Needle Bearing Wire From Japan

Investigation No. 731-TA-760 (Preliminary)

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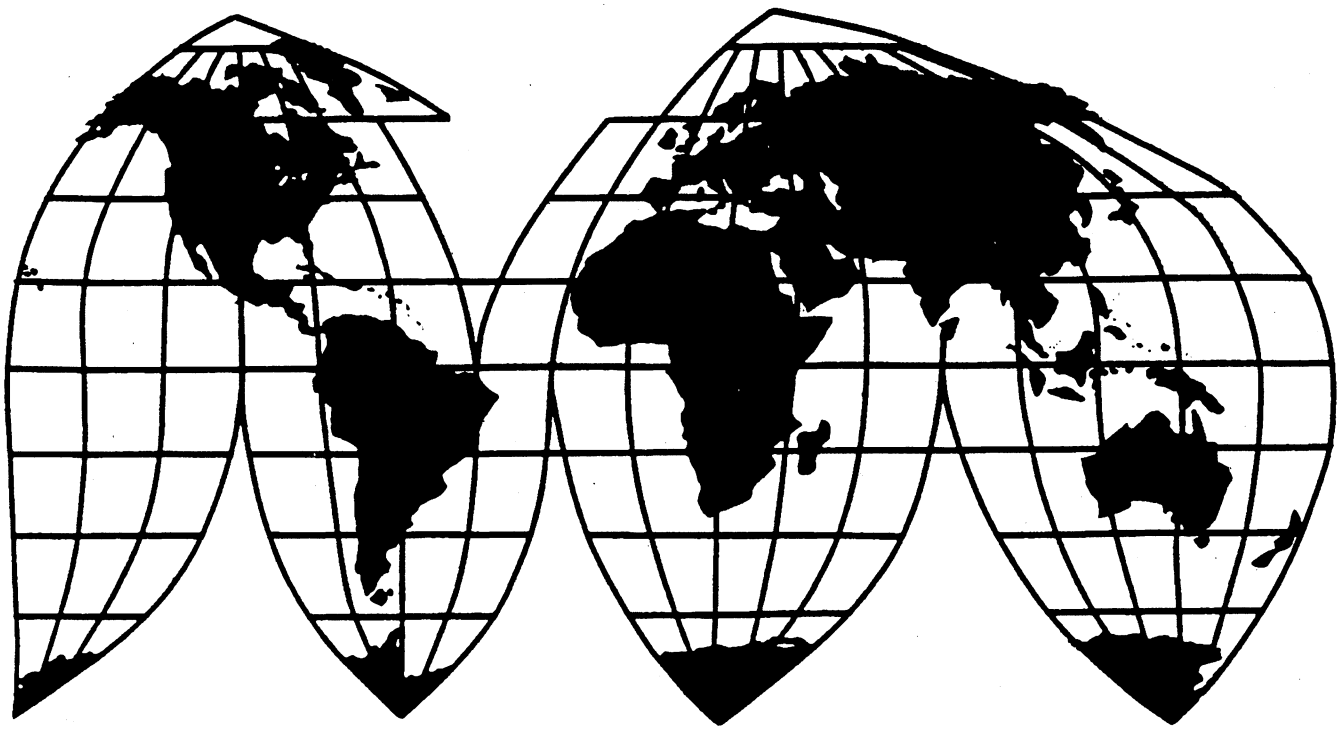
U.S. International Trade Commission



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U.S. International Trade Commission

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Glossary of Abbreviations

Atlantic	Atlantic Wire Co.
Bedford	ITW Bedford Wire
COGS	Cost of goods sold
Commerce	U.S. Department of Commerce
Commission	U.S. International Trade Commission
Daido	Daido Steel Co.
ECD	E.C.D. Inc.
HTS	Harmonized Tariff Schedule of the United States
Johnstown	Johnstown Wire Technologies
Kobe	Kobe Steel Co.
LTFV	Less than fair value
Nippon Koshuha	Nippon Koshuha Steel Co.
Precision	Precision Kidd Steel Co.
Riken-Seiko	Riken-Seiko Co. Ltd.
SAE	Society of Automotive Engineers
Sanyo	Sanyo Steel
SG&A expenses	Selling, general, and administrative expenses
SKF	SKF USA Inc.
Sumitomo	Sumitomo Metal Industries
Torrington	The Torrington Company
TR	Transcript of the Commission's conference
Universal Bearings	Universal Bearings, Inc.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-760 (Preliminary)

NEEDLE BEARING WIRE FROM JAPAN

DETERMINATION

On the basis of the record[2] developed in the subject investigation, the United States International Trade Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Japan of needle bearing wire, provided for in subheading 7229.90.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

BACKGROUND

On February 14, 1997, a petition was filed with the Commission and the Department of Commerce by E.C.D. Inc., Hillside, NJ, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of needle bearing wire from Japan. Accordingly, effective February 14, 1997, the Commission instituted antidumping investigation No. 731-TA-760 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of February 25, 1997 (62 FR 8458). The conference was held in Washington, DC, on March 7, 1997, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in this investigation, we find that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of needle bearing wire from Japan that allegedly are sold in the United States at less than fair value ("LTFV").[1]

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, or threatened with material injury, by reason of the allegedly LTFV imports.[2] In applying this standard, the Commission weighs the evidence before it and determines whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3] [4] [5]

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

[2] 19 U.S.C. § 1673b(a); *see also* American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. United States, 794 F. Supp. 377, 381 (Ct. Int'l Trade 1992).

[3] American Lamb, 785 F.2d at 1001. The statute requires "a reasonable indication of injury, not a reasonable indication of need for further inquiry." Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994). In considering the likelihood that contrary evidence will arise in a final investigation, "[t]he Commission must analyze the 'best information available' contained in the record at the time of its determination and judge the likelihood that evidence contrary to that already gathered will arise in a final determination that would support an affirmative determination." Calabrian Corp. v. United States, 794 F. Supp. at 386 (Ct. Int'l Trade 1992). Thus, the mere fact that the Commission is likely to obtain additional information in a final investigation does not require an affirmative preliminary determination unless there is insufficient information in the preliminary record on a relevant issue, or there is reason to believe, based on the information in the preliminary record, that such additional information would be contrary to that already gathered and would support an affirmative determination. The record assembled in this preliminary investigation is sufficiently complete and convincing to support a negative determination and to rule out a likelihood that contrary evidence would arise in a final phase investigation.

[4] Although this is the first investigation we have conducted with respect to the industry producing this like product, we note that we have conducted numerous investigations involving related steel products, including both the input to producing wire, steel rod (Certain Steel Wire Rod From Brazil and Japan, Invs. Nos. 731-TA-646 and 648 (Final), USITC Pub. 2761 (Mar. 1994)), and the downstream product, needle roller bearings (Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof From the Federal Republic of Germany, France, Italy, Japan, Romania, Singapore, Sweden, Thailand, and the United Kingdom, Invs. Nos. 303-TA-19-20; 731-TA-391-99 (Final), USITC Pub. 2185 (May 1989)).

[5] Commissioner Crawford concurs that the record in this investigation is sufficiently complete to support the Commission's determination, but does not join in any finding about the likelihood of evidence that may or may not arise in a final phase investigation.

II. DOMESTIC LIKE PRODUCT AND DOMESTIC INDUSTRY

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of subject merchandise, the Commission must first define the "domestic like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 ("the Act") defines the relevant industry as the "producers as a [w]hole of a domestic like product, or those producers whose collective output of the domestic like product constitutes a major proportion of the total domestic production of that product."[6] In turn, the Act defines "domestic like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses, with the article subject to an investigation."[7]

Our decision regarding the appropriate domestic like product(s) in an investigation is 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.[8] No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.[9] The Commission looks for clear dividing lines among possible like products, and disregards minor variations.[10] Although the Commission must accept the determination of Commerce as to the scope of the imported merchandise allegedly sold at less than fair value, the Commission determines what domestic product is like the imported articles Commerce has identified.[11]

B. Domestic Like Product

In its notice of initiation, Commerce defined the articles subject to this investigation as follows:

> 52100 (SAE (Society of American Engineers) standard) steel needle bearing wire in a diameter range of .047 inches (i.e. 1.19 mm.) up to and including .218 inches (i.e., 5.54 mm.) supplied in coils.[12]

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[6] 19 U.S.C. § 1677(4)(A).

[7] 19 U.S.C. § 1677(10).

[8] *See, e.g.*, Nippon Steel Corp. v. United States, 19 CIT __, Slip Op. 95-57 at 11 (Apr. 3, 1995). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer or producer perceptions; and, where appropriate, (6) price. *See id.* at n.4, 18; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[9] *See, e.g.*, S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[10] Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990); *aff'd*, 938 F.2d 1278 (Fed. Cir. 1991).

[11] Hosiden Corp. v. Advanced Display Manufacturers, 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-752 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[12] 62 Fed. Reg. 11,824 (Mar. 13, 1997).

Needle bearing wire is used in the production of the rolling element in needle bearings.[13] Needle bearings are a type of cylindrical roller bearing used in the automotive industry, and to a lesser extent, in the appliance, heavy equipment, and fastener industries.[14] All domestic producers of needle bearing wire purchase the raw material input, wire rod, or receive it under a toll agreement.[15] The producers cold-draw the rod to reduce its diameter, anneal, chemically clean, and in some instances coat the rod with phosphate, and then cold-draw it once again to the final desired diameter.[16]

Based on the factors discussed below, we find that there is a single domestic like product co-extensive with the subject merchandise defined by Commerce. This definition includes all domestic products that fall under the description "needle bearing wire." In other words, any domestic wire that either (1) is not 52100 grade, which establishes chemical and metallurgical tolerances, or (2) has a diameter outside the range specified in Commerce's initiation notice, is not needle bearing wire[17] and thus is not part of the domestic like product.

The physical characteristics of all needle bearing wire are determined by the SAE 52100 standard, which establishes narrow chemical and metallurgical tolerances,[18] and by the diameter specified by the customer.[19] Needle bearing wire has one principal use -- as an input in the manufacture of needle bearings. Since other end use products do not require such exacting standards, it is not cost effective to use needle bearing wire in those applications.[20] Needle bearings can be produced only from needle bearing wire.[21] Producers of needle bearing wire do not appear to perceive any substitute products for needle bearing wire.[22] However, the annealing and wire drawing equipment used in the production of needle bearing wire is also used to produce steel wire in grades and diameters other than needle bearing wire,[23] and the same production and related workers are used to produce both needle bearing wire and other types of wire.[24]

Notwithstanding the shared equipment and production workers, we believe that based on the consideration of physical characteristics and uses, and the lack of interchangeability between needle bearing wire and other types of steel wire, the domestic like product is properly defined in the same manner as the

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[13] Confidential report ("CR") at I-3; Public report ("PR") at I-3.

[14] CR at II-1, PR at II-1.

[15] CR at III-1, PR at III-1.

[16] CR at I-4-5, PR at I-4.

[17] CR at I-4, PR at I-3.

[18] In addition to specifying that needle bearing wire must meet the chemistry and metallurgical requirements of SAE 52100, purchasers of needle bearing wire also impose physical requirements and additional metallurgical requirements. Staff conversation on March 17, 1997 with Cheryl Coelho, Product Manager, E.C.D., Inc. ("E.C.D."). Bearings producers who supply the automotive industry not only require that the needle bearing wire meet the SAE standard, but also specify the source of the wire rod used to make the needle bearing wire. Transcript of Preliminary Conference ("Tr.") at 18. Ms. Coelho estimates that there are only a half dozen sources of wire rod throughout the world that are approved by the automotive industry. *Id.*

[19] CR at I-4, PR at I-3. The diameter of needle bearing wire falls between 1.19 mm. and 5.54 mm. *Id.*

[20] Petitioner's Postconference Brief ("Br.") at 16. We note, however, that small quantities of needle bearing wire have been used to make ball elements for ball bearings. CR at I-4, PR at I-3.

[21] CR at I-4, PR at I-3. Bearing manufacturers and their downstream customers generally impose qualification requirements on new suppliers that must be met before the customers will purchase the product. CR at II-2, PR at II-2.

[22] Questionnaire Responses of *** at 13.

[23] CR at I-5, PR at I-4.

[24] *Id.*

articles subject to investigation, to include all SAE 52100 standard needle bearing wire in a diameter range of .047 inches (*i.e.*, 1.19 mm.) up to and including .218 inches (*i.e.*, 5.54 mm.) supplied in coils.[25]

C. Domestic Industry and Related Party

The Commission is directed to consider the effect of the subject imports on the industry, defined as "the producers as a [w]hole of a domestic like product."[26] In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced,[27] captively consumed, or sold in the domestic merchant market.[28] The domestic needle bearing wire industry consists of one producer that dominates the merchant market, one large producer that captively consumes nearly all of its production, and four relatively small producers that engage primarily or exclusively in toll production. We see no reason to deviate from our general practice of including all three types of producers in the domestic industry.[29]

Further, we considered whether ***, which is partially owned by an importer, should be excluded as a related party. The related parties provision, 19 U.S.C. § 1677(4)(B), as amended by the Uruguay Round Agreements Act ("URAA"), allows for the exclusion of certain domestic producers from the domestic industry for the purposes of an injury determination. The Commission must first determine whether a domestic producer meets the definition of a related party, which the statute defines in terms of direct or indirect control by an importer or exporter of subject merchandise.[30] If the Commission finds that a producer is a related party, then the Commission may exclude that producer from the domestic industry if "appropriate

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[25] 62 Fed. Reg. 11,824 (Mar. 13, 1997).

[26] 19 U.S.C. § 1677(4)(A).

[27] The Commission's general practice is to include toll producers in the domestic industry, except where the record reflects unusual circumstances that suggest the toll processing activities are minor in nature. Stainless Steel Wire Rod from Brazil and France, Invs. Nos. 731-TA-636 and 637 (Final), USITC Pub. 2721 (Jan. 1994) at I-9. Such circumstances are not present here -- the toll producers engage in the same processing activities in which non-toll producers engage, *i.e.*, converting the rod into wire.

[28] *See* United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), *aff'd* 96 F.3d 1352 (Fed. Cir. 1996); Collated Roofing Nails from China, Korea, and Taiwan, Invs. Nos. 731-TA-757-759, USITC Pub. 3010 (Jan. 1997) at 7; Large Newspaper Printing Presses and Components Thereof, Whether Assembled or Unassembled, from Germany and Japan, Invs. Nos. 731-TA-736 and 737 (Final), USITC Pub. 2988 (Aug. 1996) at 7-8.

[29] The dominant producer in the merchant market is the Petitioner (E.C.D.). The producer that captively consumes most of its production is The Torrington Company ("Torrington"). The companies that are predominantly or exclusively toll producers are ITW Bedford Wire ("Bedford"); Atlantic Wire Company ("Atlantic"); Precision Kidd; and Johnstown Wire Technologies ("Johnstown"). These producers accounted for the following percentages of production during the period of investigation: E.C.D.-- *** percent; Torrington -- *** percent; Bedford -- *** percent; Atlantic -- *** percent; Johnstown -- *** percent; and Precision Kidd -- *** percent. CR at III-1, PR at III-1 and Questionnaire Responses of domestic producers.

[30] Control exists when "the party is legally or operationally in a position to exercise restraint or direction over the other party." A domestic producer may also be excluded if it is an importer of the subject merchandise and appropriate circumstances exist. 19 U.S.C. § 1677(4)(B).

circumstances" exist.[31] Exclusion of a related party is within the Commission's discretion based upon the facts presented in each case.[32]

*** has an eight percent ownership interest in ***.[33] ***, in turn, is 100 percent owned by a Japanese exporter of needle bearing wire, ***.[34] The question therefore arises whether *** or *** directly or indirectly controls ***, *i.e.*, whether either of these firms is in a position legally or operationally to exercise restraint or direction over ***.[35]

Neither the statute nor the legislative history establishes a numerical percentage ownership requirement for determining control. In the past, however, the Commission has found that a low level of ownership does not confer control absent evidence to the contrary.[36] Given the low level of equity interest in this instance and the absence of any evidence of control, we find that *** is not a related party.[37] [38]

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[31] 19 U.S.C. § 1677(4)(B). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a domestic producer under the related party provision include:

> (1) the percentage of domestic production attributable to the importing producer;
>
> (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and
>
> (3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. *See, e.g.,* Sebacic Acid from the People's Republic of China, Inv. No. 731-TA-653 (Final), USITC Pub. 2793 (July 1994), at I-7-8.

[32] *See* Torrington Co. v. United States, 790 F. Supp. at 1168; Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd without opinion*, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

[33] CR at VI-1, PR at VI-1.

[34] *Id.*

[35] 19 U.S.C. § 1677(4)(B).

[36] Engineered Process Gas Turbo-Compressor Systems, Whether Assembled or Unassembled, and Whether Complete or Incomplete, from Japan, Inv. No. 731-TA-748 (Preliminary), USITC Pub. 2976 (July 1996) at 9, n.39.

[37] Moreover, even if we deemed *** to be a related party, we would not find that appropriate circumstances exist to exclude it. Most significantly, based on its operating and net income figures, ***. CR at VI-5, PR at VI-2. This suggests that it has not benefitted from its partial ownership by ***. Moreover, *** does not itself import the subject merchandise, so its interests appear to be those of a domestic producer. Lastly, production by *** represents a *** percentage of domestic production (CR at VI-5, PR at VI-2) such that neither exclusion nor inclusion of *** would appreciably skew industry data.

[38] Commissioner Crawford concurs that, even if *** were found to be a related party, appropriate circumstances do not exist to exclude this firm from the domestic industry, based on her finding that its primary interest lies in production of the like product, not in importation of the subject imports.

III. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication that 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.[39] 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."[40] [41]

Several conditions of competition are pertinent to our analysis of the domestic needle bearing wire industry. First, significant production of the domestic like product, needle bearing wire, is internally transferred, and significant production is sold in the merchant market.[42] [43] [44] Therefore, we have considered

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[39] 19 U.S.C. § 1677(7)(C)(iii).

[40] *Id.*

[41] Commissioner Crawford joins her colleagues in this investigation in a discussion of the "condition of the industry" even though she does not make her determination based on industry trends. Rather, she views the discussion as a factual recitation of the data collected concerning the statutory impact factors.

[42] An issue that was not addressed by the parties, but which arises in this investigation, is how to treat toll producers in evaluating merchant market sales and captive production, respectively, for purposes of applying the captive production provision. The statute and legislative history do not address this question directly. The legislative history suggests that, for purposes of determining whether section 771(7)(C)(iv) applies, toll production should not be considered captive production because the toll producer is not the same producer as the producer of the downstream article. See Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. 316, Vol. 1, 103rd Cong., 2nd Sess. (1994)("SAA") at 852 ("Captive production refers to production of the domestic like product that is not sold in the merchant market and that is processed into a higher-valued downstream article by the same producer.") On the other hand, toll production is generally viewed as a service performed by the toll producer for a fee, instead of an outright sale. A rational economic analysis of toll production would suggest that toll production should be considered merchant market production if the firm contracting for the tolling sells the product in the merchant market, and captive production if the contracting firm consumes the product. Because this analysis of toll production facilitates our understanding of the domestic industry, we have adopted this approach for purposes of analyzing the data in this investigation. Under this approach, the percentage of needle bearing wire production sold in the merchant market was *** percent in 1994, *** percent in 1995, and *** percent in 1996. The corresponding percentages of needle bearing wire internally consumed were *** percent, *** percent, and *** percent. Table III-1, CR at III-3, PR at III-2. We note, however, that regardless of how toll production is treated, the percentage of needle bearing wire that is internally consumed is "significant" for purposes of applying the captive production provision.

[43] Commissioner Newquist takes no position as to whether the captive production provision applies and thus does not join this discussion. He notes, however, that it is within his discretion to focus analysis primarily on the merchant market. *See* Polyvinyl Alcohol from China, Japan, and Taiwan, Inv. Nos. 731-TA-726, 727, and 729 (Final), USITC Pub. 2960 (May 1996) at 11, n.70. In this investigation, Commissioner Newquist determines that the merchant market includes merchandise produced pursuant to toll agreement, if such merchandise is in fact sold by the "owner" in the merchant market.

Having determined to focus his analysis on the merchant market, Commissioner Newquist does not join any subsequent discussion of the condition of the domestic industry as a whole, except as may be necessary due to lack of specific merchant market data.

[44] Commissioner Crawford concurs that the captive production provision does not apply because the third criterion is not met. She also finds that the percentage of the domestic like product sold in the merchant market is significant. However, she does not agree that toll production of the domestic like product can be considered captive

(continued...)

whether to apply the captive production provision, which provides that under certain conditions the Commission should focus its analysis on the merchant market in assessing market share and the factors affecting the financial performance of the domestic industry.[45] We find that the third of the three statutory criteria for the application of this provision is not satisfied, however, because the needle bearing wire that is sold in the merchant market and the needle bearing wire that is captively consumed are generally used in the production of the same downstream article -- needle bearings.[46] Indeed, virtually all needle bearing wire, whether captively consumed or sold in the merchant market, is used to produce needle bearings.[47]

We note that even in circumstances where the statutory captive production provision does not apply, the Commission has the discretion to consider as a condition of competition that a significant portion of domestic production is captively consumed. In this investigation, the Commission has exercised its discretion

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[44](...continued)
production under the terms of the statute and the accompanying legislative history. The captive production provision only applies to "domestic producers" that "internally transfer" production of the like product for production of a downstream product. See 19 U.S.C. § 1677(7)(C)(iv). Furthermore, the SAA accompanying the URAA defines captive production by stating that captive production "refers to production of the domestic like product . . . that is processed into a higher-valued downstream article by the same producer." SAA at 852 (emphasis added). As discussed above, toll producers are members of the domestic industry and thus are "domestic producers" under the terms of the statute. However, toll producers do not internally transfer their production of the like product or process it into the downstream product. Rather, any subsequent processing of the toll production into the downstream product is done by a different entity. Simply put, the toll production of the domestic like product and the processing of the like product into the downstream article are not done by the "same producer." Therefore, toll production does not constitute "captive production" as defined in the statute and the SAA. Consequently, Commissioner Crawford does not include toll production in her analysis of captive production. Excluding toll production, *** percent of domestic needle bearing wire was internally consumed in 1996, an amount that is clearly significant.

[45] The statutory provision on captive production, added by the URAA, provides that

> If domestic producers internally transfer significant production of the domestic like product for the production of a downstream article and sell significant production of the domestic like product in the merchant market, and the Commission finds that --
>
> > (I) the domestic like product produced that is internally transferred for processing into that downstream article does not enter the merchant market for the domestic like product,
> >
> > (II) the domestic like product is the predominant material input in the production of that downstream article, and
> >
> > (III) the production of the domestic like product sold in the merchant market is not generally used in the production of that downstream article,
>
> then the Commission, in determining market share and the factors affecting financial performance set forth in clause (iii), shall focus primarily on the merchant market for the domestic like product. 19 U.S.C. § 1677(7)(C)(iv).

[46] Since the third criterion clearly is not satisfied, we do not discuss the remaining two criteria.

[47] CR at I-4, PR at I-3.

to closely examine the merchant market -- as well as the industry as a whole -- in assessing market share and the financial performance of the domestic industry.[48] [49]

Second, the market for needle bearing wire is characterized by a small number of purchasers. Indeed, information on the record indicates that eight purchasers accounted for most open market purchases during the period of investigation.[50] Consequently, the purchasing behavior of a few large customers can have a significant impact on U.S. suppliers of needle bearing wire.

Third, the input used in the production of needle bearing wire, wire rod, accounts for a substantial percentage of the total value of the finished product.[51] Moreover, there are only a few producers of wire rod, most of which are in Japan.[52] Because this input is not available in the United States, the bulk of wire rod used in U.S. production of needle bearing wire is imported from Japan.[53] The 1995 earthquake in Kobe, Japan disrupted the significant supply from Kobe, causing both a shortage of wire rod in the United States and a consequent increase in rod prices in 1995.[54] Prices for wire rod stabilized and remained relatively constant during much of 1996; however, rod prices decreased slightly during the second half of 1996, and by March 1997 rod prices were 15 to 18 percent lower than they had been at their peak in 1995.[55] In the aftermath of the earthquake, ***.[56]

Finally, in part as a result of the events described above, consumers of needle bearing wire have significantly reduced their open-market purchases of finished wire in favor of purchasing the input product, imported wire rod, and having this rod processed into needle bearing wire in the United States by toll producers.[57] This shift toward increased toll production occurred toward the end of the period of investigation.[58] [59]

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[48] Commissioner Crawford did not exercise discretion to focus on the merchant market. Commissioner Crawford did not focus her analysis on the merchant market because the percentage of domestic production that is captively consumed, *** percent in 1996, is so large that excluding the producers of the captive production from the required statutory analysis would not represent analysis of the "producers as a whole" of the domestic like product.

[49] Commissioner Newquist reiterates his views expressed in footnote 43.

[50] Questionnaire Responses of domestic producers and importers.

[51] Petitioner estimates that the wire rod accounts for about *** percent of the value of needle bearing wire, and Precision Kidd reported that it is about *** percent. CR at V-1, PR at V-1.

[52] CR at III-1, PR at III-1.

[53] CR at III-1, PR at III-1.

[54] CR at V-1, PR at V-1.

[55] *Id.*

[56] CR at III-2, n.2, PR at III-1, n.2. As a result, ***. *Id.* The increase was seen in 1996 because the contractual arrangements for the purchase of rod involved lead times of six to nine months. ***.

[57] Table III-1, CR at III-3, PR at III- 2; CR at V-12, PR at V-3. One of these purchasers was ***, which was the subject of one of ***. Due to substantial cost savings associated with toll production of imported wire rod as compared to purchases of needle bearing wire, this company stopped purchasing needle bearing wire from *** in August 1996 and has largely replaced its needs previously satisfied by *** with wire rod imports that it has processed into wire in the United States by toll producers. The company has also recently discontinued imports of subject needle bearing wire from Japan. CR at V-12, PR at V-3.

[58] *See* Table III-1, CR at III-3, PR at III-2.

[59] Commissioner Crawford finds that this shift from finished wire to toll production is evidence that domestic producers of finished wire (e.g., Petitioner) and domestic toll producers compete with each other for sales of the domestic like product.

As previously noted, we have considered the condition of the domestic industry as a whole, but in addition have closely examined developments in the merchant market, where one would expect to see the strongest effects from imports.[60]

Total apparent consumption of needle bearing wire fell from 28.0 million pounds in 1994 to 27.3 million pounds in 1995, and then to 26.0 million pounds in 1996.[61] The domestic industry's share of this consumption rose substantially throughout the period of investigation, from 88.1 percent in 1994 to 93.2 percent in 1995, and then to 95.6 percent in 1996.[62] U.S. producers' domestic shipments, including internal consumption, rose from 24.7 million pounds in 1994 to 25.4 million pounds in 1995, and then fell to 24.9 million pounds in 1996.[63] U.S. production rose from 25.7 million pounds in 1994 to 26.4 million pounds in 1995, and then fell to 25.8 million pounds in 1996.[64] [65]

Apparent U.S. open market consumption fell from *** pounds in 1994 to *** pounds in 1995 and then to *** pounds in 1996.[66] [67] Domestic merchant shipments rose from 1994 to 1995 before falling in 1996.[68] As a share of open market consumption, however, domestic merchant shipments rose substantially over the period of investigation.[69] The figures for domestic merchant production were approximately the same as for domestic merchant shipments, since domestic merchant producers maintained no inventories.[70]

For the entire industry, capacity rose from 53.7 million pounds in 1994 to 65.7 million pounds in 1995, then rose again to 67.7 million pounds in 1996.[71] [72] Capacity utilization fell from 47.8 percent in 1994 to 40.2 percent in 1995, then fell to 38.2 percent in 1996.[73] Capacity for producers in the merchant market

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[60] *See* footnote 42.

[61] Table IV-2, CR at IV-3, PR at IV-1.

[62] *Id.*

[63] *Id.*

[64] Table IV-2, CR at III-3, PR at III-1.

[65] The only company that held inventories of needle bearing wire was ***, and its inventories held constant over the period of investigation at *** pounds. CR at III-3, PR at III-2.

[66] Table IV-1, CR at IV-2, PR at IV-1. As described above (*see supra* note 42), for purposes of calculating consumption, shipments by toll producers to end users (bearings or bearing roller manufacturers) were treated as internal consumption, while shipments by toll producers to non-end users were treated as merchant market (open market) shipments. The merchant market consumption figures represent 100 percent coverage, *i.e.*, they include all traditional merchant market sales and all sales by toll producers to non-end-users.

[67] As noted previously, Commissioner Crawford finds that toll production does not constitute captive production under the terms of the statute and the SAA, and therefore all toll production is, by definition, production for the merchant market. *See* note 44, *supra*.

[68] Domestic merchant shipment figures are confidential business information. They were: *** million pounds in 1994, *** million in 1995, and *** million pounds in 1996. Table IV-1, CR at IV-2, PR at IV-1.

[69] The domestic merchant industry's share of open-market consumption rose from *** percent in 1994 to *** percent in 1995, and then to *** percent in 1996. Table IV-1, CR at IV-2, PR at IV-1.

[70] CR at III-2-3, PR at III-1-2.

[71] Table III-1, CR at III-3, PR at III-2.

[72] *Id.* We view the data concerning reported capacity and capacity utilization with caution because equipment used to produce needle bearing wire can also be used to produce other types of wire with relatively small adjustments required, thus, capacity and capacity utilization rates can be affected by shifts in product mix. *See* CR at I-5, PR at I-4.

[73] Table III-1, CR at III-3, PR at III-2.

increased from *** pounds in 1994 to *** pounds in 1995, and then held constant in 1996.[74] Capacity utilization by merchant producers, however, fell throughout the period of investigation, from *** percent in 1994 to *** percent in 1995, and then to *** percent in 1996.

The average number of production and related workers (PRWs) and hours worked over the period of investigation fell for the industry as a whole and fluctuated in the merchant market.[75]

Financial data for the industry as a whole are not available, as the sole captive producer does not maintain data for its needle bearing wire operations. For merchant market operations, net sales revenue rose from 1994 to 1995, and then fell in 1996 to a level slightly below that of 1994.[76] The ratio of cost of goods sold (COGS) to net sales in the merchant market *** from 1994 to 1995, and then *** in 1996 to the same level as in 1994.[77] The unit value of cost of goods sold in the merchant market sold *** from 1994 to 1995, and then *** in 1996.[78] The unit value of sales ***, reflecting ***.[79] Operating income *** from 1994 to 1995, and then *** in 1996, but to ***.[80]

*** was the *** merchant market producer that reported any capital expenditures,[81] and *** was the *** producer reporting any capital expenditures.[82] [83]

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[74] Questionnaire Responses of ***. *** collectively accounted for *** percent of the merchant market, as we have defined it. *See supra,* note 42. The data discussed herein concerning capacity, capacity utilization, and financial data for merchant market producers, do not include data for one toll producer that sold to non-end-users, (***), because that company also sold to end-users and its data were not broken out by market or because it did not supply data for the particular indicator. Data for one producer that sold both in the merchant market and pursuant to tolling agreements with end-users, (***), could not be included for the same reasons.

[75] The average number of production and related workers employed by the industry as a whole fell from *** in 1994 to *** in 1995, and then fell further to *** in 1996. Table III-1, CR at III-3, PR at III-2. Hours worked fell from *** in 1994 to *** in 1995, and then to *** in 1996. *Id.* These data are for ***, which together represented more than *** percent of U.S. production during the period of investigation. For the merchant market, the average number of workers went from *** in 1994 to *** in 1995, then to *** in 1996. Questionnaire Response of Petitioner. Hours worked went from *** hours in 1994 to *** hours in 1995, then to *** hours in 1996. *Id.* This represents Petitioner's data only. None of the employment data from other producers was usable.

[76] Table VI-3, CR at VI-5, PR at VI-2. Net sales revenues rose from *** million in 1994 to *** million in 1995, and then fell to *** million in 1996. These figures cover ***. *Id.*

[77] The COGS to net sales ratio for *** was *** percent in 1994; *** percent in 1995 and *** percent in 1996. Table VI-3, CR at VI-6, PR at VI-2.

[78] The unit value of cost of goods sold was *** in 1994; *** in 1995, and *** in 1996. Table VI-3, CR at VI-7, PR at VI-2.

[79] CR at III-2; Table III-1, CR at III-3, PR at III-2.

[80] Operating income *** from *** in 1994 to *** in 1995, and then *** to *** in 1996. Table VI-3, CR at VI-5, PR at VI-2. Operating income as a ratio to net sales revenue *** from *** percent in 1994 to *** percent in 1995, and then *** in 1996 to *** percent. Questionnaire Responses of ***.

[81] ***. CR at VI-9, PR at VI-2.

[82] ***. CR at VI-9, PR at VI-2.

[83] On the basis of the foregoing, Commissioner Newquist determines there is no reasonable indication that the domestic industry is experiencing material injury. Accordingly, he proceeds directly to the no threat of material injury discussion.

IV. NO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS[84]

In preliminary antidumping investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the allegedly LTFV imports under investigation.[85] The statute defines "material injury" as "harm which is not inconsequential, immaterial or unimportant."[86] In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.[87]

Although the Commission may consider causes of injury to the industry other than the LTFV imports,[88] it is not to weigh causes.[89] [90]

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[84] Commissioner Newquist does not join in this section of the Commission's opinion.

[85] 19 U.S.C. § 1673b(a).

[86] 19 U.S.C. § 1677(7)(A).

[87] 19 U.S.C. § 1677(7)(B)(I). The Commission "may consider such other economic factors as are relevant to the determination" but shall "explain in full [their] relevance to the determination." 19 U.S.C. § 1677(7)(B).

[88] Alternative causes may include the following:

> [T]he 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.

S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979). Similar language is contained in the House Report. H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979).

[89] *See, e.g.*, Gerald Metals, Inc. v. United States, 937 F. Supp. 930, 936 (Ct. Int'l Trade 1996), *appeal pending*; Citrosuco Paulista S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988).

[90] For a detailed description of Commissioner Crawford's analytical framework, *see* Polyvinyl Alcohol from China, Japan, and Taiwan, Invs. Nos. 731-TA-726, 727, and 729 (Final), USITC Pub. 2960 at 25-26 (May 1996). Both the Court of International Trade and the United States Court of Appeals for the Federal Circuit have held that the "statutory language fits very well" with Commissioner Crawford's mode of analysis, expressly holding that her mode of analysis comports with the statutory requirements for reaching a determination of material injury by reason of the subject imports. United States Steel Group v. United States, 96 F.3d 1352, 1361 (Fed. Cir. 1996), *aff'd* 873 F. Supp. 673, 694-95 (Ct. Int'l Trade 1994). Commissioner Crawford notes that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly LTFV imports. She finds that the clear meaning of the statute is to require a determination of whether the domestic industry is materially injured by reason of LTFV imports, not by reason of the LTFV imports among other things. Many, if not most, domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently is causing material injury to the domestic industry. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than less-than-fair-value imports." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979). However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. *Id.* at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess. 46-47 (1979). The Commission is not to determine if the LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 96-249 at 74 (1979). Rather, it is to determine whether any injury "by reason of" the LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must

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For the reasons discussed below, we determine that there is no reasonable indication that the domestic needle bearing wire industry is materially injured by reason of allegedly LTFV imports from Japan.

A. Volume of Subject Imports

The volume of subject imports decreased substantially during each year of the period of investigation.[91] The market share of subject imports, both as a percentage of open market consumption and as a percentage of total apparent consumption, also decreased substantially in each year of the period of investigation.[92] At the same time, the market share of domestic producers increased. As a percentage of U.S. open market consumption, the domestic producers' share rose from *** percent in 1994 to *** in 1995, and then to *** percent in 1996.[93] As a percentage of total apparent consumption, the domestic producers' share rose from 88.1 percent in 1994 to 93.2 percent in 1995, and then to 95.6 percent in 1996.[94] In light of the substantial declines in the volume and market share of subject imports and the other factors discussed below, we do not view either the absolute levels of subject imports or their market share to be significant.

B. Price Effects of Subject Imports

Prices for the domestic like product ***, while trends in import prices could not be determined because of the limited presence of imports in the domestic market.[95] There is little evidence that domestic prices have been suppressed relative to costs.[96] Price trends for the domestic products were the same in categories where there were few or no subject import sales reported as for the categories where there were import sales.[97] [98]

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[90](...continued)
consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis added).

[91] Subject imports fell from 3,322,000 pounds in 1994 to 1,862,000 pounds in 1995, and then fell further to 1,146,000 pounds in 1996. Thus, between 1994 and 1996, imports fell by 66 percent. Table IV-1, CR at IV-2, PR at IV-1.

[92] The market share of the subject imports fell from *** percent of open market consumption in 1994 to *** percent in 1995, and then fell further to *** percent in 1996. Table IV-1, CR at IV-2, PR at IV-1. As a percentage of total apparent consumption, the same trend was evident -- imports fell from 11.9 percent in 1994 to 6.8 percent in 1995, and then to 4.4 percent in 1996. *Id.*

[93] Table IV-2, CR at IV-3, PR at IV-1.

[94] *Id.*

[95] Tables V-1 through V-4, CR at V-5-8, PR at V-4.

[96] The ratio of cost of goods sold to net sales for merchant market operations actually declined from *** in 1994 to *** percent in 1995 before returning to the 1994 level of *** percent in 1996. Table VI-3, CR at VI-6, PR at VI-2. This represents data for ***. Petitioner's COGS ratio followed a similar trend. *Id.*

[97] *See* Tables V-1 through V-4, CR at V-5-8, PR at V- 4. Moreover, for only one of the four products for which price comparisons were available was the domestic industry's price falling at the same time or shortly after significant imports were present. For this product, the U.S.-produced price during the four quarters of 1996 went from ***. Imports during this period were ***. Additional facts, however, strongly suggest that imports did not depress or suppress domestic prices even in this instance. First, while the price did decline from *** in the second quarter to *** in the third quarter, the third quarter price was still significantly higher than the price for the domestic product in any of the quarters of the prior year (1995). Second, while the fourth quarter average price of the U.S.-produced product did
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The evidence shows a mixture of underselling and overselling, with more instances of overselling than underselling by the imported product.[99] More importantly, the pricing data show only limited competition from subject imports.[100] Thus, we do not find any underselling to be significant.

A major factor influencing the price of needle bearing wire is the price of its primary input, wire rod. As previously noted, the price of wire rod increased significantly during 1995 due to a supply disruption resulting from the Kobe earthquake. The price of wire rod eventually stabilized and began to decline during the second half of 1996. By March of 1997, the price of rod was 15 to 18 percent lower than it had been at its peak levels in 1995.[101]

The trends in U.S. producer prices for needle bearing wire over the period of investigation show a strong correlation with the trends in prices for wire rod. In fact, the evidence indicates that in 1995, U.S. merchant producers were able to raise their prices by more than the amount of their cost increases resulting from the wire rod shortage, and still were able to increase their shipment levels.[102] In 1996, U.S. producer prices continued to increase, but by less than the average increase in unit costs. At the same time, U.S. merchant producers' shipment volumes declined. The explanation for U.S. merchant producers' inability to raise their prices to fully cover their cost increases in 1996 appears to lie, not in competition from imports of needle bearing wire (which continued to decline throughout the period), but in the business decision made by Petitioner to ***. As prices of wire rod began to fall in 1996, the Petitioner's efforts to raise prices further to cover *** caused it to lose business, as its customers realized that they could gain significant cost savings by

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[97](...continued)
fall substantially, this was because the particular shipment that comprised the entire volume for that quarter was a sale by *** of wire made from an ***. Staff conversation on March 27, 1997 with Cheryl Coelho, Product Manager, E.C.D.

[98] Commissioner Crawford concurs in her colleagues' conclusion that subject imports are not having significant effects on domestic prices for needle bearing wire. However, she does not join in the remainder of this discussion of price effects. To evaluate the effects of the dumping on domestic prices, Commissioner Crawford compares domestic prices that existed when the imports were dumped with what domestic prices would have been if the imports had been fairly traded. In most cases, if the subject imports had not been traded unfairly, their prices in the U.S. market would have increased. In this investigation, the dumping margin is 40.67 percent. Thus, prices for the subject imports likely would have risen by up to this amount if they had been priced fairly, and they would have become more expensive relative to the domestic product and other alternative sources for the product (e.g., nonsubject imports). In such a case, if the products are substitutable, demand would have shifted away from subject imports and towards the relatively less-expensive products. There are no nonsubject imports in the domestic market, and thus the domestic industry is the only source available to meet any shift in demand away from subject imports. Commissioner Crawford has given Petitioner the benefit of the doubt and assumed that subject imports and the domestic product are good substitutes for each other, and that the entire demand for subject imports would have shifted to the domestic product, had subject imports been priced fairly. The domestic industry had sufficient capacity available to satisfy the demand supplied by subject imports, and, as noted previously, domestic producers compete with each other for sales of the domestic product. Based on the available capacity and competition among domestic producers, Commissioner Crawford finds that domestic prices would not have increased had the subject imports been priced fairly. Therefore, Commissioner Crawford finds that subject imports are not having significant effects on domestic prices for needle bearing wire.

[99] Table V-5, CR at V-11, PR at V-4. The U.S. price was *** than the imported price in *** cases, *** in ***, and *** in one. *Id.*

[100] The Commission requested pricing data for six needle bearing wire products proposed by Petitioner. Staff conversation on February 18, 1997 with counsel for Petitioner. Importers reported sales in only four of out of the six product categories and such sales occurred in only 14 quarters out of a possible 72 quarters (six products in four quarters each of the three years of the period of investigation). Tables V-I through V-4; CR at V-5-8, PR at V-4.

[101] CR at V-1, PR at V-1.

[102] Table III-1, CR at III-3, PR at III-2; Table VI-1, CR at VI-3, PR at VI- 1.

importing the wire rod and having it toll produced into needle bearing wire in the United States. As discussed further below, this shift by purchasers to increased U.S. toll production apparently accounted in substantial part for the lost sales alleged by the Petitioner.

The domestic industry reported *** lost sales allegations. One purchaser, ***, largely replaced its needs previously satisfied by *** with wire rod imports that it had processed by toll producers, although it did purchase some imports. During the latter part of 1996, *** percent of *** purchases were from toll producers and *** percent from imports. It has subsequently discontinued importing subject needle bearing wire from Japan.[103] The purchaser that was the subject of the other lost sales allegation, ***, appears to have replaced the wire previously supplied by *** with purchases from both toll producers and importers.[104] However, we do not deem these companies' limited purchases of subject imports to be significant in view of the overall substantial decline in the volume and market share of the subject imports.

In short, there is little evidence that imports significantly undersold the domestic like product or that imports depressed or suppressed domestic prices to a significant degree.

C. Impact of Subject Imports [105] [106]

We find that the subject imports have not had a significant adverse impact on the domestic industry. The market share of the domestic industry was large,[107] and rose substantially throughout the period of investigation.[108] While merchant producers' operating income ***.[109] During this same time period, both the absolute volume of subject imports and the market share held by subject imports fell dramatically.[110]

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[103] CR at V-12, PR at V-3.

[104] Questionnaire Responses of E.C.D., *** and staff conversations on March 26-28, 1997 with ***.

[105] As part of its consideration of the impact of imports, the statute as amended by the URAA specifies that the Commission is to consider "the magnitude of the margin of dumping." 19 U.S.C. § 1677(7)(C)(iii)(V). The SAA indicates that the amendment "does not alter the requirement in current law that none of the factors which the Commission considers is necessarily dispositive in the Commission's material injury analysis." SAA at 850. New section 771(35)(C), 19 U.S.C. § 1677(35)(C), defines the "margin of dumping" to be used by the Commission in a preliminary determination as the margin or margins published by Commerce in its notice of initiation. The estimated dumping margin identified by Commerce in its notice of initiation of this investigation is 40.67 percent. 62 Fed. Reg. 11,824 (Mar. 13, 1997).

[106] Vice Chairman Bragg notes that she does not ordinarily consider the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. *See* Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[107] Table IV-1, CR at IV-2, PR at IV-1.

[108] *Id.*

[109] Table VI-3, CR at VI-5, PR at IV-2. These data are based on questionnaire responses from ***.

[110] Commissioner Crawford does not make her determination based on industry and import trends, and thus does not join the remainder of this section. However, she concurs that subject imports are not having a significant impact on the domestic industry. In her analysis of material injury by reason of dumped imports, Commissioner Crawford evaluates the impact on the domestic industry by comparing the state of the industry when the imports were dumped with what the state of the industry would have been had the imports been fairly traded. In assessing the impact of the subject imports on the domestic industry, she considers, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, research and development and other relevant factors as required by 19 U.S.C. § 1677(7)(C)(iii). These factors together either encompass or reflect the volume and price effects of the dumped imports, and so she gauges the

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Further, the domestic industry's decline in financial performance in 1996 coincided with the lowest level of imports over the period of investigation.[111]

The declines in shipments of the domestic industry to the merchant market can be attributed almost entirely to a shift by consumers of needle bearing wire away from purchases of such wire in the merchant market to purchases of the input wire rod for toll production into the subject merchandise in the United States. This shift can be seen by comparing the decrease in domestic shipments to the increase in internal consumption, which includes toll production for end-users, during the period of investigation.[112]

We therefore determine that there is no reasonable indication that the U.S. industry producing needle bearing wire is materially injured by reason of the subject imports from Japan.

V. NO REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

Section 771(7)(F) of the Act directs the Commission to consider whether the U.S. industry is threatened with material injury by reason of the subject merchandise by analyzing whether "further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted."[113] The Commission considers the threat factors "as a whole"[114] and it may not make such a determination "on the basis of mere conjecture or supposition."[115] In

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[110](...continued)
impact of the dumping through those effects. In this regard, the impact on the domestic industry's prices, sales and overall revenues is critical, because the impact on the other industry indicators (e.g., employment, wages, etc.) is derived from this impact. As she noted earlier, Commissioner Crawford finds that the domestic industry would not have been able to increase its prices had subject imports been priced fairly. She has given Petitioner the benefit of the doubt and assumed that the entire demand for subject imports would have shifted to the domestic product, had the subject imports been priced fairly. However, the market share of subject imports, *** percent in 1996, is so small that the increase in demand for the domestic product would not have been significant. Therefore, any increase in the domestic industry's output and sales would not have been material, and thus the domestic industry would not have been materially better off if the subject imports had been priced fairly. Consequently, Commissioner Crawford determines that there is no reasonable indication that the domestic industry is materially injured by reason of allegedly LTFV imports of needle bearing wire from Japan.

[111] Operating income for the domestic industry producing for the merchant market showed *** from 1994 to 1995 (***), but *** in 1996 to ***. Imports fell significantly both over the entire period of investigation (by *** pounds from 1994 to 1996), and in the last year of the period of investigation (from ***). Tables VI-3 and IV-1, CR at VI-7 and IV-2; PR at VI- 2 and IV-1.

[112] Specifically, from 1994 to 1996, domestic merchant shipments decreased by *** pounds, while internal consumption, including toll production for end-users, rose by *** pounds. Table III-1, CR at III-3, PR at III-2.

[113] 19 U.S.C. § 1673b(a) and 1677(7)(F)(ii).

[114] While the language referring to imports being imminent (instead of "actual injury" being imminent and the threat being "real") is a change from the prior provision, the SAA indicates that the "new language is fully consistent with the Commission's practice, the existing statutory language, and judicial precedent interpreting the statute." SAA at 854.

[115] 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. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990). *See also* Calabrian Corp. v. United States, 794 F. Supp. 377, 387 and 388 (Ct. Int'l Trade 1992), *citing* H.R. Rep. No. 1156, 98th Cong., 2d Sess. 174 (1984).

making our determination, we have considered all statutory factors[116] that are relevant to this investigation[117] and have determined that there is no reasonable indication that the domestic industry producing needle bearing wire is threatened with material injury by reason of the allegedly LTFV imports.

We do not find a likelihood of substantially increased imports of the subject merchandise due to any existing unused production capacity or imminent, substantial increase in production capacity in Japan. There are only two known Japanese producers of needle bearing wire that exported their product to the United States during the period of investigation.[118] Total production of needle bearing wire by these producers *** during the period of investigation, while capacity ***.[119] Moreover, neither of these firms indicated any plans to ***.[120]

The trends in import volume and the market share held by subject imports similarly do not indicate a likelihood of substantially increased imports. Rather, the rapid declines in both the absolute volume of, and market share held by, subject imports over the period of investigation,[121] as discussed above, suggest, if anything, that in the future imports will have a further diminished presence in the U.S. market.[122]

Subject imports are not entering at prices that have had a significant depressing or suppressing effect on domestic prices, as discussed more fully above. We see no evidence that this will change in the near future.[123]

Nor do the levels of inventories of subject needle bearing wire indicate any threat of material injury by reason of subject imports. The two Japanese exporters that shipped the subject merchandise to the United States during the period of investigation had minuscule inventories,[124] and U.S. importers do not maintain any inventories of the subject merchandise.[125]

Although both Japanese producers that shipped needle bearing wire to the United States during the period of investigation produce other wire products,[126] there is no evidence that they will shift production of non-subject merchandise to production of the subject merchandise. To the contrary, the decrease reported by

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[116] The statutory factors have been amended to track more closely the language concerning threat of material injury determinations in the Antidumping and Subsidies Agreements, although"[n]o substantive change in Commission threat analysis is required." SAA at 855.

[117] 19 U.S.C. § 1677(7)(F)(I). Factor I regarding consideration of the nature of the subsidies alleged is inapplicable because there have not been any subsidies alleged. Factor VII regarding raw and processed agriculture products is also inapplicable to the products at issue. *See* 19 U.S.C. § 1677(7)(F)(iii)(I).

[118] CR at VII-1, PR at VII-1.

[119] *Id.*

[120] CR at VII-1, PR at VII-1.

[121] Tables IV-1 and IV-2, CR at IV-2-3, PR at IV-1.

[122] The likelihood of a continued decline in subject imports is also suggested by *** plans to discontinue its remaining imports of needle bearing wire after March 1997. CR at V-12, PR at V-3.

[123] Commissioner Newquist agrees that the "discussion above" demonstrates that there is no reasonable indication that subject imports will imminently depress or suppress domestic prices to a significant degree, and concurs for that purpose only.

Commissioner Newquist additionally notes that, in his analytical framework, "evaluation of the alleged magnitude of the margin of dumping" is not generally helpful in answering the questions posed by the statute: whether there is a reasonable indication that the domestic industry is threatened with material injury; and, if so, whether such threat of material injury is by reason of the subject imports.

[124] Questionnaire Responses of ***.

[125] CR at VII-3, PR at VII-1.

[126] CR at VII-1, PR at VII-1.

these producers in production of needle bearing wire and the decrease in exports of the product to the United States suggest, if anything, a shift away from needle bearing wire production.[127]

Nor is there any evidence that these producers will divert exports from other markets to the U.S. market. One producer, which accounted for *** percent of the exports to the U.S. during the entire period of investigation and *** percent of the exports in the last two years of the investigation, has no other export markets.[128] While the other producer has shipped needle bearing wire to countries other than the United States, it ***, and there is no evidence that it plans to ***.[129] Moreover, there is no information on the record indicating that needle bearing wire produced in Japan is subject to any antidumping duty order or any pending investigations outside the United States.[130]

Accordingly, we find that there is no reasonable indication of a threat of material injury to the domestic needle bearing wire industry by reason of imports from Japan.

CONCLUSION

For the foregoing reasons, we determine that there is no reasonable indication that the domestic industry producing needle bearing wire is materially injured or threatened with material injury by reason of the allegedly LTFV imports of needle bearing wire from Japan.

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[127] Tables III-1 and IV-1, CR at III-3 and IV-2-3, PR at III-2 and IV- 1.

[128] CR at VII-1, PR at VII-1; Table VII-2, CR at VII-2, PR at VII-1.

[129] *Id.*

[130] CR at VII-3, PR at VII-1.

PART I: INTRODUCTION

BACKGROUND

This investigation results from a petition filed on February 14, 1997, by ECD, Hillside, NJ, alleging that an industry in the United States is materially injured and threatened with material injury by reason of LTFV imports of needle bearing wire[1] from Japan. Information relating to the background of the investigation is provided below.[2]

Date	*Action*
February 14, 1997 ..	Petition filed with Commerce and the Commission;[3] institution of Commission investigation (62 FR 6458, February 25, 1997)
March 7, 1997	Commission's conference[4]
March 13, 1997	Commerce's notice of initiation (62 FR 11824, March 13, 1997)
March 28, 1997	Commission's vote
March 31, 1997	Commission determination transmitted to Commerce

SUMMARY DATA

A summary of data collected in this investigation is presented in table I-1. Except as noted, U.S. industry data are based on questionnaire responses of 6 firms that accounted for 100 percent of U.S. production of needle bearing wire during the period for which data were collected (1994-96). U.S. imports are based on questionnaire responses of 4 firms that are believed to account for the overwhelming bulk of imports.

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[1] Needle bearing wire, as defined by Commerce's scope, consists of 52100 (SAE standard) steel needle bearing wire in a diameter range of 0.047 inches (i.e., 1.19 mm.) up to and including 0.218 inches (i.e., 5.54 mm.) supplied in coils. All needle bearing wire is generally the same in chemistry and is specifically designed to meet specifications designated by automobile and other manufacturers for use in engine parts and brake assemblies. Needle bearing wire is classified in subheading 7229.90.50 of the HTS. The most-favored-nation (column 1-general) tariff rate for this subheading, applicable to imports from Japan, is currently 6.3 percent *ad valorem*.

[2] *Federal Register* notices cited in the tabulation are presented in app. A.

[3] The alleged LTFV margin (as revised by Commerce) is 40.67 percent.

[4] A list of witnesses appearing at the conference is presented in app. B.

Table I-1
Needle bearing wire: Summary data concerning the U.S. market, 1994-96

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

	Reported data			Period changes		
Item	1994	1995	1996	1994-96	1994-95	1995-96
U.S. open-market consumption quantity:						
Amount						
Producers' share (1)						
Japan's share (1):						
U.S. open-market consumption value:	*	*	*	*	*	*
Amount						
Producers' share (1)						
Japan's share (1):						
U.S. imports from Japan:						
Quantity	3,322	1,862	1,146	-65.5	-44.0	-38.5
Value	2,467	1,541	808	-67.2	-37.5	-47.6
Unit value	$0.74	$0.83	$0.71	-5.0	11.5	-14.8
U.S. producers':						
Average capacity quantity	53,660	65,660	67,660	26.1	22.4	3.0
Production quantity	25,666	26,382	25,829	0.6	2.8	-2.1
Capacity utilization (1)	47.8	40.2	38.2	-9.7	-7.7	-2.0
U.S. shipments:						
Quantity						
Value						
Unit value						
Export shipments:						
Quantity						
Value						
Unit value						
Ending inventory quantity						
Production workers						
Hours worked (1,000s)						
Wages paid ($1,000s)						
Hourly wages						
Productivity (pounds per hour)	*	*	*	*	*	*
Net sales:						
Quantity						
Value						
Unit value						
Cost of goods sold (COGS)						
Gross profit or (loss)						
SG&A expenses						
Operating income or (loss)						
Capital expenditures						
Unit COGS						
Unit SG&A expenses						
Unit operating income or (loss)						
COGS/sales (1)						
Operating income or (loss)/ sales (1)						

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.

Note.--Financial data are reported for ECD only.

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

THE PRODUCT

The imported product subject to this investigation is needle bearing wire, a round alloy steel wire in coils with a chemical composition conforming to SAE specification 52100 (bearing grade) and with a cross-sectional dimension of 1.19 mm to 5.54 mm.[5] It is an intermediate product used primarily to make small cylindrical-shaped rollers that are incorporated into roller bearings (which allow one part of a machine to revolve around or slide across another).[6] This section presents information on both imported and domestically produced needle bearing wire, as well as information related to the Commission's "domestic like product" determination.[7]

Physical Characteristics and Uses

SAE 52100, the raw material from which needle bearing wire is made, is a high-carbon, low-alloy chromium steel that is the industry standard for making the roller elements in bearings. It possesses high strength, toughness, good hardenability, and favorable wear properties that are necessary if the rolling element is to withstand the high local stresses that occur at the contact points between rolling elements and raceways. These properties are imparted to the steel by its chemistry, its cleanliness, and its grain structure (including the size, orientation, and homogeneity of grains within the steel). Good metallurgical structure and cleanliness allow the steel to be through-hardened and, in the case of needle bearing wire, drawn to the desired size. Because of extensive long-term research on this alloy, its properties are well known by the engineering community and, according to industry officials, the vast majority of bearing rolling elements and all needle rollers and needle bearing wire produced in the United States are manufactured from SAE 52100 steel.[8] All needle bearing wire has a diameter of 1.19mm to 5.54mm, i.e, the range defined by the investigation's scope. The vast majority of needle bearing wire is used to make small cylindrical rollers for bearings known as "needle bearings;" however, relatively small quantities have also been used to make small-sized ball elements for ball bearings. There are no substitutes for needle bearing wire in the manufacture of needle bearings. Needle bearing wire is made from wire rod generally having a diameter of 5.5 mm. According to the petitioner, the use of a larger-diameter starter material might result in excessive work hardening of the wire, making it too hard to machine into needle rollers or making the material too brittle for its intended use.

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[5] The chemical specifications for steel bars, forgings, and tubing for bearing applications are listed in the SAE publication *Aerospace Material Specification 6440J*, issued Dec. 4, 1939, and revised Oct. 1, 1988, p. 2 (Petition, exhibit 5).

[6] Roller bearings generally consist of two rings (called tracks, cages, or raceways) with a set of rolling elements within these rings. They are normally classified according to the shape of the rolling element contained within the rings; standard shapes of rolling elements include the ball, cylindrical roller, needle roller (similar in shape to the cylindrical roller, but smaller), and tapered roller. Eschmann, Hasbargen, and Weigand, *Ball and Roller Bearings: Theory, Design, and Application* (New York: John Wiley and Sons, Second Ed. 1985), p. 12.

[7] The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3)interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

[8] Telephone conversations with *** on Feb. 19, 1997, and with *** on Feb. 21, 1997.

Manufacturing Facilities and Production Employees

Needle bearing wire production consists of several sequential steps: alloy steel wire is cold-drawn[9] from steel wire rod that has been spheroidize annealed,[10] cleaned, and coated with phosphate, a lubricant for the drawing process. During the drawing process, which may involve several drafts, the diameter of the rod is successively reduced by drawing it through a series of circular dies, producing a wire that is smaller in diameter and longer, and possesses a greater degree of dimensional precision than does its input, the wire rod. The drawn wire is placed on spools and may again be annealed. The wire is then chemically cleaned, lubricated, and drawn once more to final desired diameter. Needle roller wire is then inspected for size, tensile strength, ovality, surface quality, chemistry, and inclusions; if it passes this inspection, the wire is packaged for shipment to the needle roller manufacturer.[11] There is little or no difference between the production process used in the United States and that used in Japan.[12]

According to information presented by ECD at the conference, heat treatment and wire drawing equipment generally can be used interchangeably to produce steel wire in grades and diameters other than needle bearing wire. These different types of wire may require relatively small changes in how the equipment is set up, the types and diameters of dies, the number of drafts and the extent to which the diameter is reduced during each, and the testing procedures.[13] In each instance, drawing equipment and annealing equipment are similar, and, by changing dies and adjusting controls, such equipment can be used for other grades and types of wire.[14] Production and related workers used in needle bearing wire production are equally interchangeable.[15]

Producers of needle bearing wire include independent wire drawing companies ("redrawers") such as ECD, toll producers, and at least one firm that captively consumes what it produces in its production of needle rollers. Redrawers purchase SAE 52100 wire rod for their own account (assuming the inventory risk of a market decline in the price of rod) and draw needle bearing wire from that rod for sale to manufacturers of needle rollers. Toll processors draw SAE 52100 wire rods into needle bearing wire on behalf of needle bearing manufacturers (or needle roller manufacturers that sell to bearing manufacturers), importers, or suppliers, earning a processing fee for this service but not assuming market risk. Whether the company is a redrawer, a toll-processor, or captive producer, the processing equipment and wire production steps are approximately the same.

Needle bearing wire producers are also generally alike in having to source the wire rod from outside the United States. There is very limited domestic production of SAE 52100 steel,[16] although there exists the capability for such. Most of the wire rod used in the production of the subject product is imported from Japan and, according to ECD, the wire rod accounts for nearly two-thirds of the cost of producing the wire.

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[9] Cold-drawn refers to the fact that the manufacturing process takes place at ambient temperature.

[10] Spheroidize annealing is a type of heat treatment in which the steel piece is heated and allowed to cool at a controlled rate; "spheroidize" refers to the size, shape, and relationship of grains within the steel.

[11] Petition, Exhibit 7.

[12] TR, p. 25 and 36.

[13] TR, p. 36.

[14] Id.

[15] Petitioner's post-conference brief, p. 14.

[16] One U.S. firm is known to produce this grade, but for internal consumption only.

Interchangeability, Customer and Producer Perceptions, Distribution Channels, and Price

As noted earlier, SAE 52100 is the primary steel grade used in the United States and abroad for the roller elements in bearings, and needle bearings use only wire of this alloy. It is specified by producers of needle rollers and by the ultimate end users that use needle bearings in the machinery and equipment they produce. Needle roller and bearing manufacturers also specify the source of the wire rod, or at least require that the rod be sourced from "qualified" steel and steel rod manufacturers. This qualification process limits interchangeability between SAE 52100 and other steel alloys,[17] and between wire and other steel forms for needle bearing applications.[18] Imported and domestically produced needle bearing wire appear to be completely interchangeable for the same end use if the bearing consumer has approved the steel and rod producers.[19] In general, domestic manufacturers of needle bearing rollers and bearings either (1) purchase needle bearing wire from U.S. producers or importers, (2) purchase the rod and have the wire toll-produced for them, or (3) produce the wire themselves for their own consumption. Prices for the imported and U.S.-produced products are comparable. Detailed pricing information is presented in part V of this report.

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[17] One questionnaire response (***) indicated that while the chemistry of SAE 52100 has become generic, its attributes could be duplicated by other chemistries. This is contradicted by ECD's Product Manager, who stated there are no substitutes for SAE 52100 in the production of needle bearings. Petitioner's post-conference brief, p. 16.

[18] Because needle rollers are small in diameter (less than 5 mm), wire is the most economic material input, and the processing equipment used to make bearing elements is set up to handle a wire (relatively thin and coiled) product. This factor limits the interchangeability of wire with straight-length products, such as cold-finished bar (which is also typically of a larger diameter than wire rod). Using a larger diameter rod or wire would require more processing and increase costs, and may result in an undesirably high tensile strength of the wire. This would limit the interchangeability between a wire with a diameter of less than 5.5 mm and one with a greater diameter than 5.5 mm. TR, p. 35.

[19] TR, p. 25.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

DEMAND CONSIDERATIONS

The overall demand in the United States for needle bearing wire depends upon requirements for needle bearings in the automotive industry, the main end-use market, as well as other important markets including the fastener, processing, appliance, and heavy-equipment industries[1]. Although open market consumption of needle bearing wire declined between 1994 and 1996, there is a perception within the industry that the demand for needle bearing wire is strong. ECD and two importers, ***, reported that demand has increased since 1994, although *** said that the increase has been slight. A third importer, ***, did not comment on trends in demand.

The sensitivity of the overall demand for needle bearing wire in the United States to changes in price depends upon the cost of needle bearing wire as an input in final products and the availability of substitute products. The cost of needle bearing wire as a share of the total cost of needle bearings varies widely depending upon the characteristics of the bearings being produced. Universal Bearings, a company that uses needle bearing wire to manufacture needle rollers, an intermediate product in the production of needle bearings, estimated that the cost of the needle bearing wire in these rollers ranges from *** to *** percent.[2] The petitioner and the importers all indicated that there are no substitute products that can be used in place of needle bearing wire to produce needle bearings. This lack of substitutes indicates that the demand for needle bearing wire tends to be relatively insensitive to changes in price.

SUPPLY CONSIDERATIONS

The sensitivity of the domestic supply of needle bearing wire to changes in price depends upon such factors as the availability of excess capacity, the levels of inventories relative to sales, the existence of export markets, and the ease of shifting from the production of needle bearing wire to other products. The industry had significant unused capacity throughout 1994-96. The estimated capacity utilization rate was 47.8 percent in 1994, 40.2 percent in 1995, and 38.2 percent in 1996. This suggests that the industry has considerable flexibility in expanding output in response to price changes. Besides the low capacity utilization rates, domestic producers reported that the equipment used to produce needle bearing wire can be used to manufacture other products. ECD ***.

While these factors suggest that the supply is highly sensitive to changes in price, other factors indicate that the supply is less sensitive.[3] Since *** sales are in the United States, U.S. producers are not able to divert shipments to and from foreign markets in response to price changes. In addition, the industry does not maintain inventories of needle bearing wire for commercial shipments. This may also limit flexibility in responding to price changes. However, despite the lack of export markets and inventories, the low rates of capacity utilization and the ease of adjusting manufacturing facilities to the production of other products indicate that the domestic supply is moderately sensitive to changes in price.

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[1] Petitioner's post-conference brief, pp. 8-9.

[2] Interview with ***.

[3] Exports and inventories shown in tables I-1 and III-1 are ***.

SUBSTITUTABILITY ISSUES INVOLVING U.S.-PRODUCED AND IMPORTED NEEDLE BEARING WIRE

U.S.-produced and imported needle bearing wire from Japan are sold to the same customers for the same uses. The petitioner and the importers both reported that bearing manufacturers and their downstream customers generally impose qualification requirements for new suppliers that must be met before they are willing to purchase the product. The requirements are especially stringent for needle bearings that go to the automotive industry. The testing of wire samples is often required, and in some cases only needle bearing wire that is made from wire rod from selected mills is accepted. The petitioner and all of the importers of needle bearing wire from Japan reported that the U.S.-produced and Japanese products can be used interchangeably.[4] However, *** qualified this conclusion by stating that interchangeability in a particular case depends upon the approval by the end-use customer of the wire rod being used, and of the manufacturing process of the particular source. *** also stated that it considers the Japanese product to be superior in quality to the U.S.-produced needle bearing wire. Although U.S.-produced and imported needle bearing wire from Japan can generally be used interchangeably, the products differ somewhat in market areas where they are sold in the United States, and in lead times for delivery.

ECD reported that it sells needle bearing wire throughout the entire United States while the two importers that sell this wire have only sold in specific locations. ECD's major customers are located in ***. *** reported that its only sales have been in *** and ***. Two of its three largest bearings customers are located in *** and the third is located in ***. However, *** said that there are no limitations on its market area. *** reported that all of its sales have been in *** because its only customer is located there.

The lead time for delivery of imported needle bearing wire from Japan is *** than for wire produced in the United States. Neither ECD nor the importers typically maintain inventories of finished wire. ECD reported that its average lead time for delivery is *** days while the two suppliers of Japanese-produced wire, *** and ***, reported lead times of *** days and ***, respectively. Universal Bearings, a company that buys *** needle bearing wire, reported that the lead time for delivery of the domestic product is *** days while the lead time for delivery of the imported product is *** days.

[4] Questionnaire responses also indicate that ECD and the importers consider nonsubject imports to be interchangeable in use with U.S.-produced and Japanese-produced needle bearing wire.

PART III: CONDITION OF THE U.S. INDUSTRY

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V. Information on the other factors specified is presented in this section and/or part VI and (except as noted) is based on the questionnaire responses of six firms that accounted for 100 percent of U.S. production of needle bearing wire during the period for which data were collected.

U.S. PRODUCERS

In addition to the petitioner, five other firms produced needle bearing wire in the United States in 1994-96: Bedford at a plant in Bedford Heights, OH; Atlantic at a plant in Branford, CT; Precision at a plant in Aliquippa, PA; Johnstown at a plant in Johnstown, PA; and Torrington at a plant in Torrington, CT. (Johnstown, a relatively small producer, ceased production of the subject product in 1996 as a consequence of ***). Unlike the petitioner, which produces for the open market, the other producers either produce for their own consumption in the manufacture of bearings, or produce, generally by toll agreement, for specific importers, suppliers, and bearing manufacturers.[1] As noted previously, the raw material for needle bearing wire production--52100 wire rod--is not available in the United States. All of this material is sourced from a half-dozen or so producers worldwide, most of which are in Japan. Also, the plants at which needle bearing wire is produced are not specific to the subject product. Employment and equipment at these plants are used interchangeably in the production of other types of steel wire.

U.S. PRODUCTION, CAPACITY, CAPACITY UTILIZATION, SHIPMENTS, INVENTORIES, AND EMPLOYMENT

Data for the U.S. producers are shown in table III-1. The capacity figures shown generally represent that portion of producers' equipment that was available for needle bearing wire production, but producers' considerations in this regard vary considerably, and there is no meaningful or consistent way to isolate "capacity" for the subject product. The increase in capacity shown in the table generally reflects ***. (A further discussion of these *** is reported in part VI of this report). Despite capacity increases, total production remained relatively flat, resulting in a 10-percentage-point decline in the annual utilization rate from 1994 to 1996. The bulk of this production was internally consumed ***. Internal consumption and toll production for such purposes increased markedly from 1995 to 1996. Significantly, domestic shipments declined in this period by a quantity comparable to the increase in internal consumption. The unit value of shipments, however, continued to increase throughout the period, reflecting ***. The exports shown represent ***. Similarly, the inventories shown are ***. In general, producers do not maintain inventories of needle bearing wire, although they may have significant inventories of wire rod from time to time. ***.[2]

Like the equipment in producers' plants, employees are used interchangeably in the production of other wire products. The numbers of production and related workers shown in table III-1 are a representative proportion of the total plants' workers based on the number of hours used in the subject product's production. The number of workers and hours worked by them on the subject product declined by *** percent and ***

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[1] ***.

[2] Earthquakes in Japan in 1995 shut down a number of plants producing wire rod, causing temporary shortages worldwide and increasing prices. ***.

Table III-1
Needle bearing wire: U.S. production, average practical capacity, capacity utilization, domestic shipments, exports, end-of-period inventories, average number of U.S. production and related workers, and hours worked by and wages paid to such workers, 1994-96

Item	1994	1995	1996
Production *(1,000 pounds)*	25,666	26,382	25,829
Capacity *(1,000 pounds)*	53,660	65,660	67,660
Ratio of production to capacity *(percent)*	47.8	40.2	38.2
Domestic shipments:[1]			
Quantity *(1,000 pounds)*	***	***	***
Value[2] *(1,000 dollars)*	***	***	***
Unit value *(per pound)*	***	***	***
Internal consumption[3] *(1,000 pounds)*	***	***	***
Exports:[4]			
Quantity *(1,000 pounds)*	***	***	***
Value[2] *(1,000 dollars)*	***	***	***
Inventories[5] *(1,000 pounds)*	***	***	***
Average number of production and related workers[6]	***	***	***
Hours worked by production and related workers[6] *(1,000 hours)*	***	***	***
Pounds produced per hour[6]	***	***	***
Wages paid to production and related workers[6] *(1,000 dollars)*	***	***	***
Hourly compensation paid to production and related workers[6]	***	***	***

[1] Includes toll production for non-end users (i.e., importers/suppliers).
[2] Net sales value, i.e., gross value less all discounts, allowances, rebates, and the value of returned goods.
[3] Includes toll production for end users (i.e., roller or bearing manufacturers).
[4] ***.
[5] ***.
[6] The data are for Torrington and ECD, which together represent more than *** percent of U.S. production in 1994-96.

Source: Compiled from data submitted in response to Commission questionnaires.

percent, respectively, during the investigative period, although hourly compensation increased somewhat in 1996. Productivity increased steadily throughout the period.

PART IV: U.S. IMPORTS, APPARENT CONSUMPTION, AND MARKET SHARES

The overwhelming bulk of needle bearing wire imported into the United States is produced in Japan.[1] Needle bearing wire from European countries such as Sweden, Italy, and Germany has entered the United States, but to date only in relatively small quantities. The petitioner estimates that imports from countries other than Japan account for no more than 5 percent of total imports.

*** firms account for the overwhelming bulk of imports from Japan: ***. The importers add no value to the imported product.

U.S. imports from Japan and apparent U.S. open-market consumption are shown in table IV-1.[2] Open-market consumption by quantity declined by *** percent from 1994 to 1996, reflecting a *** and a 66-percent decline in imports. As a percent of open-market consumption, imports fell from *** percent to *** percent in this period. Overall consumption, i.e., open-market consumption plus internal consumption (table IV-2), remained relatively stable for the period, while the ratio (percent) of imports to overall consumption fell from 11.9 percent to 4.4 percent. A significant difference in the respective unit values of imports and U.S. producers' shipments is apparent after 1994. As the unit value of U.S. producers' U.S. shipments rose from *** per pound in 1995 to *** per pound in 1996, the unit value of imports from Japan declined from $0.83 per pound to $0.71 per pound.

Table IV-1
Needle bearing wire: U.S. shipments of domestic product, U.S. imports, and apparent U.S. open-market consumption, 1994-96

* * * * * * *

Table IV-2
Needle bearing wire: U.S. shipments and internal consumption of domestic product, U.S. imports, and apparent U.S. consumption, 1994-96

Item	1994	1995	1996
	Quantity (*1,000 pounds*)		
Producers' U.S. shipments and consumption	24,706	25,422	24,868
U.S. imports from Japan	3,322	1,862	1,146
Apparent consumption	28,028	27,284	26,014
	Share of quantity of U.S. consumption (*percent*)		
Producers' U.S. shipments and consumption	88.1	93.2	95.6
U.S. imports from Japan	11.9	6.8	4.4

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

Source: Compiled from data submitted in response to Commission questionnaires.

[1] Petitioners allege "critical circumstances" (massive imports and importers' foreknowledge of dumping) with respect to Japan.

[2] Imports from sources other than Japan, known to exist but only in small quantities, have not been estimated and are excluded from the data.

PART V: PRICING AND RELATED DATA

FACTORS AFFECTING PRICING

Wire rod accounts for a large share of the final cost of needle bearing wire. ECD reported in its questionnaire that 52100 steel bearing wire rod accounts for about *** percent of the value of the finished product, and Precision reported that it is about *** percent.[1] ECD stated that the price of this wire rod, which comes mainly from Japan, increased significantly during 1995 due to a supply disruption resulting from an earthquake in the Kobe area of Japan in early 1995 that halted production of wire rod for several months. The price of the rod eventually stabilized and remained constant during much of 1996; however, it decreased slightly overall during the second half of that year. During March 1997 the price of this material was 15 to 18 percent lower than it had been at its peak levels in 1995.[2]

Reported inland transportation costs on shipments in the United States varied widely. ECD reported that they average approximately *** percent of the delivered price while costs reported by importers ranged from *** percent to *** percent of the delivered price.

Quarterly nominal and real exchange rate indexes for the currency of Japan relative to the U.S. dollar are presented in figure V-1 for 1994-96.[3] The graph shows that the Japanese exchange rates appreciated relative to the dollar during 1994 and the first two quarters of 1995, but then depreciated during each of the next 6 quarters.

PRICING PRACTICES

In the case of both ECD and the importers, the price of needle bearing wire is commonly determined through negotiations with end-use customers. This price is generally agreed upon for a set period and is then renegotiated. ECD commonly quotes prices on either an f.o.b. Hillside, NJ, basis or a delivered basis, while the importers generally quote prices on a delivered basis.

The majority of ECD's sales are ***, while all sales of imports are ***. ECD reported that *** percent of its sales are on a contract basis. ECD's contracts are generally for a period of *** with the price and quantity *** during this period. *** reported that its contracts are typically for periods of ***, while *** reported a contract period of ***. Both importers reported that prices and quantities are *** during these contract periods.

PRICE DATA

Producers and importers were asked to provide quarterly quantity and value data on shipments of the following six commonly used categories of needle bearing wire products for the period January 1994-December 1996 for use in determining average quarterly prices.

Product 1--Needle bearing wire with a diameter of 0.081 inches (2.06 mm)
Product 2--Needle bearing wire with a diameter of 0.091 inches (2.31 mm)
Product 3--Needle bearing wire with a diameter of 0.105 inches (2.67 mm)

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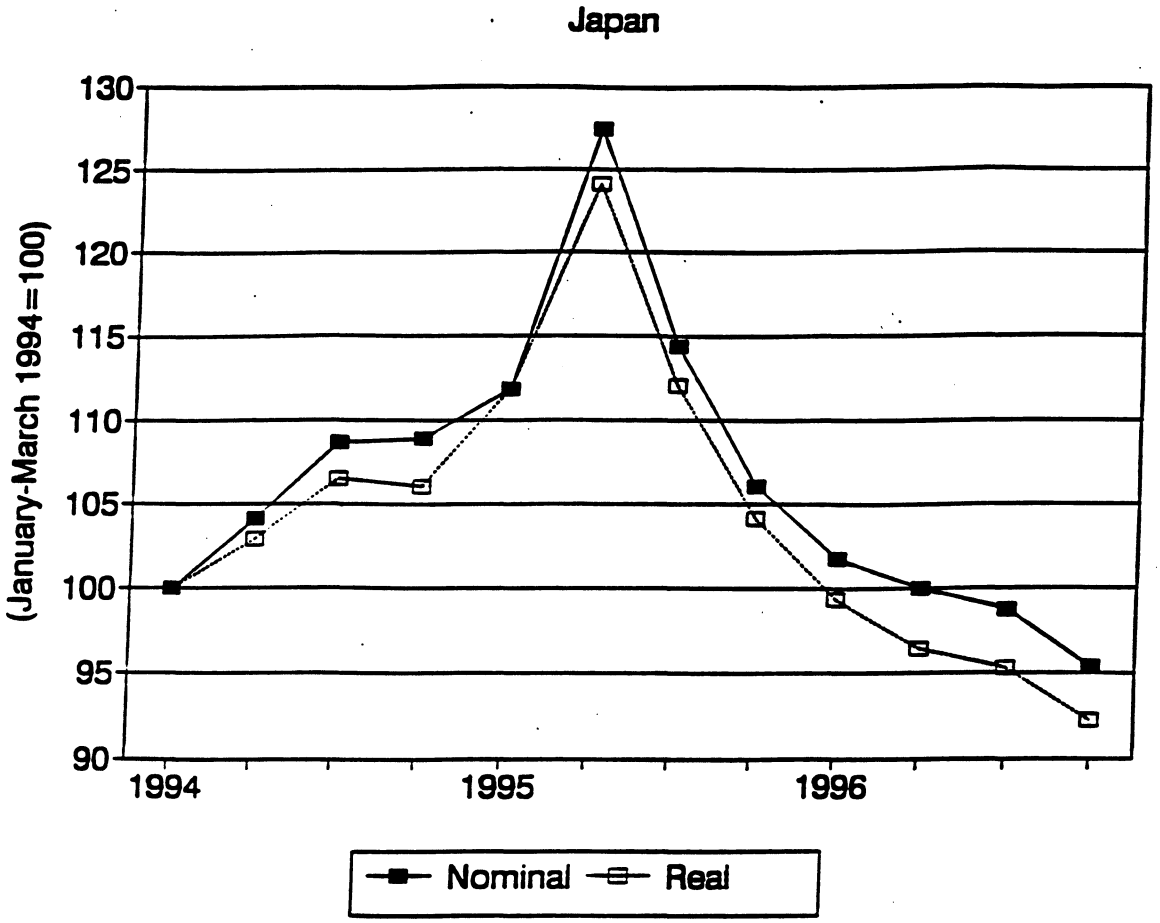
[1] Telephone interview with ***, Mar. 5, 1997.

[2] Testimony of Anthony Russo, President of ECD, TR, p. 18.

[3] Real exchange rates are calculated by adjusting the nominal rates for movements in producer prices in the United States and Japan.

Figure V-1
Indexes of nominal and real exchange rates for the Japanese yen relative to the U.S. dollar, by quarters, 1994-96



Source: International Monetary Fund, *International Financial Statistics*, Feb. 1997.

Product 4--Needle bearing wire with a diameter of 0.117 inches (2.97 mm)
Product 5--Needle bearing wire with a diameter of 0.121 inches (3.07 mm)
Product 6-Needle bearing wire with a diameter of 0.1575 inches (4.00 mm)

ECD provided price data for all six product categories. None of the other U.S. producers reported price data since they had few or no open-market shipments to end-use customers. ECD's combined shipments of these products accounted for about *** percent of total U.S. industry shipments in quantity terms in 1996. Importers were able to provide some price data for product categories 1, 2, 4, and 5, although no complete quarterly series for the entire 1994-96 period were available for any of those products.[4] No sales of products 3 or 6 were reported by any of the importers. Importers' shipments on which price data were reported accounted for about *** percent of total importers' shipments in 1996.

Trends in Prices

Average domestic and import prices of products 1, 2, 4, and 5 are presented in tables V-1 through V-4 and figure V-2 on a quarterly basis for 1994-96. Prices of the U.S.-produced needle bearing wire *** during the periods for which data were available. Trends in import prices of these products could not be determined because of the very small amount of import price data available.

Price Comparisons

A total of 10 quarterly price comparisons between U.S.-produced and Japanese needle bearing wire were available for all product categories. The margins of underselling and overselling for these products are presented in table V-5. Overall, the U.S. price was higher than the import price in four out of nine cases, equal to the import price in one case, and lower in five cases. All instances of underselling involved product 2. Three of these instances occurred in 1996.

LOST SALES AND LOST REVENUES

ECD provided allegations of lost sales during 1996 relating to two purchasers of needle bearing wire. In one case the petitioner alleged that it lost monthly sales of about *** pounds of needle bearing wire. In the other case it projected lost sales of more than *** pounds of needle bearing wire over a period of approximately one year. Both purchasers were contacted.

ECD alleged that it lost *** of its business with a major customer, ***, in *** due to competition from Japanese imports. According to ECD this resulted in monthly sales losses of *** pounds of needle bearing wire valued at over ***. ***, the purchasing manager for ***. ***.

ECD also alleged that it lost sales to *** due to Japanese import competition. ECD projected that the loss of these contracts would amount to over *** pounds valued at nearly ***. ***, the purchasing manager for ***.[5] He did say that ***.

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[4] One importer, ***, reported price data for a product that was very close to the specifications for product 4. However *** stated that this product was actually ball bearing wire rather than needle bearing wire. According to ***, a lower tensile strength for ball bearing wire is normally required than for needle bearing wire. The price of this product, which is not included in a table, is substantially higher than the price reported by ECD for product 4.

[5] Additional information relating to ***'s purchasing operations was obtained from a telephone interview with ***. ***.

Table V-1
Product 1: Prices and shipments reported for U.S.-produced and imported needle bearing wire from Japan, by quarters, 1994-96

* * * * * * *

Table V-2
Product 2: Prices and shipments reported for U.S.-produced and imported needle bearing wire from Japan, by quarters, 1994-96

* * * * * * *

Table V-3
Product 4: Prices and shipments reported for U.S.-produced and imported needle bearing wire from Japan, by quarters, 1994-96

* * * * * * *

Table V-4
Product 5: Prices and shipments reported for U.S.-produced and imported needle bearing wire from Japan, by quarters, 1994-96

* * * * * * *

Figure V-2
Prices reported for U.S.-produced and imported Japanese products 1, 2, 4, and 5, by quarters, 1994-96

* * * * * * *

Table V-5
Margins of underselling/(overselling) for products 1, 2, 4, and 5, by quarters, 1994-96

* * * * * * *

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Four producers, accounting for 98.7 percent of open-market shipments and 41.1 percent of total industry production in 1996, supplied financial data on their operations producing or tolling needle bearing wire.[1]

ECD is a privately held commercial producer and is the largest commercial producer. Needle bearing wire accounts for about *** of the company's business.[2] ***.[3]

Toll arrangements vary from producer to producer. These producers usually produce similar products to the product being tolled, and they have the equipment and capacity available to do the tolling. The toll producer's customer (tollee) is responsible for obtaining the raw material and furnishing it to the toller. Generally, toll producers receive a fixed fee per unit after they process the raw material into the finished product, i.e. in this case, wire rod into needle bearing wire. After processing they return the finished product back to the company with which they have the tolling arrangement. In most cases the needle bearing wire is used internally to make needle rollers (and, ultimately, needle bearings).

OPERATIONS ON NEEDLE BEARING WIRE

ECD's selling price is generally based upon ***. ***.

Income-and-loss data for ECD is shown in table VI-I.[4] ***. At the conference, Anthony Russo (President of ECD) discussed the price of the raw material. He stated:

> "In 1995, the price of the 52100 wire rod escalated about 25 percent during the course of that year. It remained pretty much at a consistent level during most of 1996, came down a very small percentage in the second half of 1996. The price is dropping significantly now. From the 1995 levels, the price is currently down 15 to 18 percent."[5]

ECD's value added ***. This is shown in table VI-2.

All of the reporting producers/toll producers' financial data are summarized in table VI-3. ***.

The variance analysis for ECD is shown in table VI-4. ***.

Table VI-1
Income-and-loss experience of ECD on its needle bearing wire operations, 1994-96

* * * * * * *

---

[1] ***.

[2] ***.

[3] ***.

[4] ***

[5] TR. p. 20.

Table VI-2
Value added by ECD on its operations producing needle bearing wire, 1994-96

* * * * * * *

Table VI-3
Financial data of U.S. producers and tollers on their needle bearing wire operations, by firm, 1994-96

* * * * * * *

Table VI-4
Variance analysis for ECD's needle bearing wire operations, 1994-96

* * * * * * *

INVESTMENT IN PRODUCTIVE FACILITIES, CAPITAL EXPENDITURES, AND RESEARCH AND DEVELOPMENT EXPENSES

* * * * * * *

CAPITAL AND INVESTMENT

The Commission requested producers to describe any actual or potential negative effects of imports of needle bearing wire from Japan on their growth, investment, ability to raise capital, and/or development efforts (including efforts to develop a derivative or more advanced version of the product). Their responses are as follows:

Actual Negative Effects

* * * * * * *

Anticipated Negative Effects

* * * * * * *

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(I)). Information on the volume and pricing of imports of the subject merchandise is presented in parts IV and V, and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

According to the petitioner, at least 6 firms produce or have the capability to produce needle bearing wire in Japan: Riken-Seiko, Nippon Koshuha, Daido, Sanyo, Sumitomo, and Kobe. All are located in Tokyo. Of these, only *** and *** are known to have exported this material to the United States: *** supplied ***; *** supplied ***.

Data supplied by *** on its needle bearing wire operations are shown in table VII-1. ***.

Data supplied by *** are shown in table VII-2. ***.

Of the other producers listed in the petition, ***.

Like U.S. producers, importers do not maintain inventories of needle bearing wire--it is either consumed or shipped to the consumer directly upon importation.

As far as it is known, needle bearing wire produced in Japan is not subject to any antidumping-duty orders or any investigations thereof outside the United States.

Table VII-1
Needle bearing wire: Production, capacity, shipments, and exports of ***, 1994-96

* * * * * * *

Table VII-2
Needle bearing wire: Production, capacity, shipments, and exports of ***, 1994-96

* * * * * * *

APPENDIX A

FEDERAL REGISTER NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–760 (Preliminary)]

Needle Bearing Wire From Japan

AGENCY: United States International Trade Commission.

ACTION: Institution of antidumping investigation and scheduling of a preliminary phase investigation.

SUMMARY: The Commission hereby gives notice of the institution of an investigation and commencement of preliminary phase antidumping investigation No. 731–TA–760 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) (the Act) to determine whether there is a reasonable indication that 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 from Japan of needle bearing wire, having a diameter of 1.0 mm or more, provided for in subheading 7229.90.50 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. § 1673a(c)(1)(B)), the Commission must reach a preliminary determination in antidumping investigations in 45 days, or in this case by March 31, 1997. The Commission's views are due at the Department of Commerce within five business days thereafter, or by April 7, 1997.

For further information concerning the conduct of this investigation and rules of general application, consult the Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207), as amended in 61 FR 37818 (July 22, 1996).

EFFECTIVE DATE: February 14, 1997.

FOR FURTHER INFORMATION CONTACT: Fred Fischer (202–205–3179), 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. General information concerning the Commission may also be obtained by accessing its internet server (http://www.usitc.gov or ftp://ftp.usitc.gov).

SUPPLEMENTARY INFORMATION:

Background.—This investigation is being instituted in response to a petition filed on February 14, 1997, by E.C.D., Inc., Hillside, NJ.

Participation in the investigation and public service list.—Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the Federal Register. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this investigation available to authorized applicants representing interested parties (as defined in 19 U.S.C. § 1677(9)) who are parties to the investigation under the APO issued in the investigation, provided that the application is made not later than seven days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on March 7, 1997, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Fred Fischer (202–205–3179) not later than March 4, 1997, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before March 12, 1997, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

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

Authority: This investigation is being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: February 21, 1997.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 97-4734 Filed 2-24-97; 8:45 am]

BILLING CODE 7020-02-P

[A-588-842]

Initiation of Antidumping Duty Investigation: Needle Bearing Wire From Japan

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

EFFECTIVE DATE: March 13, 1997.

FOR FURTHER INFORMATION CONTACT: Beth Graham at (202) 482-4105 or Kristin Mowry at (202) 482-3798, Office of AD/CVD Enforcement I, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230.

Initiation of Investigation

The Applicable Statute

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA).

The Petition

On February 14, 1997, the Department of Commerce ("the Department") received a petition, filed, in proper form, by E.C.D., Inc., of Hillside, New Jersey ("the petitioner"). On February 21 and 24, 1997, E.C.D., Inc., provided supplemental information concerning assertions made in its petition.

In accordance with section 732(b) of the Act, the petitioner alleges that imports of needle bearing wire are being, or are likely to be, sold in the United States at less than their fair value within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The petitioner states that it has standing to file the petition because it is an interested party, as defined in section 771(9)(C) of the Act.

Scope of the Investigation

The scope of this investigation consists of 52100 (SAE (Society of American Engineers) standard)) steel needle bearing wire in a diameter range of .047 inches (i.e., 1.19 mm.) up to and including .218 inches (i.e., 5.54 mm.) supplied in coils. All needle bearing wire is generally the same in chemistry and is specifically designed to meet specifications designated by automobile and other manufacturers to be used in engine parts, and brake assemblies. The needle bearing wire imported from Japan, covered by this investigation is classifiable under headings 7229.90.5030 and 7229.90.5050 of the Harmonized Tariff Schedule of the United States (HTS). Although the HTS headings are provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that petitions be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for (1) at least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

A review of the industry support data provided in the petition and other production information readily available to the Department indicates that the petitioner and those expressing support for the petition account for more than 50 percent of the total production of the domestic like product and for more than 50 percent of that produced by companies expressing support for, or opposition to, the petition. The Department received no expressions of opposition to the petition from any interested party. Accordingly, the Department determines that this petition is supported by the domestic industry.

Export Price and Normal Value

The petitioner based the export price on quotes for 1997 delivered prices. Petitioner combined the per metric ton prices for needle bearing wire with two different diameters in order to provide an average export price. Petitioner adjusted these prices for the costs of inland freight, insurance, handling fees, ocean freight, brokerage, packaging, and international fees.

Petitioner based normal value on Japanese delivered home market prices. Petitioner combined the prices for needle bearing wire with two different diameters in order to provide a comparable value to the average export price.

We find the petitioner's averaging of the export price and home market prices to be inappropriate because the range of diameters differed in the two markets. Instead, for purposes of this initiation, we have revised the calculation to compare the home market and export prices of needle bearing wire with the closest diameter (*i.e.*, the home market prices of 2.0 mm. diameter wire to the export price of 2.1 mm. diameter wire). We also adjusted the home market price for Japanese inland freight and made arithmetic changes to the export price for certain movement charges. (Our adjustments to the calculations are outlined in a memorandum to the file, dated March 6, 1997.)

Based on comparisons of the export price to normal value, the estimated dumping margin for needle bearing wire from Japan is 40.67 percent.

Fair Value Comparisons

Based on the information provided by the petitioner, there is reason to believe that needle bearing wire from Japan is likely to be sold at less than fair value. If it becomes necessary at a later date to consider the petition as a source of facts available under section 776 of the Act, we may further review the margin calculation in the petition.

Initiation of Investigation

We have examined the petition on needle bearing wire and have found that it meets the requirements of section 732 of the Act, including the requirements concerning allegations of material injury or threat of material injury to the domestic producers of a domestic like product by reason of the complained-of imports, allegedly sold at less than fair value. Therefore, we are initiating an antidumping duty investigation to determine whether needle bearing wire from Japan is being, or is likely to be, sold in the United States at less than fair value. Unless extended, we will make our preliminary determination by July 24, 1997.

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of the petition has been provided to the representatives of the Government of Japan. We will attempt to provide a copy of the public version of the petition to each exporter of needle bearing wire named in the petition.

International Trade Commission Notification

We have notified the ITC of our initiation, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine by March 31, 1997, whether there is a reasonable indication that imports of needle bearing wire from Japan are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, the investigation will proceed according to statutory and regulatory time limits.

Dated: March 6, 1997.

Robert S. LaRussa,

Acting Assistant Secretary for Import Administration.

[FR Doc. 97-6384 Filed 3-12-97; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference:

Subject	:	NEEDLE BEARING WIRE FROM JAPAN
Inv. No.	:	731-TA-760 (Preliminary)
Date and Time	:	March 7, 1997 - 9:30 a.m.

Sessions were held in the Main Hearing Room of the United States International Trade Commission, 500 E St., S.W., Washington, DC.

In Support of the Imposition of Antidumping Duties:

Popham Haik
Washington, DC
On behalf of

E.C.D., Inc., Hillside, NJ

Anthony Russo, President
Cheryl Coelho, Product Manager
Heidi K. Gunnerson, International Trade Specialist, Popham Haik

Frederick P. Waite)--OF COUNSEL
Kimberly R. Young)--OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

(No witnesses appeared in opposition to the petition)