U.S.-produced product. *** said that, in the one shipment his firm purchased from India, the product contained low amounts of sulphur and was hard to machine and, therefore, *** would not purchase stainless steel bar from India in the future.

*** alleged losing a sale of *** because of lower-priced imports from ***. ***. Staff spoke with ***, the company named in the allegation. ***. *** has purchased bar imported from *** for about 6 years and that the quality has been improving steadily each year to being about equal to that of U.S. producers. He also said that the price of *** bar is about 5 to 7 percent lower than domestic prices. *** said that the prices quoted in the allegation sounded accurate but that he could not verify the tonnage. He added that another domestic producer, ***, had offered a low price close to that of importers of *** material. ***.

APPENDIX A

FEDERAL REGISTER NOTICES AND CALENDAR OF HEARING WITNESSES

[Investigations Nos. 731–TA–678 through 682 (Final)]

Stainless Steel Bar From Brazil, India, Italy, Japan, and Spain

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of final antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731–TA–678 through 682 (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 Brazil, India, Italy, Japan, and Spain of stainless steel bar, provided for in subheadings 7222.10.00, 7222.20.00, and 7222.30.00 of the Harmonized Tariff Schedule of the United States.[1]

For further information concerning the conduct of these investigations, hearing procedures, and rules of general application, consult the Commissioner'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 4, 1994.

FOR FURTHER INFORMATION CONTACT: Jim McClure (202–205–3191), 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. Information can also be obtained by calling the Office of Investigations' remote bulletin board system for personal computers at 202–205–1895 (N,8,1).

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of stainless steel bar from Brazil, India, Italy, Japan, and Spain 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 investigations were requested in a petition filed on December 30, 1993, by Al Tech Specialty Steel Corp., Dunkirk, NY; Carpenter Technology Corp., Reading, PA; Republic Engineered Steels, Inc., Massillon, OH; Slater Steels Corp., Fort Wayne, IN; Talley Metals Technology, Inc., Hartsville, SC; and the United Steelworkers of America, AFL–CIO/CLC.

Participation in the investigations and public service list.—Persons wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 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 these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these final investigations available to authorized applicants under the APO issued in the investigations, 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 these investigations will be placed in the nonpublic record on December 1, 1994, and a public version will be issued thereafter, pursuant to section 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 December 15, 1994, 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 December 6, 1994. 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 December 8, 1994, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 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 requests 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 section 207.22 of the Commission's rules; the deadline for filing is December 8, 1994. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.24 of the Commission's rules. The deadline for filing posthearing briefs is December 22, 1994; 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 December 22, 1994. 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 sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 201.16(c) and 207.3 of the rules, each document filed by a party to 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 section 207.20 of the Commission's rules.

Issued: August 29, 1994.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 94–22182 Filed 9–7–94; 8:45 am]

BILLING CODE 7020–02–P

[1] The imported stainless steel bar covered by these investigations comprises articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled, or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. Except as specified above, the term does not include stainless steel semifinished products, cut-to-length flat-rolled products (i.e., cut-to-length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes, or sections. Stainless steel bar includes cold-finished stainless steel bars that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

[A-351-825]

Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Bar From Brazil

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

EFFECTIVE DATE: December 28, 1994.

FOR FURTHER INFORMATION CONTACT: Irene Darzenta or Kate Johnson, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-6320 or (202) 482-4929.

Final Determination

The Department of Commerce (the Department) determines that stainless steel bar (SSB) from Brazil 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, as amended (the Act) (19 U.S.C. 1673b). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Scope of Investigation

The merchandise covered by this investigation is SSB. For purposes of this investigation, the term "stainless steel bar" means articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. SSB includes cold-finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (*i.e.*, cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (*i.e.*, cold-formed products in coils, of any uniform solid cross sections along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.

The SSB subject to this investigation is currently classifiable under subheading 7222.10.0005 7222.10.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075 and 7222.30.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is 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 July 1, 1993, through December 31, 1993.

Case History

Since the announcement of the preliminary determination on July 29, 1994 (59 FR 39732, August 4, 1994), the following events have occurred. Also on July 29, 1994, petitioners submitted a letter opposing respondents' request for an extension of the final determination.

On August 10, 1994, petitioners requested the opportunity to participate in a hearing if held. None was held.

At the request of respondent, on August 26, 1994, we postponed the final determination until December 19, 1994 (59 FR 44129).

Petitioners were the only interested party to file a case brief in this investigation. They did so on November 8, 1994.

Best Information Available

In accordance with section 776(c) of the Act, we have determined that the use of best information available (BIA) is appropriate for Acos Villares, S.A. (Villares), the only named respondent in this investigation. Villares did not respond to the Department's questionnaire. Because Villares failed to answer the Department's questionnaire, we find it has not cooperated in this investigation.

Specifically, our BIA methodology for uncooperative respondents is to assign the higher of the highest margin alleged in the petition or the highest rate calculated for another respondent. Accordingly, as BIA, we are assigning the highest margin among the margins alleged in the petition. *See Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From the Federal Republic of Germany; Final Results of Antidumping Duty Administrative Review* (56 FR 31692, 31704, July 11, 1991). The Department's methodology for assigning BIA has been upheld by the U.S. Court of Appeals of the Federal Circuit; *see Allied Signal Aerospace Co. v. United States*, 996 F.2d 1185 (Fed. Cir. 1993); *see also Krupp Stahl, AG et al. v. United States*, 822 F. Supp. 789 (CIT 1993)).

Interested Party Comments

Comment 1

Petitioners argue that since the issuance of the preliminary determination, there have been no further efforts on the part of the respondent to cooperate with the Department in this case or submit any information requested. Accordingly, petitioners believe that the final determination should continue to be based on the highest margin of dumping alleged in the petition for all Brazilian SSB producers and exporters, 19.43 percent.

DOC Position

We agree with petitioners and have continued to use the highest margin of dumping alleged in the petition for purposes of the final determination.

Suspension of Liquidation

In accordance with section 733(d)(1) (19 U.S.C. 1673b(d)(1)) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of SSB from Brazil, 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	Weighted average margin percent
Acos Villares, S.A.	19.43
All Others	19.43

International Trade Commission (ITC) Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will determine whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry within 45 days.

If the ITC determines that material injury or threat of material injury does not exist, the proceedings will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on SSB from Brazil entered or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation.

Notification to Interested Parties

This notice serves as the only reminder to parties subject to administrative protective order (APO) in this investigation of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(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. 1673d(d)) and 19 C.F.R. 353.20(a)(4).

Dated: December 19, 1994.

Susan G. Esserman,

Assistant Secretary for Import Administration

[FR Doc. 94-31804 Filed 12-27-94; 8:45 am]

BILLING CODE 3510-DS-P

(A-533-810)

Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Bar from India

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

EFFECTIVE DATE: December 28, 1994.

FOR FURTHER INFORMATION CONTACT: V. Irene Darzenta or Katherine Johnson, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-6320 or 482-4929, respectively.

Final Determination

We determine that stainless steel bar (SSB) from India is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Scope of Investigation

The merchandise covered by this investigation is SSB. For purposes of this investigation, the term "stainless steel bar" means articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. SSB includes cold finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (i.e., cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross sections along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.

The SSB subject to this investigation is currently classifiable under subheadings 7222.10.0005, 7222.10.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075 and 7222.30.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although 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 July 1, 1993, through December 31, 1993.

Case History

Since the publication of the notice of preliminary determination on August 4, 1994 (59 FR 39733), the following events have occurred.

On August 5, 1994, Grand Foundry Limited (GF) submitted its response to Section D of the Department's questionnaire. On August 18, 1994, petitioners submitted comments on GF's August 5, Section D questionnaire response. The Department issued a Section D deficiency questionnaire on September 9, 1994. On September 16, 1994, respondent requested an extension of time until October 3, 1994, within which to respond to the Department's deficiency questionnaire. Petitioners opposed this request on September 19. On September 20, the Department granted respondent a partial extension until September 30 to submit its response.

The Department issued its sales verification outline on August 26, 1994. On August 29, 1994, GF submitted revised U.S. and third country sales listings correcting certain clerical errors found in preparation for verification.

On September 28, 1994, petitioners submitted comments for the verification of GF's Section D response. Respondent submitted its Section D deficiency response on September 30, 1994. The Department issued its cost verification outline on October 3, 1994.

Verification of GF's questionnaire responses took place in Bombay, India, from September 5 through 9, and from October 10 through 14, 1994.

On October 11, 1994, GF submitted certain minor clerical error corrections/clarifications relevant to the reported cost data which it found in preparation for verification.

In a letter to the Department on October 27, 1994, Bhansali Ferromet Bars (P) Ltd. (Bhansali) and Paramount Trading Inc. (Paramount), a foreign exporter and domestic importer of subject merchandise, respectively, requested that Bhansali be assigned the preliminary margin calculated for GF, rather than the "all others" rate normally assigned to non-responding foreign producers/exporters. (*See* Comment 1 in the "Interested Party Comments" section of this notice.)

The Department's sales and cost verification reports were issued on November 2, and 3, 1994, respectively.

Neither petitioners nor respondent requested a public hearing in this proceeding. Case and rebuttal briefs were received on November 10, and 17, 1994, respectively.

Best Information Available

In accordance with section 776(c) of the Act, we have determined that the use of best information available (BIA) is appropriate for Mukand Limited (Mukand). Mukand did not respond to the Department's questionnaire, and, as such, we find it has not cooperated in this investigation.

Specifically, our BIA methodology for uncooperative respondents is to assign

the higher of the highest margin alleged in the petition or the highest rate calculated for another respondent. Accordingly, as BIA, we are assigning to Mukand the highest margin among the margins alleged in the petition. *See Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany; Final Results of Antidumping Duty Administrative Review* (56 FR 31692, 31704, July 11, 1991). The Department's methodology for assigning BIA has been upheld by the U.S. Court of Appeals for the Federal Circuit. *See, Allied Signal Aerospace Co. v. United States*, 996 F.2d 1185 (Fed. Cir. 1993); *see also Krupp Stahl, AG et al. v. United States*, 822 F. Supp. 789 (CIT 1993)).

Product Comparisons

We have determined that all products covered by this investigation constitute a single category of such or similar merchandise. We made fair value comparisons on this basis. In accordance with the Department's standard methodology, we first compared identical merchandise. Where there were no sales of identical merchandise to compare to U.S. sales, we made similar merchandise comparisons on the basis of the criteria defined in Appendix V to the antidumping questionnaire (on file in Room B–099 of the main building of the Department).

Consistent with our preliminary determination, we altered the order of the SSB grades specified within the grade criterion of Appendix V of our questionnaire. This was done to account for certain other SSB grades which respondent sold in the third country market during the POI, but which were not taken into account in Appendix V. We also reversed the order of the size and shape criteria in Appendix V. Because there were no sales of export-quality merchandise in the home market during the POI to compare to U.S. sales, we used GF's third country sales in Germany, in accordance with section 773(a)(1) of the Act. *See* the "Foreign Market Value" section of this notice. We made adjustments for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act. In accordance with 19 CFR 353.38, we made comparisons at the same level of trade, where possible.

Fair Value Comparisons

As discussed above, we are using BIA with regard to Mukand. For GF, we made fair value comparisons as discussed below.

To determine whether sales of SSB from GF 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.

We made revisions to respondent's reported data, where appropriate, based on verification findings. We included in our analysis certain U.S. sales of subject merchandise which respondent incorrectly deleted from its August 29, 1994 sales listing. (*See* Comment 2 in the "Interested Party Comments" section of this notice.)

United States Price

We based USP on purchase price (PP), in accordance with section 772(b) of the Act, because the subject merchandise was sold to unrelated purchasers in the United States before importation and because exporter's sales price methodology was not otherwise indicated.

We calculated PP based on packed C&F prices to unrelated customers. In accordance with section 772(d)(2)(A) of the Act, we made deductions, where appropriate, for foreign brokerage (including containerization, foreign inland freight and port charges) and ocean freight.

We recalculated credit expenses to account for the verified short-term interest rate.

Foreign Market Value

In order to determine whether there were sufficient sales of SSB in the home market to serve as a viable basis for calculating FMV, we compared the volume of home market sales of SSB to the volume of third country sales of SSB in accordance with section 773(a)(1)(B) of the Act. Based on this comparison, we determined that GF had a viable home market with respect to sales of SSB during the POI. However, based on GF's claim, which we verified, that sales in its home market made during the POI consisted only of SSB scrap and rejects and that its U.S. sales during the same period consisted only of first (or export) quality SSB, we determined that third country sales would be a more appropriate basis for FMV. (*See* April 5, 1994 Decision Memorandum To Richard W. Moreland From The Team Re: Appropriate Basis for FMV.)

In order to select the appropriate third country in this case, we examined three factors in accordance with 19 C.F.R. 353.49(b): (1) the degree of similarity in terms of physical characteristics between the products sold in the United States and the individual third country markets; (2) the volume of sales in each third country market relative to that in the United States; and (3) the similarity of the market organization and development between the U.S. market and third country market. Based on these factors, we selected sales to Germany as the appropriate basis on which to calculate FMV.

Cost of Production

Petitioners alleged that GF made third country sales during the POI at prices below the cost of production (COP). Based on information submitted by petitioners in their allegation, and in accordance with section 773(b) of the Act, we concluded that we had reasonable grounds to believe or suspect that sales were made below COP. (*See* June 15, 1994, Decision Memorandum from Richard W. Moreland to Barbara R. Stafford Re: Petitioners' Allegation of Sales Below the Cost of Production.)

In order to determine whether third country prices were below COP within the meaning of section 773(b) of the Act, we performed a product-specific cost test, in which we examined whether each third country product sold during the POI was priced below the COP of that product. *See, e.g., Final Determination of Sales at Not Less Than Fair Value: Saccharin from Korea* (59 FR 58826; November 15, 1994) (*Saccharin from Korea*). We calculated COP based on the sum of the respondent's reported cost of materials, fabrication, general expenses and packing costs, in accordance with 19 CFR 353.51(c). We compared the COP for each product to the third country price, net of movement expenses.

We relied on the submitted COP data except in the following instances where the costs were not appropriately quantified or valued:

1. We increased the reported nickel costs by excluding inventory on hand at December 31, 1993, which we determined more accurately reflected the COP during the POI;
2. We recalculated wastage related to the centerless grinding and smooth turning processes to reflect the correct recovery amounts;
3. We increased fixed overhead amounts to reflect minor corrections found at verification;
4. We recalculated the general and administrative (G&A) expense and financial expense ratios to reflect results for the year ended March 31, 1994;
5. We eliminated the income tax provision amount included in the G&A expense calculation; and
6. We recalculated third country indirect selling expenses in accordance with verification findings.

In accordance with section 773(b) of the Act, we also examined whether GF's third country sales were made below COP in substantial quantities over an extended period of time, and whether such sales were made at prices that would permit the recovery of all costs within a reasonable period of time in the normal course of trade.

To satisfy the requirement of section 773(b)(1) that below cost sales be disregarded only if made in substantial quantities, the following methodology was used: For each product where less than ten percent, by quantity, of the third country sales made during the POI were made at prices below the COP, we included all sales of that model in the computation of FMV. For each product where ten percent or more, but less than 90 percent, of the third country sales made during the POI were priced below COP, we excluded from the calculation of FMV those third country sales which were priced below COP, provided that the below cost sales of that product were made over an extended period of time. Where we found that more than 90 percent of the respondent's sales of a particular product were at prices below the COP and were made over an extended period of time, we disregarded all sales of that product and calculated FMV based on constructed value (CV), in accordance with section 773(b) of the Act.

In accordance with section 773(b)(1) of the Act, in order to determine whether below-cost sales had been made over an extended period of time, we compared the number of months in which below-cost sales occurred for each product to the number of months in the POI in which that product was sold. If a product was sold in three or more months of the POI, we did not exclude below-cost sales unless there were below-cost sales in at least three months during the POI. When we found that sales of a product only occurred in one or two months, the number of months in which the sales occurred constituted the extended period of time; *i.e.*, where sales of a product were made in only two months, the extended period of time was two months, where sales of a product were made in only one month, the extended period of time was one month. (See *Saccharin from Korea*).

We examined GF's product-specific COP data, as corrected based on our findings at verification, and found no sales below COP.

Constructed Value-to-Price Comparisons

For one U.S. sales comparison, where the variable costs of the differences in physical characteristics of the merchandise exceeded 20 percent, we used constructed value (CV) as the basis for FMV, in accordance with section 773(a)(2) of the Act. Pursuant to section 773(e) of the Act, we calculated constructed value (CV) based on the sum of the cost of materials, fabrication, general expenses, U.S. packing costs and profit. In accordance with section 773(e)(1)(B) (i) and (ii) of the Act we: 1) included the greater of respondent's reported general expenses or the statutory minimum of ten percent of the cost of manufacture (COM), as appropriate; and 2) used the greater of respondent's actual profit or the statutory minimum of eight percent of the sum of COM and general expenses.

We relied on the submitted CV data, but made the same modifications numbered 1–5 under the "Cost of Production" section of this notice.

Pursuant to 19 C.F.R. 353.56(a)(2), we made circumstance-of-sale adjustments, where appropriate, for differences in credit expenses and bank charges (including bank interest, courier charges and commissions) between the U.S. and third country markets. We recalculated credit expenses to reflect the verified short-term interest rate. We deducted third country commissions and added U.S. indirect selling expenses (which were recalculated based on verification findings) capped by the amount of third country commissions in accordance with 19 CFR 353.56(b).

Price-to-Price Comparisons

For all other U.S. sales comparisons, in accordance with 19 C.F.R. 353.46, we calculated FMV based on CIF or C&F prices charged to unrelated customers in Germany.

In light of the Court of Appeals for the Federal Circuit's (CAFC) decision in *Ad Hoc Committee of AZ–NM–TX–FL Producers of Gray Portland Cement v. United States*, 13 F.3d 398 (Fed. Cir. 1994), the Department no longer can deduct home market movement charges from FMV pursuant to its inherent power to fill in gaps in the antidumping statute. Instead, we will adjust for those expenses under the circumstance-of-sale provision of 19 C.F.R. 353.56(a) and the exporter's sales price offset provision of 19 C.F.R. 353.56(b)(2), as appropriate. Accordingly, in the present case, we deducted post-sale movement charges from FMV under the circumstance-of-sale provision of 19 C.F.R. 353.56(a). This adjustment included home market foreign brokerage (including containerization, foreign inland freight, loading and port fees), ocean freight, and marine insurance.

Pursuant to 19 C.F.R. 353.56(a)(2), we made further circumstance-of-sale adjustments, where appropriate, for differences in credit expenses and bank charges (including bank interest, courier charges and commissions) between the U.S. and third country markets. We recalculated credit expenses to reflect the verified short-term interest rate. We deducted third country commissions and added U.S. indirect selling expenses capped by the amount of third country commissions in accordance with 19 CFR 353.56(b). We recalculated U.S. indirect selling expenses in accordance with our findings at verification.

We also deducted third country packing and added U.S. packing costs, in accordance with section 773(a)(1) of the Act. We made adjustments, where appropriate, for differences in the physical characteristics of the merchandise, in accordance with section 773(a)(4)(C) of the Act.

Currency Conversion

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. *See* 19 C.F.R. 353.60(a).

Verification

As provided in section 776(b) of the Act, we conducted verification of the information provided by GF by using standard verification procedures, including the examination of relevant sales, cost and financial records, and selection of original source documentation.

Interested Party Comments

Comment 1: Bhansali and Paramount, a foreign exporter and domestic importer of subject merchandise, respectively, requested in a letter to the Department on October 27, 1994, that Bhansali be assigned the preliminary margin calculated for GF (2.67 percent), rather than the "all others" rate normally assigned to non-respondent foreign producers/exporters. Bhansali and Paramount believe this treatment to be appropriate because: (1) Bhansali procures the raw materials for SSB production from the same sources as GF, and like GF, converts the material into SSB; and (2) the all others rate includes the BIA margin for Mukand which did not cooperate in the investigation. They contend that "penalizing" Bhansali with the all others rate would be denying them "equal protection" and "due process."

Petitioners believe that the Department should retain the preliminary "all-others" rate (11.85

percent) for Bhansali's and Paramount's SSB exports to the United States. Petitioners state that the two interested parties appear to rest their request on the fact that Bhansali procures raw materials from the same source as GF and subsequently converts the material into SSB. They assert that this argument ignores the fact that the Department is required to verify all information upon which it relies in calculating antidumping margins in an investigation. Moreover, petitioners point out that as interested parties, Bhansali and Paramount could have requested the Department to permit Bhansali to appear as a voluntary respondent and, thereby, receive a separate dumping rate based on its own verified data. Petitioners also point out that both companies may request an administrative review of Bhansali's exports and, thereby, obtain a company-specific rate for Bhansali's shipments to the United States.

Furthermore, petitioners assert that the Department has repeatedly used BIA in calculating the "all others" rate for non-responding companies, even when there is only one respondent and when the rate reflects the most adverse BIA. According to petitioners, the Department has been reluctant to modify the all others rate calculation absent compelling circumstances. To support its arguments, petitioners cite, among other Department rulings, the *Final Determination of Sales at Less Than Fair Value: Steel Wire Rope from India*, 56 FR 46285 (September 11, 1992) and *Final Determination of Sales at Less Than Fair Value: Certain Paper Clips from the People's Republic of China*, 54 FR 51168 (October 7, 1994).

DOC Position: We agree with petitioners. The Department assigns company-specific rates to those companies which were either mandatory respondents or accepted as voluntary respondents. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Forged Stainless Steel Flanges from India*, 58 Fed. Reg. 68853, 68857 (Dec. 29, 1993) (*"Steel Flanges"*); *Antidumping; Oil Country Tubular Goods from Canada; Final Determination of Sales at Less Than Fair Value*, 51 Fed. Reg. 15029 (Apr. 22, 1986). In this case, Bhansali was neither named by the Department as a mandatory respondent nor did it request treatment as a voluntary respondent. It is our practice to assign the "all others" rate to companies which either were not named as mandatory respondents or did not request voluntary status. *See Floral Trade Council v. United States*, 822 F. Supp. 766, 768 (CIT 1993); *See Steel Flanges* at 68857. The Department applies the "all-others" rate to these companies because they did not provide company-specific information necessary to calculate individual rates. Given the fact that Bhansali, as a foreign exporter, was given the opportunity to request treatment as a voluntary respondent, and, thereby, could have participated in the investigation and receive a company-specific rate, we believe that Bhansali was not denied equal protection and was afforded due process. In addition, because both Bhansali and Paramount will be able to request an administrative review, if an order is issued in this case, we believe that these parties have not been denied due process. We disagree with Bhansali that we could use GF's data to calculate a company-specific rate because there is no evidence on the record that GF's data is the same as its own and the Department must verify all information upon which it relies in calculating a margin.

We also disagree with Bhansali's argument not to include the BIA rate in the all-others rate calculation. It is the Department's practice to calculate the all-others rate based on the average of the margins assigned to all companies under investigation. *See Steel Flanges* at 68858. Consequently, we included the BIA rate in calculating the all-others rate.

Comment 2: Petitioners argue that the seven sales that were deleted from GF's revised August 29, 1994, U.S. sales listing should be included in the Department's final margin analysis. Petitioners assert that these sales, shipped under two invoices, were made pursuant to a purchase order dated within the POI. Despite the fact that the purchase order was ultimately canceled, a portion of the order was shipped to the U.S. customer. Accordingly, petitioners maintain that the subject transactions should be returned to the revised sales listing from which they were removed.

Respondent states that it is indifferent as to whether these sales are included in the Department's analysis. GF asserts that it submitted the necessary data for these sales so that the Department may consider them in its analysis, if appropriate. However, GF points out that it had a legitimate basis to believe that such sales should be excluded. According to respondent, by explicit agreement between GF and the U.S. customer after purchase order issuance, the quantity shipped greatly differed from the quantity ordered. In other words, a significant term of sale changed after the date of purchase order and, in fact, after the date of shipment. Under the Department's practice for determining date of sale, when the buyer and seller agree on a change in the terms of sale after the purchase order, the new date of sale is the date on which the change in terms was agreed upon. In the case of the subject sales, respondent maintains that the new date of sale is the date of shipment which falls outside the POI.

DOC Position: We agree with petitioners. We verified that these sales should not have been deleted from respondent's U.S. sales listing. While we found that the purchase order at issue was cancelled in June 1994, we also found that a portion of the order had been shipped under two invoices in February and April 1994, prior to order cancellation. The terms of sale, as specified in the original purchase order dated within the POI, did not change until after the two shipments were made. Therefore, we consider the subject sales to be appropriately included in the sales listing and, accordingly, have used them in our final analysis.

Comment 3: For certain U.S. sales made to one U.S. customer during the POI, GF reported two different prices—purchase order price (reported under the variable "GRSUPRU" in the U.S. sales listing) and invoice price (reported under the variable "INVPRU in the U.S. sales listing). In its August 29, 1994, submission and at verification, respondent explained that the difference between the two prices was an offset granted by GF to the customer which related to pre-POI shipments made under the International Price Reimbursement Scheme (IPRS) [1].

Petitioners contend that for these transactions, the prices reported under the "INVPRU" variable (*i.e.*, the price charged minus the IPRS offset), rather than the "GRSUPRU" variable, (*i.e.*, the price agreed upon by the parties), should be used by the Department as the basis of U.S. price in its final margin calculations. Petitioners' contention is premised primarily on the following: (1) the Department verified that INVPRU was the actual price paid by the customer; and (2) GF did not provide sufficient evidence to the Department at verification to substantiate its claim that the difference between the two prices related to the effects of the IPRS on pre-POI shipments. (For a detailed summary of petitioners' comments, *see* December 16, 1994, Final Concurrence

[1] Under the IPRS, which expired prior to the POI for stainless steel products, the Indian government compensated exporters for the higher cost of using domestic versus imported materials in the production of export products.

Memorandum from the Team to Barbara R. Stafford at 8–9.)

Respondent claims that for the transactions at issue, GRSUPRU, not INVPRU, is the actual total price charged and paid to GF by the U.S. customer, and, therefore, GRSUPRU should be used as the basis of U.S. price in the Department's final analysis. According to GF, GRSUPRU and INVPRU differ for one U.S. customer because of commitments made between GF and that customer with respect to pre-POI shipments that related to the IPRS. Contrary to suggestions in the Department's sales verification report, respondent claims that there was no price change between the purchase order and invoice with respect to these few sales. If the Department concluded that there was a change in price, the date of sale would be affected. In this case, the date of sale would have been the date of shipment since the alleged price change was first reflected in the invoice issued after shipment, which for several transactions occurred after the POI. Respondent asserts that, contrary to a statement in the Department's verification report, GF's allocations of certain charges (*i.e.*, bank interest charges, indirect selling expenses and imputed credit expenses) applicable to the subject sales were correct; that is, it was correct to use GRSUPRU in its allocation methodology since that is the actual price paid for those sales. (For a detailed summary of respondent's comments, *see* December 16, 1994, Final Concurrence Memorandum from the Team to Barbara R. Stafford at 7–8.)

DOC Position: We agree with respondent. It appears that the inconsistencies in the Department's sales verification report resulted in confusion between the parties concerning the definition of, and difference between, GRSUPRU and INVPRU. In our sales verification report on page 19, we noted that our examination of source documentation revealed "no discrepancies" with respondent's claim. However, in an earlier section of our verification report on page 6 and at the top of page 19, respectively, we incorrectly suggested that, for certain sales made to one U.S. customer during the POI, there were price "changes" between the purchase order and invoice due to the effects of the IPRS, and that INVPRU referred to the "actual price GF charged the U.S. customer" which differed from the original purchase order price. We also incorrectly suggested on page 20, that because GF used GRSUPRU, not INVPRU, to calculate bank interest charges, imputed credit and indirect selling expenses, these expenses were "overstated" for the affected sales.

Based upon further review of the source documentation provided at verification, we believe that the difference between GRSUPRU and INVPRU reported for the affected sales resembles a kind of "rebate" given by GF to the U.S. customer on pre-POI shipments which was accounted for in the final invoice price for the affected POI shipments. We consider a rebate to be a return of a previous amount paid for goods. This "rebate" was the vehicle by which respondent paid back what it owed the customer on pre-POI shipments in lieu of direct cash payments, and bore no relation to POI sales. Furthermore, we view GRSUPRU as the price that the customer would have otherwise paid for the subject sales, but for the "rebate" related to pre-POI shipments made under the IPRS. (For a complete discussion of this issue, *see* December 16, 1994, Final Concurrence Memorandum from the Team to Barbara R. Stafford at 7–10.)

Comment 4: Petitioners contend that certain bank charges incurred on third country sales should be allocated over invoice value, rather than weight, because they are based on the value of the merchandise. Petitioners maintain that by allocating these charges on the basis of weight, respondent has overstated them, thereby understating the net third country sales price. As best information available, petitioners suggest decreasing all third country bank charges based on the percentage difference between the per unit bank charge calculated by value and that calculated by weight for a sample transaction to more accurately reflect GF's true bank cost experience.

Respondent argues that petitioners cite no record evidence for their assertion. Respondent maintains that the record clearly indicates that the subject bank charges (*i.e.*, courier charges) are fixed charges that do not vary with transaction value. Furthermore, respondent emphasizes that it reported other bank charges (*i.e.*, bank interest charges) which were allocated by value.

DOC Position: We agree with respondent. GF claimed in its response and we verified that the subject bank charges were assessed on the basis of weight, not value. Therefore, we have used the verified bank charges in our analysis and made deductions to FMV, where appropriate. (*See* November 2, 1994, Sales Verification Report at page 12).

Comment 5: Petitioners claim that GF incorrectly allocated its ocean freight and foreign brokerage charges on third country sales over net weight rather than gross weight. Since these expenses are incurred on the total weight of the shipments, petitioners contend that they should be allocated over gross weight. Petitioners add that although the differences between gross and net weight for most transactions in the third country sales listing are not substantial, for two invoices the differences are significant. Accordingly, petitioners argue that the movement expenses for all reported third country sales related to the two invoices should be decreased by the percentage difference between the net and gross weights.

Respondent contends that net weight is the weight of SSB actually shipped; in contrast, gross weight includes packing materials. According to respondent, movement costs should be allocated over net weight so that the movement costs are fully absorbed by the SSB actually shipped. To allocate some movement costs to the packing materials would understate per unit movement costs. Furthermore, GF points out that it allocated movement costs over net weight for both U.S. and third country movement charges. If movement costs incurred on third country sales were allocated over gross weight, then for consistency purposes, movement costs incurred on U.S. sales should also be allocated over gross weight. Consequently, the reallocation would affect U.S. and third country sales equally, with no net impact on the Department's dumping margin calculation.

DOC Position: We agree with respondent. Respondent claimed and we verified that the subject movement charges were properly allocated over net or actual weight of the subject merchandise, not gross weight. Therefore, we have made deductions to FMV, where appropriate, for the verified movement charges. (*See* November 2, 1994, Sales Verification Report at page 13).

Comment 6: Petitioners argue that raw material costs should not be reduced by the revenues generated from sales of duty-free advance import licenses.[2] Petitioners contend that the Department should disallow this reduction in GF's raw material costs for several reasons. First, they maintain that these revenues are unrelated to the production and sale of the subject merchandise because they reflect earnings gained from the sale of the unused portion of the import

[2] These licenses allow Indian exporters to import duty-free raw materials that are used in the production of export products. Indian exporters may also sell their license capacity to other (non-exporting) companies which may not have obtained such a license directly from the government.

licenses. Second, the unused capacity was purchased by a company, the function of which was unrelated to the production of subject merchandise. Third, GF incurred no expenses in selling this unused capacity, as the purchaser incurred all costs related to the importation of the material. According to petitioners, the Department has consistently refused to allow an adjustment to respondent's costs of production for income that is unrelated to the production and sale of the subject merchandise. Among other cases, petitioners cite the final determination of *Certain Stainless Steel Wire Rods from France* (58 FR 68865; December 29, 1993) to support its argument.

Furthermore, petitioners assert that GF's revenues from sales of unused license capacity were earned in a period outside the POI. According to petitioners, since these revenues are unrelated to the production or sale of subject merchandise and were earned outside the POI, they should not be allowed as offsets to direct raw material costs.

GF argues that the subject revenues should be considered in the calculation of raw material costs, as they are directly related to raw material purchases. According to GF, they exist only because GF used domestic, instead of imported, material to produce the SSBs for export. Respondent argues that, if not for these import license revenues, it would not make sense for the company to purchase domestic raw materials which have a higher cost than imported materials.

Furthermore, GF asserts that the Indian Government Import License Program replaced the prior IPRS which had the same purpose and effect (*i.e.*, compensating Indian exporters for the higher cost of using domestic material). Respondent points out that during the IPRS program's existence, it was well-established by Department precedent that raw material costs should be adjusted downward for IPRS reimbursements. GF cites *Forged Stainless Steel Flanges from India* (58 FR 68853, 68558 (Comment 10) December 29, 1993) to support its claim. Similarly, respondent maintains that raw material costs should be reduced by the amount of revenues received from license sales which are permitted under the Indian Government Import License Program.

In addition, respondent asserts that the import licenses were secured during the POI, which makes them applicable to POI production. Therefore, benefits from the sale of import licenses are related to, and were accrued during, the POI, regardless of when these benefits are posted in the company's books.

DOC Position: We agree with respondent that the license fee revenues relate to purchases of raw materials for GF's export sales made during the POI. GF purchased raw materials in the domestic market to produce exported SSB. At the same time, GF sold its unused license capacity in a related transaction in order to reduce its overall raw material costs for exported products. Based on our understanding of the license program, GF had to demonstrate that the raw material amount covered by the import license was used in exported products, even if the license amount was sold to another party. GF was able to sell its import licenses only because it was able to satisfy its export obligation under the license by using domestically sourced raw materials, instead of imported raw materials, to produce its exported products. Therefore, the revenues GF received from the sale of its import licenses are directly related to its purchases of domestic raw materials and represent an appropriate offset to GF's raw materials costs.

Comment 7: Petitioners argue that the nickel costs reported by GF should be adjusted to account for a decline in nickel costs at the end of the POI. They contend that the respondent's calculation of average POI material costs should not have included the declining nickel purchase prices at the end of the POI (December 1993). Petitioners argue that it is unreasonable to assume that the nickel purchased by GF in December 1993 was used in the production of subject merchandise during the POI, given the time necessary to import the nickel and convert it into wire rods or bars for use in SSB production. Accordingly, GF's nickel costs should be recalculated to exclude those purchases of nickel that could not have been used in production of the subject merchandise before the end of the POI.

Respondent argues that it is possible that the nickel purchased in December 1993 was used in SSB production during the POI. Respondent states that the reason for the fall in nickel prices was mainly because the early POI nickel purchases were from domestic sources while the later POI nickel purchases were imports which are cheaper than domestically produced nickel. Furthermore, GF states that its financial accounting records do not track when purchased materials are actually used in production. Consequently, GF does not know whether the wire rod it receives from the contractor is made from an earlier or later supply of nickel. According to respondent, only the POI weighted-average approach can be reconciled with GF's financial statements.

DOC Position: We agree with petitioners. Respondent's methodology for calculating weighted-average POI nickel costs failed to adequately account for the beginning POI inventory values and was based on quantities in excess of quantities used. In order to reasonably account for these deficiencies, we excluded from the weighted-average nickel cost calculation, the quantity purchased in excess of consumption (i.e. ending inventory), valued at the most recent purchase price. This approach most accurately values the nickel used in production.

Comment 8: Petitioners contend that GF has understated its reported labor costs by the number of times material passes through a particular process. Since one bar can pass through a particular processing center more than once, petitioners argue that the total weight of material processed in that center will be greater than the finished good weight by a factor equal to the number of times it passes through that processing center. Accordingly, the Department should increase GF's reported labor costs by an appropriate factor in order to properly account for GF's actual labor experience with respect to the subject merchandise.

Respondent maintains that it properly calculated labor costs by considering the cost for each time a particular bar passes through a production process and accounting for the per unit cost of that process by the number of times the bar passes through that process. GF asserts that the Department reviewed its allocation methodology at verification and noted that it appeared reasonable.

DOC Position: We agree with respondent. GF's reported calculation methodology first computed a labor cost for each time a particular bar passed through a particular process. The "per pass" cost was then multiplied by the number of times a certain model passed through the particular process. We have determined that GF's labor cost methodology is reasonable, because it properly accounts for the cumulative cost of processing labor, and accordingly we conclude that no adjustment is warranted.

Comment 9: Petitioners argue that the Department should revise the total production quantity used by GF in calculating certain costs by removing the quantity of inspection wastage, or second quality product. According to petitioners, the quantity of inspection wastage and secondary grade product should not be included in the allocation

base because, by definition, these products did not meet inspection standards and were inferior in quality. The fact that these inferior products could not recover the entire raw material costs, let alone the processing costs, further indicates to petitioners that these products should not be treated as standard products in calculating GF's cost of production. Instead, petitioners maintain that the costs associated with these inferior products should be absorbed by the standard products. Accordingly, petitioners contend that, in its final determination, the Department should revise the total production quantity by removing the quantity for inspection wastage.

Respondent argues that costs were properly allocated over all saleable products, including second-quality SSB. According to respondent, the costs to produce the lower quality bars were the same as those to produce higher quality bars which went through the same production process. In addition, respondent points out that at verification the Department reviewed the allocation methodology for variable expense items and noted it to be reasonable.

DOC Position: We agree with respondent and have made no adjustment. When the finished bar comes out of production, it is examined and classified as either export quality or inspection wastage (*i.e.*, second quality) by inspection teams. The same manufacturing factors go into the production of both export quality and second quality stainless steel bar. Other than quality and market value there is no difference between these products. We have determined that the circumstances in this case are similar to those in *Certain Carbon and Alloy Steel Wire Rod From Canada*, 59 FR 18797 (April 20, 1994), where we allowed the respondent to allocate production costs over both prime and non-prime merchandise. *See also, IPSCO, Inc. v. United States*, 965 F 2d 1057 (Fed. Cir. 1990). We note that, in this context, inspection wastage (or second quality) and non-prime merchandise are synonymous.

Comment 10: Petitioners contend that the Department should revise GF's direct material cost by adding a portion of the excise tax paid by GF to the total cost of direct materials. In petitioners opinion, the deductions to direct material costs GF claimed for excise and sales taxes which were refunded to GF upon exportation of the finished products are overstated because GF sold products in the domestic market during the POI. Because these products were not exported, GF was not eligible for excise and sales tax refunds on their sale. Therefore, petitioners maintain, the Department should revise GF's reported direct material costs to account for the overstatement of tax refunds.

Respondent asserts that petitioners' arguments are irrelevant because this case concerns the costs of product sold to the United States and Germany, and not in the home market. GF also points out that when GF sells in the home market, GF charges the excise or sales taxes to its customer, meaning that GF ultimately does not incur such costs.

DOC Position: We agree with respondent. We observed at verification that GF charged its domestic customers for sales and excise taxes they had paid on raw materials and, therefore, ultimately did not incur any cost for these taxes. We also observed that sales and excise taxes were refunded upon exportation of the subject merchandise. Consequently, we find no evidence on the record of an overstatement of tax refunds as claimed by petitioners.

Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of SSB from India 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 FMV of the subject merchandise exceeds the USP, as shown below. The less than fair value margins for SSB are as follows:

Producer/manufacturer/exporter	Weighted-average margin percentage
Grand Foundry	3.87
Mukand	21.02
All Others	12.45

ITC Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determination. As our final determination is affirmative, the ITC will determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry within 45 days.

If the ITC determines that material injury or threat of material injury does not exist, the proceedings will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled.

However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on SSB from India entered or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation.

Notification to Interested Parties

This notice serves as the only reminder to parties subject to administrative protective order (APO) in these investigations of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(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. 1673d(d)) and 19 CFR 353.20(a)(4).

Dated: December 19, 1994.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 94-31802 Filed 12-27-94; 8:45 am]

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[A-475-813]

Notice of Final Determination of Sales at Not Less Than Fair Value: Stainless Steel Bar from Italy

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

Effective Date: December 28, 1994.

For Further Information Contact: Kate Johnson or Irene Darzenta, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-4929 or 482-6320, respectively.

Final Determination

We determine that stainless steel bar (SSB) from Italy is not being, nor is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated *de minimis* margins are shown in the "Discontinuance of Suspension of Liquidation" section of this notice.

Scope of Investigation

The merchandise covered by this investigation is SSB. For purposes of this investigation, the term "stainless steel bar" means articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-

finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. SSB includes cold-finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentions, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (*i.e.*, cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (*i.e.*, cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles shapes and sections.

The SSB subject to this investigation is currently classifiable under subheadings 7222.10.0005, 7222.10.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075 and 7222.30.0000 of the *Harmonized Tariff Schedule of Schedule of the United States* (HTSUS). Although the HTSUS subheading is 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 July 1 to December 31, 1993.

Case History

Since publication of the notice of preliminary determination on August 4, 1994 (59 FR 39736), the following events have occurred.

On August 5, 1994, Acciaierie Valbruna S.r.l. (Valbruna) submitted its response to Section D of the Department's questionnaire. It supplemented this response on October 3, 1994.

On August 9 and 10, 1994, Valbruna and petitioners, respectively, requested the opportunity to participate in a hearing, if held. None was held.

Also, on August 10, 1994, Valbruna alleged that the Department made certain ministerial errors in its preliminary margin calculations. On August 11, 1994, petitioners submitted comments and rebuttal regarding these ministerial errors. With respect to these allegations, on September 13, 1994, we published a notice of amended preliminary determination correcting the ministerial errors in the preliminary margin calculations (59 FR 46961).

On August 12, 1994, Foroni S.p.A. (Foroni) tentatively requested a hearing in this investigation. It withdrew its request on October 26, 1994.

Verification of Valbruna's and Foroni's responses took place in August and October, 1994.

Case and rebuttal briefs were submitted on November 17, and 23, 1994, respectively.

At the Department's request, Valbruna and Foroni submitted revised computer tapes correcting certain minor clerical errors found at verification on November 22 and 30, 1994, respectively.

Product Comparisons

We have determined that all products covered by this investigation constitute a single category of such or similar merchandise. We made fair value comparisons on this basis. In accordance with the Department's standard methodology, we first compared identical merchandise. Where there were no sales of identical merchandise in the home market to compare to U.S. sales, we made similar merchandise comparisons on the basis of the criteria defined in Appendix V to the antidumping questionnaire, on file in Room B-099 of the main building of the Department of Commerce.

Consistent with our preliminary determination, we altered the order of the SSB grades specified within the grade criteria of Appendix V to account for certain other SSB grades which Foroni sold during the POI, but which were not taken into account in Appendix V. We also reversed the order of the size and shape criteria in Appendix V.

Fair Value Comparisons

To determine whether sales of SSB from Italy to the United States were made at less than fair value, we compared the United States price ("USP") to the foreign market value ("FMB"), as specified in the "United States Price" and "Foreign Market Value" sections of this notice. In accordance with 19 C.F.R. 353.58, we made comparisons at the same level of trade, where possible.

We made revisions to both respondents' reported data, where appropriate, based on verification findings.

United States Price

Foroni

All of Foroni's U.S. sales to the first unrelated purchaser took place after importation into the United States. Therefore, we based USP on exporter's sales prices (ESP), in accordance with section 772(c) of the Act. In accordance with section 772(d) of the Act, we calculated ESP based on FOB warehouse and FOB port prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign brokerage, ocean freight (including foreign inland freight and loading/unloading charges), U.S. brokerage and handling, U.S. inland freight, U.S. import duties (including harbor maintenance fees and merchandise processing fees), and export processing fees. For those sales of subject merchandise with FOB U.S. port sales terms, we made no deduction for the U.S. inland freight charges reported in respondent's U.S. sales listing.

We also deducted credit expenses, warranty expenses, product liability premiums, and commissions paid to an employee, in accordance with section 772(e)(2) of the Act. We recalculated credit expenses to account for updated shipment and payment information which we reviewed at verification. For sales with missing shipment and payment dates, we calculated credit using the average credit days outstanding for all other sales in the U.S. databases. We also deducted U.S. indirect selling expenses, including pre-sale warehousing costs incurred in the United States, advertising, and inventory carrying costs. We recalculated certain indirect selling expenses, including advertising and pre-sale warehousing expenses, in accordance with verification findings.

In addition, we made no adjustment for U.S. packing expenses because Foroni claimed, and we verified, that the subject merchandise is not packed for shipment to the customer.

We also made an adjustment to USP for the value-added tax (VAT) paid on the comparison sales in Italy in accordance with our practice, pursuant to the Court of International Trade's (CIT) decision in *Federal-Mogul Corp. and The Torrington Co. v. United States*, Slip Op. 93-194 (CIT October 7, 1993). (*See Final Determination of Sales at Less Than Fair Value: Calcium Aluminate Cement, Cement Clinker and Flux from France*. 59 FR 14136, March 25, 1994).

Valbruna

For Valbruna, we based USP on both ESP and purchase price (PP), in accordance with section 772 of the Act, because Valbruna made sales both before and after importation into the United States. We calculated both PP and ESP based on packed prices to

unrelated customers. In accordance with section 772(d)(2)(A) of the Act, for both PP and ESP sales we made deductions, where appropriate, for ocean freight (including foreign inland freight, foreign inland insurance, marine insurance and foreign brokerage and handling), U.S. import duties, U.S. merchandise processing and harbor maintenance fees, U.S. inland freight, U.S. brokerage and handling, and containerization expenses (including drayage, stripping, and storage expenses). We added freight income (*i.e.*, freight charges paid by the customer but not included in the gross price) to both ESP and PP sales.

For ESP sales only, we further deducted credit expenses, in accordance with section 772(e)(2) of the Act. Accordingly, we deleted the affected invoice from the database. We also deducted indirect selling expenses incurred in Italy on sales to the United States, as well as indirect selling expenses incurred in the United States, and inventory carrying costs. We recalculated indirect selling expenses incurred in the United States to reflect verification findings. With regard to the reported warranty expenses applicable to one U.S. sales invoice, we made no adjustment because we determined that these expenses were not characteristic of "warranty" expenses; rather, they reflected a return to merchandise.

Finally, we made an adjustment to USP for the VAT paid on the comparison sales in Italy in accordance with our practice, as described above for Foroni.

Foreign Market Value

In order to determine whether there were sufficient sales of SSB in the home market to serve as a viable basis for calculating FMV, we compared the volume of home market sales of SSB to the volume of third country sales of SSB in accordance with section 773(a)(1)(B) of the Act. Based on this comparison, we determined that both respondents had viable home markets with respect to sales of SSB during the POI.

Foroni

We calculated FMV based on ex-factory prices charged to unrelated customers in the home market. Pursuant to 19 C.F.R. 353.56(a)(2), we deducted credit expenses. We also deducted home market indirect selling expenses capped by the sum of U.S. commissions and indirect selling expenses (including inventory carrying costs), in accordance with 19 C.F.R. 353.56(b).

We made adjustments, where appropriate, for differences in the physical characteristics of the merchandise (difmer), in accordance with section 773(a)(4)(C) of the Act. We recalculated difmers to take into account quality control expenses, which we verified were related to production.

We adjusted for VAT in accordance with out practice for those home market sales for which we verified that VAT applied. (*See* the "United States Price" section of this notice.)

In addition, we made no adjustment for U.S. packing expenses because Foroni claimed, and we verified, that the subject merchandise is not packed for shipment to the customer.

Valbruna

We calculated FMV based on packed prices charged to related and unrelated customers in the home market. We included arm's-length sales to related customers, pursuant to 19 C.F.R. 353.45. We excluded from our analysis sales of secondary merchandise, which we verified were not made in the ordinary course of trade.

We deducted cash discounts. We added freight income (*i.e.*, freight charges paid by the customer but not included in the gross price) to both ESP and PP sales.

In light of the Court of Appeals for the Federal Circuit's (CAFC) decision in *Ad Hoc Committee of AZ–NM–TX–FL Producers of Gray Portland Cement V. United States*, 13 F.3d 398 (Fed. Cir. 1994), the Department no longer can deduct home market movement charges from FMV pursuant to its inherent power to fill in gaps in the antidumping statute. Instead, we will adjust for those expenses under the circumstances-of-sale provision of 19 C.F.R. 353.56(a) and the ESP offset provision of 19 C.F.R. 353.56(b)(2), as appropriate. Accordingly, in the present case, we deducted post-sale movement charges from FMV under the circumstances-of-sale provision of 19 C.F.R. 353.56(a). This adjustment included home market inland freight (including inland insurance) from respondent's factory or service centers to its home market customers. We adjusted for pre-sale movement charges in the ESP offset.

For comparison to ESP sales, we also deducted credit expenses and home market commissions from FMV. We considered pre-sale warehousing expenses incurred by Valbruna's service centers and inventory carrying costs related to pre-sale warehousing at these service centers to be direct selling expenses (*see* Comment 10 in the "Interested Party Comments" section of this notice). Accordingly, we deducted these expenses. We then deducted home market indirect selling expenses (including pre-sale movement charges) capped by the sum of U.S. indirect selling expenses and inventory carrying costs.

For comparison to PP sales, we made a circumstance-of-sale adjustment for differences in credit expenses, pursuant to 19 C.F.R. 353.56(a)(2). We also deducted home market commissions from FMV and added to FMV the U.S. indirect selling expenses capped by the amount of home market commissions.

Furthermore, we made no adjustment for the claimed imputed VAT expenses (*see* Comment 4 in the "Interested Party Comments" section of this notice).

For both ESP and PP sales, we deducted home market packing costs and added U.S. packing costs, in accordance with section 773(a)(1) of the Act.

We made adjustments, where appropriate, for difmers, in accordance with section 773(a)(4)(C) of the Act.

We adjusted the VAT in accordance with our practice for those home market sales for which we verified that VAT applied. (*See* the "United States Price" section of this notice, above.)

Cost of Production

Petitioners alleged that Valbruna made home market sales during the POI at prices below the cost of production (COP). Based on petitioners' allegation, and in accordance with section 773(b) of the Act, we concluded that we had reasonable grounds to believe or suspect that sales were made below COP. Thus, we initiated an investigation to determine whether Valbruna made home market sales of subject merchandise at prices below its COP.

In order to determine whether home market prices were below COP within the meaning of section 773(b) of the Act, we performed a product-specific cost test, in which we examined whether each home market product sold during the POI was priced below the COP of that product. We calculated COP based on the sum of respondent's cost of materials, fabrication, general expenses and packing costs, in accordance with 19 C.F.R. 353.51(c). (*See, e.g., Final Determination of Sales at Not Less Than Fair Value: Saccharin from Korea* (59 FR 58826; November 15, 1994)) (*Saccharin from Korea*). We compared the COP for each product to the home market price, net of movement expenses and discounts.

We relied on submitted COP data except in the following instances. We recalculated cost of manufacturing (COM) to exclude the change in inventory adjustment claimed by respondent (*see* Comment 14 in the "Interested Party Comments" section of this notice). We also recalculated

general and administrative and interest expenses based on the adjusted COM.

In accordance with section 773(b) of the Act, we also examined whether Valbruna's home market sales were made below COP in substantial quantities over an extended period of time, and whether such sales were made at prices that would permit the recovery of all costs within a reasonable period of time in the normal course of trade.

To satisfy the requirement of section 773(b)(1) of the Act that below cost sales be disregarded only if made in substantial quantities, the following methodology was used: For each product where less than ten percent, by quantity, of the home market sales made during the POI were made at prices below the COP, we included all sales of that model in the computation of FMV. For each product where ten percent or more, but less than 90 percent, of the home market sales made during the POI were priced below COP, we excluded from the calculation of FMV those home market sales which were priced below COP, provided that the below cost sales of that product were made over an extended period of time. Where we found that more than 90 percent of the respondent's sales of a particular product were at prices below the COP and were made over an extended period of time, we disregarded all sales of that product and calculated FMV based on constructed value (CV), in accordance with section 773(b) of the Act.

In accordance with section 773(b)(1) of the Act, in order to determine whether below-cost sales had been made over an extended period of time, we compared the number of months in which below-cost sales occurred for each product to the number of months in the POI in which that product was sold. If a product was sold in three or more months of the POI, we did not exclude below-cost sales unless there were below-cost sales in at least three months during the POI. When we found that sales of a product only occurred in one or two months, the number of months in which the sales occurred constituted the extended period of time; *i.e.*, where sales of a product were made in only two months, the extended period of time was two months, where sales of a product were made in only one month, the extended period of time was one month. (*See Saccharin from Korea* and *Preliminary Results and Partial Termination of Antidumping Duty Administrative Reviews: Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan* (58 FR 69336, 69338, December 10, 1993)).

Valbruna provided no indication that the disregarded sales were at prices that would permit recovery of all costs within a reasonable period of time and in the normal course of trade. (*See* 19 U.S.C. 1677b(b)(2)).

Currency Conversion

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. *See* 19 C.F.R. 353.60.

Verification

As provided in section 776(b) of the Act, we conducted verification of the information provided by Foroni and Valbruna by using standard verification procedures, including the examination of relevant sales, cost and financial records, and selection of original source documentation.

Interested Party Comments

Foroni

Comment 1:

Foroni argues that its failure to report a relatively small portion of U.S. sales was unintentional and does not warrant the application of adverse BIA. It contends that given the Department's thorough review of these sales at verification, this error does not cast any doubt on the reliability of Foroni's overall response. Foroni states that the Department verified that the gross prices indicated on these invoices were comparable to those observed for reported sales of the same products. Furthermore, Foroni asserts that its underreporting of these sales resulted in the overestimation of U.S. selling expenses and, hence, an exaggerated dumping margin.

Foroni believes that if the Department must substitute information for these sales, it should base such information on the overall weighted-average margin calculated for Foroni. At worst, Foroni believes the Department should use the highest margin found for any U.S. sale. Foroni argues that if other information or BIA is applied in these circumstances it should be based on either of the above-mentioned approaches, particularly where the petition contained no information or allegations regarding Foroni.

Petitioners assert that in calculating final dumping margins, the Department should make certain adverse inferences based on Foroni's failure to report all sales. Petitioners argue that, with regard to the statement in the verification report concerning the gross prices of these omitted sales, gross prices are not used in the dumping analysis. Petitioners state that only after deductions to U.S. price are made and the identical or most similar home market comparison sale is selected can a dumping margin be calculated. Furthermore, according to petitioners, because of the number of adjustments to USP and FMV, transaction margins can and do vary widely. Petitioner sales believe that the omission of a portion of U.S. sales could have a dramatic effect on Foroni's dumping margin. Petitioners argue that the Department should assign the highest calculated non-aberrational margin to these unreported sales.

DOC Position

During our sales reconciliation at verification, company officials explained that all sales records generated prior to the point of invoicing are manually maintained, and that in order to compile a listing of U.S. sales made during the POI based on the reported date of sale methodology (i.e., purchase order date), company officials were required to search their invoice files for all invoices generated during and after the POI pursuant to purchase orders issued within the POI.

To ensure that Foroni had accurately reported all sales to the Department including those that may have been invoiced after the POI pursuant to purchase orders within the POI, we conducted a manual search of the company's 1994 invoiced file. During this exercise, the Department discovered certain invoices related to subject merchandise ordered within the POI which had not been reported in the U.S. sales listing. We established the total unreported quantity and value. Upon close examination, the verifiers concluded that the gross prices indicated on these invoices were comparable to those for reported sales of the same products.

When questioned, company officials stated that they were previously unaware of this apparent omission. The officials speculated that they had misplaced certain purchase orders in the warehouse (at the time respondent prepared its response these orders had not been filled). The officials further explained that, for example, with regard to one misplaced purchase order, which accounted for the majority of the unreported sales quantity, it had taken between five and eight months to fill the order. Once the purchase order was filled, however, the relevant invoices issued were filed in the company's 1994 invoice book, in accordance with the company's normal business practice. Consequently, our audit of the company's 1994 invoice book revealed these unreported sales.

Given the unique circumstances noted above, we determine that application of an adverse BIA rate to the subject sales is unwarranted. Although the Department was under no obligation to accept or review these sales during verification, in this case the verifiers reviewed the invoices for these sales and concluded that the prices for these sales were similar to those for reported sales of the same products. In light of the circumstances surrounding the omission, the limited number of transactions involved, and the overall accuracy of Foroni's response, the Department determines that it is reasonable to fill this gap with a neutral surrogate. See *Replacement Parts for Self-Propelled Bituminous Paving Equipment from Canada; Final Results of Administrative Review of Antidumping Finding*, 58 FR 15481, 15482 (March 23, 1993). Accordingly, we have assigned Foroni's overall weighted-average calculated margin to these unreported sales.

Comment 2: Petitioners argue that the Department should reject Foroni's assignment of unique grade codes and control numbers to sales of 316LUG and 316LN (because they are most similar to 316L, which is the product sold in the United States), and should account for any differences in the products through a difmer adjustment as opposed to a change in control number. According to petitioners, although Foroni argues that the chemical composition of these grades is different than for 316L, chemical composition is not one of the six principal matching criteria in Appendix V of the Department's questionnaire. Accordingly, petitioners assert that Foroni should not be permitted to change the Department's matching hierarchy at such a late point in the proceeding.

Foroni requests that, for the final determination, the Department assign a unique grade code to the three unique products previously misidentified by Foroni. Foroni contends that its failure to assign unique grade codes to home market sales of grades 25.22.2, 316LUG, and 316LN was an inadvertent error.

Foroni argues that, contrary to petitioners' contention, the chemical composition of each grade of SSB is precisely what differentiates it from any other grade. Foroni further argues that it is not in any way attempting to alter the Department's matching criteria, but rather to comply with them. Respondent states that petitioners' claim that grades 315LUG and 316LN should not have unique grade codes because these sales are most similar to sales of 316L is irrelevant because U.S. sales of 316L can be compared to sales of identical merchandise in Italy. Foroni states that it did not sell grades 316LUG or 316LN in the U.S. market during the POI. Finally, Foroni claims that the Department reviewed these product identification errors and verified the information provided by Foroni.

DOC Position: We agree with respondent and have corrected the misidentified grade codes in the revised home market sales listing provided by respondent on November 30, 1994. We reviewed the information provided by Foroni regarding the different chemical compositions and material costs of each product prior to, as well as during, verification and determined that grades 316LUG and 316LN are in fact chemically different from grade 316L. Based on our review of the chemical compositions and material costs as stated above, we determined that these products are not the most similar to grade 316L sold in the United States.

Furthermore, we disagree with petitioners' contention that Foroni is attempting to alter the matching hierarchy. Grade, which takes into account chemical composition, is in fact one of the matching criteria in Appendix V of the questionnaire.

Comment 3: Petitioners argue that the Department should not accept the updated shipment, payment and quantity information collected at verification, which represents information for nine percent of the total U.S. transactions, because this information was submitted subsequent to the Department's deadline for submission of factual information. Petitioners believe that in filling in these missing dates, the Department should make certain adverse assumptions. For example, petitioners argue that the Department should assume that the payment date is the date of the final determination for purposes of calculating credit.

Foroni argues that certain minor clerical errors, as well as verified updated information, should be substituted in Foroni's sales data prior to the final determination. Foroni states that, in any event, the Department has requested that Foroni submit a revised sales listing on computer disk to include this data.

DOC Position: We agree with respondent and have allowed it to revise its U.S. sales listing to reflect the actual shipment/payment dates and quantity data for the subject U.S. transactions where the information had previously been missing or estimated. Respondent presented the updated information at issue in the context of minor clerical errors found in preparation for verification and the accuracy of this information was verified.

Valbruna

Comment 1: Petitioners believe the home market sales for which Valbruna reported limited data ("File 2" sales) should be included in the Department's final analysis. Valbruna requested that these sales be excluded from the analysis based on its representations that the sales would not be "similar" because the difmer exceeds 20 percent. Petitioners note that the Department required Valbruna to provide worksheets showing a difmer in excess of 20 percent for all these sales and that respondent did not provide the worksheets.

Petitioners also compare the first four product characteristics for File 2 sales to the home market sales that Valbruna did report as comparable merchandise to SSB sold in the United States ("File 1" sales). According to petitioners, this comparison shows that several products are identical (based on the first four matching criteria) to subject merchandise reported by Valbruna. Accordingly, petitioners contend that File 2 sales should be included in the Department's analysis because certain products in this file are in fact identical to sales reported in File 1.

Respondent counters with the following arguments. First, at verification Valbruna demonstrated that there were no sales in File 2 within the first five identical or most similar matches for Valbruna's reported U.S. sales. Second, since the File 2 sales would never match to a U.S. sale based on product characteristics, there was no need to provide worksheets showing that the size of the difmer exceeds 20 percent. Third, petitioners' analysis of the File 1 and File 2 is flawed because the analysis takes into account only four of the six matching criteria that Valbruna reported and which the Department used in its preliminary determination.

DOC Position: We verified the fact that these sales would not be used for matching purposes. Therefore, consistent with our preliminary determination, we have continued to disregard the sales in File 2 for purposes of our margin calculation.

With regard to petitioners' argument that Valbruna failed to provide worksheets showing difmers in excess of 20 percent for sales in File 2, our letter of April 1, 1994, to Valbruna stated that we would require worksheets for any sales not reported solely because of the size of the difmer (as opposed to those that did not match to a U.S. sale based on product characteristics). As

respondent states, and as we verified, because the sales in File 2 would never match to U.S. sales based on the six product characteristics specified in Appendix V of the questionnaire issued in this case, there was no need for respondent to provide worksheets. Finally, concerning petitioners' argument that a comparison of File 2 sales to U.S. sales shows several products with identical matches, we agree with respondent that this argument is incorrect because petitioners based their analysis on only the first four product characteristics as opposed to the six point characteristics that the Department required for matching purposes in Appendix V of the questionnaire. As explained above, when all of the matching characteristics are considered, the sales in question would not be used for matching purposes.

Comment 2: Petitioners argue that the Department should revise its dumping calculations to account for home market sales that are exempt from VAT. Petitioners state that VAT was not collected on a portion of the sales reported in Valbruna's sales listing. Petitioners note, however, that the Department increased the price on all U.S. sales to account for the VAT paid on comparison sales in Italy. Furthermore, petitioners contend that Valbruna is inconsistent in its reporting of customers that were exempt from VAT. Petitioners request that the Department:

- Adjust the U.S. price for the VAT only if the VAT was paid on the comparison sales in Italy;
- Adjust the U.S. price only to the extent that the VAT is included in weighted-average FMV; or
- Treat all home market sales to "export-oriented" companies as tax-exclusive sales and do not adjust the price for any U.S. sales compared to such home market sales.

Respondent maintains that petitioners' argument is based on the incorrect inference that VAT-exempt sales were incorrectly reported. Respondent further maintains that it was not inconsistent in its reporting of customers that were exempt from VAT because the exemption is only allowed up to a specified ceiling. According to Valbruna, customers can elect to use or not use their exemption on specific sales; therefore, it is not unusual for a customer to pay VAT on some sales and not on others. Accordingly, respondent believes that petitioners' requests should be denied.

DOC Position: Prior to verification, respondent revised its home market sales listing to account for VAT-exempt sales based on its discovery of this information while preparing for verification. During verfication we examined sales to which VAT applied as well as VAT-exempt sales and determined that respondent correctly reported this information. Accordingly, we have adjusted for VAT on home market sales to which it applies and have made an adjustment to the USP only if the VAT was paid on comparison home market sales.

Comment 3: Petitioners state that the Department should deduct cash discounts on home market sales before calculating adjustments for home market commissions, credit, direct selling expenses, inventory carrying charges and imputed VAT. Petitioners claim that the Department noted in its home market verification report that cash discounts were not considered in these calculations.

Respondent states that, pursuant to the Department's request, it submitted a revised computer tape on November 22, 1994, in which it appropriately accounted for cash discounts in calculating the adjustments listed above.

DOC Position: We agree with both parties. We used respondent's revised sales listing, which properly accounts for cash discounts in calculating the above-referenced adjustments, for purposes of the final margin calculations.

Comment 4: Respondent argues that the Department should adjust FMV for the imputed cost or income associated with the timing difference between respondent's payment of the VAT and receipt of the VAT payment from the customer. Respondent argues taht the imputed VAT cost or income is a *bona fide* adjustment in accordance with the circumstance of sale provisions of the antidumping statute. Respondent states that there is no discernible difference between the applicability of these provisions to credit expense incurred on payment of sales and the applicability of these provisions to credit expense incurred on VAT payments.

Additionally, respondent states that the Department verified the income or expense incurred by Valbruna for financing its customers' VAT payments. Therefore, according to Valbruna, petitioners' claim that the opportunity cost was not verified is incorrect unless petitioners do not consider these amounts to be opportunity costs. According to respondent, petitioners' argument that imputed VAT cost or income should be based on the net VAT paid is irrelevant because Valbruna is virtually exempt from paying VAT taxes on raw materials and services purchased in connection with the production of merchandise.

Petitioners contend that the Department did not verify whether there is an opportunity cost associated with Valbruna's VAT payments to the government. Petitioners also state that VAT law allows an offset to the VAT payment due the government for VAT paid for raw materials and services purchased in connection with production of merchandise. Therefore, according to petitioners, the imputed VAT cost or income claimed by Valbruna should be based on the net VAT paid and not the total VAT on the sale. In addition, petitioners believe that Valbruna should report a theoretical VAT opportunity cost for sales to the United States if Valbruna claims imputed VAT costs for its Italian sales.

Petitioners argue that, unless the Department calculates opportunity costs for all associated charges, an adjustment for VAT opportunity costs alone would be incomplete. Additionally, petitioners maintain that allowing adjustments for some of these opportunity costs but not for others would provide respondents with an opportunity to manipulate dumping calculations by claiming only those opportunity costs that would benefit a respondent.

DOC Position: We agree with petitioners and have not allowed this adjustment, in accordance with the Department's policy outlined in the *Final Determination of Sales at Less Than Fair Value: Sulfur Dyes, Including Sulfur Vat Dyes, from the United Kingdom*, 58 FR 3253 (January 8, 1993). In that case, the Department noted that "virtually every charge or expense associated with price-to-price comparisons is either prepaid or paid for at some point after the cost is incurred. Accordingly, for each pre- or post-service payment,there is also an opportunity cost (or gain).

Thus, to allow the type of adjustment suggested by respondent would imply that in the future the Department would be faced with the impossible task of trying to determine the opportunity cost (or gain) of every freight charge, rebate and selling expense for each sale reported in a respondent's database." (*See also Final Determination of Sales at Less Than Fair Value: Calcium Aluminate Cement, Clinker and Flux from France*, 59 FR 14136, 14146, March 25, 1994).

The wording of the Department's regulation providing for circumstance of sale adjustments supports this interpretation. Section 353.56(a)(2) identifies the type of expenses or differences in circumstances of sale which the Department normally adjusts

for. These include credit terms and similar expenses which a producer chooses to incur or which become necessary due to the producer's business activities. The regulations contain no indication that the Department should consider granting an adjustment to account for a government imposed tax such as the VAT, or for any other type of so-called "opportunity cost." Similarly, the CIT has affirmed the Department's rejection of the claim that a circumstance of sale adjustment is warranted to offset the effect of accounts payable and imputed expenses incurred between the seller and its suppliers. *Independent Radiomic Workers of America v. United States,* Slip Op. 94–144 at 11 (CIT September 16, 1994); *Federal-Mogul Corp. v. United States,* 839 F. Supp. 881, 885–86 (CIT 1993). Finally, and perhaps most fundamentally, the CIT relied upon the Court of Appeals' decision in *Daewoo Electric Co. v. United States,* 6 F. 2d 1511, 1518–19 (Fed. Cir. 1993), to hold that the Department is simply "not required to reach the level of precision in quantifying circumstance of sale adjustments which [the party] believe[d] is required." *Federal-Mogul,* 839 F. Supp. at 886. The same conclusion applies to the present investigation.

Comment 5: Petitioners maintain that Valbruna did not report all ocean freight costs. Petitioners cite the Department's verification report which states that "one of Valbruna's two shipping companies separately reports, as a different line item on the same invoice, freight charges and document processing fees." Petitioners believe that the document processing fees which have been separately reported have not been accounted for in Valbruna's ocean freight costs and, therefore, these fees should be deducted from USP for the affected sales.

Valbruna officials claim that all ocean freight costs borne by Valbruna have been accounted for. Respondent also states that the Department explicitly verified ocean freight expenses and found no discrepancies.

DOC Position: We agree with respondent. We have no reason to believe that document processing fees were not properly accounted for simply because they were sometimes separately reported. We verified ocean freight expenses (including document processing fees) and found no discrepancies. Therefore, we have deducted ocean freight charges as reported.

Comment 6: Petitioners point out that the Department's home market verification report states, "We noted that bank expenses were not included in the calculation of the U.S. interest rate. Moreover, the methodology used to calculate the home market rate was different (from) that used to calculate the U.S. rate." Petitioners add that Valbruna's home market interest rate calculation includes "non-interest" loan expenses while Valbruna did not include such expenses in its U.S. interest rate calculation. Petitioners contend the Department should revise Valbruna's home market interest rate calculation (and all fields, such as credit, that employ the interest rate) by using the actual rates charged by banks, exclusive of any "bank expense" deductions, and should ensure that the home market interest rate calculation otherwise is consistent with the interest rate used for U.S. sales.

Respondent maintains that it included bank expenses in its U.S. interest rate calculation. Accordingly, respondent claims that its methodology for calculating its home market interest rate did not differ from the methodology used to calculate its U.S. interest rate.

DOC Position: We incorrectly noted in our verification report that bank charges were not included in the calculation of the U.S. interest rate. Therefore, petitioners' comments are moot. We used the home market and U.S. interest rates as reported and verified in our calculations.

Comment 7: Petitioners assert that Valbruna improperly reported part of its credit expenses on PP sales by reporting as inventory carrying costs the financing expenses for the period from the date of shipment from Vicenza to the date of entry at the U.S. port. Petitioners argue that the credit period for PP sales should begin on the date the SSB was shipped from the plant in Italy and should include time in transit to the U.S. port. Petitioners state that Valbruna's failure to properly report credit expenses for its PP sales resulted in an understatement of the circumstance of sale adjustment to FMV for differences in credit expenses.

Respondent contends that it properly reported U.S. credit expenses for PP sales. Valbruna explains that it finances PP sales for the time the merchandise is on the water while Avesta Sheffield, Inc. (ASI), which markets Valbruna's SSB products in the United States, finances these sales from the date the merchandise is shipped from the U.S. port to the date of receipt of payment. Valbruna explains that separate interest rates were used to calculate the credit costs during each of these shipping phases; therefore, credit expenses is reported under two variables in the U.S. database.

DOC Position: We have considered both the reported credit expenses, and the costs reported by respondent as inventory carrying costs for PP sales, as credit expenses in accordance with our normal practice of calculating the credit period from the time the merchandise leaves the factory until it reaches the customer.

Furthermore, with regard to the Valbruna's use of separate interest rates for each segment of this expense, we used the two U.S. rates as reported because we verified that a portion of the credit period is financed by Valbruna and the remainder is financed by ASI.

Comment 8: Petitioners argue that the Department should adjust respondent's credit calculation to correct for inconsistencies in the method respondent used to determine the U.S. and home market credit periods. Petitioners note that the bank deposit date marks the end of the credit period for U.S. sales while the date the funds were actually credited to Valbruna's account marks the end of the credit period for home market sales. Since finds in the home market are usually credited to the account three days after the deposit date, petitioners believe the Department should either add three days to the credit period for all U.S. sales or deduct three days from the credit period for all home market sales.

Respondent maintains the Department's verification reports show that the U.S. and home market credit periods were determined using consistent methods. Respondent notes that the Department's home market verification report explicitly states that Valbruna reported the date of receipt of payment as the date that funds were actually credited by the bank into its account. Respondent further notes that in the U.S. sales verification report the Department traced the reported date of receipt of payment to the date funds were actually credited by the bank. Thus, respondent believes the Department should reject petitioners' argument.

DOC Position: We agree with respondent that the credit periods were consistently reported. During the ESP as well as home market verifications we examined payment documentation for numerous sales and confirmed that in both markets respondent reported date of payment as the date funds were actually credited to its account by the bank. Therefore, we have used the reported and verified payment dates in both the U.S. and home market credit calculations.

Comment 9: During our review of individual sales transactions during the U.S. verification, we noted a reduction

in sales price for one transaction. Petitioners contend that if ASI allowed this price reduction then it is likely that they allowed other price reductions. Petitioners argue that the Department should reduce the price of other sales, where appropriate, by the amount of the price reduction discovered at verification. Furthermore, petitioners contend that there may be similar price reductions because the above-mentioned price reduction was discovered from a review of only a few sales. (For further amplification of petitioners' position see proprietary Concurrence Memorandum dated December 16, 1994).

Valbruna maintains that ASI does not offer any such reductions in price to its U.S. customers. Respondent explains that ASI reviewed its sales records for such reductions in price and, to the best of its knowledge, it allowed no other price reductions during the POI. Respondent also maintains that the Department examined numerous sales transactions and found no trace of any other price reductions. Respondent notes that it has revised its U.S. sales listing to properly account for this price reduction. (for further amplification of respondent's position see proprietary Concurrence Memorandum dated December 16, 1994).

DOC Position: Based on our review of numerous sales at verification, we have no reason to believe that Valbruna offered such price reductions to other customers. At verification we reviewed respondent's cash posting list and noted that other such price reductions were for nonsubject merchandise. Accordingly, we believe that the situation as described above, and in the proprietary record, is unique and does not reflect a general policy of granting price reductions on U.S. sales. Moreover, this price reduction has been accounted for in Valbruna's sales listing.

Comment 10: Respondent maintains that home market pre-sale warehousing and inventory carrying costs are directly related to sales of the subject merchandise. Respondent notes that the Department treated all pre-sale expenses associated with Valbruna's home market service centers as indirect selling expenses in the preliminary determination because Valbruna did not adequately demonstrate that such expenses are directly attributable to particular sales of the subject merchandise. Respondent argues that the Department's findings at verification now provide it with sufficient justification to determine that Valbruna's presale expenses associated with home market service centers are directly related to home market sales. In addition, respondent cites the *Final Determination of Sales at Less Than Fair Value: Certain Hot-Rolled Lead and Bismuth Carbon Steel Products From the United Kingdom*, 58 FR 6207 (January 27, 1993) *(Lead and Bismuth)* as well as the *Final Determination of Sales at Less Than Fair Value: Polyethylene Terephthalate Film, Sheet, and Strip from Japan*, 56 FR 16300 (April 22, 1991) (*PET Film*) to support its argument.

Petitioners argue that the cases cited by respondent do not support Valbruna's claim. Petitioners maintain that Valbruna calculated its pre-sale warehousing expenses in the same manner as a respondent in the *PET Film* case whose claim for direct warehousing expenses was rejected by the Department. In addition, petitioners note that in *PET Film* and *Lead and Bismuth* the Department stated that a requirement for allowing pre-sale warehousing expense as a direct expense was that the stock in question was only available for sales to those specific customers, which is not the case for Valbruna.

Finally, petitioners request that the Department treat pre-sale expenses incurred for Valbruna's U.S. sales as direct selling expenses if the Department determines that Valbrunna's home market pre-sale expenses are direct selling expenses. Petitioners argue for parallel treatment because Valbruna manufacturers SSB for its ESP sales to the customers' exact specifications and, like the regional warehouses in the home market, the SSB that is inventoried by ASI is merchandise that is restricted to servicing only those customers located in an assigned geographic region.

DOC Position: For purposes of the final determination, we have treated Valbrun's pre-sale warehousing/service center warehousing costs as direct expenses. We believe that the facts in this case most closely resemble those in *Lead and Bismuth* which stated that the respondent:

> accepts requests from some home market customers to maintain in inventory a certain amount of product manufactured to that customer's specifications. Then, when the customer needs the steel, it issues a specific purchase order for delivery out of this customer-specific stock. Customers can thereby obtain immediate delivery, rather than wait for the normal monthly rolling cycle.

In *PET Film*, also the Department accepted the respondent's contention that its pre-sale warehousing expenses were directly related to its home market sales since the Department verified that the expenses were incurred and reported on the basis of specific products sold to specific customers during the POI.

At vertification we reviewed customer purchase orders and Valbruna order confirmations which stipulated that Valbruna was required to keep on hand a specified amount of subject merchandise with certain specifications for particular customers at particular service centers. The record contains no indication that Valbruna sold this merchandise to customers other than the ones for which the particular merchandise was held in inventory. In fact, company officials stated that the merchandise is usually so specialized that Valbruna would be unable to sell it to other customers. We also observed during the plant tour merchandise with "open order" tags reflecting open orders against a customer's supply forecast for which Valbruna was required to maintain specific inventory levels at its service centers. Furthermore, we observed that Valbruna's accounting system tracks additional stock going to a warehouse; it lists the quantity, but not the price, and states the merchandise is destined for a specific customer.

This approach is consistent with the Department's determination in other cases, such as *Brass Sheet and Strip from West German; Final Results of Antidumping Administrative Review*, 56 FR 60087, 60090 (1991), which the CIT recently upheld in *Hussey Copper, Ltd v. United States*, 834 F. Supp. 413, 421 (CIT 1993). There, the Department declined to treat expenses associated with pre-sale inventory ("buffer stock") as direct expenses. Based upon those facts, the court agreed, noting in addition that information on the record indicated that respondent withdrew "the material for shipment to customers other than the ones who generally purchase material out of those warehouses." *Hussey Copper*, 834 F Supp. at 421. *See also LMI-La Metalli Industriale, S.p.A. v. United States*, 912 F.2d 455, 457 (Fed. Cir. 1990).

With respect to petitioners' latter argument, ASI's warehousing practices do not resemble Valbruna's service center warehousing practices. ASI's customers' purchase orders do not stipulate that ASI must keep a certain amount of merchandise available for particular customers. Although SSB that is shipped by Valbruna and inventoried by ASI may be restricted to servicing only those customers located in an assigned geographic region, it is not customer-specific, as is the merchandise stocked at Valbruna's service centers in Italy. In addition, ASI not only warehouse Valbruna-related products,

but also sells non-subject merchandise, including Avesta Sheffield's standard and special stainless steel products such as steel plates, sheets, strips, wire and welded pipe and tubing. Therefore, ASI's warehousing expenses and corresponding inventory carrying costs cannot be directly tied to specific sales of the subject merchandise.

Comment 11: Valbruna argues that in the event its final dumping margin is affirmative, that margin would be due solely to the use of quarterly exchange rates. Valbruna argues that the Department is required to use daily exchange rates whenever a dumping margin would be created by the Department's use of quarterly exchange rates. Therefore, Valbruna argues that the Department must use daily exchange rates in this case. Valbruna cites *Luciano Pisoni Fabbrica Accessori v. United States, (Luciano Pisoni)* 640 F. Supp. 255 (CIT 1986), in an apparent attempt to argue that no demonstration need be made that the exchange rates fluctuated during the POI in order to invoke this rule.

Petitioners argue that exchange rate fluctuations must be "temporary" to warrant the use of daily exchange rates (*See Final Determination of Sales of Less Than Fair Value: Coated Groundwood Paper from Finland*, 56 FR 56363 (November 4, 1991), and Valbruna has not offered any evidence that there were temporary exchange rate fluctuations during the POI.

DOC Position: We disagree with Valbruna and have continued to use quarterly exchange rates, in accordance with the Department's regulations and as warranted by the facts of this case. Pursuant to section 363.60 of the Department's regulations, we rely upon the quarterly exchange rates as published by the Federal Reserve Board. Section 353.60(b) does provide for a special rule under which during an investigation, the Department may rely upon daily rates if the price of the merchandise is affected by "temporary exchange fluctuations." The Department has defined temporary exchange rate fluctuations as occurring when the daily rate varies from the quarterly average rate by more than five percent. However, we do not interpret the special rule outlined in 19 C.F.R. 353.60(b) as envisioning the treatment of an entire POI as a temporary fluctuation. *See, e.g., Final Determination of Sales at Less Than Fair Value: Certain Portable Electric Typewriters from Singapore*, 58 FR 43334 43338 (1993); *Groundwood Paper.*

In this case, Valbruna has not provided any evidence on the record to demonstrate that the exchange rates fluctuated in the manner contemplated by the Department's regulations. Accordingly, it is appropriate to reject Valbruna's claim on this basis. Indeed, Valbruna did not raise the issue until submitting its case brief. Moreover, we do not agree with Valbruna's interpretation of the CIT's decision in *Luciano Pisoni*. In this decision, the CIT highlighted the fact that the respondent in that investigation had made only ten relevant home market sales during the POI. *Luciano Pisoni*, 640 F. Supp, at 260. The court stressed that based upon the facts in that case, it would have been unfair to use quarterly exchange rates. As such, because *Luciano Pisoni* can be distinguished from the present investigation on this basis, we have not addressed any other aspect of the CIT's reasoning in *Luciano Pisoni*.

Comment 12: Respondent requests that, pursuant to 19 C.F.R. 353.20(c), if the final determination is above *de minimis*, the Department should transmit the output from its margin program to the U.S. International Trade Commission to alert the Commission (ITC) to the facts that (1) the amount of sales reflecting transaction margins is minuscule, and (2) the transaction margins, where they exist, reflect minimal amounts.

DOC Position: Because Valbruna's final dumping margin is *de minimis*, this issue is moot.

Comment 13: Petitioners argue that Valbruna incorrectly reported the weighted-average COP based on costs incurred during the POI. Rather, petitioners contend that the Department should adjust Valbruna's reported data to reflect the actual costs incurred for sales made during the POI. Petitioners assert that the Section D questionnaire "covers cost of production information for the merchandise sold in the home market/third country." Petitioners assert that the appropriate reporting period for cost would be the corresponding production months before the POI. Petitioners state that raw material prices were higher in the period prior to the POI.

Respondent argues that it properly reported costs to reflect the actual cost for sales during the POI. Valbruna reported that, for its home market sales, production takes place a number of months before the product is sold. Respondent asserts that petitioners' analysis is erroneous, because it relies solely on dollar denominated costs of stainless steel scrap.

DOC Position: The Department agrees with respondent. Section D of the questionnaire clearly requests weighted-average production data based on costs incurred during the POI. The Department has departed from this general policy only when unique circumstances arise, such as when there was no production during the POI. Furthermore, companies, frequently hold inventory for a period of time between production and shipment and raw materials are held for a period of time between purchase and production. An average inventory holding period or length of time between order and production are only estimates. Sales are sometimes made from existing stock or may be produced to order, or even a combination of both.

Petitioners raised the issue for the first time in the pre-verification comments—too late in the investigation for the Department to perform the appropriate analysis to determine whether a change in the cost data reporting period is warranted. Furthermore, if the Department was to accept petitioners' argument, the CV data would be based on a different accounting period than the COP data, effectively doubling the burden on all parties. Accordingly, absent strong evidence to the contrary, the Department assumes that the cost structure prevailing during the POI is representative and can be sued to calculate COP.

Comment 14: Petitioners argue that the Department should reject Valbruna's adjustment for the change in inventory value. Petitioners assert that the inventory adjustment claim is not consistent with the inventory policy stated in Valbruna's financial statements. Furthermore, the calculations obtained by the Department during verification show that the claim has no bearing on the actual COP for the SSB sold during the POI. The analysis does not represent an adjustment to the COP; it merely represents a comparison of the cost of materials at the beginning of the POI and the end of the POI. The cost verification report states that Valbruna's management cost accounting system calculates material costs on a current basis and excludes the effect of beginning and ending inventory.

Respondent argues that it properly accounted for changes in inventory. Respondent states that the cost system accumulates material costs on a current cost basis, and that the financial accounting system calculates material costs on a historical cost basis. The financial accounting system takes into account changes in inventory, unlike the cost accounting system. According to Valbruna, although petitioners complain that Valbruna inaccurately valued the change in inventory adjustment, if Valbruna would have

used average quantities in the POI, rather than quantities at the end of the POI, the resulting adjustment would have been more favorable to Valbruna, as demonstrated at verification.

DOC Position: The Department agrees with petitioners. Although the cost methodology used by Valbruna calculates the current production costs and fails to include the difference in price between the beginning and ending inventories and the average POI price, the adjustment is incorrect for two reasons. First, because the beginning and ending finished goods inventory was included in the calculation, the adjustment theoretically converts the cost of manufacturing, which is what should be reported, into cost of goods sold. Secondly, Valbruan uses the last-in-first-out inventory method for financial statement purposes which results in something similar to current costing. Therefore, because the methodology followed by Valbruna, absent the inventory adjustment, closely reflects the methodologies used for financial statement purposes, we disallowed the adjustment.

Discontinuance of Suspension of Liquidation

In accordance with section 735(c)(2)(A) of the Act, because the margins are *de minis*, we are directing the Customs Service to discontinue the suspension of liquidation of all entries of SSB from Italy, that were entered, or withdrawn from warehouse, for consumption on or after August 4, 1994. Accordingly, all bonds should be released and estimated antidumping duties deposited should be refunded.

Manufacturer/producer/exporter	Margin percent
Acciaierie Valbruna S.r.l.	0.14
Foroni S.p.A.	0.23

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 serves as the only reminder to parties subject to administrative protective order (APO) in this investigation of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 C.F.R. 353.34(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. 1673d(d)) and 19 C.F.R. 353.20(a)(4).

Dated: December 19, 1994.

Susan G. Esserman,

Assistant Secretary for Import Administration.

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BILLING CODE 3510-DS-M

[A-588-833]

Notice of Final Determination of Sales at Less than Fair Value: Stainless Steel Bar From Japan

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

EFFECTIVE DATE: December 28, 1994.

FOR FURTHER INFORMATION CONTACT: Irene Darzenta or Kate Johnson, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-6320 or (202) 482-4929.

Final Determination

The Department of Commerce (the Department) determines that stainless steel bar (SSB) from Japan 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, as amended (the Act) (19 U.S.C. 1673b). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Scope of Investigation

The merchandise covered by this investigation is SSB. For purposes of this investigation, the term "stainless steel bar" means articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. SSB includes cold-finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (*i.e.*, cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (*i.e.*, cold-formed products in coils, of any uniform solid cross sections along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.

The SSB subject to this investigation is currently classifiable under subheading 7222.10.0005, 7222.10.0050 7222.20.0005, 7222.20.0045, 7222.20.0075, and 7222.30.0000 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheading is 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 July 1, 1993, through December 31, 1993.

Case History

Since the announcement of the preliminary determination on July 29, 1994, the following events have occurred. Also on July 29, 1994, petitioners submitted a letter opposing respondents' request for postponement of the final determination. On August 1 1994, petitioners supplemented their July 29, 1994, submission.

On August 4, 1994, we published the notice of preliminary determination in the **Federal Register** (59 FR 39739). Petitioners requested the opportunity to participate in a hearing, if held, on August 10, 1994.

On August 26, 1994, we published the postponement of final determination in the **Federal Register** (59 FR 44129).

On October 19, 1994, Autocam, a U.S. manufacturer of precision machined parts for the automotive industry and importer of subject merchandise, requested that we temporarily exclude from the scope of this investigation a series of modified 430 leaded stainless steel. Petitioners filed a letter in support of Autocam's request on November 9, 1994.

On November 21, 1994, we informed both Autocam and petitioners that the request as stated was not acceptable and that they could either withdraw the request or resubmit it. Since that time, petitioners have not commented further on this issue.

Petitioners were the only interested party to file a case brief in this investigation. They did so on November 8, 1994.

Best Information Available

In accordance with section 776(c) of the Act, we have determined that the use of best information available (BIA)

is appropriate for the three named respondents. Given that none of the three responded to the Department's questionnaire, we find they have not cooperated in this investigation.

Specifically, our BIA methodology for uncooperative respondents is to assign the higher of the highest margin alleged in the petition or the highest rate calculated for another respondent. Accordingly, as BIA, we are assigning the highest margin among the margins alleged in the petition. *See Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From the Federal Republic of Germany; Final Results of Antidumping Duty Administrative Review* (56 FR 31692, 31704, July 11, 1991). The Department's methodology for assigning BIA has been upheld by the U.S. Court of Appeals of the Federal Circuit. (*see Allied Signal Aerospace Co.* v. *United States*, 996 F.2d 1185 (Fed. Cir. 1993)); *see also Krupp Stahl, AG et al.* v. *United States*, 822 F. Supp. 789 (CIT 1993)).

Interested Party Comments

Comment 1

Petitioners argue that since the issuance of the preliminary determination, there have been no further efforts on the part of any respondent to cooperate with the Department in this case or submit any information requested. Accordingly, petitioners believe that the final determination should continue to be based on the highest margin of dumping alleged in the petition for all Japanese SSB producers and exporters, 61.47 percent.

DOC Position

We agree with petitioners and have continued to use the highest margin of dumping alleged in the petition for purposes of the final determination.

Suspension of Liquidation

In accordance with section 733(d)(1) (19 U.S.C. 1673b(d)(1)) of the Act, we are directing the U.S. Customs Service to continue to suspend liquidation of all entries of SSB from Japan, 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	Weighted average margin percent
Aichi Steel Works, Ltd	61.47
Daido Steel Co., Ltd	61.47
Sanyo Special Steel Co., Ltd	61.47
All Others	61.47

International Trade Commission (ITC) Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will determine whether imports of the subject merchandise are materially injuring, or threaten material injury to, the U.S. industry within 45 days.

If the ITC determines that material injury or threat of material injury does not exist, the proceedings will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on SSB from Japan entered or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation.

Notification to Interested Parties

This notice serves as the only reminder to parties subject to administrative protective order (APO) in this investigation of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(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. 1673d(d)) and 19 CFR 353.20(a)(4).

Dated: December 19, 1994.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 94-31801 Filed 12-27-94; 8:45 am]

BILLING CODE 3510-DS-P

[A-469-805]

Notice of Final Determination of Sales at Less Than Fair Value: Stainless Steel Bar From Spain

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

EFFECTIVE DATE: December 28, 1994.

FOR FURTHER INFORMATION CONTACT: Mary Jenkins or Kate Johnson, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-1756 or 482-4929, respectively.

Final Determination

We determine that stainless steel bar (SSB) from Spain is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Scope of Investigation

The product covered by this investigation is SSB. For purposes of this investigation, the term "stainless steel bar" means articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. SSB includes cold-finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (i.e., cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness have a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.

The SSB subject to this investigation is currently classifiable under subheadings 7222.10.0005, 7222.10.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075 and 7222.30.0000 of the *Harmonized Tariff Schedule of the United States* (HTSUS). Although the HTSUS subheading is 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 July 1, 1993, to December 31, 1993.

Case History

Since publication of the notice of preliminary determination on August 4, 1994 (59 FR 39740), which the Department amended through a notice of *Correction of Ministerial Errors* published on September 13, 1994 (59 FR 46962), the following events have occurred.

On August 3, 1994, after receiving letters from the Department dated July 13 and 29, 1994, regarding deficiencies in its initial questionnaire response, Acenor, S.A. (Acenor) informed the Department that, on July 27, 1994, it had sold the part of its industrial assets dedicated to the production of SSB to DIGECO, S.A. and CLORIMAX, SRL. Acenor provided no further details about this sale or its successors. Given this situation, Acenor requested that it be allowed to withdraw as a mandatory respondent, and that it be granted an indefinite extension of time for its successors to decide whether to continue participating in the investigation. The Department denied these requests, and neither Acenor nor its successors filed any further submissions with the Department.

On August 4, 1994, Roldan submitted a supplemental response to the Section D questionnaire. On September 19, 1994, Roldan submitted supplemental information relating to its sales response.

Verification of Roldan's responses took place in September and October 1994. As requested by the Department, on November 7, 1994, Roldan submitted a post verification submission based on verification findings.

Case and rebuttal briefs were submitted on November 16, and 21, 1994, respectively. A hearing was held on November 23, 1994.

Best Information Available

In accordance with section 776(c) of the Act, we have determined that the use of best information available (BIA) is appropriate for Acenor. Neither Acenor nor its successors responded to our deficiency letters, and we were not able to verify the incomplete information in Acenor's initial questionnaire given Acenor's complete withdrawal from this proceeding. On that basis, we have found that Acenor has not cooperated in this investigation.

Specifically, our BIA methodology for uncooperative respondents is to assign the higher of the highest margin alleged in the petition, the highest rate calculated for another respondent, or the estimated margin found for that respondent in the preliminary determination (if applicable). Accordingly, as BIA, we are assigning to Acenor the highest margin among the margins alleged in the petition, as recalculated by the Department. *See Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany; Final Results of Antidumping Duty Administrative Review (Antifriction Bearings)* (56 FR 31692, 31704, July 11, 1991). The Department's methodology for assigning BIA has been upheld by the U.S. Court of Appeals for the Federal Circuit. *See, Allied Signal Aerospace Co.* v. *United States*, 996 F.2d 1185 (Fed. Cir. 1993) (*Allied Signal*); *see also Krupp Stahl, AG et al.* v. *United States*, 822 F. Supp. 789 (CIT 1993)).

Such or Similar Merchandise

We have determined that all the products covered by this investigation constitute a single category of such or similar merchandise. We made fair value comparisons on this basis. In accordance with the Department's standard methodology, we first compared identical merchandise. Where there were no sales of identical merchandise to compare to U.S. sales, we made similar merchandise comparisons on the basis of the criteria defined in Appendix V to the antidumping questionnaire, on file in Room B-099 of the main building of the Department of Commerce.

Consistent with our preliminary determination, we altered the order of the SSB grades specified within the grade criterion of Appendix V to account for certain other SSB grades which respondent sold during the POI, but which were not taken into account in Appendix V. We also reversed the order of the size and shape criteria in Appendix V.

Fair Value Comparisons

To determine whether sales of SSB from Spain 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. In accordance with 19 C.F.R. 353.58, we made comparisons at the same level of trade, where possible. We made revisions to respondents' reported data, where appropriate, based on verification findings.

United States Price

We based USP on purchase price (PP) in accordance with section 772(b) of the Act, because the subject merchandise was sold to unrelated purchasers in the United States before importation and exporter's sales price methodology was not otherwise indicated.

We calculated PP based on CIF delivered prices to unrelated customers in the United States. We made deductions, where appropriate, for foreign brokerage and handling, foreign inland freight, ocean freight, marine insurance, U.S. brokerage and handling (including insurance), U.S. inland freight and U.S. import duties. No adjustment was made for freight charge differentials claimed by Roldan because the actual cost of freight paid by Roldan was deducted (*see* Comment 10 below).

We made an adjustment to USP for the value-added tax (VAT) paid on the comparison sales in Spain, in accordance with our practice, pursuant to the Court of International Trade decision in *Federal-Mogul Corp.* v. *United States*, 834 F. Supp 1319 (CIT 1993). (*See Final Determination of Sales at Less than Fair Value: Calcium Aluminate Cement, Cement Clinker and Flux from France*, 59 FR 14136, March 25, 1994).

Foreign Market Value

In order to determine whether there were sufficient sales of SSB in the home market to serve as a viable basis for calculating FMV, we compared the volume of home market sales of SSB to the volume of third country sales of SSB in accordance with section 773(a)(1)(B) of the Act and section 353.48(a) of the Department's regulations. Based on this comparison, we determined that Roldan had a viable home market with respect to sales of SSB during the POI.

Cost of Production

Petitioners alleged that Roldan made home market sales during the POI at prices below the cost of production (COP). Based on information submitted by petitioners in their allegation, and in accordance with section 773(b) of the Act, we concluded that we had reasonable grounds to believe or suspect that sales were made below COP. (*See* the June 13, 1994, decision memorandum from Richard W. Moreland to Barbara R. Stafford.)

In order to determine whether home market prices were below COP within the meaning of section 773(b) of the Act, we performed a product-specific cost test, in which we examined whether each home market product sold during the POI was priced below the COP of

that product. *See, e.g., Final Determination of Sales at Not Less Than Fair Value: Saccharin from Korea* (59 FR 58826; November 15, 1994) (*Saccharin from Korea*). We calculated COP based on the sum of the respondent's reported cost of materials and fabrication, general expenses and packing costs, in accordance with 19 CFR 353.51(c). We then compared the COP for each product to the home market price, net of movement expenses.

We relied on the submitted COP data with the following exceptions where the costs were not appropriately quantified or valued: At verification, we found that Roldan, when reporting the cost of manufacturing (COM) associated with the blooms which it purchased from its parent company, erroneously failed to classify its parent's cost of production as Roldan's raw materials costs and, in addition, wholly excluded its parent's selling, general and administrative (SG&A) expenses. We had Roldan recalculate its COM to correct the errors. For COP purposes, we valued Roldan's raw materials costs for the blooms purchased from its parent at the parent's cost of production. In addition, we revised the SG&A rate applied to Roldan's COM to reflect only Roldan's experience rather than the experience of both Roldan and its parent. Finally, discrepancies between the difference-in-merchandise (difmer) data and cost data were corrected.

In accordance with section 773(b) of the Act, we also examined whether Roldan's home market sales were made below COP in substantial quantities over an extended period of time, and whether such sales were made at prices that would permit the recovery of all costs within a reasonable period of time in the normal course of trade.

To satisfy the requirement of section 773(b)(1) that below cost sales be disregarded only if made in substantial quantities, the following methodology was used: For each product where less than ten percent, by quantity, of the home market sales made during the POI were made at prices below the COP, we included all sales of that model in the computation of FMV. For each product where ten percent or more, but less than 90 percent, of the home market sales made during the POI were priced below COP, we excluded from the calculation of FMV those home market sales which were priced below COP, provided that the below cost sales of that product were made over an extended period of time. Where we found that more than 90 percent of the respondent's sales of a particular product were at prices below the COP and were made over an extended period of time, we disregarded all sales of that product and calculated FMV based on constructed value (CV), in accordance with section 773(b) of the Act.

In accordance with section 773(b)(1) of the Act, in order to determine whether below-cost sales had been made over an extended period of time, we compared the number of months in which below-cost sales occurred for each product to the number of months in the POI in which that product was sold. If a product was sold in three or more months of the POI, we did not exclude below-cost sales unless there were below-cost sales in at least three months during the POI. When we found that sales of a product only occurred in one or two months, the number of months in which the sales occurred constituted the extended period of time; *i.e.*, where sales of a product were made in only two months, the extended period of time was two months, where sales of a product were made in only one month, the extended period of time was one month (*see Saccharin from Korea*).

With regard to Section 773(b)(2) of the Act, Roldan provided no indication that any of the below-cost sales were at prices that would permit recovery of all costs within a reasonable period of time and in the normal course of trade.

Results of COP Test

We examined Roldan's product-specific COP data, as corrected based on our findings at verification. For certain products, we found that less than 10 percent of home market sales were below COP; accordingly, we included all home market sales of these products in the computation of FMV. For certain other products, we found that between 10 and 90 percent of home market sales were below COP over an extended period of time, and we therefore excluded from the computation of FMV those sales which were below COP. Finally, we found that for certain products, more than 90 percent of Roldan's home market sales were at below-COP prices over an extended period of time. We disregarded all of these sales. After performing this analysis, certain U.S. sales were left without a match. Accordingly, for those sales, we based FMV on CV.

Price to Price Comparisons

For price-to-price comparisons, we calculated FMV based on packed delivered and FOB prices to unrelated customers in the home market. Based on verification findings, we increased the gross unit price to account for freight revenue collected from certain customers for merchandise not yet shipped. We also increased the gross unit price for sales made by Roldan's related service centers to account for a cutting surcharge charged to its customers and interest revenue collected from certain customers for extended credit terms.

Constructed Value

We calculated CV based on the sum of the cost of materials, fabrication, general expenses, U.S. packing costs and profit. In accordance with section 773(e)(1)(B)(i) and (ii) of the Act we: 1) included the greater of respondent's reported general expenses or the statutory minimum of ten percent of the COM, as appropriate; and 2) for profit, we used the statutory minimum of eight percent of the sum of COM and general expenses.

We relied on the submitted CV data except where the costs were not appropriately quantified or valued, as described above in the "Cost of Production" section of this notice. For CV purposes, however, Roldan's raw materials costs (for the blooms that it purchased from its parent) were valued at an amount equal to the higher of the transfer price, market price or the parent's cost of production. In addition, the SG&A rate applied to Roldan's COM was changed so that it reflected only Roldan's experience rather than the experience of both Roldan and its parent, as Roldan had reported it. Finally, discrepancies between the difmer data and cost data were corrected.

For both price-to-price comparisons and comparisons to CV, we made circumstance-of-sale adjustments, where appropriate, for differences in credit expenses, pursuant to 19 C.F.R. 353.56(a)(2). Roldan calculated credit expenses based on the average interest rate received from its discounted accounts receivable during the POI from one bank. Based on findings at verification, we re-calculated home market and U.S. credit expenses based on an average of the interest rates of all banks used by Roldan to discount its accounts receivable during the POI. In addition, for those sales with missing shipment dates and payment dates, we calculated credit expenses based on the average payment period for the respondent's sales reported with shipment and payment dates.

We did not make a circumstance-of-sale adjustment for commissions claimed by Roldan that were paid to its parent company for export sales services, nor did we adjust for commissions paid by Roldan to the U.S. subsidiary of its parent company for

marketing Roldan's products in the United States. We consider these payments to be intra-company transfers not tied directly to sales of the subject merchandise (*see* Comment 4 below).

We deducted home market packing costs and added U.S. packing costs inclusive of the labor cost submitted in Roldan's post verification submission for certain U.S. packing forms, in accordance with section 773(a)(1) of the Act.

For price-to-price comparisons only, we also made adjustments, where appropriate, for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act. We adjusted for VAT in accordance with our practice, as described in the "United States Price" section of this notice, above.

In light of the Court of Appeals for the Federal Circuit's decision in *Ad Hoc Committee of AZ-NM-TX-FL Producers of Gray Portland Cement* v. *United States*, 13 F.3d 998 (Fed. Cir. 1994), the Department no longer can deduct home market movement charges from FMV pursuant to its inherent power to fill in gaps in the antidumping statute. Instead, we will adjust for those expenses under the circumstance-of-sale provision of 19 C.F.R. 353.56(a) or, where appropriate, the exporter's sales price offset provision of 19 C.F.R. 353.56(b)(2), as appropriate. We did so in this case. This adjustment included home market inland freight and insurance.

In addition to the adjustments noted above, there were certain U.S. sales for which there were no comparable sales at the same level of trade (as reported by Roldan) in the home market. For these U.S. sales, we used home market sales at a different level of trade (as reported by Roldan) as the basis for our less than fair value comparisons (*see* DOC response to comment 7). For these comparisons, in accordance with 19 C.F.R. 353.58, we made a level of trade adjustment. As a level of trade adjustment, we offset the cost difference between the indirect selling expenses incurred by respondent in the home market in selling to the different levels of trade. We granted this adjustment because, based on our analysis of the questionnaire response, we are satisfied that: 1) Roldan's sales from its factory to unrelated customers and its sales through its related service centers represent two distinct levels of trade; and 2) the difference in level of trade affects price comparability (*see* Comments 6 through 8 below).

Currency Conversion

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank of New York. *See* 19 C.F.R. 353.60(a).

Verification

As provided in section 776(b) of the Act, we conducted verification of the information provided by Roldan by using standard verification procedures, including the examination of relevant sales, cost and financial records, and selection of original source documentation.

Interested Party Comments

Comment 1

Petitioners argue that Acenor's status as a party to this proceeding cannot be altered simply by the apparent transfer of its production assets to other owners. Petitioners state that any change in the ownership of Acenor took place some time subsequent to the POI, and thus does not alter the fact that Acenor was the producer and exporter of the subject merchandise at issue during the POI. Thus, the ostensible transfer of ownership and the question of the status of the successor companies is an issue for a future administrative review, not for this investigation.

Petitioners argue that Acenor should be subject to the highest adverse margin on record as BIA. Petitioners state that in determining what rate to apply as BIA, the agency has developed a two-tiered methodology, in which the most adverse rate is assigned to an uncooperative respondent, and cite to *Antifriction Bearings* and *Allied-Signal*. Petitioners submit that the most adverse rate available for Acenor is the highest individual margin calculated by the Department's preliminary determination for Acenor. As support for this selection, petitioners cite *Final Determination of Sales at Less Than Fair Value; Certain Hot-rolled Carbon Steel Flat Products, et al., from France*, 58 FR 37125 (July 9, 1993), and *Final Determination of Sales at Less Than Fair Value; Stainless Steel Wire Rods from France*, 57 FR 68865 (Dec. 29, 1993).

DOC Position

We agree with petitioners and have treated Acenor as an uncooperative respondent for BIA purposes in this investigation. Once a company has been named as a mandatory respondent, a decision to withdraw is in essence a decision to refuse to cooperate in the Department's investigation. In assigning total BIA to an uncooperative respondent, our methodology specifies that we will assign the highest margin from among: (a) the margins in the petition, (b) the calculated rate for another respondent, or (c) the estimated margin found for that respondent in the preliminary determination. *See Final Determinations of Sales at Less Than Fair Value; Certain Hot-Rolled Carbon Steel Flat Products, et al., from Canada*, 58 FR 37099, 37100–01 (July 9, 1993). Although petitioners cite to *Certain Hot-Rolled Carbon Steel Flat Products from France* and *Stainless Steel Wire Rods from France* as cases where the Department has used the highest margin calculated for an individual sale as BIA, those cases involved partial BIA, not total BIA. In this case, we have assigned Acenor the highest margin in the petition.

Comment 2

Petitioners argue that the Department should use BIA to calculate a dumping margin for Roldan because Roldan was unable to establish, through any existing company records, that the sales it had reported were accurate. Petitioners further state that, at verification, the lists used to substantiate the supporting documents for Roldan's sales volume and value figures were inappropriately developed while the verification was on-going.

Respondent states that the Department's verification team was: (1) able to establish that all sales were correctly reported, (2) able to determine that the total sales quantity and value were correct, and (3) able to trace the sales journal directly to the general ledgers and financial statements.

DOC Position

We disagree with petitioners. Petitioners quote the verification report out of context. Based on our analysis of Roldan's sales reporting and accounting system at verification, we were able to determine that the total quantity and value figures reported by Roldan were complete and accurate. Roldan's sales are recorded in its accounting books at the time of invoice, rather then the time at which price and quantity are agreed upon (as reflected in mill order acceptances). Therefore, Roldan reported its total quantity and value figures based on mill order acceptances. Consequently, in order to reconcile Roldan's total quantity and value figures reported to the Department, Roldan created a list of the orders accepted by the mill to capture all sales made within the POI in accordance with the Department's date of sale methodology. The mill acceptance orders were verified by the Department. Therefore,

we consider Roldan to have presented appropriate documentation to support its reported sales.

Comment 3

Petitioners argue that during the verification of Inoxcenter, one of Roldan's related distributors, the Department found that Inoxcenter applied a surcharge for cutting SSB to some customers and that information on this charge was not included in the sales data previously submitted to the Department. Petitioners state that the Department should adjust all of Roldan's home market sales prices upward for this unreported surcharge by applying the surcharge as a percentage of the sales value of the invoice which contained a cutting surcharge to all home market sales.

Respondent states that the amount of this charge to customers is minimal and that it would have required a manual search of thousands of invoices to be able to report this item. Respondent further argues that Inoxcenter, like most service centers in Spain and in the United States, maintains inventory and, where necessary, cuts the steel products it sells. Respondent states that any minimal amount of additional sales revenue or selling expense resulting from these services are reflected in indirect selling expenses.

DOC Position

We agree with petitioners that an adjustment is warranted for the unreported cutting surcharge. However, we consider the adjustment advocated by petitioners to be inappropriate given the circumstances of this case. At verification, we examined a small number of sales (due to time constraints), and found the surcharge on only one of the sales. Therefore, we have applied this surcharge to all service center sales in the ratio observed for the six sales verified.

Comment 4

Petitioners argue that the Department should make a circumstance of sale adjustment for commissions paid to Acerol Corporation (Acerol), Roldan's related U.S. sales organization. Petitioners disagree with the Department's refusal to make a circumstance-of-sale adjustment in the preliminary determination, where the Department treated the expenses as intra-company transfers, not tied directly to sales of the subject merchandise.

Petitioners first state that, since it is in the respondent's best interest that expenses incurred in the United States be indirect, Roldan must demonstrate that the payments to Acerol are not tied directly to sales. Petitioners cite to *Tapered Roller Bearings, Finished and Unfinished, and Parts Thereof, from Japan; Final Results of Administrative Review*, 57 FR 4951, 4955–56 (1992), in which the Department stated that it generally will reclassify a U.S. adjustment as direct when a respondent fails to provide information substantiating that the U.S. adjustment is indirect. Petitioners also cite to *Timken Co.* v. *United States* 673 F Supp. 495 (CIT 1987), in which the CIT stated that it is reasonable that the burden of establishing an adjustment is on the respondent that seeks that adjustment. Petitioners further argue that Acerol's financial statements classify these payments as commissions.

Petitioners next insist that the Department, in its preliminary determination, impermissibly assumed that the U.S. commission payments were not made at arm's length. According to petitioners, Roldan failed to satisfy its burden of showing that these payments were not at arm's length, and therefore the Department should have assumed that they were at arm's length.

Respondent refers to the Department's verification report of Inoxcenter to argue that its payments to Acerol were not tied directly to sales. In addition, respondent states that these payments were negotiated between Roldan's and Acerinox' chief executive officers. Respondent argues that this type of negotiation between related parties could hardly be considered indicative of an arm's-length transaction.

DOC Position

We agree with respondent. In *Final Determination of Sales at Less Than Fair Value; Coated Groundwood Paper From Finland*, 56 FR 56359 (Nov. 4, 1991) (*Coated Groundwood Paper*), we explained that we interpreted *LMI-La Metalli Industriale, S.p.A. v. United States*, 912 F.2d 455 (Fed. Cir. 1990), to mean that related party commissions paid in either the United States or the home market are allowable as circumstance-of-sale adjustments when they are determined to be (a) at arm's length, and (b) directly related to the sales in question. In the instant investigation, we have found that the "commissions" at issue are indirect selling expenses, and are neither arms'-length nor directly related to the sales under consideration. Therefore, no circumstance-of-sale adjustment is warranted. In this regard, we examined the payments made by Roldan to Acerol at verification and found that they were year-end, intra-company payments made to cover Acerol's operating expenses. We concluded that there was no relationship between the amount of the payments and direct sales made through Acerol. We also noted, based on our review of Acerol's financial statements, that these payments, which were included in indirect selling expenses, were separate from the charges made by Acerol to perform such services as movement, which are characterized as commissions in Acerol's financial statements. Furthermore, in this investigation, we cannot find the "commissions" at issue to have been provided at arm's length. We have no appropriate benchmark against which to test whether the commission arrangements between Roldan and Acerol are at arm's length.

Comment 5

With regard to product comparisons, petitioners argue that the Department should continue to use the product comparisons used in the preliminary determination, and that there is no basis to use the five SSB size ranges proposed by Roldan. According to petitioners, use of only five groupings results in groupings much too broad to be meaningful or to provide appropriate comparisons, particularly in the narrowest dimensions. Petitioners state that Roldan's cost accounting system may assign these products the same costs, but that does not mean that the products actually bear the same costs. Finally, petitioners note that the product criteria for SSB were not developed for this investigation alone, but have been applied to other contemporaneous SSB investigations and no respondent in any other SSB investigation has claimed that the sizes should be compared in ranges.

Respondent argues that the use of each millimeter to determine whether a product is identical is far too restrictive for matching purposes. Roldan urges the Department to treat as identical all sizes within each of the five ranges it has identified in its responses. Roldan states that in terms of its manufacturing costs, the sizes falling within each of these ranges are identical for matching purposes. This would not only result in more identical comparisons, but also identical comparisons of sizes bearing the same manufacturing cost under Roldan's cost accounting system; Moreover, it would avoid the difmer adjustment distortions caused by attempting to compare, as most similar, products having different manufacturing costs.

DOC Position

We agree with petitioners that we should continue to use the product comparisons used in our preliminary determination. It only became apparent at verification that respondent's cost accounting system does not recognize cost differences at the level of detail in Appendix V. Respondent did not raise this issue prior to verification; therefore, at this stage in the investigation, we will not consider changing our product matching criteria.

Comment 6

Petitioners argue that in accordance with the test set forth in Appendix II to the final determination in *Final Determination of Sales at Less Than Fair Value; Certain Cold-Rolled Carbon Steel Flat Products From Argentina*, 58 FR 37062 (July 9, 1993) (*Argentina Steel*), the Department should reject Roldan's related party sales and rely instead on sales by Roldan's related parties to the first unrelated customer in the home market, *i.e.*, the downstream sales. Petitioners add that to ignore the entire home market of resales to unrelated parties under the guise of a level of trade assertion, as Roldan requests, would essentially nullify the agency's related party test and unjustly limit the home market database of comparisons. Moreover, petitioners also argue that Roldan's downstream sales, i.e, the home market sales at Level II (see Comment 7 below), are tainted because of Roldan's inability to trace these sales (through the large related service centers) to Roldan merchandise, given that the service centers purchase from Roldan and other producers but do not have records to trace the source of the SSB for any particular sale. According to petitioners, BIA would be the only appropriate alternative where such home market sales were needed for comparison to U.S. sales. Petitioners assert that in *Final Determinations of Sales at Less Than Fair Value; Certain Hot-Rolled Flat Carbon Steel Products, et al. from France*, 58 FR 37,125, 37127–28 (1993), where the respondent's related party prices were not at arm's length and the respondent failed to report home market downstream sales, the Department used BIA.

Roldan argues that the Department should use its related party sales. Roldan argues, alternatively, that the Department should only match Level I home market sales with U.S. sales. According to Roldan, the use of Level II home market sales is inappropriate given the fact that there is no assurance that any given sale by the related service centers selling at Level II actually included the sale of SSB produced by Roldan.

DOC Position

We have applied the test set forth in Appendix II to the final determination in *Argentina Steel*, and we have determined that Roldan's related party sales are not at arms-length. Accordingly, we have rejected all of Roldan's related party sales and have relied instead on sales by Roldan's related parties to the first unrelated customer in the home market. In addition, consistent with our past practice, we have used home market sales at both Level I and Level II for matching purposes. *See, e.g., Final Results of Antidumping Duty Administrative Reviews; Tapered Roller Bearings and Parts Thereof, Finished and Unfinished, from Japan and Tapered Roller Bearings, Four Inches or Less in Outside Diameter, and Components Thereof, from Japan*, 58 FR 64720, 64729 (Dec. 9, 1993). Sales of certain SSB products made by Roldan's related service centers to the first unrelated customer in the home market involved commingled SSB products, *i.e.*, SSB products that could have been produced by Roldan or by other unrelated suppliers. Section 773(a)(1) of the Act directs that FMV be calculated based on sales of "such or similar merchandise," and the term "such or similar merchandise" is defined by section 771(16) of the Act as merchandise which is produced in the same country and by the same person as the merchandise which is the subject of the investigation. Therefore, we cannot use sales of SSB products produced by persons other than Roldan when calculating FMV. We have only included in our foreign market value analysis sales made by related service centers of the SSB products that we were able to determine were purchased exclusively from Roldan.

Comment 7

Roldan has identified two levels of trade within its home market distribution system. Roldan argues that Level I sales are made directly from the factory (through the commercial department of Roldan's parent, Acerinox) to large related and unrelated service centers and large end-users that maintain substantial inventories and, therefore, are willing to wait the two to three months it usually takes from the time the order is placed until the product can be manufactured and delivered. Roldan states that Level II sales are made by its large related service centers, who have purchased merchandise directly from Acerinox' commercial department, *i.e.*, at Level I. According to Roldan, these related service centers have the expenses of maintaining merchandise in inventory for resale to unrelated end-users, and occasionally to other unrelated service centers. Roldan also maintains that, while there are two types of customers at each level of trade, *i.e.*, service center and end-user, the level of trade is dictated by whether the customer wants immediate delivery or wants to wait 2–4 months, and whether the cost of carrying inventory falls on the seller or the customer. Roldan also argues that the prices and selling expenses are very different at each level of trade, and thereby requests a cost-based level of trade adjustment.

Petitioners argue that Roldan has inaccurately claimed that its sales through related parties are at a different level of trade. Petitioners argue that Roldan's distinctions are not between levels of trade but between volumes sold and timing of delivery. Petitioners state that the same types of customers are at both levels of trade claimed by Roldan: service centers (*i.e.*, distributors) and end-users. Petitioners argue that these customers perform the same functions at both levels identified by Roldan. Petitioners cite to the Department's recent decision in *Final Determination of Sales at Less Than Fair Value; Certain Carbon and Alloy Steel Wire Rod from Canada*, 59 FR 18791 (April 20, 1994), where the Department rejected respondent's claim of differences in levels of trade because it was based on differences in quantities and types of products, not functions. In addition, the Department noted that the two claimed levels of trade represented end-users. Petitioners also argue that Roldan's attempt to include end-users at each of its purported levels of trade suffers from the same flaws the agency identified in *Preliminary Determination of Sales at Less Than Fair Value; Disposable Pocket Lighters from Thailand*, 59 FR 53414, 53415 (Oct. 24, 1994). In that case, the Department found that there was no indication of different functions performed to justify a distinction within the same general category.

DOC Position

Consistent with Import Administration Policy Bulletin 92.2 dated July 29, 1992, we have accepted respondent's level of trade classifications for matching purposes. We have done so because the record indicates that there are distinct functions and selling services at each of the levels of trade identified which result in different selling expenses.

At the first level of trade (Level I), Roldan manufactures and ships to order relatively large quantities. As the product is manufactured after receipt of the order, the costs and risks of maintaining a finished goods inventory are transferred from Roldan to the buyer. Since the time between order and shipment is at least two months, the buyer, not Roldan, bears the risks attendant to a long elapsed time between order and receipt. On the other hand, at the second level of trade (Level II), Roldan sells through related steel service centers. The service centers sell relatively small orders, from inventory, manufactured in advance, and maintained at the service center. It is the service center, not the customer, that bears the cost and risks of maintaining inventory.

Although the customer category "end-user" purchases at both levels of trade, the characteristics of these customers is significantly different. There is, in fact, little or no overlap between Roldan's unrelated customers that purchase at Level I and Level II. The end-users that purchase at Level I have predictable manufacturing lead times that permit advance orders in relatively large quantities and have the capacity to maintain significant inventory; the end-users purchasing at Level II operate with shorter lead times and lower inventory. Moreover, the end-users at Level II purchase both the manufactured product and inventory maintenance services from Roldan and the cost of these additional services generally is reflected in the price.

In summary, our analysis indicates that there is both a correlation between prices and level of trade and a correlation between selling expenses and level of trade. Therefore, we have accepted respondent's request and have made a cost-based level of trade adjustment.

Comment 8

Petitioners argue that Roldan's reported level of trade adjustment is flawed because the Department found at verification that the methodology Roldan used to report costs at different levels of trade was not consistent. According to petitioners, respondent has failed to compare apples with apples in calculating expenses for the different levels of trade.

Petitioners further argue that the entire additional selling expense applicable to selling Roldan bars should not be deducted. According to petitioners, if the Departments make a level of trade adjustment, it should derive its best estimate of costs incurred at Level I sales, and offset the indirect selling expenses reported for Level II by this amount.

Petitioners state that the Department should recalculate the cost data rather than accept the intra-company transfer payment figures provided by Roldan. In addition to this re-adjustment, petitioners argue that there are three other flaws in Roldan's calculation of its Level II selling expenses: 1) Roldan did not include sales to related parties, 2) Roldan included fixed expenses and non-selling expenses, and 3) Roldan included general and administrative expenses.

Roldan argues that because the price at which its merchandise is sold is dictated by the level of trade at which it is sold and the additional selling expenses incurred, a level of trade adjustment is warranted. Roldan states that the indirect selling expenses for the large related service centers selling at Level II represent the additional selling expenses applicable to selling Roldan bars at Level II rather than at Level I. Roldan states that the Level II selling expenses represent, in their entirety, the "appropriate adjustment for differences affecting price comparability" and, therefore, should be subtracted from the Level II price in order to arrive at a comparable price to be compared with the sales made directly from the factory.

DOC Position

We agree with respondent that a level of trade adjustment should be made. As in *Final Results of Antidumping Duty Administrative Review; Tapered Roller Bearings, Finished and Unfinished, and Parts Thereof from Japan* (56 FR 41512, August 21, 1991), we have made a level of trade adjustment based on an offset between the indirect selling expenses incurred in selling subject merchandise at Level I and Level II. However, we agree with petitioners that these expenses should be allocated over all sales, to related and unrelated customers, and should not be limited solely to sales to unrelated customers, as reported by Roldan. Roldan has provided no evidence to suggest that the indirect selling expenses incurred at both levels of trade are incurred exclusively with respect to sales to unrelated customers. Rather, these expenses are indirect selling expenses which, by their very nature, are not attributable to specific sales. Therefore, we have followed our normal practice of allocating indirect selling expenses over all sales.

Comment 9

According to petitioners, Roldan reported that the total freight cost that Roldan actually paid differed from the total amount charged on the invoice for export delivered merchandise. Petitioners state that this cost differential should be treated as movement charges rather than indirect selling expenses.

Respondent argues that the revision in movement charges for U.S. sales requested by petitioners is inappropriate. Roldan further states that the ocean freight and other movement charges verified by the Department reflect the actual freight charged by the shipping company.

DOC Position

We disagree with petitioners. We are not making the adjustment to U.S. movement charges suggested by petitioners. Since we verified the actual shipping costs incurred by Roldan, we know that the cost differential reported as indirect selling expenses does not reflect actual shipping costs for U.S. sales. Our examination of U.S. sales invoices did not show any additional costs for delivery of subject merchandise and, thus, no adjustment to the verified freight expenses is warranted.

Comment 10

Petitioners state that a comparison of the average prices and total sales quantities for each home market product code on Roldan's June 15, 1994, computer tape with those on its November 7, 1994, computer tape revealed changes to the average home market price or to the total home market sales quantities for some product codes. Moreover, petitioners state that they compared the prices on the two sales listings for the same sales and found that the prices for certain home market sales had changed. Petitioners argue that the Department should reject home market sales for which Roldan reported revised prices and quantities after verification.

Respondent states that the changes in question are reflected in the pre-verification amendments filed with the Department by Roldan in its September 19, 1994, submission. These amendments included a number of cancelled sales, credit memos, and sales made outside the normal course of trade.

DOC Position

The changes in Roldan's database were submitted to the Department on September 19, 1994. At verification, we examined the circumstances surrounding these sales. On the basis of that examination, we agree that the sales at issue should not be included in our margin analysis. These sales include

cancelled sales, credit memos and sales outside the ordinary course of trade. (*See also* comment 6.)

Comment 11

Respondent renews for the record its objection with respect to all stainless steel bar constituting a single class or kind of merchandise rather than two separate classes or kinds of merchandise for hot-rolled bar and cold-formed bar, respectively.

Respondent also renews for the record its objection to the commencement of this investigation despite the failure of the petitioners to file a complete copy of the petition with the United States International Trade Commission as specifically required by law.

DOC Position

Respondent has raised no new arguments concerning the determination of the class or kind of merchandise in this investigation, nor has respondent raised any new arguments with regard to the filing of the petition with the International Trade Commission (ITC). Therefore, there is no basis to reconsider our decision made at the preliminary determination. *See Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination: Stainless Steel Bar from Spain* (59 FR 39740, August 4, 1994).

Comment 12

Petitioners argue that Roldan failed to report costs for the appropriate period. Roldan reported the weighted average cost of production based on costs incurred during the POI. Petitioners contend that Roldan should have provided cost of production data for the SSB that was sold in Spain during the POI. Petitioners assert that the Section D questionnaire "covers cost of production information for the merchandise sold in the home market/third country." Roldan stated that production is generally scheduled for one to four months after the acceptance of an order; therefore, according to petitioners, the appropriate reporting period for cost would cover the last three months of the POI and the three months subsequent to the POI. Petitioners state that raw material prices increased 14.5 percent in the three months after the POI.

Respondent argues that it reported costs for the appropriate period. Roldan cites the Section D questionnaire, which states: "The cost of production and the CV should be calculated on a weighted average production basis for the cost incurred during the period of investigation." Respondent argues that for purposes of applying the antidumping law, every attempt should be made to permit an exporter an opportunity to determine whether or not goods are being sold at a dumped price at the time the decision is made to accept the order.

DOC Position

We agree with respondent. The Section D questionnaire clearly requests weighted average production data based on costs incurred during the POI. We have departed from this general policy only when unique circumstances arise, such as when production did not occur during the period of investigation. Companies frequently hold inventory for a period of time between production and shipment. Raw materials are held for a period of time between purchase and production. Sales are sometimes made from existing stock or may be produced to order. An average inventory holding period or length of time between order and production are only estimates. Therefore, absent strong evidence to the contrary, the Department assumes that the cost structure during the POI is representative and can be used to calculate an estimate of the cost of production.

Finally, we note that, in cases where products are made "to order" a company would set prices based on its current costs. Any attempt to discern what costs will be in the future must be, at best, an estimate. If the expectation is that costs will significantly increase, then the sale would probably be structured as a cost plus contract.

Comment 13

Petitioners argue that the Department should revise its calculations to account for unexplained changes and inconsistences in the cost data submitted after verification. According to petitioners' analysis: 1) for a significant number of products, the variable costs reported for cost of production were different from the variable costs reported for the product's difmer calculation; 2) for a significant number of products, the variable overhead and fixed overhead costs reported for cost of production were different from the costs reported prior to verification; and, 3) for a few products, the cost of manufacturing reported for constructed value was different from the cost of manufacturing reported for the product's difmer calculation.

Respondent argues, with regard to item one, that the difference reflected in petitioners' analysis results from an adjustment relating to provisional amortization made to the cost of manufacturing. Instead of reducing each fixed overhead amount proportionally, the provision adjustment was applied directly to Roldan's cost of manufacturing. The net cost of manufacturing result is the same, but each of the fixed overhead amounts remains slightly overstated. They reflect the provisional amortization reported in Roldan's cost accounting system and have not been adjusted to reflect the actual rate of amortization reflected in the financial statements.

As for item two, respondent disagrees with petitioners that the variable overhead and fixed overhead costs have been reported incorrectly. Respondent argues that the changes in variable and fixed overhead are the result of the change in the manner in which Acerinox' bloom costs were incorporated. Most of the differences referred to by petitioners appear to result from the fact that Acerinox' variable and fixed overhead costs for the blooms were no longer separately broken out, but rather were reported entirely as materials cost. Respondent notes that the increase in materials cost in the November submission generally more than outweighs the combined decreases reported in variable and fixed overhead costs.

Finally, as for item three, respondent agrees with petitioners that the cost of manufacturing reported for constructed value should be the same as the cost of manufacturing reported for the product's difmer calculation.

DOC Position

We agree with petitioners' first concern. There should not be a difference between the amounts reported for the difmer adjustment and the cost of production. There appears to be an error in the difmer data for one specific set of products; we have corrected this error for this final determination.

We disagree with petitioners' second concern that the variable and fixed overhead costs of Roldan should not have changed in the revised post-verification submission. The variable and fixed overhead costs reported in the original response included the variable and fixed overhead costs of both Acerinox and Roldan. However, after Roldan was instructed to value the blooms purchased from Acerinox at the cost of production of Acerinox, and the variable and fixed overhead costs of Acerinox were reclassified to material costs (see "Cost of Production" section above), the post-verification submission necessarily reflected changes in Roldan's variable and fixed overhead costs.

Finally, the Department agrees with petitioners' third concern that the cost of manufacturing of a product on the constructed value tape should equal the cost of manufacturing of that product on the difmer tape. The constructed value has been corrected accordingly.

Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of SSB from Spain, 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 margin amount by which the FMV of the subject merchandise exceeds the USP, as shown below. The less than fair-value margins for SSB are as follows:

Manufacturer/producer/exporter	Margin percent
Acerinox, S.A. (and successor companies)	62.85
Roldan, S.A.	7.74
All Others	25.80

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry within 45 days. If the ITC determines that material injury or threat of material injury does not exist, the proceedings will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. However, if the ITC determines that such injury does exist, we will issue an antidumping duty order directing Customs officers to assess an antidumping duty on SSB from Spain entered or withdrawn from warehouse, for consumption on or after the date of suspension of liquidation.

Notification to Interested Parties

This notice serves as the only reminder to parties subject to administrative protective order (APO) in this investigation of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act and 19 C.F.R. 353.20(a)(4).

Dated: December 19, 1994.

Susan G. Esserman,

Assistant Secretary for Import Administration.

[FR Doc. 94-31804 Filed 12-27-94; 8:45 am]

BILLING CODE 3510-DS-P

CALENDAR OF PUBLIC HEARINGS

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

Subject	:	STAINLESS STEEL BAR FROM BRAZIL, INDIA, ITALY, JAPAN AND SPAIN
Inv. Nos.	:	731-TA-678-682 (Final)
Date and Time	:	December 15, 1994 - 9:30 a.m.

Sessions were held in connection with the investigation in the Main hearing room 101, 500 E Street, S.W., Washington, D.C.

In Support of the Imposition of Antidumping Duties:

Collier, Shannon, Rill and Scott
Washington, D.C.
on behalf of

Al Tech Specialty Steel Corporation
Carpenter Technology Corporation
Crucible Specialty Metals Division,
Crucible Materials Corporation
Electralloy Corporation
Republic Engineered Steels
Slater Steel Corporation
Talley Metals Technology, Incorporated
United Steelworkers of America, AFL-CIO/CLC

Donald Bailey, President and Chief Executive Officer, Talley Metals Technology

Randall Oertel, Vice President, Sales and Marketing, Slater Steels Corporation

Michael Shor, General Manager of Marketing, Carpenter Technology Corporation

William Pendleton, Director of Corporate Affairs, Carpenter Technology Corporation

John Vaught, Vice President, Specialty Metals Group, Republic Engineered Steels

Patrick J. Magrath, Director, Georgetown Economic Services, Incorporated

David A. Hartquist)
Laurence J. Lasoff)--OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

Weil, Gotshal and Manges
Washington, D.C.
on behalf of

Acos Villares S.A. and its subsidiary
Villares Corporation America
Companhia Acos Especiais Itabira (ACESITA)
Eletrometal, S.A.

S. Thomas Ernst, National Manager Steel Sales and Marketing, Villares Corporation of America

Bruce P. Malashevich, President, Economic Consulting Services Incorporated

Stuart M. Rosen
Mark F. Friedman)--OF COUNSEL
Jonathan Bloom

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

Roldan, S.A.

Alberto Lopez Chico, Managing Director, Roldan, S.A.

Juan Carlos Carrascosa, Assistant to the Managing Director, Roldan, S.A.

Bruce P. Malashevich, President, Economic Consulting Services Incorporated

George V. Egge, Jr.--OF COUNSEL

Interested Party

Autocam Corporation, Grand Rapids, Michigan

John C. Kennedy, President and Chief Executive Officer, Autocam Corporation

Matthew L. Gryczan, Manager, Corporate Communications, Autocam Corporation

APPENDIX B
SUMMARY DATA

Table B-1
Stainless steel bar: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(Quantity=*short tons*; value=*1,000 dollars*; unit values and unit labor costs are *per short ton*; period changes=*percent, except where noted*)

Item	Reported data			Jan.-Sept.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
U.S. consumption quantity:									
Amount	181,303	180,218	202,376	154,091	168,780	+11.6	-0.6	+12.3	+9.5
Producers' share[1]	75.2	74.1	70.8	71.2	71.0	-4.4	-1.1	-3.3	-0.2
Importers' share:[1]									
Brazil	1.8	2.3	2.3	2.5	1.2	+0.4	+0.5	-0.1	-1.4
India	.8	1.2	2.1	2.3	1.4	+1.3	+0.4	+0.9	-0.9
Japan	8.6	8.1	7.7	7.5	4.2	-0.9	-0.6	-0.4	-3.3
Spain	3.1	3.1	3.6	3.5	2.8	+0.5	(2)	+0.5	-0.7
Subtotal	14.3	14.7	15.7	15.8	9.6	+1.3	+0.4	+0.9	-6.2
Other sources	10.5	11.2	13.5	12.9	19.4	+3.0	+0.7	+2.3	+6.5
Total	24.8	25.9	29.2	28.8	29.0	+4.4	+1.1	+3.3	+0.2
U.S. consumption value:									
Amount	618,305	576,025	599,309	458,400	503,339	-3.1	-6.8	+4.0	+9.8
Producers' share[1]	78.9	78.8	76.4	76.6	77.3	-2.5	-0.1	-2.4	+0.7
Importers' share:[1]									
Brazil	1.4	1.7	1.5	1.7	0.7	+0.2	+0.3	-0.1	-1.0
India	.6	.9	1.5	1.7	1.0	+0.9	+0.3	+0.6	-0.7
Japan	7.2	6.6	6.7	6.5	3.9	-0.5	-0.7	+0.1	-2.7
Spain	2.6	2.4	2.9	2.8	2.1	+0.4	-0.1	+0.5	-0.7
Subtotal	11.8	11.6	12.7	12.8	7.7	+0.9	-0.2	+1.1	-5.0
Other sources	9.4	9.6	10.9	10.6	15.0	+1.6	+0.3	+1.3	+4.4
Total	21.1	21.2	23.6	23.4	22.7	+2.5	+0.1	+2.4	-0.7
U.S. importers' imports from--									
Brazil:									
Imports quantity	3,334	4,209	4,594	3,888	1,952	+37.8	+26.2	+9.1	-49.8
Imports value	8,529	9,697	9,267	7,915	3,766	+8.7	+13.7	-4.4	-52.4
Unit value	$2,558	$2,304	$2,017	$2,036	$1,929	-21.2	-10.0	-12.4	-5.2
Ending inventory qty	2,056	1,978	1,533	1,225	1,196	-25.4	-3.8	-22.5	-2.4
India:									
Imports quantity	1,402	2,186	4,243	3,532	2,420	+202.6	+55.9	+94.1	-31.5
Imports value	3,607	5,220	9,089	7,628	4,891	+152.0	+44.7	+74.1	-35.9
Unit value	$2,574	$2,388	$2,142	$2,159	$2,021	-16.8	-7.2	-10.3	-6.4
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
Imports quantity	15,621	14,511	15,515	11,601	7,145	-0.7	-7.1	+6.9	-38.4
Imports value	44,811	37,791	40,160	29,953	19,444	-10.4	-15.7	+6.3	-35.1
Unit value	$2,869	$2,604	$2,588	$2,582	$2,721	-9.8	-9.2	-0.6	+5.4
Ending inventory qty	3,186	2,939	3,190	2,957	2,791	+0.1	-7.8	+8.5	-5.6
Spain:									
Imports quantity	5,626	5,645	7,335	5,380	4,680	+30.4	+0.3	+29.9	-13.0
Imports value	15,844	13,939	17,508	13,034	10,773	+10.5	-12.0	+25.6	-17.3
Unit value	$2,816	$2,469	$2,387	$2,423	$2,302	-15.2	-12.3	-3.3	-5.0
Ending inventory qty	***	***	***	***	***	***	***	***	***
Subject sources:									
Imports quantity	25,983	26,551	31,687	24,401	16,197	+22.0	+2.2	+19.3	-33.6
Imports value	72,792	66,647	76,025	58,530	38,874	+4.4	-8.4	+14.1	-33.6
Unit value	$2,802	$2,510	$2,399	$2,399	$2,400	-14.4	-10.4	-4.4	+0.1
Ending inventory qty	5,986	5,934	5,972	5,373	4,432	-0.2	-0.9	+0.6	-17.5
Other sources:									
Imports quantity	19,027	20,168	27,368	19,913	32,707	+43.8	+6.0	+35.7	+64.2
Imports value	57,877	55,418	65,426	48,806	75,623	+13.0	-4.2	+18.1	+54.9
Unit value	$3,042	$2,748	$2,391	$2,451	$2,312	-21.4	-9.7	-13.0	-5.7
Ending inventory qty	5,248	5,748	6,013	5,894	8,226	+14.6	+9.5	+4.6	+39.6
All sources:									
Imports quantity	45,010	46,719	59,056	44,314	48,904	+31.2	+3.8	+26.4	+10.4
Imports value	130,669	122,065	141,450	107,336	114,497	+8.3	-6.6	+15.9	+6.7
Unit value	$2,903	$2,613	$2,395	$2,422	$2,341	-17.5	-10.0	-8.3	-3.3

Table continued on the following page.

Table B-1--Continued
Stainless steel bar: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(Quantity=*short tons*; value=*1,000 dollars*; unit values and unit labor costs are *per short ton*; period changes=*percent, except where noted*)

Item	Reported data			Jan.-Sept.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
U.S. producers'--									
Average capacity quantity	276,643	273,143	262,483	223,584	199,104	-5.1	-1.3	-3.9	-10.9
Production quantity	134,832	135,318	138,284	107,677	115,985	+2.6	+0.4	+2.2	+7.7
Capacity utilization[1]	48.7	49.4	52.6	48.0	58.1	+3.9	+0.8	+3.1	+10.1
U.S. shipments:									
Quantity	136,293	133,499	143,320	109,777	119,876	+5.2	-2.0	+7.4	+9.2
Value	487,636	453,960	457,859	351,064	388,842	-6.1	-6.9	+0.9	+10.8
Unit value	$3,578	$3,400	$3,195	$3,198	$3,244	-10.7	-5.0	-6.1	+1.4
Export shipments:									
Quantity	860	407	876	579	467	+1.9	-52.7	+115.2	-19.3
Exports/shipments[1]	0.6	0.3	0.6	0.5	0.4	(3)	-0.3	+0.3	-0.1
Value	4,340	2,795	4,876	3,337	2,797	+12.4	-35.6	+74.5	-16.2
Unit value	$5,047	$6,867	$5,566	$5,763	$5,989	+10.3	+36.1	-18.9	+3.9
Ending inventory quantity	26,185	27,597	21,659	24,827	17,222	-17.3	+5.4	-21.5	-30.6
Inventory/shipments[1]	19.2	20.7	15.0	16.9	10.8	-4.1	+1.5	-5.6	-6.1
Production workers	2,189	2,066	2,159	2,151	2,129	-1.4	-5.6	+4.5	-1.0
Hours worked (*1,000s*)	4,387	4,222	4,281	3,299	3,470	-2.4	-3.8	+1.4	+5.2
Total comp. (*$1,000*)	108,845	107,148	115,190	88,129	94,898	+5.8	-1.6	+7.5	+7.7
Hourly total compensation	$24.81	$25.38	$26.91	$26.71	$27.35	+8.4	+2.3	+6.0	+2.4
Productivity (*short tons/1,000 hours*)	28.2	29.5	31.4	31.5	33.3	+11.2	+4.4	+6.5	+6.0
Unit labor costs	$879	$861	$857	$849	$820	-2.5	-2.0	-0.4	-3.4
Net sales--									
Quantity	136,211	135,240	146,135	109,408	119,109	+7.3	-0.7	+8.1	+8.9
Value	476,425	451,543	462,166	345,777	378,950	-3.0	-5.2	+2.4	+9.6
Unit sales value	$3,498	$3,339	$3,163	$3,160	$3,182	-9.6	-4.5	-5.3	+0.7
Cost of goods sold (COGS)	436,839	434,372	432,112	326,085	336,692	-1.1	-0.6	-0.5	+3.3
Gross profit (loss)	39,586	17,171	30,054	19,692	42,258	-24.1	-56.6	+75.0	+114.6
SG&A expenses	33,896	35,404	33,514	24,894	24,658	-1.1	+4.4	-5.3	-0.9
Operating income (loss)	5,690	(18,233)	(3,460)	(5,202)	17,600	-160.8	-420.4	+81.0	+438.3
Capital expenditures	23,259	12,322	15,212	8,573	10,765	-34.6	-47.0	+23.5	+25.6
Unit COGS	$3,207	$3,212	$2,957	$2,980	$2,827	-7.8	+0.1	-7.9	-5.2
Unit SG&A expenses	$249	$262	$229	$228	$207	-7.8	+5.2	-12.4	-9.0
Unit op. income (loss)	$42	($135)	($24)	($48)	$148	-156.7	-422.7	+82.4	+410.8
COGS/sales[1]	91.7	96.2	93.5	94.3	88.8	+1.8	+4.5	-2.7	-5.5
Op. income (loss)/sales[1]	1.2	(4.0)	(0.7)	(1.5)	4.6	-1.9	-5.2	+3.3	+6.1

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] An increase of less than 0.05 percentage points.
[3] A decrease of less than 0.05 percentage points.

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 from the unrounded figures, using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

Table B-2
Hot-formed SSB: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(Quantity=*short tons*; value=*1,000 dollars*; unit values and unit labor costs are *per short ton*; period changes=*percent, except where noted*)

Item	Reported data			Jan.-Sept.—		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
U.S. consumption quantity:									
Amount	124,235	122,261	139,346	104,036	116,230	+12.2	-1.6	+14.0	+11.7
Producers' share[1]	94.4	94.5	91.9	92.3	93.4	-2.6	(2)	-2.6	+1.1
Importers' share:[1]									
Brazil	0.8	0.6	0.9	0.9	0.2	+0.2	-0.2	+0.4	-0.7
India	0	0	0	0	0	0	0	0	0
Japan	2.4	2.4	2.5	2.6	1.7	(2)	-0.1	+0.1	-0.8
Spain	0	0	0	0	0	0	0	0	0
Subtotal	3.2	3.0	3.4	3.5	1.9	+0.2	-0.3	+0.5	-1.5
Other sources	2.3	2.6	4.7	4.3	4.7	+2.4	+0.2	+2.1	+0.4
Total	5.6	5.5	8.1	7.7	6.6	+2.6	(3)	+2.6	-1.1
U.S. consumption value:									
Amount	294,124	271,384	296,938	221,655	243,308	+1.0	-7.7	+9.4	+9.8
Producers' share:[1]	92.3	92.1	89.2	89.5	90.8	-3.0	-0.2	-2.9	+1.2
Importers' share:[1]									
Brazil	1.0	0.8	1.0	1.1	0.3	(2)	-0.2	+0.2	-0.8
India	0	0	0	0	0	0	0	0	0
Japan	3.5	3.7	3.8	3.9	2.9	+0.3	+0.2	+0.1	-1.1
Spain	0	0	0	0	0	0	0	0	0
Subtotal	4.5	4.5	4.8	5.0	3.1	+0.3	(3)	+0.3	-1.9
Other sources	3.2	3.4	6.0	5.4	6.1	+2.8	+0.2	+2.6	+0.7
Total	7.7	7.9	10.8	10.5	9.2	+3.0	+0.2	+2.9	-1.2
U.S. importers' imports from—									
Brazil:									
U.S. shipments quantity	982	717	1,317	909	240	+34.1	-27.0	+83.7	-73.6
U.S. shipments value	2,918	2,060	2,965	2,437	623	+1.6	-29.4	+43.9	-74.4
Unit value	$2,971	$2,873	$2,251	$2,681	$2,596	-24.2	-3.3	-21.6	-3.2
Ending inventory qty	166	77	28	18	23	-83.1	-53.6	-63.6	+27.8
India:									
U.S. shipments quantity	0	0	0	0	0	0	0	0	0
U.S. shipments value	0	0	0	0	0	0	0	0	0
Unit value	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Ending inventory qty	-	-	-	-	-	-	-	-	-
Japan:									
U.S. shipments quantity	3,038	2,911	3,469	2,683	2,013	+14.2	-4.2	+19.2	-25.0
U.S. shipments value	10,402	10,115	11,264	8,705	6,946	+8.3	-2.8	+11.4	-20.2
Unit value	$3,424	$3,475	$3,247	$3,245	$3,451	-5.2	+1.5	-6.6	+6.4
Ending inventory qty	976	798	883	745	689	-9.5	-18.2	+10.7	-7.5
Spain:									
U.S. shipments quantity	0	0	0	0	0	0	0	0	0
U.S. shipments value	0	0	0	0	0	0	0	0	0
Unit value	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Ending inventory qty	-	-	-	-	-	-	-	-	-
Subject sources:									
U.S. shipments quantity	4,020	3,628	4,786	3,592	2,253	+19.1	-9.8	+31.9	-37.3
U.S. shipments value	13,320	12,175	14,229	11,142	7,569	+6.8	-8.6	+16.9	-32.1
Unit value	$3,313	$3,356	$2,973	$3,102	$3,360	-10.3	+1.3	-11.4	+8.3
Ending inventory qty	1,142	875	911	763	712	-20.2	-23.4	+4.1	-6.7
Other sources:									
U.S. shipments quantity	2,888	3,129	6,559	4,428	5,415	+127.1	+8.3	+109.6	+22.3
U.S. shipments value	9,467	9,261	17,818	12,025	14,855	+88.2	-2.2	+92.4	+23.5
Unit value	$3,278	$2,960	$2,717	$2,716	$2,743	-17.1	-9.7	-8.2	+1.0
Ending inventory qty	839	1,344	1,614	1,900	2,736	+92.4	+60.2	+20.1	+44.0
All sources:									
U.S. shipments quantity	6,908	6,757	11,345	8,020	7,668	+64.2	-2.2	+67.9	-4.4
U.S. shipments value	22,787	21,436	32,047	23,167	22,424	+40.6	-5.9	+49.5	-3.2
Unit value	$3,299	$3,172	$2,825	$2,889	$2,924	-14.4	-3.8	-11.0	+1.2

Table continued on the following page.

Table B-2--Continued
Hot-formed SSB: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(Quantity=*short tons*; value=*1,000 dollars*; unit values and unit labor costs are *per short ton*; period changes=*percent, except where noted*)

Item	Reported data			Jan.-Sept.--		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
U.S. producers'--									
Average capacity quantity	233,753	233,753	233,753	208,104	208,104	0	0	0	0
Production quantity	118,264	116,493	127,719	96,369	107,511	+8.0	-1.5	+9.6	+11.6
Capacity utilization[1]	50.5	49.7	54.5	46.2	51.5	+4.0	-0.8	+4.8	+5.3
U.S. shipments:									
Quantity	117,327	115,504	128,001	96,016	108,562	+9.1	-1.6	+10.8	+13.1
Value	271,337	249,948	264,891	198,488	220,884	-2.4	-7.9	+6.0	+11.3
Unit value	$2,313	$2,164	$2,069	$2,067	$2,035	-10.5	-6.4	-4.4	-1.6
Export shipments:									
Quantity	313	158	325	232	139	+3.8	-49.5	+105.7	-40.1
Exports/shipments[1]	0.3	0.1	0.3	0.2	0.1	(3)	-0.1	+0.1	-0.1
Value	1,547	1,067	1,946	1,445	1,037	+25.8	-31.0	+82.4	-28.2
Unit value	$4,942	$6,753	$5,988	$6,228	$7,460	+21.1	+36.6	-11.3	+19.8
Ending inventory quantity	4,505	5,336	4,729	5,457	3,539	+5.0	+18.4	-11.4	-35.1
Inventory/shipments[1]	3.8	4.6	3.7	4.3	2.4	-0.1	+0.8	-0.9	-1.8
Production workers	747	702	736	722	786	-1.5	-6.0	+4.8	+8.9
Hours worked (*1,000s*)	1,534	1,454	1,558	1,151	1,312	+1.6	-5.2	+7.2	+14.0
Total comp. (*$1,000*)	39,341	38,090	43,499	31,795	37,589	+10.6	-3.2	+14.2	+18.2
Hourly total compensation	$25.65	$26.20	$27.92	$27.62	$28.65	+8.9	+2.1	+6.6	+3.7
Productivity (*short tons/1,000 hours*)	44.1	45.3	47.7	47.2	48.6	+8.2	+2.9	+5.2	+3.0
Unit labor costs	$582	$578	$586	$586	$590	+0.6	-0.7	+1.3	+0.7
Net sales--									
Quantity	150,562	150,195	158,876	118,409	128,714	+5.5	-0.2	+5.8	+8.7
Value	356,134	371,983	363,940	281,186	282,728	+2.2	+4.5	-2.2	+0.5
Unit sales value	$2,365	$2,477	$2,291	$2,375	$2,197	-3.2	+4.7	-7.5	-7.5
Cost of goods sold (COGS)	322,199	306,461	299,473	229,350	225,056	-7.1	-4.9	-2.3	-1.9
Gross profit (loss)	33,935	65,522	64,467	51,836	57,672	+90.0	+93.1	-1.6	+11.3
SG&A expenses	34,658	35,428	29,874	24,728	21,789	-13.8	+2.2	-15.7	-11.9
Operating income (loss)	(723)	30,094	34,593	27,108	35,883	(5)	(5)	+14.9	+32.4
Capital expenditures	9,548	5,316	6,757	3,614	4,925	-29.2	-44.3	+27.1	+36.3
Unit COGS	$2,140	$2,040	$1,885	$1,937	$1,748	-11.9	-4.7	-7.6	-9.7
Unit SG&A expenses	$230	$236	$188	$209	$169	-18.3	+2.5	-20.3	-18.9
Unit op. income (loss)	($5)	$200	$218	$229	$279	(5)	(5)	+8.7	+21.8
COGS/sales[1]	90.5	82.4	82.3	81.6	79.6	-8.2	-8.1	-0.1	-2.0
Op. income (loss)/sales[1]	(0.2)	8.1	9.5	9.6	12.7	+9.7	+8.3	+1.4	+3.1

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] An increase of less than 0.05 percentage points.
[3] A decrease of less than 0.05 percentage points.
[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.

Table B-3
Cold-finished SSB: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(Quantity=*short tons*; value=*1,000 dollars*; unit values and unit labor costs are *per short ton*; period changes=*percent, except where noted*)

Item	Reported data			Jan.-Sept.—		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
U.S. consumption quantity:									
Amount	129,816	132,549	147,638	111,048	125,441	+13.7	+2.1	+11.4	+13.0
Producers' share:[1]	82.9	80.7	80.1	80.5	81.0	-2.8	-2.2	-0.6	+0.5
Importers' share:[1]									
Brazil	1.4	2.0	2.5	2.5	1.3	+1.1	+0.7	+0.4	-1.2
India	.7	1.4	1.7	1.5	1.8	+1.0	+0.7	+0.3	+0.3
Japan	7.6	7.1	6.5	6.3	4.5	-1.1	-0.4	-0.7	-1.7
Spain	2.0	3.1	3.2	3.2	2.8	+1.2	+1.1	+0.1	-0.4
Subtotal	11.6	13.7	13.8	13.5	10.5	+2.2	+2.1	+0.2	-3.0
Other sources	5.5	5.7	6.1	6.0	8.5	+0.6	+0.2	+0.5	+2.5
Total	17.1	19.3	19.9	19.5	19.0	+2.8	+2.2	+0.6	-0.5
U.S. consumption value:									
Amount	445,051	431,452	455,608	342,848	394,013	+2.4	-3.1	+5.6	+14.9
Producers' share:[1]	85.2	83.6	82.8	83.1	83.6	-2.4	-1.6	-0.8	+0.5
Importers' share:[1]									
Brazil	1.2	1.7	2.1	2.2	1.1	+0.9	+0.5	+0.4	-1.0
India	.5	1.0	1.2	1.1	1.4	+0.7	+0.5	+0.2	+0.3
Japan	6.8	6.7	6.0	5.8	4.4	-0.8	-0.1	-0.7	-1.3
Spain	1.6	2.4	2.5	2.5	2.1	+0.9	+0.8	+0.1	-0.3
Subtotal	10.1	11.8	11.8	11.5	9.1	+1.8	+1.7	(2)	-2.4
Other sources	4.7	4.5	5.3	5.3	7.2	+0.7	-0.1	+0.8	+1.9
Total	14.8	16.4	17.2	16.9	16.4	+2.4	+1.6	+0.8	-0.5
U.S. importers' imports from—									
Brazil:									
U.S. shipments quantity	1,765	2,698	3,630	2,785	1,673	+105.7	+52.9	+34.5	-39.9
U.S. shipments value	5,279	7,424	9,587	7,423	4,511	+81.6	+40.6	+29.1	-39.2
Unit value	$2,991	$2,752	$2,641	$2,665	$2,696	-11.7	-8.0	-4.0	+1.2
Ending inventory qty	1,147	1,280	963	1,207	722	-16.0	+11.6	-24.8	-40.2
India:									
U.S. shipments quantity	878	1,794	2,508	1,674	2,313	+185.6	+104.3	+39.8	+38.2
U.S. shipments value	2,283	4,395	5,567	3,825	5,395	+143.8	+92.5	+26.7	+41.0
Unit value	$2,600	$2,450	$2,220	$2,285	$2,332	-14.6	-5.8	-9.4	+2.1
Ending inventory qty	***	***	***	***	***	***	***	***	***
Japan:									
U.S. shipments quantity	9,846	9,468	9,563	6,946	5,666	-2.9	-3.8	+1.0	-18.4
U.S. shipments value	30,309	28,954	27,440	19,778	17,517	-9.5	-4.5	-5.2	-11.4
Unit value	$3,078	$3,058	$2,869	$2,847	$3,092	-6.8	-0.7	-6.2	+8.6
Ending inventory qty	2,211	2,141	2,305	2,212	2,098	+4.3	-3.2	+7.7	-5.2
Spain:									
U.S. shipments quantity	2,602	4,166	4,721	3,559	3,477	+81.4	+60.1	+13.3	-2.3
U.S. shipments value	7,001	10,241	11,383	8,559	8,462	+62.6	+46.3	+11.2	-1.1
Unit value	$2,691	$2,458	$2,411	$2,405	$2,434	-10.4	-8.6	-1.9	+1.2
Ending inventory qty	***	***	***	***	***	***	***	***	***
Subject sources:									
U.S. shipments quantity	15,091	18,126	20,422	14,964	13,129	+35.3	+20.1	+12.7	-12.3
U.S. shipments value	44,872	51,014	53,977	39,585	35,885	+20.3	+13.7	+5.8	-9.3
Unit value	$2,973	$2,814	$2,643	$2,645	$2,733	-11.1	-5.3	-6.1	+3.3
Ending inventory qty	4,102	4,438	4,515	4,675	3,476	+10.1	+8.2	+1.7	-25.6
Other sources:									
U.S. shipments quantity	7,137	7,498	9,021	6,700	10,671	+26.4	+5.1	+20.3	+59.3
U.S. shipments value	20,785	19,614	24,280	18,276	28,552	+16.8	-5.6	+23.8	+56.2
Unit value	$2,912	$2,616	$2,691	$2,728	$2,676	-7.6	-10.2	+2.9	-1.9
Ending inventory qty	2,694	2,614	3,008	2,892	3,363	+11.7	-3.0	+15.1	+16.3
All sources:									
U.S. shipments quantity	22,228	25,624	29,443	21,664	23,800	+32.5	+15.3	+14.9	+9.9
U.S. shipments value	65,657	70,628	78,257	57,861	64,437	+19.2	+7.6	+10.8	+11.4
Unit value	$2,954	$2,756	$2,658	$2,671	$2,707	-10.0	-6.7	-3.6	+1.4

Table continued on the following page.

Table B-3—Continued
Cold-finished SSB: Summary data concerning the U.S. market, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

(Quantity=*short tons*; value=*1,000 dollars*; unit values and unit labor costs are *per short ton*; period changes=*percent, except where noted*)

Item	Reported data			Jan.-Sept.—		Period changes			
	1991	1992	1993	1993	1994	1991-93	1991-92	1992-93	Jan.-Sept. 1993-94
U.S. producers'—									
Average capacity quantity	204,814	201,314	201,814	171,536	171,536	-1.5	-1.7	+0.2	0
Production quantity	106,600	108,049	114,008	87,433	98,798	+6.9	+1.4	+5.5	+13.0
Capacity utilization[1]	51.9	53.5	56.3	50.8	57.4	+4.4	+1.6	+2.8	+6.6
U.S. shipments:									
Quantity	107,588	106,925	118,195	89,384	101,641	+9.9	-0.6	+10.5	+13.7
Value	379,394	360,824	377,351	284,987	329,576	-0.5	-4.9	+4.6	+15.6
Unit value	$3,526	$3,375	$3,193	$3,188	$3,243	-9.5	-4.3	-5.4	+1.7
Export shipments:									
Quantity	547	249	551	347	328	+0.7	-54.5	+121.3	-5.5
Exports/shipments[1]	0.5	0.2	0.5	0.4	0.3	(3)	-0.3	+0.2	-0.1
Value	2,793	1,728	2,930	1,891	1,760	+4.9	-38.1	+69.6	-6.9
Unit value	$5,095	$6,916	$5,301	$5,432	$5,366	+4.0	+35.7	-23.3	-1.2
Ending inventory quantity	21,117	21,992	17,254	19,694	14,083	-18.3	+4.1	-21.5	-28.5
Inventory/shipments[1]	19.6	20.6	14.6	16.5	10.4	-5.0	+1.0	-6.0	-6.1
Production workers	1,301	1,194	1,231	1,220	1,316	-5.4	-8.2	+3.1	+7.9
Hours worked (*1,000s*)	2,665	2,466	2,603	1,943	2,188	-2.3	-7.5	+5.6	+12.6
Total comp. (*$1,000*)	67,175	63,559	71,513	52,842	61,380	+6.5	-5.4	+12.5	+16.2
Hourly total compensation	$25.21	$25.77	$27.47	$27.20	$28.05	+9.0	+2.3	+6.6	+3.2
Productivity (*short tons/1,000 hours*)	27.7	30.2	32.2	32.5	34.1	+16.3	+8.9	+6.8	+4.9
Unit labor costs	$909	$853	$852	$838	$824	-6.3	-6.1	-0.2	-1.7
Net sales—									
Quantity	135,595	136,591	144,302	108,617	119,522	+6.4	+0.7	+5.6	+10.0
Value	425,094	400,685	399,609	297,691	327,597	-6.0	-5.7	-0.3	+10.0
Unit sales value	$3,135	$2,933	$2,769	$2,741	$2,741	-11.7	-6.4	-5.6	(4)
Cost of goods sold (COGS)	391,726	387,121	378,136	284,705	295,875	-3.5	-1.2	-2.3	+3.9
Gross profit (loss)	33,368	13,564	21,473	12,986	31,722	-35.6	-59.4	+58.3	+144.3
SG&A expenses	29,872	30,846	28,545	21,203	21,242	-4.4	+3.3	-7.5	+0.2
Operating income (loss)	3,496	(17,282)	(7,072)	(8,217)	10,480	-302.3	-594.3	+59.1	+227.5
Capital expenditures	20,495	10,634	12,684	6,919	9,172	-38.1	-48.1	+19.3	+32.6
Unit COGS	$2,889	$2,834	$2,620	$2,621	$2,475	-9.3	-1.9	-7.5	-5.6
Unit SG&A expenses	$220	$226	$198	$195	$178	-10.2	+2.5	-12.4	-9.0
Unit op. income (loss)	$26	($127)	($49)	($76)	$88	-290.1	-590.7	+61.3	+215.9
COGS/sales[1]	92.2	96.6	94.6	95.6	90.3	+2.5	+4.5	-2.0	-5.3
Op. income (loss)/sales[1]	0.8	(4.3)	(1.8)	(2.8)	3.2	-2.6	-5.1	+2.5	+6.0

[1] "Reported data" are in percent and "period changes" are in percentage points.
[2] An increase of less than 0.05 percentage points.
[3] A decrease of less than 0.05 percentage points.
[4] An increase of less than 0.05 percent.

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.

Table B-4
Stainless steel bar: Summary data concerning U.S. producers ***, ***, and ***, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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Table B-5
Stainless steel bar: Summary data concerning U.S. producers ***, ***, ***, ***, ***, ***, ***, and ***,1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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Table B-6
Hot-formed SSB: Summary data concerning U.S. producers ***, *** and ***, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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Table B-7
Hot-formed SSB: Summary data concerning U.S. producers ***, ***, ***, ***, *** and ***, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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Table B-8
Cold-finished SSB: Summary data concerning U.S. producers ***, *** and ***, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

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Table B-9
Cold-finished SSB: Summary data concerning U.S. producers ***, ***, ***, ***, ***, and ***, 1991-93, Jan.-Sept. 1993, and Jan.-Sept. 1994

* * * * * * *

APPENDIX C

IMPACT OF IMPORTS ON U.S. PRODUCERS' GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of stainless steel bar from Brazil, India, Italy, Japan, and Spain 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. Armco and Electralloy did not respond. The responses of the six other producers are as follows:

1. Since January 1, 1991, has your firm experienced any actual negative effects on its 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, as a result of imports of stainless steel bar from Brazil, India, Italy, Japan, and/or Spain?

Al Tech-- "***."

Carpenter-- "***."

Crucible-- "***."

Industrial-- "***."

Republic-- "***."

Slater-- "***."

Talley-- "***."

2. Does your firm anticipate any negative impact of imports of stainless steel bar from Brazil, India, Italy, Japan, and/or Spain?

Al Tech-- "***."

Carpenter-- "***."

Crucible-- "***."

Industrial-- "***."

Republic-- "***."

Slater-- "***."

Talley-- "***."

3. Has the scale of capital investments undertaken been influenced by the presence of imports of stainless steel bar from Brazil, India, Italy, Japan, and/or Spain?

Al Tech-- "***."

Carpenter-- "***."

Crucible-- "***."

Industrial-- "***."

Republic-- "***."

Slater-- "***."

Talley-- "***."

APPENDIX D

DESCRIPTIONS OF PRODUCTS FOR WHICH PRICES WERE REPORTED

COLD-FINISHED SSB

Product 1: Stainless steel bar, grade AISI 303, 0.500 inch in diameter, annealed, cold-drawn, of round shape.

Product 2: Stainless steel bar, grade AISI 303, 0.750 inch in diameter, from wire rod coil, uncoiled, turned, cut-to-length, straightened, sanded, of round shape.

Product 3: Stainless steel bar, grade AISI 303, 1.000 inch in diameter, from wire rod coil, uncoiled, smooth-turned, cut-to-length, straightened, sanded, of round shape.

Product 4: Stainless steel bar, grade AISI 303, 2.500 inches in diameter, centerless ground, of round shape.

Product 5: Stainless steel bar, grade AISI 303, 3.000 inches in diameter, centerless ground, of round shape.

Product 6: Stainless steel bar, grade AISI 304, 0.500 inch in diameter, from wire rod coil, uncoiled, turned, cut-to-length, straightened, sanded, of round shape.

Product 7: Stainless steel bar, grade AISI 304, 1.000 inch in diameter, annealed, centerless ground, of round shape.

Product 8: Stainless steel bar, grade AISI 316, 0.875 inch in diameter, annealed, cold-drawn, of hexagonal shape.

Product 9: Stainless steel bar, grade AISI 316, 2.500 inches in diameter, centerless ground, of round shape.

Product 10: Stainless steel bar, grade AISI 17-4ph (precipitation hardening SS containing 17 percent chromium and 4 percent nickel), 1.187 inches in diameter, annealed, of round shape.

Product 11: Stainless steel bar, grade AISI 17-4ph, 0.878 inch in diameter, smooth turned, of round shape.

Product 12: Stainless steel bar, grade AISI 416, 0.9375 inch in diameter, centerless ground, polished, of round shape.

Product 13: Stainless steel bar, grade AISI 416Z, 1.187 inches in diameter, annealed, centerless ground, of round shape.

Product 14: Stainless steel bar, grade AISI T416, 1.000 inch in diameter, 12 feet to 14 feet in length, cold-finished to ASTM A484, of round shape.

Product 15: Stainless steel bar, grade AISI T416, 0.750 inch in diameter, 12 feet to 14 feet in length, cold-finished to ASTM A484, of round shape.

Product 16: Stainless steel bar, grade AISI T416, 0.625 inch in diameter, 12 feet to 14 feet in length, cold-finished to ASTM A484, of round shape.

Product 17: Stainless steel bar, grade AISI 304, 3.500 inches in diameter, cold-finished, peeled and reeled, of round shape.

Product 18: Stainless steel bar, grade AISI 304L, 1.000 inch in diameter, cold-finished, peeled and reeled, of round shape.

Product 19: Stainless steel bar, grade AISI 304, 2.000 inches in diameter, cold-finished, peeled and reeled, of round shape.

HOT-FORMED SSB

Product 1: Stainless steel bar, grade AISI 304, 4.000 inches in diameter, hot-rolled, annealed, straightened, rough-turned, of round shape.

Product 2: Stainless steel bar, grade AISI 304, 0.875 inch in diameter, hot rolled, of round shape.

Product 3: Stainless steel bar, grade AISI 304, 4.000 inches in width by 1.000 inch in thickness, hot-rolled, annealed, straightened, pickled, of flat shape.

Product 4: Stainless steel bar, grade AISI 304, 2.000 inches in width by 0.5000 inch in thickness, hot-rolled, annealed, straightened, pickled, of flat shape.

Product 5: Stainless steel bar, grade AISI 304, 4.000 inches in width by 0.5000 inch in thickness, hot-rolled, annealed, straightened, pickled, of flat shape.

Product 6: Stainless steel bar, grade AISI 15-5ph (precipitation hardening SS containing 15 percent chromium and 5 percent nickel), 4.000 inches in diameter, hot-rolled, annealed, rough-turned, of round shape.

Product 7: Stainless steel bar, grade AISI 15-5ph, 2.250 inches in diameter, hot-rolled, annealed, rough-turned, of round shape.

Product 8: Stainless steel bar, grade AISI 17-4, 1.250 inches in diameter, hot-rolled, straightened, grip blasted, pickled, saw cut, of round shape.

Product 9: Stainless steel bar, grade AISI 316, 6.000 inches in diameter, hot-rolled, annealed, straightened, rough-turned, of round shape.

Product 10: Stainless steel bar, grade AISI 410, 6.000 inches in width by 2.500 inches in thickness, hot-rolled, annealed, straightened, tempered, oil quenched, of flat shape.

Product 11: Stainless steel bar, grade AISI 403, 3.750 inches in diameter, hot-rolled, heat-treated, rough-turned, of round shape.

Product 12: Stainless steel bar, grade AISI 309s, 0.750 inch in diameter, hot-rolled, of round shape.

Product 13: Stainless steel bar, grade AISI T410 (with controlled silicon range of .50 maximum), 1.875 inches in width by 0.250 inch in thickness, 12 feet to 14 feet in length, hot-rolled, annealed, pickled, of flat shape.

Product 14: Stainless steel bar, grade AISI T410 (with controlled silicon range of .50 maximum), 1.625 inches in width by 0.250 inch in thickness, 12 feet to 14 feet in length, hot-rolled, annealed, pickled, of flat shape.

Product 15: Stainless steel bar, grade AISI T304, 1.000 inch in width by 0.250 inch in thickness, 12 feet to 14 feet in length, hot-rolled, annealed, pickled, of flat shape.

Product 16: Stainless steel bar, grade AISI 304, 0.500 inch in width by 0.500 inch in thickness, hot-rolled, annealed, pickled, of flat shape.

Product 17: Stainless steel bar, grade AISI 304, 1.000 inch in width by 0.500 inch in thickness, hot-rolled, annealed, pickled, of flat shape.

Product 18: Stainless steel bar, grade AISI 304, 1.000 inch in width by 0.375 inch in thickness, hot-rolled, annealed, pickled, of flat shape.

APPENDIX E

U.S. F.O.B. SELLING PRICE DATA FOR DOMESTICALLY PRODUCED STAINLESS STEEL BAR PRODUCTS REPORTED BY U.S. PRODUCERS

Table E-1
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced cold-finished SSB sold to end users, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table E-2
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced cold-finished SSB sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table E-3
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced cold-finished SSB sold to mill depots, by products and by quarters, Jan. 1992-Sept. 1994

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Table E-4
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced cold-finished SSB sold to cold finishers, by products and by quarters, Oct. 1993-Sept. 1994

* * * * * * *

Table E-5
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced hot-formed SSB sold to end users, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table E-6
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of U.S.-produced hot-formed SSB sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table E-7
Price indexes: Indexes of U.S. selling prices of U.S.-produced cold-finished SSB sold to end users, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table E-8
Price indexes: Indexes of U.S. selling prices of U.S.-produced cold-finished SSB sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table E-9
Price indexes: Indexes of U.S. selling prices of U.S.-produced cold-finished SSB sold to mill depots, by products and by quarters, Jan. 1992-Sept. 1994

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Table E-10
Price indexes: Indexes of U.S. selling prices of U.S.-produced hot-formed SSB sold to end users, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table E-11
Price indexes: Indexes of U.S. selling prices of U.S.-produced hot-formed SSB sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

APPENDIX F

U.S. F.O.B. SELLING PRICE DATA FOR SUBJECT IMPORTED STAINLESS STEEL BAR PRODUCTS REPORTED BY U.S. IMPORTERS

Table F-1
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from Brazil and sold to end users, by products and by quarters, Jan. 1992- Sept. 1994

* * * * * * *

Table F-2
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from Brazil and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table F-3
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from Brazil and sold to mill depots, by products and by quarters, Jan. 1992-June 1994

* * * * * * *

Table F-4
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of hot-formed SSB imported from Brazil and sold to end users, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table F-5
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of hot-formed SSB imported from Brazil and sold to steel service centers, by products and by quarters, Jan. 1992 - Sept. 1993

* * * * * * *

Table F-6
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of hot-formed SSB imported from Brazil and sold to mill depots, by products and by quarters, Jan. 1992-June 1994

* * * * * * *

Table F-7
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from India and sold to end users, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table F-8
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from India and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table F-9
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from India and sold to mill depots, by products and by quarters, Oct. 1992-Sept. 1994

* * * * * * *

Table F-10
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from India and sold to cold finishers, by products and by quarters, Oct. 1992-Sept. 1994

* * * * * * *

Table F-11
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of hot-formed SSB imported from India and sold to steel service centers, by products and by quarters, Jan.-June 1994

* * * * * * *

Table F-12
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from Japan and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table F-13
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from Japan and sold to mill depots, by products and by quarters, Oct. 1993-Sept. 1994

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Table F-14
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of hot-formed SSB imported from Japan and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table F-15
Sales prices: Weighted-average U.S. f.o.b. selling prices and quantities of cold-finished SSB imported from Spain and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table F-16
Price indexes: Indexes of U.S. selling prices of cold-finished SSB imported from Brazil, by types of customers, by products, and by quarters, Jan. 1992-Sept. 1994

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Table F-17
Price indexes: Indexes of U.S. selling prices of hot-formed SSB imported from Brazil, by types of customers, by products, and by quarters, Jan. 1992-June 1994

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Table F-18
Price indexes: Indexes of U.S. selling prices of cold-finished SSB imported from India, by types of customers, by products, and by quarters, Jan. 1992-Sept. 1994

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Table F-19
Price indexes: Indexes of U.S. selling prices of cold-finished SSB imported from Japan and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table F-20
Price indexes: Indexes of U.S. selling prices of hot-formed SSB imported from Japan and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table F-21
Price indexes: Indexes of U.S. selling prices of cold-finished SSB imported from Spain and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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APPENDIX G

GRAPHS OF SELLING PRICE INDEXES FOR THE SPECIFIED STAINLESS STEEL BAR PRODUCTS

Figure G-1
Price indexes: Indexes of weighted-average net U.S. f.o.b. selling prices of the U.S.-produced and subject imported cold-finished SSB sold to end users, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Figure G-2
Price indexes: Indexes of weighted-average net U.S. f.o.b. selling prices of the U.S.-produced and subject imported cold-finished SSB sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Figure G-3
Price indexes: Indexes of weighted-average net U.S. f.o.b. selling prices of the U.S.-produced and subject imported cold-finished SSB sold to mill depots, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Figure G-4
Price indexes: Indexes of weighted-average net U.S. f.o.b. selling prices of the U.S.-produced and subject imported hot-formed SSB sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Figure G-5
Price indexes: Indexes of weighted-average net U.S. f.o.b. selling prices of imported hot-formed SSB from Brazil sold to mill depots, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

APPENDIX H

U.S. F.O.B. SELLING PRICE COMPARISONS BETWEEN U.S.-PRODUCED AND SUBJECT IMPORTED STAINLESS STEEL BAR PRODUCTS

Table H-1
Margins of under/overselling: Margins of under/overselling between U.S.-produced cold-finished SSB and that imported from Brazil and sold to end users and to mill depots, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table H-2
Margins of under/overselling: Margins of under/overselling between U.S.-produced cold-finished SSB and that imported from Brazil and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table H-3
Margins of under/overselling: Margins of under/overselling between U.S.-produced hot-formed SSB and that imported from Brazil and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1993

* * * * * * *

Table H-4
Margins of under/overselling: Margins of under/overselling between U.S.-produced cold-finished SSB and that imported from India and sold to end users and to mill depots, by products and by quarters, Jan. 1992-Sept. 1994

* * * * * * *

Table H-5
Margins of under/overselling: Margins of under/overselling between U.S.-produced cold-finished SSB and that imported from India and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table H-6
Margins of under/overselling: Margins of under/overselling between U.S.-produced cold-finished SSB and that imported from Japan and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table H-7
Margins of under/overselling: Margins of under/overselling between U.S.-produced hot-formed SSB and that imported from Japan and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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Table H-8
Margins of under/overselling: Margins of under/overselling between U.S.-produced cold-finished SSB and that imported from Spain and sold to steel service centers, by products and by quarters, Jan. 1992-Sept. 1994

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APPENDIX I

EXCHANGE RATES

Table I-1
Exchange rates:[1] Indexes of the nominal and real exchange rates between the U.S. dollar and the currencies of four specified countries, and indexes of producer prices in the foreign countries and the United States,[2] by quarters, Jan. 1992-Sept. 1994

Period	Brazil			India			
	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
1992:							
Jan-Mar....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr-June...	55.7	188.2	103.6	100.1	102.3	101.3	101.1
July-Sept..	31.2	335.3	103.0	100.1	105.8	104.2	101.6
Oct-Dec....	16.9	658.8	109.3	99.7	106.9	104.8	101.7
1993:							
Jan-Mar....	5.4	1,317.6	69.7	92.9	107.0	97.4	102.1
Apr-June...	5.4	2,841.2	148.8	82.7	108.9	87.3	103.1
July-Sept..	1.8	6,676.5	117.1	82.6	113.9	91.7	102.6
Oct-Dec....	.7	16,752.9	110.2	82.6	116.1	93.5	102.6
1994:							
Jan-Mar....	.3	46,617.6	116.4	82.6	117.6	94.3	103.0
Apr-June...	.1	133,229.4	113.8	82.6	121.3	96.7	103.6
July-Sept..	.1	229,064.7	131.8	82.6	124.3	98.4	104.3
	Japan			Spain			
	Nominal exchange rate index	Producer price index	Real exchange rate index[3]	Nominal exchange rate index	Producer price index	Real exchange rate index	U.S. producer price index
1992:							
Jan-Mar....	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr-June...	98.6	100.8	97.5	100.8	100.3	100.0	101.1
July-Sept..	102.8	99.9	101.1	107.4	100.4	106.1	101.6
Oct-Dec....	104.4	98.7	101.3	92.2	100.8	91.4	101.7
1993:							
Jan-Mar....	106.1	97.5	101.3	87.6	101.9	87.4	102.1
Apr-June...	116.7	96.2	108.8	84.3	102.3	83.7	103.1
July-Sept..	121.7	95.3	112.9	75.9	103.4	76.5	102.6
Oct-Dec....	118.8	94.7	109.7	74.8	104.1	75.8	102.6
1994:							
Jan-Mar....	119.3	94.5	109.5	72.4	105.9	74.4	103.0
Apr-June...	124.3	93.9	112.7	74.9	106.6	77.1	103.6
July-Sept..	129.7	93.7	116.5	79.0	107.2	81.2	104.3

[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.
[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.

Note.–January-March 1992=100.0

Source: International Monetary Fund, *International Financial Statistics*, November 1994.