Steel Wire Rope From China and India

Investigations Nos. 731-TA-868-869 (Final)

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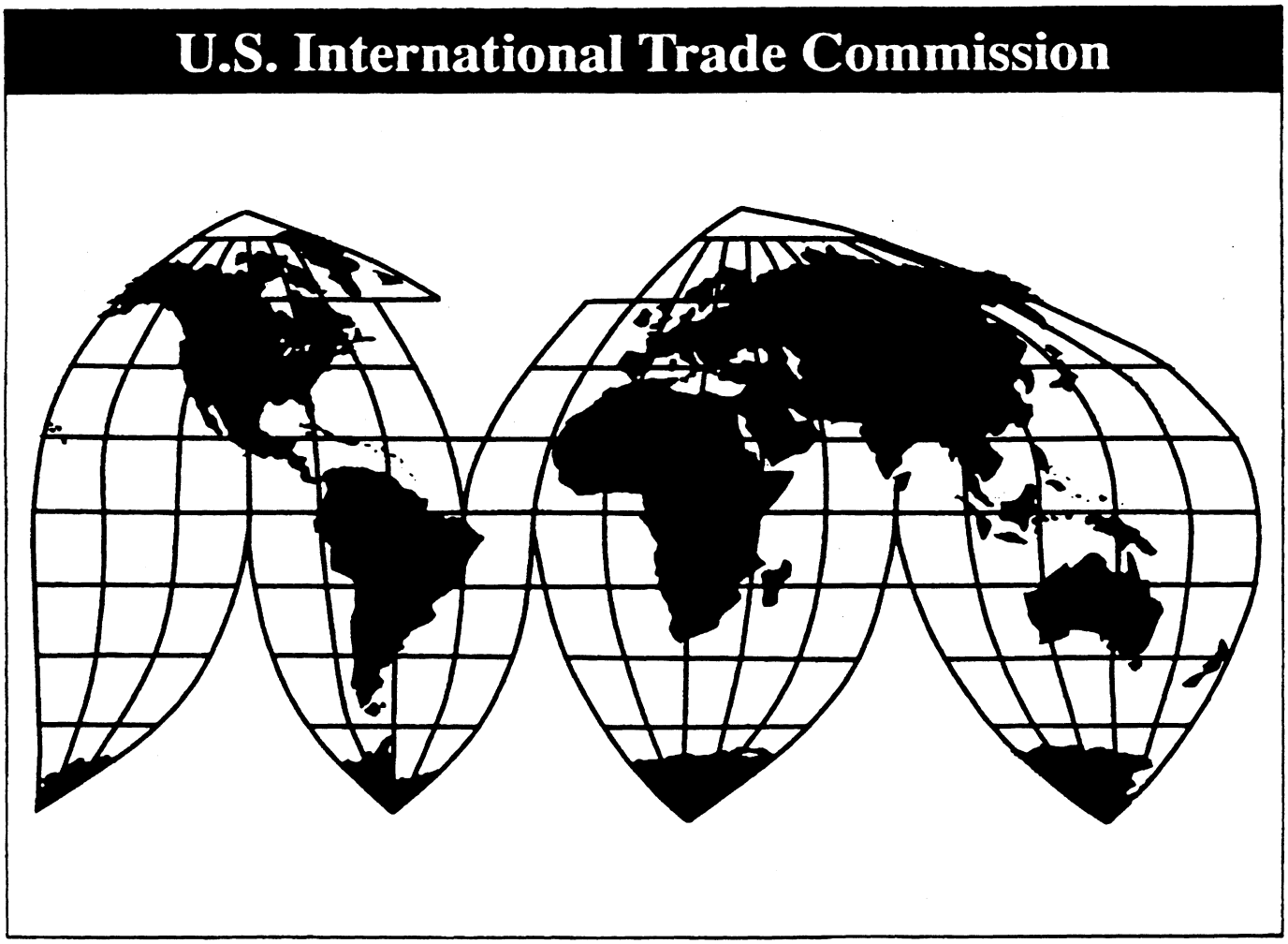
U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-868-869 (Final)

STEEL WIRE ROPE FROM CHINA AND INDIA

DETERMINATIONS

On the basis of the record[1] developed in the subject investigations, the United States International Trade Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is not materially injured or threatened with material injury, and the establishment of an industry in the United States is not materially retarded, by reason of imports from China and India of steel wire rope, provided for in subheadings 7312.10.60 and 7312.10.90 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

BACKGROUND

The Commission instituted these investigations effective March 1, 2000, following receipt of a petition filed with the Commission and the Department of Commerce by The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (Committee),[2] Washington, DC. The final phase of the investigations was scheduled by the Commission following notification of preliminary determinations by the Department of Commerce that imports of steel wire rope from China and India were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the scheduling of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of November 9, 2000 (65 FR 67402). The hearing was held in Washington, DC, on February 21, 2001, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

[2] The Committee comprises the following U.S. producers: Bergen Cable Technology, Inc.; Bridon American Corp.; Carolina Steel & Wire Corp.; Continental Cable Co.; Loos & Co., Inc.; Paulsen Wire Rope Corp.; Sava Industries, Inc.; Strandflex, a division of MSW, Inc.; and Wire Rope Corp. of America, Inc. 1

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that an industry in the United States is not materially injured or threatened with material injury by reason of imports of steel wire rope from China and India that are sold in the United States at less than fair value ("LTFV").[1] [2] [3]

I. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the Commission first defines the "domestic like product" and the "industry."[4] Section 771(4)(A) of the Tariff Act of 1930, as amended ("the Act"), defines the relevant domestic industry as the "producers as a {w}hole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product."[5] 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 . . . ."[6]

The 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.[7] No single factor is dispositive, and the Commission

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[1] Whether the establishment of an industry is being materially retarded is not at issue in these investigations.

[2] In its preliminary determinations, the Commission determined that subject imports from Thailand were negligible for purposes of assessing present material injury. Steel Wire Rope from China, India, Malaysia, and Thailand, Inv. Nos. 731-TA-868-871 (Preliminary), USITC Pub. 3294 ("Prelim. Det.") at 8-9 (April 2000). With respect to the threat of material injury, Commissioners Hillman, Koplan, and Okun determined that, although there was a potential that subject imports from Thailand would imminently account for more than 3 percent of the volume of all such merchandise imported into the United States, there was no reasonable indication that an industry in the United States was threatened with material injury by reason of subject imports from Thailand. Id. at 9. Vice Chairman Miller and Commissioner Askey determined that there was not a potential that subject imports from Thailand would imminently account for more than 3 percent of the volume of all such merchandise imported into the United States, and therefore did not reach the issue of threat of material injury. Id. at n.46. Chairman Bragg dissented. Id. at 3 n.1. She found that there was a reasonable indication that an industry in the United States was threatened with material injury by reason of imports from Thailand that were alleged to be sold at LTFV. See id. Dissenting Views of Chairman Lynn M. Bragg Regarding Thailand. The Commission's investigation of certain steel wire rope from Thailand was therefore terminated. See 65 Fed. Reg. 24505 (Apr. 26, 2000) (notice of Commission's negative preliminary determination on subject imports from Thailand) and 19 U.S.C. § 1671b(a)(1).

[3] The Department of Commerce found in its final dumping determination that subject imports from Malaysia were not sold at less than fair value. 66 Fed. Reg. 12759, 12761 (Feb. 28, 2001). The Commission terminated its investigation as to subject imports from Malaysia effective February 28, 2001. 66 Fed. Reg. 13965, 13965 (Mar. 8, 2001). The Department also determined that merchandise produced by Chinese manufacturer Fasten Co., Ltd. and exported by Fasten Group Import and Export Co., Ltd. was not sold at less than fair value. 66 Fed. Reg. 12759, 12761 (Feb. 28, 2001).

[4] 19 U.S.C. § 1677(4)(A).

[5] 19 U.S.C. § 1677(4)(A).

[6] 19 U.S.C. § 1677(10).

[7] See, e.g., NEC Corp. v. Dep't of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int'l Trade 1998); Nippon Steel

(continued...)

may consider other factors it deems relevant based on the facts of a particular investigation.[8] The Commission looks for clear dividing lines among possible like products and disregards minor variations.[9] Although the Commission must accept the determination of the Department of Commerce ("Commerce") as to the scope of the imported merchandise that is subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.[10]

B. Product Description

In its final determinations, Commerce defined the imported merchandise within the scope of these investigations as steel wire rope, encompassing:

> ropes, cables, and cordage of iron or carbon or stainless steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire. Imports of these products are currently classifiable under subheadings: 7312.10.6030, 7312.10.6060, 7312.10.9030, 7312.10.9060, and 7312.10.9090 of the Harmonized Tariff Schedule of the United States (HTSUS). Although HTSUS subheadings are provided for convenience and Customs Service purposes, the written description of the scope of this investigation is dispositive.[11]

Accordingly, the scope covers three varieties of steel wire rope: bright carbon steel wire rope (manufactured from ungalvanized carbon steel wire), galvanized carbon steel wire rope (manufactured from galvanized, or zinc-coated, carbon steel wire), and stainless steel wire rope (manufactured from stainless steel wire).[12] Most types of steel wire rope, regardless of the principal constituent material, consist of three basic components: a core, wires that form strands, and strands laid helically around the

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[7] (...continued)
Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991) ("every like product determination 'must be made on the particular record at issue' and the 'unique facts of each case'"). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

[8] See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

[9] Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in "such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not 'like' each other, nor should the definition of 'like product' be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.").

[10] Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

[11] 66 Fed. Reg. 12759, 12760 (Feb. 28, 2001).

[12] Final staff report (as amended by INV-Y-048 (Mar. 15, 2001)), confidential version ("CR") at I-4 to I-5 and public version ("PR") at I-4.

core.[13] Steel wire rope is used to transmit force in hundreds of applications ranging from elevators to earth-moving equipment to aircraft control cables.[14]

C. Domestic Like Product

The Commission indicated in its preliminary determinations that in the final phase of these investigations it would examine further whether stainless steel and carbon steel wire rope should constitute separate domestic like products. We also have considered respondents' argument, made late in the final phase of the investigations, that galvanized carbon steel wire rope should constitute a domestic like product separate from other steel wire rope.

1. Stainless Steel and Carbon Steel Wire Rope

The additional information gathered in the final phase of these investigations supports the finding in the preliminary determinations that a clear dividing line does not exist between stainless steel and carbon steel wire rope.[15] Both types are composed of steel wires formed into multiple strands that are laid helically around a central core.[16] Carbon steel wire rope is stronger and more wear-resistant, while stainless steel wire rope is more corrosion-resistant and less magnetic.[17] The difference in corrosion-resistance is greatly reduced when carbon steel wire rope is galvanized.[18]

Both types of steel wire rope are used to transmit force. Carbon steel wire rope is used where tensile strength is important and abrasion is high, while either galvanized carbon or stainless steel wire rope is used where corrosion-resistance is important.[19] The stainless rope is favored when cleanliness, corrosion-resistance, or reduced magnetic properties are important.[20]

Interchangeability between carbon steel and stainless steel wire rope is limited, in part because of the significantly higher cost of stainless steel.[21] Some substitution occurs between small-diameter wire ropes of galvanized carbon steel and of stainless steel.[22] Because they are less expensive, galvanized products are favored over stainless steel wire rope when both are suitable.[23] Sales to distributors account for roughly *** percent of domestically-produced carbon steel wire rope and *** to

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[13] CR at I-5, PR at I-4. Not all stainless steel wire rope contains a core. Petition at 11 n.13.

[14] CR at I-8, II-4; PR at I-7, II-3.

[15] No party argued during these investigations that stainless steel and carbon steel wire rope should constitute separate domestic like products.

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

[17] CR at I-5, n.12, I-8, I-15; PR at I-4, n.12, I-7, I-11; Petitioners' Prehearing Brief at 5; transcript of Feb. 21, 2001 hearing (revised and corrected copy) ("Hearing Tr.") at 204-05 (testimony of Al Ulrich, General Manager, of distributor Cajan Wire, Inc.).

[18] CR at I-5 n.12, I-8; PR at I-4, n.12, I-7; Hearing Tr. at 204-05 (Ulrich). See CR at I-7, n.15; PR at I-5, n.15.

[19] CR at I-8, I-15; PR at I-7, I-11.

[20] CR at I-5, I-8 to I-9 & n.19, I-15; PR at I-5, I-7 & n.19, I-11.

[21] CR at I-8 to I-9 & n.19, I-15, I-17; PR at I-7 & n.19, I-11, I-12.

[22] CR at I-15, PR at I-11.

[23] Id.

*** percent of domestically-produced stainless steel wire rope.[24] Sales to end-users account for the remainder.[25]

Both carbon steel and stainless steel wire rope are produced using the same general production processes, sometimes on the same production lines and with the same workers.[26] However, in order to make the stainless steel product, the production equipment must be cleaned of carbon deposits and grease used in making the carbon steel product, although *** producer of stainless steel wire rope reported that the cleaning operation is not significant.[27] Most producers and purchasers highlighted the differences between carbon steel and stainless steel wire rope in terms of price and corrosion-resistance.[28] Prices for wire rope of stainless steel are considerably higher than prices for wire rope of carbon steel.[29]

Although the information is mixed, on balance, we find that a clear dividing line does not exist between carbon steel and stainless steel wire rope, because both share the same multiple strand construction, are used to transmit force, are sold through overlapping channels of distribution, and are made using the same production processes, often in common manufacturing facilities and by the same production employees. Accordingly, we find that stainless steel wire rope does not constitute a domestic like product separate from carbon steel wire rope.

2. Galvanized Carbon Steel and Other Wire Rope

Respondents argue that there is a clear dividing line between galvanized carbon steel wire rope and bright carbon steel wire rope. In order to constitute a separate domestic like product, however, a clear dividing line must also exist between the galvanized rope and stainless steel wire rope.[30] We therefore examine this aspect of the issue as well.[31]

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[24] CR and PR at II-1. See CR at I-16, PR at I-11.

[25] CR at I-16, II-1; PR at I-11, II-1.

[26] CR at I-12, PR at I-9 (steel wire rope is produced by (1) drawing rod into wire, (2) stranding wire, and (3) closing strands into rope). CR at I-13 to I-14, PR at I-9, and Hearing Tr. at 113 (Michael Wallace, Vice President, Sales and Marketing, Loos & Company, Inc.), 114 (Charles W. Salanski, Chief Operating Officer, Wire Rope Corporation of America, Inc.). Different stranding and closing equipment is often used to make carbon steel wire rope in the larger diameters in which the stainless product is less frequently produced. CR at I-13 & n.36, PR at I-9 to I-10 & n.36.

[27] CR at I-13 to I-14, PR at I-10, Hearing Tr. at 113 (Wallace).

[28] CR at I-15, PR at I-11, Hearing Tr. at 127 (Wallace), 188 (Reitzel O. Swaim, President of distributor ALP Industries, Inc.), 205 (Ulrich).

[29] CR at I-17, PR at I-12.

[30] Respondents took no position on whether stainless steel wire rope should constitute a separate domestic like product. Posthearing Brief of Respondents at A-11.

[31] Respondents asserted for the first time that galvanized carbon steel wire rope constitutes a separate domestic like product in their Prehearing Brief (see Prehearing Brief of Respondents at Exh. 12) and failed to raise the issue in their comments on the draft questionnaires. As the Commission stated in promulgating rule 207.20(b) in 1996, parties should make data collection requests, particularly those pertaining to like product or cumulation, at the time the draft questionnaires are circulated to the parties for comment, because it is often impracticable to gather data necessitated by argument only made later in the investigative process, "given the need to collect, verify, and analyze data, release data under APO, and receive comments from the parties concerning data before the record closes." See 61 Fed. Reg. 37818, 37826 (July 22, 1996).

Wire ropes made of bright carbon steel, galvanized carbon steel, and stainless steel are all composed of steel wires formed into multiple strands that are laid helically around a central core.[32] The galvanized carbon steel product has the same physical characteristics as the bright carbon steel product in terms of strength and abrasion resistance, but it is more corrosion resistant because of its zinc coating.[33] The galvanized product is stronger and more wear-resistant than stainless steel wire rope.[34] Galvanized carbon steel and stainless steel wire ropes are both corrosion-resistant, but the stainless steel product is more so.[35]

Because they have the same physical characteristics, except regarding corrosion-resistance, it appears that wire rope made of galvanized carbon steel can substitute for wire rope of bright carbon steel in most applications, although the converse is not true. There is also some interchangeability between galvanized and stainless steel wire rope, except where the application requires cleanliness or reduced magnetic properties.[36] As a practical matter, however, differences in price limit interchangeability between wire rope of galvanized carbon steel and stainless steel.[37]

Approximately *** percent of domestically produced carbon steel wire rope -- both bright and galvanized collectively -- is sold to distributors.[38] Between *** and *** percent of domestically produced stainless steel wire rope is sold to distributors.[39] [40]

All steel wire rope is produced using three steps: (1) drawing rod into wire; (2) stranding wire; and (3) closing strands into rope.[41] Except for the galvanizing process, galvanized and bright carbon steel wire ropes are made using the same processes. Both are apparently made in the same manufacturing facilities and by the same production employees.[42] Stainless product is also sometimes manufactured using the same production lines and the same workers.[43] Different stranding equipment is often used for larger diameter ropes that are usually made from bright carbon steel.[44] The stainless

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

[33] CR at I-5, I-8; PR at I-5, I-7. See CR at I-7, n.15, PR at I-5, n.15.

[34] Hearing Tr. at 204-05 (Ulrich). See CR at I-10, PR at I-8.

[35] CR at I-5, n.12; PR at I-4, n.12.

[36] CR at I-8 to I-9 & n.19, I-15; PR at I-7 & n.19, I-11.

[37] CR at I-15, PR at I-11.

[38] CR and PR at II-1. See CR at I-16, PR at I-11.

[39] CR and PR at II-1.

[40] The producers accounting for the vast majority of galvanized carbon steel wire rope production did not provide information on channels of distribution separately for galvanized and ungalvanized carbon steel wire rope. ***, provided useable data on this question because they made galvanized but not bright carbon steel wire rope. *** sold *** percent of its galvanized production to distributors, while *** sold *** of their galvanized production to end users. Producers' questionnaire responses and Mar. 6, 2001 submission by counsel to domestic producers. See table D-1, CR at D-3 and PR at D-3. Even though domestic production of galvanized product is small compared to production of bright carbon product, it appears that the percentage of galvanized carbon steel wire rope sold to distributors is not very different from the portions of all wire rope of carbon steel sold to distributors (*** percent) or of all wire rope of stainless steel sold to distributors (*** percent). Compare table D-1, CR and PR at D-3 with table C-1, CR at C-4 and PR at C-3.

[41] CR at I-12, PR at I-9.

[42] See Hearing Tr. at 113 (Wallace), 114 (Salanski).

[43] CR at I-13 to I-14, PR at I-9 to I-10, Hearing Tr. at 113 (Wallace), 114 (Salanski).

[44] CR at I-13 & n.36, PR at I-9 to I-10 & n.36.

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product runs more slowly on the equipment because it is harder.[45] Before changing to production of stainless product, the equipment must be cleaned of carbon deposits and grease used in making carbon steel product, although one producer reported the problem is not significant.[46]

Customers typically specify whether they want wire rope of galvanized or bright carbon steel.[47] Generally, producers and purchasers highlighted the differences in price and corrosion-resistance between wire rope of stainless steel and carbon steel.[48] For the galvanized carbon steel product, however, the differences with stainless steel wire rope in corrosion-resistance are less noted. Prices for galvanized carbon steel wire rope appear higher than prices for the bright carbon steel product, based on limited data in the record.[49] Prices for the stainless product, however, are still considerably higher than prices for the galvanized product.[50]

Wire rope of galvanized carbon steel and of bright carbon steel share many of the same physical characteristics, are at least somewhat interchangeable, are likely sold through common channels of distribution, and are made using nearly the same manufacturing processes, in common facilities, and by the same production workers. The two types of rope differ primarily in corrosion-resistance and, as a result, the uses to which they are directed. Galvanized carbon steel wire rope and stainless steel wire rope are both corrosion-resistant, and they can be used for many of the same applications. Channels of distribution overlap for galvanized carbon steel wire rope and stainless steel wire rope, and both are made in common manufacturing facilities and by the same employees. On the basis of these facts, we do not find that a clear dividing line exists between galvanized carbon steel wire rope on the one hand, and bright carbon steel and stainless steel wire rope on the other. Accordingly, we find a single domestic like product consisting of bright carbon steel wire rope, galvanized carbon steel wire rope, and stainless steel wire rope.

D. Domestic Industry and Related Parties

1. In General

The domestic industry is defined as "the producers as a {w}hole of a domestic like product."[51] In defining the domestic industry, the Commission's general practice has been to include in the industry all of the domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.[52] Based on our finding that the domestic like product consists of bright carbon steel wire rope, galvanized carbon steel wire rope, and stainless steel wire rope, we conclude that the domestic industry consists of all domestic producers of those products.

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[45] CR at I-13, PR at I-10.

[46] CR at I-13 to I-14, PR at I-10, Hearing Tr. at 113 (Wallace).

[47] Posthearing Brief of Petitioners at Questions Regarding Galvanized Wire Rope Products at 9.

[48] CR at I-15, PR at I-11, Hearing Tr. at 127 (Wallace), 188 (Swaim), 205 (Ulrich).

[49] Tables V-1 to V-6, CR at V-7 to V-12, PR at V-5 to V-9.

[50] CR at I-15, I-17; PR at I-11, I-12.

[51] 19 U.S.C. § 1677(4)(A).

[52] See, e.g., United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

2. Related Parties

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry as a related party pursuant to 19 U.S.C. § 1677(4)(B). Section 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or that are themselves importers.[53] Exclusion of such producers is within the Commission's discretion based upon the facts presented in each case.[54]

Domestic producers *** each imported subject merchandise between January 1997 and September 2000, and therefore each is a related party under 19 U.S.C. § 1677(4)(B)(i).[55] *** indicated that it imported subject merchandise because of "***."[56] *** stated that ***."[57] *** responded that it ***."[58] Similarly, *** stated that it ***.[59]

However, the ratio of subject imports to domestic production is so small for each of the related parties that we do not believe such imports significantly affect their financial performance, despite the comments of several producers that they imported the product because it is less expensive.[60] The primary interests of these companies are also those of producers, not importers. Accordingly, we find that appropriate circumstances do not exist to exclude any related party from the domestic industry.

III. CUMULATION

A. In General

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports

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[53] 19 U.S.C. § 1677(4)(A).

[54] 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). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude related parties 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 producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (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 interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016, at 14 n.81 (Feb. 1997).

[55] CR at III-6, PR at III-4.

[56] Table III-7, CR at III-8 and PR at III-4.

[57] Id.

[58] Id.

[59] Id.

[60] For 1999, the ratios of imports to production by U.S. producers of subject merchandise from subject countries were ***. Table III-6, CR at III-7 and PR at III-4.

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compete with each other and with domestic like products in the U.S. market.[61] In assessing whether subject imports compete with each other and with the domestic like product,[62] the Commission has generally considered four factors, including:

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

(2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;

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

(4) whether the subject imports are simultaneously present in the market.[63]

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.[64] Only a "reasonable overlap" of competition is required.[65]

B. Analysis

The petitions were filed on the same day, thus satisfying the threshold cumulation requirement. We find that there is a reasonable overlap of competition between subject imports from China and India and between subject imports and the domestic like product, although the record also indicates that competition between the domestic like product and subject imports, in particular those from China, is attenuated due to quality and product mix issues.

There is little difference between subject imports from China and India, or between subject imports and the domestic like product, in terms of channels of distribution, geographic availability, or presence in the market. On a yearly basis, from 1997 to 1999 sales to distributors accounted for approximately *** of shipments of the domestic like product, more than *** percent of importer shipments of the subject merchandise from China, and between *** and *** percent of importer

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[61] 19 U.S.C. § 1677(7)(G)(i).

[62] The SAA at 848 expressly states that "the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition," citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

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

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

[65] See Goss Graphic System, Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int'l Trade 1998) ("cumulation does not require two products to be highly fungible"); Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int'l Trade 1996); Wieland Werke, 718 F. Supp. at 52 ("Completely overlapping markets are not required.").

shipments of subject merchandise from India.[66] Subject merchandise from both countries and the domestic like product were distributed nationwide and were present in the market throughout the period of investigation.[67]

Two factors, however, limit fungibility between the domestic like product and subject imports. First, subject imports, particularly those from China, are of lower quality than the domestic like product. A majority of purchasers rate quality as the most important factor in steel wire rope purchasing decisions.[68] Ten out of 13 purchasers rate the domestic like product superior in quality to subject merchandise from China.[69] Likewise, various importers and purchasers testified that subject imports from China are inferior in quality to the domestic like product.[70] Various importers and purchasers testified that subject imports from China are too unreliable for use in so-called "critical" or "working" applications, in which failure of the rope would cause injury or damage.[71] Similarly, distributors expressed concern over liability arising out of the failure of any rope they might sell, particularly imports from China.[72] They testified that subject imports from China are used in non-load bearing applications such as in perimeter safety devices in construction projects, or may be purchased off the shelf at hardware stores for various home uses, from uprooting trees to making clotheslines.[73]

Nevertheless, a significant proportion of producers, importers, and purchasers reported that subject imports and the domestic like product are at least sometimes interchangeable and used in the same applications. All *** producers that made comparisons reported that subject merchandise from China is "always" or "frequently" interchangeable with the domestic like product.[74] Nineteen of 27 importers reported that the two are "always," "frequently," or "sometimes" interchangeable.[75] The 19 responding purchasers were split, with 8 reporting that subject imports from China and the domestic like product are used in the same applications, nine reporting that they are not, and 2 indicating that they are sometimes used in the same applications.[76]

Various domestic producers and a domestic distributor testified that the domestic like product competes against subject merchandise from China, and that these imports conform to various industry standards and specifications.[77]

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[66] See responses to producers' and importers' questionnaires. See also CR and PR at II-1.

[67] CR at II-1, IV-5 (table IV-3); PR at II-1, IV-2 (table IV-3).

[68] Table II-2, CR at II-7 and PR at II-5.

[69] Table II-7, CR at II-13 and PR at II-8.

[70] Hearing Tr. at 67 (Shawn Burks, President of distributor Wire Rope Specialists), 147-52 (Howard Schloss, Co-Chairman of the Board and Vice President of distributor The Indusco Group), 153-56 (James Larson, Field Coordinator for steel wire rope purchaser L.R. Wilson & Sons, Inc.), 157-58 (Jeffrey Miller, Purchasing Manager of distributor Campbell Chain of Cooper Tools, Inc.), 162-63 (Swaim), 164-67 (Kurt L. Charpentier, Secretary/Treasurer of distributor Coastal Wire Rope & Supply, Inc.), 167-69 (Ulrich), 193 (James Steindecker, President of importer-distributor Dragon Trading, Inc.).

[71] Hearing Tr. at 150-51 (Schloss), 153-56 (Larson), 157-58 (Miller), 162-63 (Swaim), 168 (Ulrich).

[72] Id. at 67 (Burks), 162-63 (Swaim), 165 (Charpentier).

[73] Id. at 150-51 (Schloss), 153-56 (Larson), 157-58 (Miller), 162-63 (Swaim), 179 (Ulrich).

[74] Table II-3, CR at II-10 and PR at II-6. *** reported they were "always" interchangeable, and *** reported "frequent" interchangeability. Id.

[75] Table II-4, CR at II-10 and PR at II-6.

[76] CR at II-12, PR at II-7.

[77] Hearing Tr. at 21-24 (Salanski), 36-38 (Richard Connor, former President of Macwhyte Company), 40-42 (Wallace), 47-49 (Burks).

On balance, the record indicates that, although quality differences limit fungibility between the subject imports from China and the domestic like product, sufficient fungibility remains for us to find a reasonable overlap of competition.

The record shows a greater degree of fungibility between the subject imports from China and India. Some subject merchandise from India is high-strength carbon steel wire rope, used in critical applications, but the majority of the subject merchandise from that country is of standard varieties.[78] All *** producers that made comparisons reported that the subject imports from China and India are "always" or "frequently" interchangeable.[79] Fourteen out of 16 responding importers that made comparisons reported that the two are "always," "frequently," or "sometimes" interchangeable.[80]

The record suggests a greater degree of fungibility between the subject imports from India and the domestic like product than between the Chinese product and the domestic like product. Eight of the 10 reporting purchasers said subject imports from India and the domestic like product are used in the same applications.[81] Four of 8 purchasers ranked steel wire rope from India and the United States comparable in quality, with 3 rating the domestic product higher, and one rating the subject merchandise from India higher.[82] All producers that made comparisons stated that steel wire rope from the two sources are "always" or "frequently" interchangeable, and 14 of 17 importers that made comparisons said that the two were "always," "frequently," or "sometimes" interchangeable.[83]

The second factor limiting fungibility between subject imports and the domestic like product is that subject imports were more highly concentrated in galvanized carbon steel wire rope than the domestic like product. The galvanized products accounted for more than one-half (*** to *** percent) of subject imports, compared to only one to two percent of domestic production.[84] Interchangeability between galvanized carbon steel wire rope and other steel wire rope is limited.[85] Nevertheless, *** to *** percent of subject imports are ungalvanized, as is over 95 percent of domestic production, and a significant portion of producers, importers, and purchasers reported that the subject imports and domestic like product were at least sometimes interchangeable.[86]

The record is therefore mixed regarding whether there is a reasonable overlap of competition among the domestic like product and the subject imports from China and India. The subject imports and domestic like product are sold through overlapping channels of distribution, and were present throughout the period of investigation, and in all geographic areas of the United States. Fungibility among the products is limited by the lower quality of subject imports from China and, to a lesser extent, subject imports from India. The subject imports' higher concentration in galvanized carbon steel wire rope also limits fungibility. Nevertheless, producers, importers, and purchasers generally indicated that subject product from China and India and the domestic like product are all at least sometimes interchangeable, and are often used in the same applications. On balance, we find a reasonable overlap of competition among the domestic like product and subject imports from both China and India. Therefore we cumulate the volume and effect of subject imports.

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[78] Id. at 163 (Swaim), 170 (Matthew Smith, Vice President Operations for purchaser Delmar Systems, Inc.), 228-29 (Smith; Ulrich; Harry L. Urech, President of importer Usha Martin Americas, Inc.).

[79] Table II-3, CR at II-10 and PR at II-6.

[80] Table II-4, CR at II-10 and PR at II-6.

[81] CR at II-12, PR at II-7.

[82] Table II-8, CR at II-14 and PR at II-9.

[83] Tables II-3 and II-4, CR at II-10 and PR at II-6.

[84] Tables C-3, D-1, D-2, D-5; CR at C-8, D-3, D-4, D-7; PR at C-3, D-3, D-4, D-5.

[85] See discussion of interchangeability in the discussion of the definition of the domestic like product, above.

[86] CR at II-8 to II-14, PR at II-5 to II-9.

V. NO MATERIAL INJURY BY REASON OF LTFV IMPORTS

In the final phase of antidumping duty investigations, the Commission determines whether an industry in the United States is materially injured by reason of the imports under investigation.[87] 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.[88] The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[89] In assessing whether the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.[90] 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."[91]

For the reasons discussed below, we determine that the domestic industry producing steel wire rope is not materially injured by reason of subject imports from China and India that are sold in the United States at less than fair value.

A. Conditions of Competition

Several conditions of competition are relevant to our analysis in these investigations. First, steel wire rope is an established product which has hundreds of uses.[92] Although there is a wide range of applications for steel wire rope, both domestically produced and imported steel wire rope generally conform to one or more industry standards or governmental specifications. In general, the specifications establish minimum requirements for the materials used, finish, core, mechanical properties, fabrication, lay, dimensions, and weight and strength of the wire rope. Federal specification RR-W-410D is the most common standard; additional specifications have been developed by the American Petroleum Institute and the American Society of Mechanical Engineers.[93]

Second, although domestic and imported steel wire rope both generally conform to specifications, certain factors limit competition between them. More than one-half of subject imports are galvanized carbon steel wire rope, while less than two percent of domestic production is galvanized.[94] Many purchasers and distributors state that only domestic product is used for so-called "critical" applications: those in which failure of the rope could result in damage, injury, or death.[95] Similarly,

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[87] 19 U.S.C. § 1673d(b).

[88] 19 U.S.C. § 1677(7)(B)(i). The Commission "may consider such other economic factors as are relevant to the determination" but shall "identify each {such} factor . . . {a}nd explain in full its relevance to the determination." 19 U.S.C. § 1677(7)(B); see also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

[89] 19 U.S.C. § 1677(7)(A).

[90] 19 U.S.C. § 1677(7)(C)(iii).

[91] Id.

[92] CR at II-4 to II-6, PR at II-3 to II-4.

[93] CR at II-5, PR at II-3.

[94] Tables C-3 and D-1 to D-5; CR at C-8 and D-3 to D-7; PR at C-3, D-3 to D-5. Galvanized carbon steel wire rope accounted for slightly less than half of nonsubject imports during most of the period investigated. Tables D-2 and D-5, CR at D-4 and D-7 and PR at D-4 and D-5.

[95] Hearing Tr. at 67 (Burks), 150-51 (Schloss), 153-56 (Larson), 157-58 (Miller), 162-63 (Swaim), 165 (Charpentier), 168 (Ulrich).

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various steel wire rope distributors expressed concern over liability arising out of any failure by imported steel wire rope they might sell, particularly imports from China.[96]

Third, demand for steel wire rope in the U.S. market is relatively stable. Given the wide range of applications for steel wire rope, however, the market can, from time to time, exhibit a degree of volatility. Overall, apparent U.S. consumption increased from *** short tons in 1997, to *** short tons in 1998, and then fell to *** short tons in 1999.[97]

Fourth, the domestic industry underwent consolidation in 1998 and 1999, with two producers ceasing operations. The Rochester Corporation shut down its production plant in 1998, and Macwhyte exited the industry in 1999.[98] Some of the assets of these firms were purchased by the Wire Rope Corporation of America ("WRCA"), the largest domestic producer, which continued production at one former Macwhyte facility and plans to install some of the idled production equipment in its existing plants.[99]

Fifth, there is a substantial volume of nonsubject imports in the U.S. market.[100] Nonsubject imports accounted for *** percent of U.S. apparent consumption in 1997, and *** percent in 1998 and in 1999.[101] They accounted for *** percent of U.S. apparent consumption in interim 1999 and *** percent in interim 2000.[102] [103]

B. Volume of Subject Imports

Section 771(C)(i) of the Act provides that the "Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[104]

As an initial matter, we note that the volume of imports that are subject to our investigations has been reduced as a result of Commerce's final negative dumping determinations with respect to Malaysia and the largest Chinese manufacturer, Fasten. As described below, we find that the volume of subject imports that remain, given the attenuated competition between subject imports and the domestic like product, and any increase in that volume, are not significant. The volume of subject imports from China and India increased from *** short tons in 1997 to *** short tons in 1998, but then declined to *** short

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[96] Id. at 67 (Burks), 162-63 (Swaim), 165 (Charpentier), 168 (Ulrich).

[97] Table IV-3, CR at IV-5 and PR at IV-2.

[98] Table III-1, CR at III-2 and PR at III-2.

[99] Id.

[100] Imports of steel wire rope from Thailand, Malaysia, and from Chinese manufacturer Fasten are nonsubject imports for purposes of these final determinations. See Prelim. Det. at 3 and 66 Fed. Reg. 12759, 12761 (Feb. 28, 2001).

[101] Table IV-3, CR at IV-5 and PR at IV-2.

[102] Id.

[103] Less than *** percent of domestic production is transferred internally for the production of a downstream product. CR and PR at VI-1 to VI-3. No party argued that the captive production provision applies. 19 U.S.C. § 1677(7)(C)(iv). We find the provision does not apply because at least two of its requirements are not met. The threshold factor is not satisfied, given the relatively small ratio of internal transfers to overall production. In addition, factor III is not satisfied, given that the steel wire rope sold in the merchant market is apparently used to make the same downstream products made from the internal transfers. See CR and PR at VI-1 to VI-3 and Petitioners' Prehearing Brief at 35 n.103.

[104] 19 U.S.C. § 1677(7)(C)(i).

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tons in 1999.[105] In interim 1999, the volume of subject imports was *** short tons, compared to *** short tons in interim 2000.[106]

U.S. producers' share of apparent U.S. consumption declined from *** percent in 1997 to *** percent in 1998, and then *** in 1999 at *** percent.[107] As a share of U.S. apparent consumption, measured by quantity, subject imports from China and India increased only *** from 1997 to 1999, (from *** percent in 1997, to *** percent in 1998, and to *** percent in 1999).[108] Thus, in the aggregate, subject imports did not account for a significant loss of market share by the domestic industry from 1997 to 1999. We note that nonsubject imports were more than *** times greater in volume than subject imports, and accounted for the vast majority of market share lost by the domestic industry between 1997 and 1999.[109]

The record also indicates that subject imports accounted for *** percent of U.S. apparent consumption in interim 1999, and *** percent in interim 2000.[110] The U.S. producers' share, however, remained *** during the same period, at *** percent in interim 1999, and *** percent in interim 2000. The increase in share by subject imports between interim 1999 and interim 2000 therefore came at the expense of nonsubject imports.[111] That subject imports displaced nonsubject imports is consistent with record evidence that galvanized carbon steel wire rope made up more than one-half of subject imports, and almost half of nonsubject imports, but only a small share of domestic production.[112]

On the basis of the above, we find that the volume of subject imports, in light of the attenuated competition between subject imports and the domestic like product, and the increase in that volume, both in absolute terms and relative to production or consumption in the United States, is not significant.

C. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

> (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and

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[105] The volume of imports from nonsubject countries was several times greater, and followed a similar pattern, increasing between 1997 and 1998, but then declining between 1998 and 1999. Table IV-1, CR at IV-2 and PR at IV-1.

[106] Id.

[107] Table IV-3, CR at IV-5 and PR at IV-2.

[108] Table IV-3, CR at IV-5 and PR at IV-2.

[109] Tables IV-1 and IV-3, CR at IV-2 and IV-5, PR at IV-1 and IV-2. In interim 2000, the volume of nonsubject imports was between *** and *** times the volume of subject imports. Table IV-1, CR at IV-2 and PR at IV-1.

[110] Table IV-3, CR at IV-5 and PR at IV-2.

[111] Id. Non-subject imports as a share of domestic apparent consumption were *** percent in interim 1999 and *** percent in interim 2000. Id.

[112] Tables C-3 and D-1 to D-5; CR at C-8 and D-3 to D-7; PR at C-3 and D-3 to D-5. U.S. production of galvanized steel wire rope in 1999 was only 1,021 short tons out of total steel wire rope production of 108,655 short tons, whereas *** short tons of subject imports were galvanized, out of *** short tons total subject imports. Id. 15

(II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.[113]

We consider underselling and price effects in the context of the conditions of competition for steel wire rope. As described previously, subject imports generally are lower in quality than the domestic like product. Moreover, galvanized carbon steel wire rope accounts for over half of subject imports but only a small share of domestic production. These factors limit substitutability between the domestic like product and subject imports, and therefore limit the potential effects of subject imports on domestic prices.

The Commission collected quarterly price information on seven types of steel wire rope, designated products 1 through 7.[114] The volume of sales of the domestic like product was very small in all but products 1 and 2 (consisting of bright carbon steel wire rope) and product 5 (consisting of galvanized carbon steel wire rope).[115] There was no clear downward trend in the price of domestically produced steel wire rope in any of these three product categories. For product 1, prices for the domestic product were highest at the end of the period of review.[116] Prices for domestic product 2 increased and then fell during the period, but ended at a level *** above their starting point.[117] Prices for the domestic product 5 ended *** lower than they began, but increased in each of the last three quarters.[118] [119]

Importantly, domestic prices were relatively stable over the period of investigation, despite the fact that subject imports consistently undersold domestic steel wire rope in products 1, 2, and 5 by margins generally in excess of *** percent, and ranging from *** to *** percent.[120] Nor did underselling result in significant gains in market share by subject imports at the expense of the domestic like product, as described above.[121] That price underselling did not result in declining prices for the domestic like product or loss of market share reflects the limited substitutability between subject imports and the domestic like product. Additionally, although lost sales or lost revenues may constitute anecdotal evidence of direct price competition, there were few confirmed lost sales in these investigations, and the volume of the confirmed lost sales was relatively small.[122] On the basis of the conditions of competition in this industry and the attenuated competition between subject imports and the domestic like product,

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[113] 19 U.S.C. § 1677(7)(C)(ii).

[114] CR at V-4 to V-5, PR at V-3.

[115] Tables V-1 to V-6, CR at V-7 to V-12 and PR at V-5 to V-9.

[116] Table V-1, CR at V-7 and PR at V-5.

[117] Table V-2, CR at V-8 and PR at V-6.

[118] Table V-5, CR at V-11 and PR at V-9.

[119] Average unit values ("AUVs") of commercial U.S. shipments of the domestic like product increased from 1997 to 1998, and from 1998 to 1999. Table III-3, CR at III-4 and PR at III-3. These AUVs were *** lower in interim 2000 than in interim 1999. Id. However, changes in domestic AUVs may reflect differences in prices only in part, because the mix of products represented may change over time. Hearing Tr. at 108-09 (Wallace) (testifying that the domestic industry shifted to the production of higher value products during the period of investigation). We therefore view AUV data with caution throughout this opinion.

[120] Tables V-7 to V-9, CR at V-20 to V-22 and PR at V-11 to V-13.

[121] Although the volume of sales of subject imports of products 1, 2, and 5 increased *** during the period investigated, they cumulatively represent only *** percent of subject imports. Compare table IV-2, CR at IV-4 and PR at IV-2 with tables V-1, V-2, and V-5, CR at V-7, V-8, V-11 and PR at V-5, V-6, and V-9.

[122] We regard some of the lost sales allegations made by petitioners with caution, and in particular those in which a domestic producer ***. CR at V-23, V-27 to V-29; PR at V-13 and V-15.

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we conclude that price underselling by the subject imports of the domestic like product was not significant.

We also find that subject imports did not have significant price depressing effects on the domestic like product. The record does not reflect any clear downward trend in prices for the domestic like product. Nor do we find that subject imports prevented to a significant degree price increases by the domestic industry that otherwise would have occurred. First, petitioners announced various price increases, which the record suggests were collected, in whole or in part, in at least some instances.[123] Second, domestic producers' cost of goods sold as a percentage of net sales increased very little, while their operating income was generally stable.[124] Third, because competition between subject imports and the domestic like product is attenuated, subject imports' ability to suppress price increases is similarly limited.

Accordingly, we find that subject imports did not have significant adverse price effects on the domestic like product.

D. Impact

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.[125] 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."[126] [127] [128]

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[123] Posthearing Brief of Ad Hoc Coalition of American Steel Wire Rope Importers at 5-7. Although petitioners assert that they could not ultimately sell at the higher announced prices, we do not find clear evidence in support of this contention. In addition, although we view AUVs as an imperfect reflection of prices, U.S. commercial shipment AUVs for the domestic like product increased from 1997 to 1999. Table III-3, CR at III-4 and PR at III-3.

[124] The domestic industry's cost of goods sold as a percentage of net sales was 75.0 percent in 1997, 75.2 percent in 1998, and 76.9 percent in 1999. In interim 1999 and interim 2000, the corresponding figures were 73.7 and 75.1 percent, respectively. Table VI-1, CR at VI-3 and PR at VI-2. The domestic industry generated operating income margins of 3.6 percent in 1997, 3.1 percent in 1998, 0.6 percent in 1999, 3.6 percent in interim 1999, and 4.8 percent in interim 2000. Id. As described in the following discussion of the impact of the subject imports, factors other than subject imports account for the decline in the domestic industry's operating income in 1999.

[125] 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 ("In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." Id. at 885).

[126] 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

[127] The statute instructs the Commission to consider the "magnitude of the dumping margin" in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its final dumping determination, Commerce determined dumping margins of 38.63 percent for India, and 42.23 to 58.00 percent for China, except for Chinese producer Fasten, whose margin was de minimis. 66 Fed. Reg. 12759, 12761 (Feb. 28, 2001).

[128] Commissioner Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. See, e.g., Separate

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We find that the subject imports did not have a significant adverse impact on the domestic industry. While the industry's performance may not have been particularly strong during every year of the period investigated, we do not attribute any weakness to subject imports in material part. The U.S. industry's capacity remained essentially the same from 1997 to 1998, at 218,727 and 218,817 short tons, respectively, and fell to 197,717 short tons in 1999.[129] The decline in capacity in 1999 reflects the fact that domestic producer WRCA retired all but one of the production facilities it acquired from Rochester and Macwhyte.[130] Domestic production capacity was 123,715 short tons in interim 1999 and 135,535 short tons in interim 2000, consistent with ***.[131] The domestic industry's production fell from 127,833 short tons in 1997, to 118,047 short tons in 1998, and to 108,655 short tons in 1999.[132] However, production was higher in interim 2000, at 80,801 short tons, than in interim 1999, at 78,955 short tons.[133] Capacity utilization decreased from 58.4 percent in 1997 to 53.9 percent in 1998, and increased to 55.0 percent in 1999.[134] Capacity utilization was 63.8 percent in interim 1999 and 59.6 percent in interim 2000.[135] Capital expenditures increased substantially over the period, from $5.8 million in 1997, to $14.0 million in 1998, to $16.7 million in 1999.[136]

U.S. producers' commercial U.S. shipments decreased over the period examined, from *** short tons in 1997 to *** short tons in 1998, and to *** short tons in 1999.[137] The value of commercial U.S. shipments also decreased, but to a lesser degree because unit values increased.[138] Between 1997 and 1999, U.S. inventories fell in absolute terms, but rose slightly as a ratio to U.S. shipments.[139] U.S. inventories were slightly lower in interim 2000 than in interim 1999, both in absolute terms and as a ratio to U.S. shipments.[140] The average number of production and related workers decreased from 1,603 in 1997 to 1,589 in 1999.[141] The hours worked followed a similar pattern, increasing slightly from 1997 to 1998, but declining overall.[142] These trends diverged in the interim periods, however, as the number of production and related workers fell yet hours worked increased.[143] Nonetheless, as with declines in industry capacity and capacity utilization over the period, we attribute much of the declines in U.S. shipments, number of production and related workers, and hours worked to the departure of Macwhyte and Rochester from the industry.

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[128] (...continued)
and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

[129] Table III-2, CR at III-3 and PR at III-3.

[130] CR at III-3 and PR at III-1.

[131] CR at III-3 and PR at III-1 (***).

[132] Table III-2, CR at III-3 and PR at III-3.

[133] Id.

[134] Id.

[135] Id.

[136] Table VI-6, CR at VI-11 and PR at VI-6.

[137] Table III-3, CR at III-4 and PR at III-3.

[138] Id.

[139] Table III-4, CR at III-5 and PR at III-3.

[140] Id.

[141] Table III-5, CR at III-5 and PR at III-4.

[142] Id.

[143] Id.

As a share of net sales, the U.S. industry's operating income margin was 3.6 percent in 1997 and 3.1 percent in 1998, but fell to 0.6 percent in 1999.[144] However, the operating income margin was higher in interim 2000 at 4.8 percent than in interim 1999 at 3.6 percent.[145]

We have reviewed the record for evidence that subject imports adversely impacted the domestic industry. The domestic industry was profitable during the period examined, and although operating income was lower in 1999 than in 1997 or 1998, profits were higher in interim 2000 than in interim 1999, despite the fact that subject imports attained their highest market share in interim 2000. The decline in 1999 operating income is due almost entirely to *** incurred by *** that year, and that ***, as explained below, is not due to subject imports.[146] Operating income for the remainder of the industry *** during the period. Although we consider the industry as a whole in our analysis, the fact that the drop in operating income in 1999 is due largely to *** is relevant to our analysis of the impact of subject imports on the domestic industry.

Two factors appear to account for, at least in significant part, *** lower performance in 1999. First, ***. Second, ***.[147]

By contrast, there was no change in the volume, price, or any other factor affecting competition by subject imports in 1999 that was significant enough to account in a material way for lower profitability on the part of the domestic industry. Subject imports' market share increased less than *** from 1998 to 1999, from *** to *** percent.[148] While subject imports' market share was the highest in interim 2000, that was also the period the industry was most profitable.[149] In addition, prices collected on various subject products did not exhibit a clear downward trend, and AUVs for the subject imports decreased only *** from 1998 to 1999, from $*** per short ton to $*** per short ton.[150] Previously, from 1997 to 1998, the domestic industry lost *** in market share, but nonsubject imports accounted for the bulk of the loss (***).[151]

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[144] Table VI-1, CR at VI-3 and PR at VI-2.

[145] Id. We note that ***. Inclusion of those sales in the financial data would result in an industry operating income, as a percentage of net sales, of *** percent in 1999 and *** percent in interim 1999. CR at VI-2 to VI-3, PR at VI-3.

[146] CR at VI-4, PR at VI-3; table VI-2, CR at VI-6 to VI-7 and PR at VI-3; Hearing Tr. (in camera portion) at 238-240 (Daniel W. Klett, on behalf of Respondents), and Respondents' Confidential In Camera Hearing Exhibits 1-3.

[147] The unit value of *** sales ***. CR at VI-4, PR at VI-3; table VI-2, CR at VI-6 to VI-7 and PR at VI-3; Hearing Tr. (in camera portion) at 238-240 (Klett), and Respondents' Confidential In Camera Hearing Exhibits 1-3. ***.

[148] Table IV-3, CR at IV-5 and PR at IV-2.

[149] We exercise caution in comparing interim periods with full-year periods. In any regard, the market share of subject imports and the domestic industry's operating income were both higher in interim 2000 than in interim 1999.

[150] Tables IV-1, V-1 to V-6, CR at IV-2, V-7 to V-12, and PR at IV-1, V-5 to V-9. Although, as noted earlier, we view AUVs as an imperfect proxy for prices in general, the record does not indicate that the mix of subject imports changed significantly between 1998 and 1999 (or during the entire period investigated).

[151] While two producers, Rochester and Macwhyte, ceased operations during the period of investigation, we do not attribute their exit to subject imports because the volume, given the attenuated competition between subject imports and the domestic like product, and increase in volume of subject imports were not significant, and subject imports did not have significant negative price effects. Subject imports showed their largest increase in interim 2000, which was after the closures. Although there was testimony implicating subject imports in Macwhyte's closure (Hearing Tr. at 35-38 (Connor)), at the time of the shutdown Macwhyte was reported to have attributed the company's closure to "overcapacity, shrinking demand for wire rope and increased foreign competition, particularly

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Accordingly, for the reasons stated above, we determine that an industry in the United States is not materially injured by reason of imports of steel wire rope from China and India that are sold in the United States at less than fair value.

VI. NO THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS

A. In General

Section 771(7)(F) of the Act directs the Commission to determine whether the U.S. industry is threatened with material injury by reason of the subject imports 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."[152] The Commission may not make such a determination "on the basis of mere conjecture or supposition," and considers the threat factors "as a whole" in making its determination whether dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued.[153] In making our determination, we have considered all statutory factors that are relevant to these investigations,[154] including the rate of the increase in the volume and market penetration of subject imports, unused production capacity, and any substantial inventories of the subject merchandise.

B. Cumulation for Purposes of Threat

Cumulation for threat analysis is treated in section 771(7)(H) of the Act.[155] This provision permits the Commission, to the extent practicable, to assess cumulatively the volume and effect of imports for purposes of conducting its threat analysis.[156] In this respect, the provision preserves the Commission's discretion to cumulate imports in analyzing threat of material injury. The limitations concerning what imports are eligible for cumulation and the exceptions for cumulation are applicable to cumulation for threat as well as to cumulation for present material injury.[157] In addition, the Commission also considers whether the imports are increasing at similar rates in the same markets, whether the imports have similar margins of underselling, and the probability that imports will enter the United States at prices that would have a depressing or suppressing effect on domestic prices of that merchandise.[158]

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[151] (...continued)
from South Korea." Prehearing Brief of Respondents at Exh. 7.

[152] 19 U.S.C. § 1673d(b) and 1677(7)(F)(ii).

[153] 19 U.S.C. § 1677(7)(F)(ii).

[154] 19 U.S.C. § 1677(7)(F)(i). Factor I is inapplicable to these investigations because no countervailable subsidy is involved. Factor VII is also inapplicable because these investigations do not involve imports of a raw agricultural product.

[155] 19 U.S.C. § 1677(7)(H).

[156] See Kern-Liebers v. United States, 19 CIT 87, Slip Op. 95-9, at 49-51 (Jan. 27, 1995).

[157] To be eligible for cumulation for threat analysis, the imports must be from countries with respect to which petitions were filed or investigations were self-initiated on the same day, and the imports must compete with each other and with the domestic like product in the United States market. Cumulation for threat analysis is precluded in the four instances in which it is precluded for material injury analysis.

[158] See Torrington Co. v. United States, 790 F. Supp. 1161, 1172 (Ct. Int'l Trade 1992) (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject

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We determine to cumulate subject imports for purposes of our threat determination. In addition to our earlier analysis regarding a reasonable overlap of competition between subject imports and the domestic like product, we do not find that the trends in the volumes and prices of subject imports from China and India were markedly different, and we therefore exercise our discretion to cumulate. Throughout the period investigated, subject imports from India accounted for roughly *** of subject imports.[159] The volume of subject imports from India fluctuated *** than the volume of subject imports from China from 1997 to 1999, but both were higher in interim 2000 than in interim 1999.[160] In addition, AUVs of subject imports from the two countries each fluctuated in a relatively narrow range.[161]

C. Statutory Threat Factors

Based on an evaluation of the relevant statutory factors, we find that the domestic industry is not threatened with material injury by reason of the subject imports sold in the United States at less than fair value.

The record shows no indication of increased capacity in China or India during the period of investigation that would indicate the likelihood of substantially increased imports of subject merchandise, and capacity is projected to be *** in 2000 and 2001 as it was in 1999.[162] Capacity utilization for the industry in China, which was estimated at *** percent in 1999, showed projected increases to rates of *** percent for 2000 and *** percent for 2001.[163] For the industry in India, capacity utilization was *** percent in 1999, and is projected to increase to *** percent in both 2000 and 2001.[164] While the foreign producers' capacity utilization figures reflect some available excess capacity, unused capacity that existed during the period investigated did not result in materially injurious exports to the United States. Moreover, unused capacity declined late during the period of investigation, and it is projected to decline in the imminent future.[165]

The home markets absorbed a large share of steel wire rope production in both China and India. In 1999, the home market accounted for *** percent of total steel wire rope shipments by Chinese producers that produced subject merchandise, although that figure is projected to decline to *** percent in 2000.[166] For the Indian industry, the home market accounted for *** percent of shipments in 1999, and it is projected to account for *** percent of shipments in 2000 and 2001.[167]

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[158] (...continued)
countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

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

[160] Id.

[161] Id.

[162] Tables VII-1 and VII-2, CR at VII-2 and VII-5 and PR at VII-1 and VII-2.

[163] Table VII-1, CR at VII-2 and PR at VII-1.

[164] Table VII-2, CR at VII-5 and PR at VII-2.

[165] Tables VII-1 and VII-2, CR at VII-2 and VII-5 and PR at VII-1 and VII-2. Available capacity for both countries was lower in interim 2000 than in interim 1999. Id.

[166] Table VII-1, CR at VII-2 and PR at VII-1.

[167] Table VII-2, CR at VII-5 and PR at VII-2. The projected increase in India's home market shipments was attributed in part to increased construction activity following an earthquake in that country in January of 2001. Prehearing Brief of Usha Martin at 12.

The volume of subject imports declined from 1998 to 1999, from *** short tons to *** short tons.[168] While interim period data for 2000 showed an increase in volume compared to interim 1999, the subject imports' gain in market share was achieved entirely at the expense of nonsubject imports.[169]

While an antidumping finding and price undertaking by the European Community in August 1999 against steel wire rope from China and India[170] may suggest that the United States will become an attractive market for increased imports from China and India, we do not find evidence that any increase is likely to be significant. The record indicates that subject producers in these countries have, in large part, already found other markets to absorb that product.[171] Moreover, the increase is not likely to be sufficient to cause material injury in the imminent future because of the attenuated competition between subject merchandise and the domestic like product, due to the differences in quality and product mix discussed earlier.

Inventories of subject merchandise in the United States have increased, although actual inventories are smaller than the Commission's figures, which include nonsubject merchandise produced by Fasten.[172] Higher inventories may result in higher U.S. shipments, but we do not find the increase to be of such a magnitude as to present an imminent threat of material injury.

***, and ***, a Chinese producer, reported producing other products on the same equipment used to make steel wire rope.[173] While this indicates some ability to shift production among different products, there is no evidence that a shift of significant production to steel wire rope is imminent, nor is there evidence of any incentive to make such a shift. In any regard, much of the subject merchandise that is exported to the United States is concentrated in galvanized carbon steel wire rope, which accounts for only a small share of domestic production.[174]

The record indicates that no significant increase in the volume or market penetration of subject imports is imminent. Although subject producers had the ability to increase significantly the volume of their exports to the U.S. market during the period of investigation, they did not do so. There is no persuasive evidence in the record that indicates that this behavior will change in the imminent future. We also find that subject imports are not likely to enter the United States at prices that will depress prices for the domestic like product. Prices for the subject imports are already significantly lower than prices for the domestic like product, yet prices for the latter are steady or increasing, and any market share lost by the domestic industry to subject imports has been small. We see no evidence that competition between subject imports and the domestic like product will become less attenuated in the imminent future.

Absent likely significantly higher volumes, or the likelihood that subject imports will enter the United States at prices that will depress prices for the domestic like product, we find that subject imports

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

[169] Table IV-3, CR at IV-5 and PR at IV-2.

[170] CR at VII-4 to VII-5, PR at VII-2 .

[171] Respondents' Posthearing Brief at Exh. 12 (showing Chinese producers increased exports to Asia, Canada, and other third countries). Moreover, Fasten, which is the only Chinese manufacturer participating in these investigations that appears to ***, is no longer subject to these investigations, having received a de minimis margin at Commerce. See Chinese foreign producers' questionnaire responses. Thus, public data on Chinese exports to the European Union overstate the degree of possible diversion of Chinese subject imports from the European Union to the United States, because they presumably include exports by Fasten. See also table VII-2, CR at VII-5 and PR at VII-2 (showing exports from India to non-U.S. markets of *** short tons in projected 2000 compared to *** short tons in 1999).

[172] Table VII-3, CR at VII-6 and PR at VII-2.

[173] CR at VII-3 to VII-4, PR at VII-1 to VII-2.

[174] Tables C-3, D-1, D-2, and D-5; CR at C-8, D-3, D-4, and D-7, PR at C-3, D-3 to D-5.

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will likely not have significant imminent adverse effects on the domestic industry, or its existing development and production efforts. The domestic industry generated profits throughout the period of investigation. As discussed earlier, the record suggests that the reduction in the domestic industry's level of operating income in 1999 reflected factors other than subject imports, and the industry's higher profitability in interim 2000, as compared to interim 1999, coincided with the period of subject imports' highest U.S. market share.

For the foregoing reasons, we find that the U.S. industry producing steel wire rope is not threatened with material injury by reason of subject imports from China and India.

CONCLUSION

For the reasons stated above, we determine that an industry in the United States is not materially injured, or threatened with material injury, by reason of imports of steel wire rope from China and India that are sold in the United States at less than fair value.

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PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed by The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (Committee),[1] Washington, DC, on March 1, 2000, alleging that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of steel wire rope[2] from China, India, Malaysia, and Thailand. Information relating to the background of the investigations is provided below.[3]

Date	*Action*
March 1, 2000	Petitions filed with Commerce and the Commission; institution of Commission investigations (65 FR 12575, March 9, 2000)
March 22, 2000	Commission's conference
March 27, 2000	Commerce's initiation of investigations (65 FR 16173)
April 14, 2000	Commission's vote in preliminary phase
April 17, 2000	Commission's determinations in preliminary phase transmitted to Commerce. The Commission determined imports from Thailand to be negligible, terminating the investigation on that country (65 FR 24505, April 26, 2000)
July 20, 2000	Commerce's postponement of preliminary determinations (65 FR 45037)
October 2, 2000	Commerce's preliminary determinations of sales at LTFV from China and India and of sales at not LTFV from Malaysia and postponement of final determination on India (65 FR 58736)
October 27, 2000 ...	Commerce's postponement of final determinations on China and Malaysia (65 FR 64426)
November 2, 2000 ..	Commission schedules final phase of investigations (65 FR 67402, November 9, 2000)
February 21, 2001 ..	Commission's hearing[4]

[1] The Committee comprises the following U.S. producers: Bergen Cable Technology, Inc. (Bergen), Bridon American Corp. (Bridon), Carolina Steel & Wire Corp. (Carolina), Continental Cable Co. (Continental), Loos & Co., Inc. (Loos), Paulsen Wire Rope Corp. (Paulsen), Sava Industries, Inc. (Sava), Strandflex, A Division of MSW, Inc. (Strandflex), and Wire Rope Corporation of America, Inc. (WRCA). All but Bergen, Sava, and Strandflex are directly participating in the petitioning action.

[2] For purposes of these investigations, steel wire rope encompasses ropes, cables, and cordage of iron or carbon or stainless steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire. Imports of these products are classifiable under subheadings 7312.10.60 and 7312.10.90 of the Harmonized Tariff Schedule of the United States (HTSUS). The 2001 general or normal trade relations tariff rate of 1.3 percent *ad valorem* is applicable to steel wire rope of stainless steel, and a rate of 1.2 percent *ad valorem* is applicable to steel wire rope of carbon steel, including those from China and India.

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

[4] App. B contains a list of witnesses who appeared at the Commission's hearing.

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February 28, 2001 ..	Commerce's final determinations of sales at LTFV from China and India and of sales at not LTFV from Malaysia,[5] termination of the investigation on Malaysia, and affirmative final critical circumstances determinations on China and India (66 FR 12759).[6] Commission's termination of investigation on Malaysia (66 FR 13965, March 8, 2001)
March 21, 2001	Commission's vote
March 30, 2001	Commission's determinations transmitted to Commerce

Previous Investigations

The Commission has conducted numerous antidumping and countervailing duty investigations concerning steel wire rope since the early 1970s (table I-1). Antidumping duty orders were imposed against Japan in 1973 and against Korea and Mexico in 1993. Commerce subsequently revoked these orders in January 2000 after the Commission determined that revocation of the orders would not likely lead to continuation or recurrence of injury.[7]

Steel wire rope was also the subject of an escape clause investigation in 1984. The Commission determined that, among other steel products, wire and wire products were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to the domestic industry, and recommended a 5-year program of tariffs and quotas.[8] President Reagan determined that import relief was not in the national economic interest.[9] Subsequently, many antidumping cases were filed in 1984 and then withdrawn as a result of negotiated steel voluntary restraint agreements. The negotiated steel voluntary restraint agreements expired in 1992.

SUMMARY DATA

A summary of data collected in these investigations is presented in appendix C, tables C-1 (carbon steel wire rope), C-2 (stainless steel wire rope), and C-3 (all steel wire rope). Except as noted, U.S. industry data are based on questionnaire responses of nine firms that accounted for *** U.S. production of steel wire rope during 1999. U.S. imports data, except as noted, are based on official Commerce statistics.

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[5] Commerce issued final dumping margins for the following producers. China: Fasten Group Import and Export Co., Ltd. (0.02 percent, *de minimis*); Haicheng Greatx Industry, Henan Baoi Wire Rope, Jiangsu COFCO, Jiangsu Guo Tai, Liaoning Metals & Minerals, Nantong Wire Rope, and Nantong Zhongde (42.23 percent); and PRC wide (58.00 percent). India: Usha Martin Industries and all others (38.63 percent). Malaysia: Kiswire SDN.BHD and all others (0.26 percent, *de minimis*).

[6] Critical circumstances were found not to exist with respect to imports from Fasten Group since Commerce found a *de minimis* final dumping margin for the company.

[7] 65 FR 3205, January 20, 2000. See *Certain Steel Wire Rope from Japan, Korea, and Mexico*, investigations Nos. AA-1921-124 and 731-TA-546-547 (Reviews), USITC Pub. 3259 (December 1999).

[8] *Carbon and Certain Alloy Steel Products Report to the President on Investigation No. TA-201-51 Under Section 201 of the Trade Act of 1974*, USITC Pub. 1553 (July 1984).

[9] *Annual Survey Concerning Competitive Conditions in the Steel Industry and Industry Efforts to Adjust and Modernize*, USITC Pub. 2226 (October 1989), p. A-4.

Table I-1
Steel wire rope: Previous Commission antidumping and countervailing duty investigations since 1973

Country	Investigation No.	Investigation date	USITC report No.	Commission determination
Japan[1]	AA1921-124	1973	TC 608	Affirmative
Korea[2]	731-TA-112 (P)	1982	USITC 1314	Affirmative[3]
Israel	701-TA-306 (P)	1990	USITC 2343	Negative
Chile	731-TA-477 (P)	1990	USITC 2343	Negative
India	701-TA-305 (F)	1991	USITC 2442	Negative
Argentina	731-TA-476 (F)	1991	USITC 2410	Negative
Canada	731-TA-524 (P)	1991	USITC 2409	Negative
India	731-TA-478 (F)	1991	USITC 2442	Negative
China	731-TA-480 (F)	1991	USITC 2442	Negative
Mexico	731-TA-479 (F)	1991	USITC 2410	Negative
Taiwan	731-TA-481 (F)	1991	USITC 2442	Negative
Thailand	731-TA-482 (F)	1991	USITC 2442	Negative
Korea	731-TA-546 (F)	1993	USITC 2316	Affirmative
Mexico	731-TA-547 (F)	1993	USITC 2316	Affirmative
Japan	AA1921-124 (R)	1999	USITC 3259	(4)
Korea	731-TA-546 (R)	1999	USITC 3259	(4)
Mexico	731-TA-547 (R)	1999	USITC 3259	(4)

[1] Subsequent to a Department of the Treasury (Treasury) finding that imports of steel wire rope from Japan had been sold in the United States at LTFV, the Commission determined that an industry in the United States was being, or was likely to be, injured by reason of those LTFV imports.
[2] A petition was also filed in 1977 regarding imports of steel wire rope from Korea. At that time, Treasury did not find more than *de minimis* sales at LTFV.
[3] Commerce subsequently failed to find more than *de minimis* dumping margins.
[4] The Commission determined that revocation of the order would not likely lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

Source: *Steel Wire Rope from the Republic of Korea and Mexico*, USITC Pub. 2613 (March 1993), p. I-5 and *Certain Steel Wire Rope from Japan, Korea, and Mexico*, USITC Pub. 3259 (December 1999).

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THE PRODUCT

The imported product subject to these investigations is steel wire rope, both carbon and stainless. The scope of these investigations does not include stranded wire and specifically excludes steel wire rope fitted with fittings or made up into articles and brass-plated steel wire rope. This section of the report presents information related to the Commission's "domestic like product" determination.[10]

Physical Characteristics and Uses

Steel wire rope consists of stranded steel wire that is "closed" into rope. There are many specific types of steel wire rope,[11] but in general steel wire rope can be made of carbon steel or stainless steel and is identified as follows:

> Bright steel wire rope.--Carbon steel wire rope which is not coated (except for its covering of grease or lubricant) as described below. "Bright" is a term derived from the shiny appearance of the wires left by passage through the drawing dies during manufacture.
>
> Galvanized steel wire rope.--Carbon steel wire rope which is made of zinc-coated (galvanized) carbon steel wire.
>
> Stainless steel wire rope.[12]--Steel wire rope, coated or uncoated, made from stainless steel wire rod or stainless steel wire.

All of the various types of steel wire rope have specific characteristics associated with their construction, their type or grade of steel or material, or their coating.[13] A wire rope is composed of three basic components: (1) a central core surrounded in helical fashion by several strands; (2) a center wire that, in turn, comprises the central core of each of the strands; and (3) the wires that make up the strands

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[10] 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) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and, where appropriate, (6) price.

[11] As defined, wire rope includes most products referred to by the industry as "cable," such as aircraft control cable, elevator cable, automotive brake and transmission cable, and bridge suspension cable. However, the term "cable" also encompasses certain products that are not covered by these investigations, such as fiber ropes used in the maritime industry and heavy wires used for the transmission of electricity.

[12] Stainless steel, like nonalloy steel (commonly, carbon steel), is a carbon-iron alloy; however, stainless steels possess less carbon and higher amounts of alloying agents (chiefly chromium and nickel, for example) than do carbon steels. For example, the high-carbon steel used to produce carbon steel wire rope typically contains, by weight, from 0.65 percent to 0.80 percent carbon and less than 0.30 percent each of chromium and nickel. Stainless steel used to form stainless steel wire rope contains, by weight, less than 0.2 percent carbon, 10 to 20 percent chromium, and 7 to 15 percent nickel, depending on steel grade. Stainless steel possesses superior performance characteristics relative to carbon steel (including galvanized carbon steel), chiefly resistance to corrosion and high temperatures, imparted by the alloying agents.

[13] The size and grade of steel wire rope identifies the product as one of the following: traction steel (TS); mild plow steel (MPS); plow steel (PS); improved plow steel (IPS); extra improved plow steel (EIPS); and extra, extra improved plow steel (EEIPS). These grades approximate the strength of the steel wires used in the production of steel wire ropes. See Committee of Wire Rope Producers, *Wire Rope Users Manual*, 2d. ed. (Washington, DC: American Iron and Steel Institute, 1981), p. 7.

(figure I-1). The strand used for making wire rope differs from other types of strand and is dedicated to the production of wire rope.

Wire rope resistance to bending fatigue and abrasive wear is directly affected by the design of the strands, which is the most important determinant of the operating characteristics of a finished rope. During the operation of a wire rope, the main strands and individual wires change position longitudinally with respect to one another; these relative motions tend to distribute and equalize the combined stresses among the component strands and wires as the rope is flexed. For abrasive or corrosive applications, alloy materials (such as stainless steel wire) may be substituted for the high-carbon steel normally used, or the carbon steel may be coated with a protective material such as zinc (i.e., galvanized).

The core at the center of a wire rope keeps the rope round and the strands properly spaced within the design standards. The core is generally composed of one or more steel wires, but it may be a steel wire rope (called an independent wire rope core (IWRC)), a steel wire strand (wire strand core (WSC)), or a fiber material (fiber core (FC)). The choice of core is influenced by end use and considerations of flexibility, resilience, and toughness. Fiber cores may be composed of synthetic materials such as polypropylene, nylon, or rayon, or of vegetable materials, such as manila, hemp, or sisal.

Specific working characteristics of steel wire rope may be enhanced by changing the number of wires or strands, altering the shape of the surface of the rope (including "swaged," "die-formed," or "shaped-strand"[14] steel wire rope) through the use of coatings[15] applied to the rope or its component parts, or by changing the grade of steel or material used to fabricate the rope. Such modifications are more common on carbon steel wire rope than on rope composed of stainless steel.

Steel wire rope is produced to one of several standards established by a number of government or independent groups. Standards typically specify the materials to be used and the various properties and dimensions of the products. Federal specification RR-W-410D is used in the industry as a basic standard[16] and U.S. Department of Defense specification MIL-W-83420 is for wire ropes used as aircraft

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[14] The three processes, only one of which is generally applied to a given rope, differ primarily in the stage at which they are carried out. A finished wire rope is "swaged," strands are "die-formed" before they are closed into a finished rope, and individual wires are "shaped" before they are closed into a strand. "Swaged" steel wire rope is produced by passing a finished steel wire rope through a machine that compacts the rope's outer surfaces by hammering it in a rotary fashion. This process reduces the diameter of the rope by flattening the outer surfaces, enhancing the rope's abrasion resistance and providing a higher tensile strength for a given size (diameter) rope relative to unswaged rope. The trade off for this enhanced abrasion resistance is reduced flexibility. The other two processes, which also improve a rope's abrasion resistance, allow the steel wire rope to retain more flexibility.

"Die-formed" steel wire rope is made by drawing the individual wire strands through a die to deform the outer wires of each strand. Then the strands are closed into wire rope.

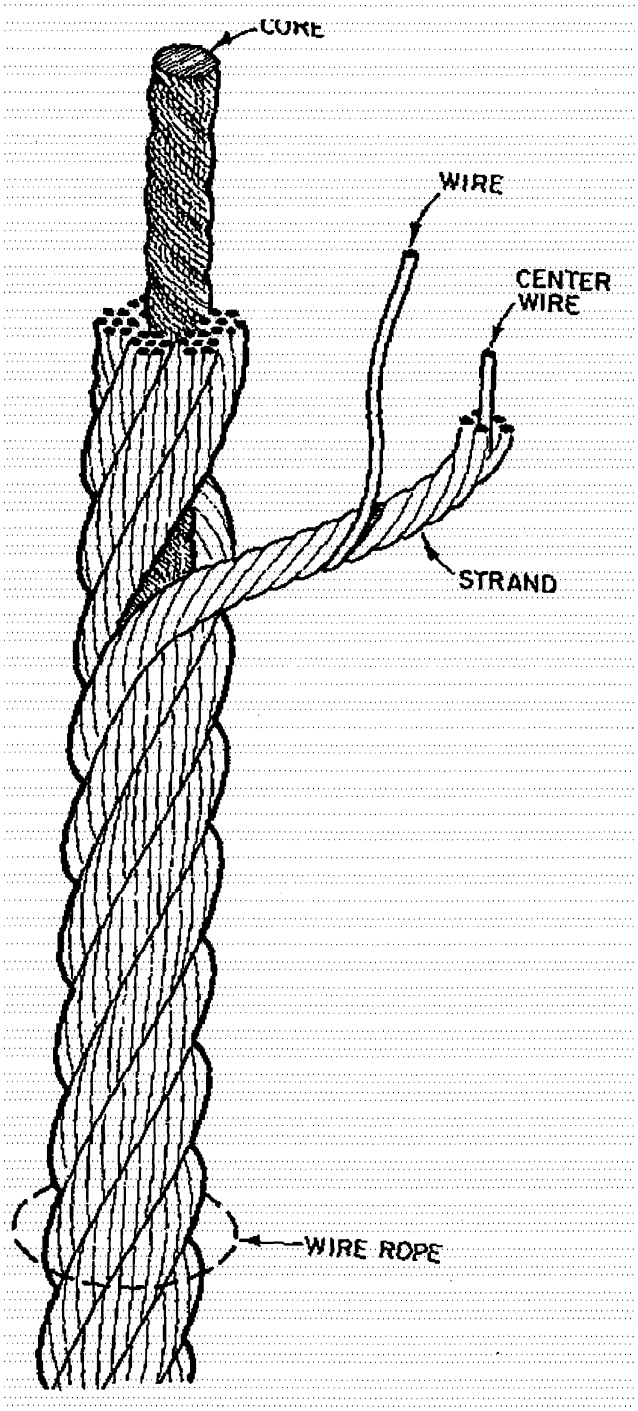
"Shaped-strand" steel wire rope differs from "die-formed" wire rope in that the wires, before they are formed into a strand, are drawn through a die to preform them and then closed into a strand of a desired shape.

[15] Coatings to the rope, to its strands, or to its wires increase performance characteristics by inhibiting outside agents from contaminating the rope lubricant and by reducing abrasion to the rope and to strands within the rope. For example, plastic (usually a polypropylene, but vinyl and nylon are also used) coatings may be extruded around the core, the strands, or the finished rope; the process is termed "plastic impregnation" when it refers to a complete covering of all component strands and wires within a rope. Usually only carbon steel wire rope is coated with plastics or base metals (most carbon steel wire rope and its component strands are coated with grease). Stainless steel wire rope may be coated with plastic, but this is not usual because of the metal's inherent corrosion resistance and because its shiny appearance is considered important for aesthetic and cleanliness reasons.

[16] Federal specification RR-W-410D identifies wire rope by type, class, construction, and size.

I-5

Figure I-1
The basic components of a typical wire rope



Source: Committee of Wire Rope Producers, *Wire Rope Users Manual*, 2d. ed. (Washington, DC: American Iron and Steel Institute, 1981), p. 7.

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control cables.[17] Standards are also established by other bodies, such as the American Society of Mechanical Engineers (ASME), which developed standards for the ropes used in ski lifts and elevators; the American Petroleum Institute (API), which established certain standards for wire rope used in oil field applications (API 9A); the U.S. Bureau of Mines, which provides certain minimum standards for wire rope in underground mines; and the American National Standards Institute (ANSI), which has standards for wire ropes for overhead and gantry cranes (ANSI B30.2) and material hoists (ANSI A10.5).[18]

The specific characteristics that determine the operating characteristics of a steel wire rope also determine its end use. Steel wire rope forms much of the rigging on earth-moving and materials-handling equipment in industries such as mining, quarrying, construction, logging, and fishing. The subject product is also used for aircraft control cables, elevator hoist cables, and in the petroleum and natural gas industries for drilling and well servicing. There are more limited applications for coated and alloy ropes in the food industry, in light industry, in homes, and on farms.

Heavy bright carbon steel wire ropes tend to be used where tensile strength is important and where abrasion is high, precluding the use of a metallic coated rope; these ropes tend to have a heavy coating of grease. Small-diameter coated (galvanized or plastic coated) wire rope might be utilized for a control cable in an environment considered corrosive or hard to service, or for general use. Stainless steel wire rope, whether coated with plastic or not, is used in applications with alkaline or acidic environments like those found in the chemical and food processing industries where cleanliness and corrosion-resistance are important. Stainless steel is also preferred in marine and aircraft applications: for example, it is used to form the lifelines and rigging on yachts.[19]

In these investigations, the petitioner contends that carbon steel wire rope and stainless steel wire rope compose a single like product, citing the Commission's determinations in the 1992-93 investigations[20] as well as the five-year reviews.[21] Petitioner argues that the application of the six-factor analysis commonly employed by the Commission continues to support the like product definition reached in the prior investigations. Respondents have not disagreed with the petitioners' suggested definition of stainless and carbon steel wire rope being included in the same domestic like product, although they do make a separate like-product argument for galvanized steel wire rope, discussed later.[22]

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[17] "Aircraft cable," once a military procurement standard, has become a generic term for applications using galvanized and stainless steel wire rope in diameters of 1/6 to 3/8 inch.

[18] Petitioners' postconference brief, p. 21, note 49.

[19] Stainless steel wire rope is not greased for this application because it would soil the sails; any grease or carbon spots would also suggest that the wires or strands had been damaged. Stainless steel wire rope is used in chemical and food plants because it is "cleaner" (i.e., free of grease or oil) than a bright or galvanized steel wire rope and its superior resistance to corrosion makes it more able to withstand an alkaline or caustic environment.

[20] Petition, p. 5. Petitioner cites the Commission's opinion that there is an "overlap in general physical characteristics and end uses and channels of distribution, interchangeability of products for some applications, and similarity and commonality of manufacturing facilities, production processes, equipment and employees," in *Steel Wire Rope from the Republic of Korea and Mexico*, investigations Nos. 731-TA-546 and 547 (Final), USITC Pub. 2613 (March 1993), p. 12. However, in the 1992-93 investigations the petitioner argued that carbon steel wire rope and stainless steel wire rope were two distinct products based on: (1) differences in metallurgical content and physical properties; (2) different end-use applications; (3) separate channels of distribution; (4) different production processes; and (5) the utilization of different production facilities and equipment, and employees. *Steel Wire Rope from the Republic of Korea and Mexico*, p. I-17.

[21] Petition, p. 5, citing *Certain Steel Wire Rope from Japan, Korea, and Mexico*, investigations Nos. AA1921-124 and 731-TA-546-547 (Review), USITC Pub. 3259 (December 1999).

[22] Respondents did not take a position on the question of whether or not stainless steel wire rope should be a

(continued...)

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Carbon steel and stainless steel wire ropes differ in the chemical composition of the steel; galvanized and coated carbon steel wire ropes differ from uncoated carbon steel and stainless steel wire rope in the nature of the coatings (e.g., zinc or plastic). Carbon steel wire rope is often coated with oil and grease. Stainless steel wire rope may have a light oil sheen, but it is seldom coated and the rope is shiny and bright. Most carbon steel ropes are produced in large diameters, although there is some small diameter (under 3/8 inch) production. Galvanized steel wire rope is produced generally in small diameters because it is used for control cables, and stainless steel wire rope is produced almost exclusively in diameters of less than 3/8 inch.

Carbon steel wire rope is used primarily in dynamic applications where abrasion-resistance, flexibility, and tensile strength are important. Stainless steel wire rope is most commonly used in static applications where corrosion resistance, appearance, and surface cleanliness are important. Although there exists an overlap in end use with galvanized steel wire rope in marine and aircraft applications, stainless steel wire rope is predominantly used in the chemical and food-processing industries.

In their prehearing brief, respondents for the first time argued that galvanized (zinc-coated) steel wire rope is a separate like product.[23] Respondents stated in their prehearing brief that competition between domestic galvanized steel wire rope and uncoated carbon steel wire rope is attenuated and cited several factors, including the higher import penetration of galvanized wire rope (particularly in the smaller diameters) compared to other segments; the reported lack of competition in many sizes; possible EPA classifications regarding zinc as a hazardous material; and the reported long lead times needed by domestic producers. These factors, according to respondents, differentiate the galvanized product to such a degree as to permit it to be considered a separate like product from bright or stainless steel wire rope.[24] Further, respondents stated[25] that galvanized steel wire rope has physical characteristics and end uses that distinguish it from bright steel wire rope; its zinc coating imparts corrosion resistance, making it suitable for use in marine environments where uncoated rope would rust. Respondents conclude that galvanized steel wire rope therefore is not completely interchangeable with bright rope because bright rope rusts more readily in the same uses; also, that substitution between galvanized and stainless steel wire rope is economically unfeasible because of price differences. Respondents state that "numerous purchasers have told the Commission that galvanized wire rope has not been produced in the United States for decades," and that "galvanized wire ropes are, in general, not available from domestic manufacturers other than as special order items with long term deliveries offered."[26] Respondents conclude that the domestic industry does not produce meaningful quantities of this distinct type of rope. Respondents stated that there are differing customer and producer perceptions between bright and galvanized steel wire rope that are based on the lack of availability of certain types of galvanized wire rope from domestic producers. With regard to price, respondents note that the list price for galvanized steel wire rope in *** is 20 to 30 percent higher than for comparable bright products, and that U.S. prices for two of the three galvanized pricing products are nearly *** times more expensive than for the bright

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[22] (...continued)
separate like product from carbon steel wire rope. Respondents stated that "no party has requested separate consideration of stainless steel wire rope." Joint respondents' and importers' posthearing brief and answers to questions, in answers to questions, p. A-11. In the previous cases, respondents argued that the Commission's traditional like-product analysis required that stainless steel wire rope be included within the like product definition.

[23] The issue of galvanized steel wire rope as a separate like product was not addressed in the Commission's questionnaires. Parties, invited to comment on the draft questionnaires, did not suggest collecting separate like-product data for galvanized steel wire rope. Available data on galvanized steel wire rope are presented in app. D.

[24] Joint respondents and importers' prehearing brief, pp. 23-24, and hearing transcript, pp. 165 and 211.

[25] *Ibid.*, exh. 12.

[26] *Ibid.*, exh. 12, p. 4.

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wire rope pricing products.[27] Respondents state that it does not appear that there are different channels of distribution for the galvanized and bright wire ropes.[28]

Petitioners[29] stated that galvanized and bright carbon steel wire rope have the same or similar physical characteristics (i.e., both are composed of the same or similar grades of carbon steel, although galvanized rope has a zinc coating applied to the wires that compose the rope), and share similar rope constructions. They state that galvanized and bright ropes are manufactured in the same facilities using the same production processes (except for the coating process) and workers and are sold through the same channels of distribution. They also state that while galvanized wire rope may be used in applications that require higher corrosion-resistance than that of a bright wire rope, both products may be used for the same applications.[30] Further, petitioners state that there is little or no price difference between the two types of products. Petitioners provided copies of company sales catalogs to show that some companies make or inventory galvanized steel wire rope, and the petitioners provided limited data on production capacity, production, and sales for several companies. These data tend to show that during January 1997-September 2000, *** reportedly produced and sold galvanized steel wire rope.[31] Also, ***[32] ***. Petitioners also stated that "EPA requirements have played no role in domestic producers' ability or willingness to produce galvanized wire rope," and pointed out that several manufacturers specialize in small diameter galvanized wire rope products.[33]

Manufacturing Facilities and Production Employees

The basic principles of wiremaking and ropeforming have remained relatively unchanged for several decades, except for certain advances in coating techniques. There have been incremental improvements in methods for handling, cleaning, coating, or lubricating the wire rod from which the wire is made, and in heat treating and finishing the wire. Changes in the production process also focus on making it faster and more continuous (i.e., reducing the number of discrete steps at which the rod, wire, strand, and rope must be manipulated), automating controls and measurement techniques, and reducing the environmental hazards posed by such steps as lead patenting and the handling of acids and lubricants. The manufacturing process for steel wire rope consists of three major steps: (1) drawing rod into wire, (2) stranding wire, and (3) closing strands into rope.[34]

Some differences in stranding[35] techniques using carbon and stainless steels exist: for stainless steel wire rope, tubular stranders are used predominantly, as opposed to the use of both tubular and

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[27] *Ibid.*, exh. 12, p. 5.

[28] *Ibid.*, exh. 12, p. 1, n. 4.

[29] Petitioners' posthearing brief, responses to Commission questions regarding galvanized wire rope products, pp. 8-9.

[30] Galvanized aircraft cable (GAC) was developed to ameliorate the need to replace aircraft control cables that showed even small amounts of corrosion (rust).

[31] Petitioners' posthearing brief, response to Commission questions regarding galvanized wire rope products, pp. 1-4 and tabulation of ***.

[32] Reportedly, ***. Petitioners' posthearing brief, appendix answers to questions, p. 2.

[33] Petitioners' posthearing brief, response to Commission questions regarding galvanized wire rope products, pp. 7-8.

[34] For a detailed discussion of drawing rod into wire and stranding wire, see *Steel Wire Rope from the Republic of Korea and Mexico*, investigations Nos. 731-TA-546 and 547 (Final), USITC Pub. 2613 (March 1993), pp. I-11 to I-16.

[35] Strands are formed in a single operation from individual wires laid about a core so that all wires in the strand can move in unison to distribute load and bending stresses equally.

planetary stranders for carbon steel wire rope;[36] set-up times and machinery operating times are longer for stainless steel wire rope; and some special machinery preparation may be required to change or remove lubricants and to remove contaminants, especially when switching between carbon and stainless steel. Also, because stainless steel is harder, the machinery must be operated at a slower running speed, and the wire-preforming and strand post-forming heads are made of harder materials than is needed for carbon steel.

The final operation, called "closing," is accomplished on a tubular or planetary closer, operating in a manner similar to tubular or planetary stranders. The difference between the strander and the closer is that a preforming head, which imparts a helical shape to the strands, is positioned in front of the closing die. Preforming the strands reduces stress and results in longer service life. Spools or bobbins of strand are placed in cradles in the closer to dispense simultaneously all strands of a sufficient length needed to make a single rope without a splice. The closing die presses the strands together, forming the rope.

Stranding and rope-closing machinery for stainless steel wire rope production does not differ significantly from that utilized for carbon steel wire rope because the forming process is similar. However, there are differences, and many of the differences at the closing stage are the same as or similar to those when forming strand: the machinery is generally cleaned of the heavy greases and oils that are used for carbon steel; different lubricants are used, including wax and light lubricants; wire and strand guides and sheaves are smaller, often composed of plastic and coated steel because the wires are lighter and of a smaller diameter than those that usually make up carbon steel wire rope; and preforming and closing heads are generally harder than those utilized for carbon steel wire rope because stainless steel is harder than carbon steel. All these changes involve differences in set-up time--said to be longer with respect to stainless steel wire rope.

U.S. producers stated in their questionnaire responses that the basic production processes are the same and that carbon and stainless steel wire ropes may be or are produced in the same facilities, on the same equipment, by the same employees.[37] Information gathered in previous investigations indicated the existence of slight differences in the stranding and closing machinery used to produce carbon steel wire rope compared to stainless steel wire rope.[38] However, the greatest impediment to alternately producing stainless steel wire rope and carbon steel wire rope on the same machinery reportedly arises from the need to clean from the machinery both the heavy grease that is used when producing carbon steel wire rope and the carbon residues that might spot, stain, or discolor the stainless steel wire rope. This cleanup problem reportedly is lessened for companies that produce only galvanized and stainless steel wire rope on the same machinery. Hence, there is some ability to produce stainless, galvanized, and carbon steel wire rope on the same equipment, although that ability is generally impractical given the cleanup requirements and set-up time when switching production from one type of rope to another.

In general, little difference appears to exist between the production processes in domestic facilities and those abroad. This is reflective of a mature industry and attributable to the diffusion of process technology, techniques, and equipment on a world-wide basis, the similarity of engineering requirements for specific end uses, product liability concerns, and the commonality of design or procurement standards.

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[36] Planetary stranders (and closers) are used for large diameter strands (ropes). Since stainless steel wire ropes are made primarily in small diameters, the use of planetary stranders (and closers) is not needed.

[37] Questionnaire responses of ***, p. 10. Other U.S. producers either did not respond to this question, or stated they had no knowledge of the differences between carbon steel wire rope and stainless steel wire rope.

[38] ***.

I-10

Interchangeability and Customer and Producer Perceptions

There is limited substitutability between carbon and stainless steel wire rope, in part because of the significantly higher cost of stainless steel; most of the substitution occurs between small-diameter galvanized and stainless steel wire rope. Stainless steel wire rope is used instead of carbon steel in applications where it is essential to minimize the magnetic field induced or in areas that require corrosion resistance, such as near radar and compass units for minesweeping, on aircraft, or as life lines and rigging on yachts. It is also used in applications with acidic or alkaline environments like those found in chemical and food-processing industries where cleanliness and corrosion resistance are important. However, due to the price differential between stainless and carbon steel wire rope, galvanized wire rope is almost always used whenever it is suitable even if the application might seem to indicate the use of stainless.

Although "stainless steel and carbon steel wire rope are both perceived as wire rope,"[39] there appears to be limited substitutability among customers because of the price differences and end-use characteristics of the various types of steel wire rope. Producers that responded to this question tended to highlight the superior corrosion resistance of stainless steel and the price differential between stainless steel and carbon steel as determinants of interchangeability and customer and producer perceptions. One producer stated that while stainless steel wire rope could be substituted for carbon steel wire rope, the reverse would not be true. Another producer stated that the two types are interchangeable in most cases, but that stainless steel has slightly lower strength. Stainless steel wire rope is described as always being more expensive than carbon steel wire rope. Stainless steel's higher prices, often within a range of *** to *** times greater, tend to limit the practical interchangeability of stainless steel wire rope for carbon steel wire rope.

While many producers indicated that steel wire rope has no substitutes, several companies did provide possible substitutes. *** indicated that chain or synthetic webbing may be substituted for steel wire rope in some applications, such as synthetic web slings in place of wire rope slings. Further, *** stated that steel straps can be used instead of wire rope assemblies on new cranes. In addition, *** suggested that hydraulics also may be considered a substitute for steel wire rope.

Channels of Distribution

The majority of both U.S. producers' and importers' sales of carbon steel wire rope (and, therefore, the majority of all steel wire rope) are to distributors. For stainless steel wire rope the pattern is somewhat different. Although importers also sell most of their stainless steel wire rope to distributors, U.S. producers sell approximately equal shares of their stainless steel wire rope to distributors and end users. Distributors sell to a wide variety of industries, including construction, marine, oil and gas, and machine manufacturers.

Producer questionnaire responses were mixed and inconclusive. Two producers stated that channels of distribution are the same or identical.[40] A third producer stated that they are sometimes the same, but qualified this assertion by saying that stainless steel is more readily available from the manufacturers as opposed to carbon steel, which is distributor-oriented,[41] and a fourth producer stated that the channels of distribution for stainless steel wire rope are "more narrow."[42]

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[39] Producer questionnaire response of ***, p. 10.

[40] Producer questionnaire responses of ***, p. 10.

[41] Producer questionnaire response of ***, p. 10.

[42] Producer questionnaire response of ***, p. 10.

Price

The Commission obtained pricing data on two types of bright carbon steel wire rope, four types of galvanized carbon steel wire rope, and one type of stainless steel wire rope. As previously mentioned, stainless steel wire rope is considerably higher-priced than carbon steel wire rope. Additional information on the pricing of steel wire rope is presented in Part V of this report.

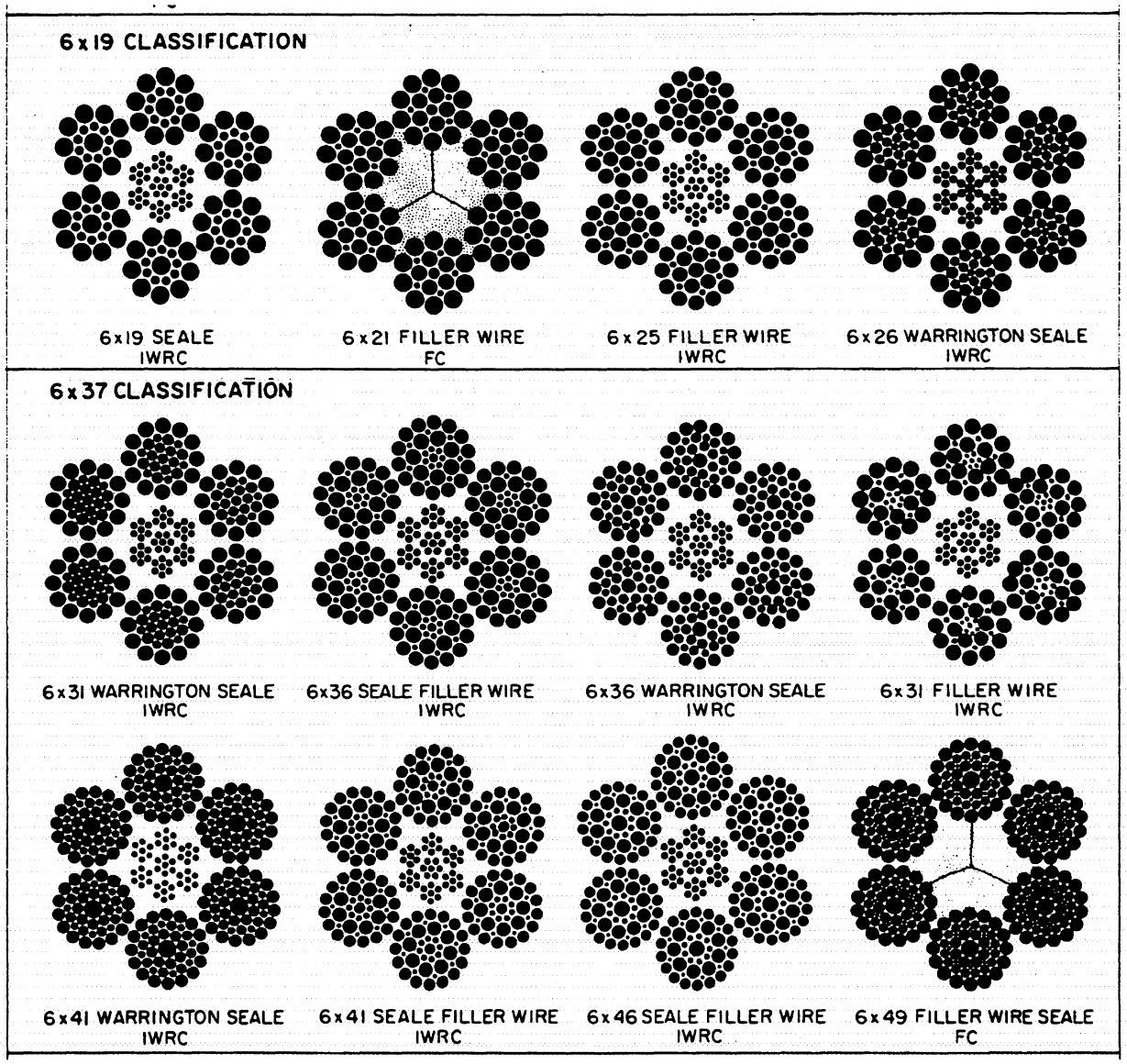
Respondents argued that the Commission's price data are insufficient because data were requested on wire rope classes rather than specifying types of construction within the various broad classifications. The following descriptions[43] of two of the classifications of wire rope that were used as price items in these investigations illustrate what the respondents were referring to in their briefs and at the hearing.

Classification	Description
6 x 19	Containing 6 strands that are made up of 15 through 26 wires, of which no more than 12 are outside wires.
6 x 37	Containing 6 strands that are made up of 27 through 49 wires, of which no more than 18 are outside wires.

The illustrations below (figure I-2) show multiple constructions for each of these classes of steel wire rope. The various constructions differ by the sizes or numbers of wires in the strands or by the type of core. Given the multitude of construction variations and the need to collect separate pricing data for bright, galvanized, and stainless steel wire rope, the Commission staff decided to collect data on a class basis rather than a construction basis.

[43] *Wire Rope Users Manual*, 2d. ed., p. 14.

Figure I-2
Steel wire rope: Selected constructions of the 6x19 and 6x37 classes of steel wire rope



Source: Committee of Wire Rope Producers, *Wire Rope Users Manual*, 2d. ed. (Washington, DC: American Iron and Steel Institute, 1981), p. 16.

I-13

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

U.S. MARKET SEGMENTS/CHANNELS OF DISTRIBUTION

Domestically produced steel wire rope is marketed in the United States by a network of producer-operated warehouses and distributorships and unrelated distributors, while imports from the subject and nonsubject countries are generally marketed in the United States by importers and distributors.[1] U.S. producer shipments to distributors accounted for between *** and *** percent for carbon steel wire rope and between *** and *** percent for stainless steel wire rope of total reported producer shipments of these products by channels of distribution during 1997-99. The importer shipments of carbon steel wire rope from the subject Chinese producers to distributors accounted for between *** and *** percent[2] of total subject import shipments of these products during 1997-99, and the U.S. shipments of subject imports of stainless steel wire rope from China to distributors accounted for *** percent of the total during 1997-99. The importer shipments of carbon steel wire rope from India to distributors accounted for between *** and *** percent of total shipments of these products from India during 1997-99. The majority of U.S. distributors commonly carry both imported and domestically produced steel wire rope.[3]

Steel wire rope is sold by U.S. producers and importers from the subject countries throughout the United States. All eight producers that answered the question reported that they sell in all areas of the country. Of the 25 importers of steel wire rope from the subject countries, five stated that they sell throughout the entire United States while 20 listed one or more specific regions in the country where their sales are focused. The combined response from importers indicates that steel wire rope from China and India is sold throughout the country.

Lead times for delivery of steel wire rope can vary widely for either producers or importers depending upon whether the material is in stock or has to be produced or ordered. If the product is in stock it can generally be delivered in periods ranging from one day to one week. However, if the product has to be manufactured or ordered, the lead time is generally anywhere from 4 to 14 weeks.

U.S. producers and importers were asked to estimate the percentages of their sales that occur within 100 miles of their storage or production facilities or U.S. shipping points, from 101 to 1,000 miles, and over 1,000 miles from these facilities or shipping points. For producers, the percentages of sales within a 100 mile radius ranged from 2 percent to 75 percent, the percentages falling between 101 and 1,000 miles ranged from 20 percent to 98 percent, and the percentages for distances over 1,000 miles ranged from 0 to 60 percent. For importers of material from China and India, the percentages of sales within 100 miles ranged from 0 percent to 100 percent, the percentages falling between 101 and 1,000 miles also ranged from 0 percent to 100 percent, and the percentages for distances over 1,000 miles ranged from 0 to 68 percent. The overall weighted average for producers that made the estimates was 55 percent for shipments within 100 miles, 27 percent for shipments between 101 and 1,000 miles, and 18 percent for shipments over 1,000 miles. The overall weighted average for importers of subject product that made the estimates was 31 percent for distances of less than 100 miles, 58 percent for shipments between 101 and 1,000 miles, and 11 percent for distances of more than 1,000 miles.

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[1] Petition, p. 16.

[2] Some importers and purchasers were unable to provide separate data on their imports/purchases of Chinese rope produced by Jiangsu Fasten (Fasten Group). Therefore, references to Chinese products in Part II of the report often include both subject and nonsubject Chinese products due to the inability of these firms to separate the products.

[3] Petition, p. 16.

In an effort to determine whether the end-use markets are different for U.S.-produced and imported steel wire rope, producers and importers were asked to estimate the percentages of their shipments going to selected end-use markets. The results are presented in table II-1 for the United States, China, India, and nonsubject sources along with the extent of coverage for the different countries. While coverage was fairly complete for the United States and India, the coverage was much less complete for China and the nonsubject countries. Among U.S. producers, *** all provided breakouts for 1999. In the case of China, 11 out of 22 importers that reported U.S. shipments during 1999 provided usable breakouts. In the case of India, the two importers that reported shipments in 1999 provided breakouts. For nonsubject countries, 17 out of 27 importers that reported U.S. shipments during 1999 provided usable data.

Table II-1
Steel wire rope: Estimates of shares of end-use applications by country sources, 1999

Application	United States	China	India	Nonsubject Sources[1]
		Percent		
Construction/industrial	46	***	***	54
Mining	18	***	***	3
Logging	2	***	***	6
Fishing	2	***	***	11
Oilfield/marine	17	***	***	18
Elevator hoist	7	***	***	5
Ski lifts	1	***	***	0
Aircraft	1	***	***	0
Food/chemical	4	***	***	0
Other	2	***	***	4
Total[2]	100	***	***	100

[1] Includes Malaysia product and such Jiangsu Fasten product as was reported separately.
[2] U.S. producers accounting for 93 percent of 1999 U.S. shipments of domestic product provided information. For imported product, the importing firms accounted for 27 percent of imports from China (subject), 100 percent of U.S. shipments of imports from India, and 19 percent of imports from nonsubject sources.

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

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

II-2

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

The sensitivity of the domestic supply of steel wire rope to changes in price depends upon such factors as the existence of excess capacity, the levels of inventories in relation to sales, the ease of shifting facilities to the production of other products, and the existence of export markets. During 1997-99, the industry's capacity utilization rates ranged between 54 and 58 percent for steel wire rope. During January-September 2000 the capacity utilization rate was 60 percent. These low rates of capacity utilization suggest that the industry is able to expand output in response to price changes. The availability of inventories indicates a high degree of flexibility in increasing shipments of carbon steel wire rope. The ratio of the end-of-period inventories of carbon steel products to total shipments ranged from *** to *** percent during the period examined. For stainless steel products the ratio ranged from *** to *** percent during the period covered. *** of the eight producers reported that they do not produce other products with the employees, machinery, and equipment used to produce steel wire rope. *** also makes *** with the resources used to produce steel wire rope.

The export data indicate that U.S. producers have some flexibility in diverting shipments to or from export markets in response to changes in the prices of carbon steel wire rope. Exports accounted for *** to *** percent of carbon steel rope shipments during the period for which data were collected. However, exports accounted for *** to *** percent of stainless steel wire rope shipments during this period.

U.S. Demand

Demand Characteristics

According to the petition, steel wire rope is "an engineered machine which is used for applications which require force to be transmitted. The product has literally hundreds of uses, such as for earth-moving and materials-handling equipment including clamshells, cranes, bulldozers, mining machines, hoists and conveyers; for elevators; for logging applications; for aircraft control cables; for fish net trawling; and by the oil field industry for drilling and well servicing."[4] Additional uses reported by producers and importers include fitness equipment, mooring lines, automotive industry uses, garage door cables, agricultural uses, pet industry, and general farm and home uses. Almost all steel wire rope sold in the United States, both domestically produced and imported, conforms to one or more industry standards or government specifications. In general, these specifications establish minimum requirements for the materials used, finish, core, mechanical properties (such as tensile strength), fabrication, dimensions, and weight and strength of the wire rope. Federal specification RR-W-410D is the most common standard and is now used as the basic industry standard. Other specifications have been developed by the American Petroleum Institute for steel wire rope used in oil field applications and by the American Society of Mechanical Engineers for steel wire rope used in ski lifts and elevators.[5]

Questionnaire responses were mixed regarding demand conditions in the United States for steel wire rope. *** of the seven U.S. producers that commented on recent trends in overall demand indicated that demand had been stable during 1997-99 and the first three quarters of 2000. One producer said that demand increased during 1997 and 1998, but declined in 1999. Another producer said that demand was steadily dropping due to fewer operating wire rope markets and longer lasting wire rope

[4] Petition, p. 10.

[5] Petition, p. 12.

II-3

construction. Of the 26 importers that commented on recent trends in demand, four stated that demand has increased, 16 said that it has been stable or constant, and six said that it has declined. Reasons cited for declines in demand included declines in offshore oil exploration and shipbuilding, a mature marketplace, restrictions on logging and fishing, and an increased use of substitute products such as hydraulics and synthetic ropes.

The overall demand for carbon steel wire rope, as measured by apparent consumption, decreased irregularly during 1997-99, while the overall demand for stainless steel wire rope increased continuously. Apparent consumption of carbon steel rope decreased from about *** short tons in 1997 to about *** short tons in 1999. During January-September 2000 it was about *** as compared to about *** during January-September 1999. Apparent consumption of stainless steel wire rope increased from about *** short tons in 1997 to about *** short tons in 1999. During January-September 2000 it was about *** short tons as compared to about *** short tons during January-September 1999.

Substitute Products

Opinions differ on whether practical substitutes for steel wire rope exist. Three U.S. producers stated that various products, including steel straps, hydraulic applications, and cordage, may be used as substitutes in some applications. Four other producers either stated that substitutes do not exist, or said that they were not aware of substitutes. Importers' responses were similar to those of the U.S. producers. Eighteen importers of wire rope from both subject and nonsubject countries indicated that products such as synthetic rope, steel chain, and hydraulics may be used as substitutes, and 19 other importers either said that there were no substitutes or said that they were not aware of substitutes. One importer noted that synthetic rope, webbing, and chain could be substituted but that substitution was rare due to higher cost, and durability and strength differences. In the case of purchasers, results were again divided with 19 stating that substitutes exist, and 20 indicating that they are not aware of any.

Cost Share

The cost share of steel wire rope in its different applications varies widely. While in some applications, such as dog runs, hand rails, and clothes lines, steel wire rope can account for the entire material cost of the final product, in other cases the overall cost is a small part of the total. For example, in cranes and oil rigs that cost millions of dollars, one producer estimated that steel wire rope would be less than 2 percent of the final purchase price. In the case of elevators, one purchaser estimated that the wire rope accounts for between 1 and 2 percent of the final price.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported steel wire rope depends upon such factors as relative price, quality (e.g., grade standards, reliability of supply, defect rates, etc.), and conditions of sale (e.g., price discounts/rebates, lead times between order and delivery dates, payment terms, product services, etc.). These factors are examined in this section.

Factors Affecting Purchasing Decisions

When purchasers were asked to list the three most important factors considered in choosing a supplier, quality was ranked first more often than any other consideration. Twenty-three of 39 reporting purchasers consider quality to be most important, six ranked price first, and three ranked availability first. Other factors that were ranked first included traditional supplier and contract agreements with a supplying firm. A summary of rankings is shown in table II-2.

Table II-2
Steel wire rope: Ranking of factors used in purchasing decisions as reported by U.S. purchasers

Factor	Responses of 39 firms		
	Number one factor	Number two factor	Number three factor
Quality	23	8	4
Price	6	8	19
Availability	3	16	5
Other[1]	7	7	11

[1] Other factors include traditional supplier, product range, reliability, service after sale, and contractual agreements

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

In addition to the rankings, purchasers were also asked whether the lowest price for steel wire rope would "always," "usually," "sometimes," or "never" win a contract or sale. Twenty-two of the 39 purchasers that responded selected "sometimes," 11 selected "usually,"and six selected "never."[6] None selected "always."

Comparisons of Domestic Products and Subject Imports

While U.S.-produced steel wire rope and subject imported steel wire rope are both sold nationwide through the same channels of distribution and have similar lead times for delivery, various factors such as "Buy American" stipulations and quality differences may limit competition in certain cases. These factors are discussed below.

In order to assess the effects of "Buy American" stipulations on the market for steel wire rope, producers and importers were asked whether such stipulations have an effect on their sales, and purchasers were asked whether they have any effect on their purchases. Most questionnaire respondents stated that the stipulations have little or no effect on their sales or purchasing decisions, although there were some exceptions.[7] One producer, ***, said that about 15 percent of its sales are influenced by "Buy American" stipulations. However, *** said the stipulations have practically no effect on their sales. Among importers that commented on the stipulations, four stated that they have a major effect on sales while 21 others said the effects are small or nonexistent. Among purchasers, 11 indicated that "Buy American" policies have a significant influence on their purchases of steel wire rope and 28 said that the stipulations have little or no effect.

U.S. producers and importers were asked to evaluate the interchangeability of domestic and imported steel wire rope on a country-pair basis that included the United States and each of the subject countries as well as nonsubject countries as a group. Questionnaire respondents were asked whether products from the specified country pairs were "always," "frequently," "sometimes," or "never" interchangeable, or to indicate that they had "no familiarity" with the particular country pair. U.S. producers' responses are shown in table II-3 and importers' responses are shown in table II-4. Most U.S.

[6] Among the firms that selected "never," three listed quality as the most important factor in their purchase decisions, two indicated that their particular supplier was important, and one listed current availability.

[7] Some questionnaire respondents said that "Buy American" provisions are not important in cases where importers and foreign producers have product liability insurance.

Table II-3
Interchangeability of steel wire rope produced in the United States and in other countries, U.S. producers' responses

* * * * * * *

Table II-4
Interchangeability of steel wire rope produced in the United States and in other countries, U.S. importers' responses

Country pair	China	India	Other countries[1]
United States	Always - 2 Frequently - 3 Sometimes - 14 Never - 8 No familiarity - 0	Always - 5 Frequently - 3 Sometimes - 6 Never - 3 No familiarity - 10	Always - 5,2 Frequently - 3,5 Sometimes - 9,6 Never - 3,3 No familiarity - 7,11
China		Always - 4 Frequently - 2 Sometimes - 8 Never - 2 No familiarity - 11	Always - 6,3 Frequently - 2,5 Sometimes - 7,5 Never - 2,2 No familiarity - 10,12
India			Always - 6,2 Frequently - 4,6 Sometimes - 3,4 Never - 2,1 No familiarity - 11,13

[1] The figures presented first are for Malaysia and the figures presented second are for all other sources.

Source: Compiled from responses to Commission questionnaires.

producers consistently indicated that domestic products and both subject and nonsubject imported products were almost always interchangeable. Importers' responses were more varied, with some importers indicating that domestic and imported products were never interchangeable, particularly in the case of imports of Chinese product.

U.S. producers and importers were also asked to evaluate the significance of differences other than price between domestic and imported steel wire rope using a similar country pair methodology. Again, they were asked to state whether the differences were "always," "frequently," "sometimes," or "never" significant, or to indicate that they had "no familiarity" with products from the specified country pair. U.S. producers' responses are presented in table II-5 and importers' responses are presented in table II-6. U.S. producers that were familiar with the specified country pairs indicated that the differences were sometimes significant or never significant between the U.S. products and between subject imports from the different countries. Most importers that were familiar with the specified country pairs indicated that the differences were always, frequently, or at least sometimes significant between domestic and imported products and also between imports from the different sources.

Table II-5
Significance of differences other than price between steel wire rope produced in the United States and in other countries to sales of the products, U.S. producers' responses

* * * * * * *

Table II-6
Significance of differences other than price between steel wire rope produced in the United States and in other countries to sales of the products, U.S. importers' responses

Country pair	China	India	Other countries[1]
United States	Always - 11 Frequently - 1 Sometimes - 8 Never - 2 No familiarity - 3	Always - 4 Frequently - 3 Sometimes - 4 Never - 2 No familiarity - 12	Always - 8,3 Frequently - 3,3 Sometimes - 4,5 Never - 2,1 No familiarity - 8,13
China		Always - 3 Frequently - 3 Sometimes - 4 Never - 1 No familiarity - 14	Always - 2,1 Frequently - 4,4 Sometimes - 3,3 Never - 4,3 No familiarity - 13,16
India			Always - 0,0 Frequently - 4,2 Sometimes - 4,4 Never - 2,2 No familiarity - 15,17

[1] The figures presented first are for Malaysia and the figures presented second are for all other sources.

Source: Compiled from responses to Commission questionnaires.

In addition to the comparisons between countries, producers and importers were asked to discuss any factors limiting the interchangeability between country pairs and factors that resulted in competitive advantages or disadvantages in competition from different country sources. None of the producers provided comments. Thirteen importers indicated that the steel wire rope from China is low, or very low in quality compared to U.S.-produced steel wire rope, or imports from other sources. In some cases the low breaking strength of the Chinese product was cited. However, three of these importers also stated that China offers low-end steel wire rope that is not available from U.S. producers, while another importer said that certain grades of steel wire rope are not available from China. In the case of imports from India, two importers said that the quality of the steel wire rope is below the level of the U.S.-produced product. A third importer said that India offers galvanized wire rope products that are not available from U.S. producers. In addition to the questions for producers and importers, purchasers were asked whether domestic and imported steel wire rope are used in the same applications. Of the 19 responses that concerned the United States and China, eight said that products are used in the same applications, nine said that they are not used in the same applications, and two said that they are sometimes used in the same applications. Of the 10 responses concerning the United States and India, eight said that the products are used in the same applications and two said that they are not.

Purchasers were also asked to compare U.S.-produced steel wire rope with imported steel wire rope from the two subject countries in selected characteristics, noting whether the domestic product was superior, comparable, or inferior to the imports. The characteristics chosen were availability, delivery terms, delivery time, discounts offered, minimum quantity requirements, packaging, product consistency, product quality, product range, reliability of supply, technical support/service, transportation, and price (tables II-7 and II-8).

Purchasers provided 13 comparisons for China and eight for India. In most comparisons the United States was ranked superior or comparable to the imported product in the individual categories. In the comparison with China, the United States was ranked superior by a majority of purchasers in availability, delivery time, packaging, product consistency, product quality, product range, and technical support; inferior by a majority in price; and comparable in the other characteristics. In the case of India,

the United States was ranked superior by a majority of purchasers in technical support, inferior by a majority in price, and comparable in most of the other characteristics.

Table II-7
Steel wire rope: Comparisons between U.S.-produced and imported products from China as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	8	5	0
Delivery terms	5	8	0
Delivery time	8	5	0
Discounts offered	2	7	2
Lowest price[1]	0	1	11
Minimum quantity requirements	3	9	1
Packaging	7	5	1
Product consistency	8	3	2
Product quality	10	2	1
Product range	10	2	1
Reliability of supply	6	7	0
Technical support/service	10	1	2
Transportation network	6	7	0
U.S. transportation costs	2	10	1

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the Chinese price.

Note.--Not all reporting purchasers provided information on discounts offered and lowest price.

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

Comparisons of Domestic Products and Nonsubject Imports

Three importers compared steel wire rope from Korea and Malaysia with the domestic product. *** stated that imports from Korea and Malaysia are comparable in quality with U.S.-produced steel wire rope, but that the United States has an advantage over both countries in technical support. However, Korea has a delivery advantage because of the large inventories that it maintains in the United States. *** also said that galvanized wire ropes are readily available from Korea and Malaysia, but are not generally available from domestic manufacturers as a whole. Two other importers said that the quality of imports from Malaysia is inferior to U.S.-produced steel wire rod. None of the other importers nor any of the producers provided specific comparisons between U.S.-produced products and nonsubject imports.

Table II-8
Steel wire rope: Comparisons between U.S.-produced and imported products from India as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	2	4	2
Delivery terms	1	6	0
Delivery time	1	5	1
Discounts offered	0	7	1
Lowest price[1]	0	3	5
Minimum quantity requirements	2	4	2
Packaging	2	5	1
Product consistency	3	4	1
Product quality	3	4	1
Product range	3	5	0
Reliability of supply	3	4	1
Technical support/service	4	4	0
Transportation network	3	5	0
U.S. transportation costs	1	7	0

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the Indian price.

Note.--Not all reporting purchasers provided information on delivery terms and delivery time.

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

Purchasers were also asked to compare U.S.-produced steel wire rope with imported steel wire rope from nonsubject countries in the characteristics described earlier. There were 14 comparisons of the United States with Korea (table II-9); seven comparisons between the United States and Malaysia (table II-10); two comparisons each of the United States with Canada, Germany, and Mexico; and one comparison each of the United States with South Africa, Switzerland, Thailand, Turkey, and the United Kingdom. In the comparisons with Korea, the United States was superior in technical support, inferior in price, and comparable in the other characteristics. In the case of Malaysia, the United States was ranked superior in availability, delivery time, product consistency, product quality, product range, and technical support; inferior in price; and comparable in all other characteristics. In the small number of comparisons with each of the other nonsubject countries, the United States was generally ranked comparable or superior in most categories.

Table II-9
Steel wire rope: Comparisons between U.S.-produced and imported products from Korea as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	5	8	1
Delivery terms	3	11	0
Delivery time	5	7	2
Discounts offered	2	9	3
Lowest price[1]	0	2	12
Minimum quantity requirements	4	8	2
Packaging	1	13	0
Product consistency	3	11	0
Product quality	4	10	0
Product range	4	10	0
Reliability of supply	3	11	0
Technical support/service	10	0	0
Transportation network	5	8	1
U.S. transportation costs	1	13	0

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the Korean price.

Note.--Not all reporting purchasers provided information on technical support/service.

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

II-10

Table II-10
Steel wire rope: Comparisons between U.S.-produced and imported products from Malaysia as reported by U.S. purchasers

Factor	Number of firms reporting		
	U.S. superior	Comparable	U.S. inferior
Availability	5	2	0
Delivery terms	2	5	0
Delivery time	4	3	0
Discounts offered	1	5	1
Lowest price[1]	0	1	6
Minimum quantity requirements	3	4	0
Packaging	1	6	0
Product consistency	4	3	0
Product quality	4	3	0
Product range	4	3	0
Reliability of supply	3	4	0
Technical support/service	5	1	1
Transportation network	3	4	0
U.S. transportation costs	1	6	0

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "U.S. superior," this means that it rates the U.S. price generally lower than the Malaysian price.

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

Comparisons of Subject Imports and Nonsubject Imports

Two importers compared subject imports with nonsubject imports. *** stated that imports from India are comparable in quality, technical support, and product range to imports from Korea. *** also stated that India is capable of producing higher breaking strengths and longer lengths of large diameter wire than Korea. *** also said that imports from India and Malaysia are similar in quality, although the product range from India is superior. According to ***, Malaysia has a slight advantage with respect to heavyweight reel length of large diameter wire rope. *** also said that imports from India and Malaysia are similar in quality. *** and *** both stated that imports from Malaysia are superior in quality to imports from China. None of the producers nor any of the other importers provided specific comparisons of subject and nonsubject imports.

Purchasers were asked to compare products from nonsubject countries with products from China, and India in the 14 characteristics. There were 11 comparisons between Korea and China (table II-11), four between Korea and India, six between China and Malaysia (table II-12), and two between India and Malaysia.

II-11

Table II-11
Steel wire rope: Comparisons between imported products from Korea and China as reported by U.S. purchasers

Factor	Number of firms reporting		
	Korea superior	Comparable	Korea inferior
Availability	3	8	0
Delivery terms	1	10	0
Delivery time	2	9	0
Discounts offered	0	9	1
Lowest price[1]	0	0	11
Minimum quantity requirements	1	10	0
Packaging	4	7	0
Product consistency	9	2	0
Product quality	9	2	0
Product range	9	2	0
Reliability of supply	6	5	0
Technical support/service	8	3	0
Transportation network	2	9	0
U.S. transportation costs	1	10	0

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "Korea superior," this means that it rates the Korean price generally lower than the Chinese price.

Note.--Not all reporting purchasers provided information on discounts offered.

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

In the case of Korea and China, Korea ranked superior in product consistency, product quality, product range, reliability of supply and technical support/service; inferior in price; and comparable in the other characteristics. In the comparisons between Korea and India, Korea was ranked inferior in price, and comparable or superior in the other characteristics. In the comparisons between China and Malaysia, China was ranked superior in price; inferior in product consistency, product quality, product range, reliability of supply, and technical support; evenly split between superior and comparable in packaging; and comparable in the other characteristics. In the two comparisons between India and Malaysia, the countries were ranked comparable in most characteristics. In addition to these comparisons, there were a few comparisons between three other nonsubject countries, Mexico, South Africa, and Thailand, and one or the other of the subject countries. In these comparisons the nonsubject countries were generally ranked inferior in price and comparable or superior in the other characteristics.

Table II-12
Steel wire rope: Comparisons between imported products from China and Malaysia as reported by U.S. purchasers

Factor	Number of firms reporting		
	China superior	Comparable	China inferior
Availability	0	6	0
Delivery terms	0	6	0
Delivery time	0	6	0
Discounts offered	1	5	0
Lowest price[1]	6	0	0
Minimum quantity requirements	0	6	0
Packaging	0	3	3
Product consistency	0	0	6
Product quality	0	0	6
Product range	0	1	5
Reliability of supply	0	1	5
Technical support/service	0	0	6
Transportation network	0	5	1
U.S. transportation costs	0	5	1

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "China superior," this means that it rates the Chinese price generally lower than the Malaysian price.

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

Comparisons of Imported Products from the Subject Countries

Two importers provided comparisons of steel wire rope imports from the different subject countries. *** and *** both stated that imports from India are superior in quality to imports from China. *** also said that China's product range is very limited. No producers compared imports from the subject countries.

Purchasers were also asked to compare steel wire rope imported from China and India in the characteristics described earlier. In the four comparisons between China and India, China was ranked superior in price; inferior in packaging, product consistency, product quality, product range, and technical support; evenly split between inferior and comparable in reliability of supply; and comparable in the other characteristics (table II-13).

II-13

Table II-13
Steel wire rope: Comparisons between imported products from China and India as reported by U.S. purchasers

Factor	Number of firms reporting		
	China superior	Comparable	China inferior
Availability	0	4	0
Delivery terms	0	4	0
Delivery time	0	4	0
Discounts offered	0	4	0
Lowest price[1]	3	1	0
Minimum quantity requirements	0	4	0
Packaging	0	1	3
Product consistency	0	1	3
Product quality	0	1	3
Product range	0	1	3
Reliability of supply	0	2	2
Technical support/service	0	1	3
Transportation network	0	4	0
U.S. transportation costs	0	4	0

[1] A rating of superior means that the price is generally lower. For example, if a firm reports "China superior," this means that it rates the Chinese price generally lower than the Indian price.

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

ELASTICITY ESTIMATES

This section discusses the elasticity estimates that have been used in the COMPAS analysis that is described in appendix E.

U.S. Supply Elasticity[8]

The domestic supply elasticity for steel wire rope measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of steel wire rope. The elasticity of domestic supply depends upon several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced steel wire rope. An analysis of the factors discussed earlier indicates that the U.S. industry is likely to be able to greatly increase or decrease shipments to the U.S. market; therefore, an estimate in the range of 5 to 10 seems reasonable. None of the parties commented on this elasticity.

[8] A supply function is not defined in the case of a non-competitive market.

U.S. Demand Elasticity

The U.S. demand elasticity for steel wire rope measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of steel wire rope. This estimate depends upon factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of the steel wire rope in the production of any downstream products. Based on the available information, the aggregate demand for steel wire rope is likely to be moderately elastic; a range of 1 to 1.5 is reasonable. None of the parties commented on this elasticity.

Substitution Elasticity

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.[9] Product differentiation, in turn, depends upon such factors as quality (e.g., chemistry, appearance, etc.) and conditions of sale (availability, sales terms/discounts/promotions, etc.). Based on available information, the elasticity of substitution between U.S.-produced steel wire rope and imported steel wire rope was estimated to be in the range of 3 to 5 for each of the two countries in the prehearing report.

The respondents argued in their joint prehearing brief that this estimate is too high. In their view the imported products are sold for different end uses than the domestic product. As evidence, they note that the percentages of shipments of imports from India and China going to specified applications differ from those for the United States as shown in table II-1. They also argue that since the market share of the subject imports is relatively small despite large price differentials between U.S.-produced and imported steel wire rope, this indicates that imports are not being substituted for U.S.-produced products. Finally, they argue that in the eight product categories on which price data were collected in the preliminary and final phases of these investigations, there were substantial shipments by both producers and importers in only three categories. In the other five categories, either producers or importers dominated. In their view, this suggests that there is little competition between the domestic producers and importers in those five categories. On the basis of these factors, they argue that the elasticity of substitution should be in the range of 1 to 2 rather than 3 to 5.

Although the initial estimate of 3 to 5 may be too high, an estimate of 1 to 2 seems too low. While the end-use markets differ somewhat for U.S.-produced and imported products, there appears to be some overlap in end uses. For example, the construction industry is a major market for U.S. producers and Chinese and Indian imports, even though the percentages of shipments going to this market vary by country.[10] Despite the very large price differences between the U.S.-produced and imported products, a significant percentage of purchasers indicated that the products are used in the same applications. Lost sales evidence also shows that U.S.-produced steel wire rope competes with imports from China in some cases. In view of these considerations an estimate in the range of 2 to 4 appears to be most realistic.

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[9] The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers can switch from the U.S. product to the subject products (or vice versa) when prices change.

[10] However, the Commission received testimony that product sold to the construction industry is segregated between "working" or load-bearing rope and perimeter cable (hearing transcript at 153-156).

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PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

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 margins of dumping that Commerce found to exist 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 nine firms that accounted for *** U.S. production of steel wire rope during 1999.[1] According to the petition, there were 13 known producers of steel wire rope in the United States during the period of investigation. Consolidation of the industry occurred during 1997-99 when WRCA purchased the assets of two producers which went out of business - Macwhyte Co. (Macwhyte) and The Rochester Corp. (Rochester). WRCA reported that it retired plants in both of these acquisitions and has reinstalled or plans to reinstall *** percent of the equipment obtained from the facilities. Table III-1 presents the shares of 1999 production, positions on the petition, locations, and parent companies of the U.S. producers of steel wire rope during January 1997-September 2000.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-2 shows the U.S. industry's production, capacity, and capacity utilization for steel wire rope from January 1997 through September 2000. Only four of the nine firms reported producing stainless steel wire rope and only *** provided separate capacity data. Therefore, staff estimated capacity allocations to carbon and stainless steel wire rope for the firms which did not provide separate data; such estimates are presented in the summary tables in appendix C. Producers' responses to the Commission's request for data on galvanized steel wire rope are presented in appendix D.

Two producers exited the industry and *** reported changes in capacity during the period of investigation. WRCA acquired the assets of Rochester in August of 1998 and of Macwhyte in May 1999. WRCA retired all of the facilities that it acquired from Rochester and all but the Sedalia, MO, facility that it acquired from Macwhyte. WRCA removed the equipment from the retired facilities for possible use at other WRCA sites but estimated that *** percent of this equipment has been or will be reinstalled. ***.

[1] No questionnaire has been received from *** in the final phase of these investigations although *** of the Committee that filed the petition. During the preliminary phase of these investigations, responses were ***. *** III-1

Table III-1
Steel wire rope: U.S. producers, positions on petition, shares of reported 1999 production, U.S. production locations, and parent companies

Firm	Position	Share of 1999 production carbon/ stainless *(percent)*	Production location	Parent company and country
Awarco	***	***	Rosenberg, TX	***
Bergen	***	***	Lodi, NJ	***
Bridon	Petitioner	***	Various locations in AL, AZ, CA, GA, LA, OK, MS, and TX	***
Carolina	Petitioner	***	Lexington, SC	***
Continental	Petitioner	***	Hinsdale, NH	***
Loos	Petitioner	***	Pomfret, CT	Loos (U.S.)
Macwhyte[2]	***	***	Kenosha, WI, Sedalia, MO	***
Paulsen	Petitioner	***	Sunbury, PA	***
Rochester[3]	***	***	Culpeper, VA	***
Sava	***	***	Riverdale, NJ	***
Strandflex	***	***	Oriskany, NY	***
Williamsport	***	***	Williamsport, PA	***
WRCA	Petitioner	***	St. Joseph, MO, Kansas City, MO, Sedalia, MO	WRCA (U.S.)
Total		100.0 / 100.0		

[1] Not available.
[2] Macwhyte exited the industry in May 1999 when it sold its steel wire rope assets to WRCA. The Kenosha, WI, facility was closed ***. The Sedalia, MO, plant is still being operated by WRCA.
[3] Rochester exited the industry in August 1998 when the company sold its steel wire rope assets to WRCA. WRCA retired the plant ***.

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

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

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Table III-2
Steel wire rope: U.S. producers' capacity, production, and capacity utilization, 1997-99, January-September 1999, and January-September 2000

Item	Calendar year			January-September	
	1997	1998	1999	1999	2000
Capacity (*short tons*)	218,727	218,817	197,717	123,715	135,535
Production (*short tons*)					
Carbon steel wire rope	***	***	***	***	***
Stainless steel wire rope	***	***	***	***	***
All steel wire rope	127,833	118,047	108,655	78,955	80,801
Capacity utilization (*percent*)	58.4	53.9	55.0	63.8	59.6

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

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

U.S. PRODUCERS' SHIPMENTS

U.S. producers' shipments data are shown in table III-3. U.S. producers' total shipments declined continually from 1997 to 1999, but increased between the interim periods.

Table III-3
Steel wire rope: U.S. producers' shipments, by type, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

U.S. PRODUCERS' INVENTORIES

Table III-4 shows the reported U.S. producers' end-of-period inventories during the period being examined.

Table III-4
Steel wire rope: U.S. producers' end-of-period inventories, 1997-99, January-September 1999, and January-September 2000

Item	Calendar year			January-September	
	1997	1998	1999	1999	2000
Inventories (*short tons*)	39,666	38,218	35,715	34,588	33,552
Ratio to production (*percent*)	31.0	32.4	32.9	32.9	31.1
Ratio to U.S. shipments (*percent*)	***	***	***	***	***
Ratio to total shipments (*percent*)	***	***	***	***	***

Note.--Inventory ratios for the January-September periods are annualized.

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

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 presents the reported employment, hours worked, and productivity for U.S. producers throughout the period investigated. The United Steel Workers called a strike at WRCA's St. Joseph, MO, plant in March and April 1999. ***.

Table III-5
Steel wire rope: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 1997-99, January-September 1999, and January-September 2000

Item	Calendar year			January-September	
	1997	1998	1999	1999	2000
Production and related workers (PRWs)	1,603	1,649	1,589	1,529	1,444
Hours worked by PRWs (*1,000 hours*)	3,420	3,468	3,205	2,298	2,573
Wages paid (*$1,000*)	43,272	50,651	45,598	31,429	36,547
Hourly wages paid to PRWs	$12.65	$14.61	$14.23	$13.68	$14.20
Productivity (*tons per 1,000 hours*)	37.4	34.0	33.9	34.4	31.4
Unit labor costs (*per short ton*)	$338.50	$429.08	$419.66	$398.06	$452.31

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

*** imported from China and *** imported from India between January 1997 and September 2000. All of these imports from China and India were ***. Table III-6 presents the quantities of U.S. producers' imports and purchases of foreign product (both subject and nonsubject), by firm, and the ratios of these imports and purchases to production. Table III-7 presents information on the reasons producers imported steel wire rope during the period examined.

Table III-6
Steel wire rope: U.S. producers' imports and purchases and ratios of imports and purchases to production, by firm, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Table III-7
Steel wire rope: U.S. producers' reasons for importing steel wire rope from January 1997 to September 2000

* * * * * * *

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

U.S. IMPORTS

Table IV-1 presents U.S. imports of steel wire rope between January 1997 and September 2000, according to data submitted in response to Commission questionnaires for India and according to official Commerce statistics for China (both subject and nonsubject), Malaysia, and other sources.[1] Questionnaire data are used for India because coverage was high (exceeding official statistics except interim 2000) and ***.[2] Official Commerce statistics were used for subject imports from China and for nonsubject imports because of the low coverage achieved through questionnaire data, misreporting by importing firms, and the inability of importing firms to segregate nonsubject from subject Chinese imports. Korea was the primary nonsubject source during the period examined, accounting for over half of the "other sources" imports.

Table IV-1
Steel wire rope: U.S. imports, by sources, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Imports presented for China (nonsubject) are the sum of all entries identified as being produced by Jiangsu Fasten in the customs net import file (CNIF). Subject imports from China were derived by subtracting these identified nonsubject imports from total imports from China.[3]

Appendix tables D-3, D-4, and D-5 present data on carbon steel wire rope, stainless steel wire rope, and all steel wire rope, respectively. Data for Korea, the largest nonsubject source, are also presented in these tables. Official statistics for galvanized steel wire rope imports are presented in appendix table D-2.

Commerce made affirmative critical circumstances determinations with respect to China, excluding Fasten Group, and India. Monthly import quantities (in short tons) from official Commerce statistics are presented below for the period September 1999-August 2000.

For the six months preceding the filing of the petition:							
Source	September 1999	October 1999	November 1999	December 1999	January 2000	February 2000	Total
China (subject)	***	***	***	***	***	***	***
India	1,118	634	256	331	215	263	2,817
Subtotal	***	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***	***

Tabulation continued on next page.

[1] The data consist of imports under HTS subheadings 7312.10.60 and 7312.10.90.

[2] Telephone conversation with counsel for USHA Martin, March 7, 2001.

[3] Staff estimated the values of nonsubject imports from China in 1997 and 1998 by adjusting the customs values reported in the CNIF by the ratio of landed, duty-paid (LDP) value of all imports from China in each year to customs value of all imports from China in that year.

For the six months following the filing of the petition:							
Source	March 2000	April 2000	May 2000	June 2000	July 2000	August 2000	Total
China (subject)	***	***	***	***	***	***	***
India	923	297	400	265	1,652	1,396	4,934
Subtotal	***	***	***	***	***	***	***
China (nonsubject)	***	***	***	***	***	***	***
Note.--The petition was filed on March 1, 2000. Because of rounding, figures may not add to totals shown.							

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-2 presents information on steel wire rope U.S. shipments by producers and importers of Indian subject merchandise, official Commerce statistics for imports from China and nonsubject sources, and apparent U.S. consumption during the period examined. Market shares are presented in table IV-3. See appendix tables C-1 and C-2 for comparable data on carbon and stainless steel wire rope.

Table IV-2
Steel wire rope: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Table IV-3
Steel wire rope: Apparent U.S. consumption and market shares, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Sixty-one firms submitted responses to the importers' questionnaire in time for their data to be incorporated into this report.[4] Based on official Commerce statistics for January 1997-September 2000, these importers represented, by quantity, approximately 81 percent of total imports from China and *** percent of total imports from India.[5] The largest importers of product from China are ***, each of which imported between *** and *** percent of reported imports from China. *** imported *** percent of the reported imports from India in each of the five periods and *** percent of the imports in 1999 and 2000.

[4] *** importers responded that they had not imported any steel wire rope during the period being investigated.

[5] Reported imports in each of the five periods represented the following shares of imports according to official Commerce statistics. China: 1997 - 62 percent, 1998 - 82 percent, 1999 - 84 percent, January-September 1999 - 80 percent, and January-September 2000 - 97 percent. India: 1997 - *** percent, 1998 - *** percent, 1999 - *** percent, January-September 1999 - *** percent, and January-September 2000 - *** percent.

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PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

High-carbon steel wire rod and wire and stainless steel wire rod and wire are the primary raw materials for carbon steel and stainless steel wire rope. High-carbon steel wire rod is generally the principal input for bright steel wire rope, high-carbon steel wire is generally the principal input for galvanized steel wire rope, and stainless steel wire rod is generally the principal input for stainless steel wire rope. Raw material costs accounted for between *** and *** percent of the cost of goods sold during 1997-99 for reporting producers of carbon steel wire rope, and for between *** and *** percent of the cost of goods sold for reporting producers of stainless steel wire rope during the same period.

Transportation Costs to the U.S. Market

Transportation costs for steel wire rope from China and India to the United States (excluding U.S. inland costs) are estimated to be 12 percent of the landed, duty-paid value for both countries. These estimates are derived from official U.S. import data for 1999, and represent the transportation and other charges on imports.[1]

U.S. Inland Transportation Costs

Transportation costs of steel wire rope within the United States vary from firm to firm but generally account for a relatively small percentage of the total delivered cost of the product. Producers and importers were asked to estimate the percentage of the total delivered cost of the steel wire rope that is accounted for by U.S. inland transportation costs. U.S. producers reported that these costs accounted for between 4 and 7 percent. Importers of steel wire rope reported that these costs ranged from less than 1 to as much as 18 percent. *** of eight responding U.S. producers indicated that they arranged transportation to the purchaser. Of the 25 responding importers, 18 said that they arranged transportation, six said that the purchaser arranged transportation, and one said that both arranged transportation.

Exchange Rates

Exchange rate data are presented quarterly for India for the period January-March 1997 through July-September 2000 in figure V-1. No graph for China has been presented since its currency has been pegged to the U.S. dollar since January 1, 1994, and thus has remained virtually constant relative to the dollar since that time.[2] The data in figure V-1 show that the nominal and real values of the India rupee depreciated relative to the dollar between 1997 and 1998, but have been nearly constant relative to the dollar from the middle of 1998 onward.

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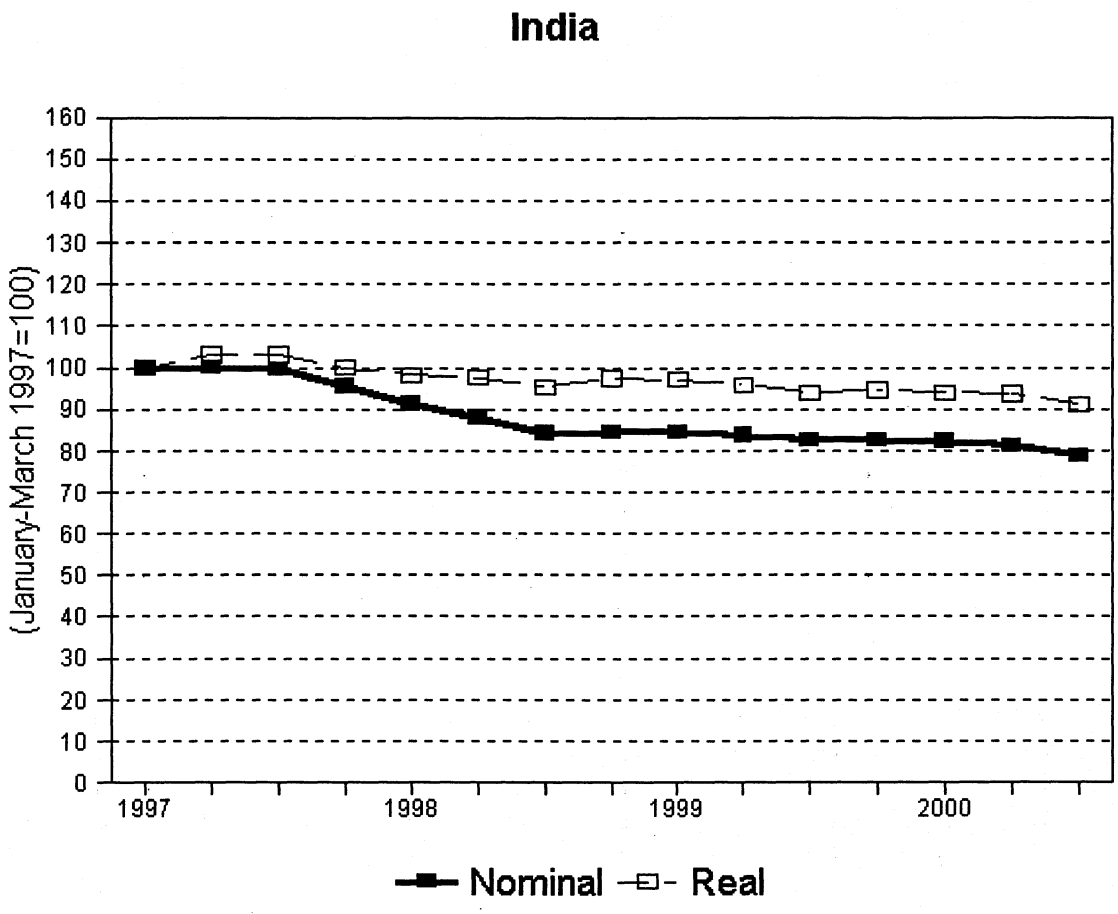
[1] The estimates were obtained by deducting the customs value of the imports from the c.i.f. value and then dividing these transportation and other charges by the landed, duty-paid value.

[2] Real exchange rates, which are calculated by adjusting the nominal rates for movements in producer prices in the United States and the subject country, could not be computed for China because a producer price index is not available. International Monetary Fund, *International Financial Statistics*, February 2001.

Figure V-1
Exchange rates: Indexes of the nominal and real exchange rates of the Indian rupee in relation to the U.S. dollar, by quarters, January 1997-September 2000



Source: International Monetary Fund, *International Financial Statistics*, February, 2001.

PRICING PRACTICES

Prices of steel wire rope are largely determined by negotiations between buyers and sellers. However, some importers stated that they determine their prices on a cost-plus basis. While six of eight producers and several of the importers publish price lists, discounts from these lists are common.

Producers and importers both commonly quote prices on either an f.o.b. warehouse basis or a delivered basis. Three importers also stated that they quote prices on an f.o.b. port-of-entry basis. *** producers reported that they pay the freight for orders over 5,000 pounds, but require the customer to pay the freight for smaller orders.

Sales Terms and Discounts

While discounting is common on sales of steel wire rope, producers are more likely to offer discounts than importers. *** of eight producers stated that they offer quantity discounts, annual volume discounts, volume rebates, or special discounts to large customers, but just 4 of 25 importers offer discounts based upon volume. In addition to discounts related to sales quantities, *** of eight producers

and 7 of 25 importers offer discounts for payments within a specified time period, usually 10 to 15 days. The discounts range in value from 1 to 2 percent.

Steel wire rope is commonly sold on either a spot or contract basis. *** reported that two-thirds of its sales are contract and one-third are spot. However, *** other producers reported that they sell exclusively on a spot basis. Among the other *** producers, contract sales accounted for between 10 and 60 percent of the totals. In the case of importers of steel wire rope from the subject countries, 18 of 24 respondents stated that they sell entirely on a spot basis. For the other importers, contract sales accounted for between 5 percent and 100 percent of their sales totals.

Contract terms for sales of steel wire rope vary widely. While contract periods are typically for one year, the periods may range from as little as three months to as much as three years. Prices and in some cases quantities are fixed during the contract period. In some instances, meet-or-release provisions apply, and premiums are charged for sub-minimum shipments.

PRICE DATA

The Commission asked U.S. producers and importers of steel wire rope to provide quarterly data for the total quantity and value of selected wire rope products that were shipped to unrelated customers in the U.S. market during January-March 1997 through July-September 2000. The products for which price data were requested are as follows:

Product 1.--**Bright wire rope - 1/2 inch 6x19 class, independent wire rope core (IWRC)**

Product 2.--**Bright wire rope - 7/8 inch 6x19 class, IWRC**

Product 3.--**Galvanized wire rope - 1/8 inch 7x19 class, galvanized cable (GC)**

Product 4.--**Galvanized wire rope - 3/32 inch 7x7 class, GC**

Product 5.--**Galvanized wire rope - 3/4 inch 6x19 class, IWRC**

Product 6.--**Galvanized wire rope - 3-1/2 inch 6x37 class, breaking load of 1453 (x1,000) lbs. (659 metric tons) or greater**

Product 7.--**Stainless steel wire rope - 1/8 inch 7x19 class**

*** U.S. producers, 19 importers, and eight purchasers provided varied amounts of usable pricing data for sales of the requested products.[3] [4] No U.S. producers reported sales of product 6, and

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[3] Efforts were made to exclude all import price data where Jiangsu Fasten was known to be the Chinese producer of the steel wire rope. However, in cases where the Chinese producer could not be determined after contacting the questionnaire respondent, the data (which may include Jiangsu Fasten product) were used. There is no record information suggesting that steel wire rope made by Jiangsu Fasten is priced differently from other steel wire rope from China.

[4] The respondents have argued that asking for price data by classes results in categories that are too broad, with the result that meaningful price comparisons between domestic and imported products are not possible. They have stated that classes include many different constructions of steel wire rope that are different from each other (hearing transcript, pp. 150-51). In their view, better comparisons could be obtained by asking for prices for specific constructions. However, the petitioners have argued that asking for prices by classes results in the best

(continued...)

V-3

there were no sales of imports from China for this category, although one importer reported sales of product 6 from India. In addition, there were no sales of Indian imports of product 4 and the stainless steel product 7. The pricing data reported by responding firms for carbon steel wire rope accounted for approximately *** percent of U.S. producers' shipments in 1999, *** percent of U.S. shipments of imports from China, and *** percent of imports from India. The pricing data reported by responding firms for stainless steel wire rope accounted for *** percent of shipments of the U.S.-produced product, and a minuscule percentage of the Chinese-produced product.

Price Trends

The weighted average selling prices per ton of U.S.-produced and imported steel wire rope products from the subject countries are presented in tables V-1 through V-6 and figures V-2 through V-7 on a quarterly basis for the period January 1997 through September 2000.[5] The data show that prices of both the U.S.-produced and imported products have often tended to fluctuate in varying degrees during the period with no clear-cut trends evident. The only exception is the U.S. price for product 2, which remained fairly stable throughout the 15 quarters.

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[4] (...continued)
comparisons, since all constructions of steel wire rope within a given class have the same weight and breaking strength (telephone conversation with petitioners' attorney, February 22, 2001). If prices were asked for specific constructions, very little price data would be collected since there are so many constructions within a given class.

[5] No prices are presented for product 6 since there were no U.S. producer prices to compare with the prices of the imports from India.

V-4

Table V-1
Steel wire rope: Weighted-average f.o.b. prices and quantities of domestic and imported product 1,[1] by quarters, January 1997-September 2000

Period	United States		China		India	
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*
1997:						
January-March	$2,387	359.3	$1,101	44.8	***	***
April-June	2,174	404.8	1,088	40.5	***	***
July-September	2,413	396.6	1,259	40.0	***	***
October-December	2,372	404.6	1,090	34.7	***	***
1998:						
January-March	2,401	320.3	1,163	35.8	***	***
April-June	2,441	310.2	1,043	26.9	***	***
July-September	2,290	366.4	1,267	43.0	***	***
October-December	2,515	249.0	1,098	36.0	***	***
1999:						
January-March	2,489	243.3	1,118	80.8	***	***
April-June	2,246	346.0	1,176	38.5	***	***
July-September	2,222	279.2	1,091	37.5	***	***
October-December	2,463	253.3	963	73.4	***	***
2000:						
January-March	2,520	330.2	1,125	63.8	***	***
April-June	2,486	308.8	996	60.9	***	***
July-September	2,588	272.4	1,056	112.8	***	***

[1] Bright wire rope - ½ inch 6x19 class, IWRC.

Source: Compiled from responses to Commission questionnaires.

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Table V-2
Steel wire rope: Weighted-average f.o.b. prices and quantities of domestic and imported product 2,[1] by quarters, January 1997-September 2000

Period	United States		China		India	
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*
1997:						
January-March	$1,902	565.8	***	***	***	***
April-June	1,917	597.5	***	***	***	***
July-September	1,928	550.1	***	***	***	***
October-December	1,913	481.8	***	***	***	***
1998:						
January-March	1,943	555.8	***	***	***	***
April-June	1,938	526.7	***	***	***	***
July-September	1,935	491.3	***	***	***	***
October-December	1,916	438.2	***	***	***	***
1999:						
January-March	1,944	446.8	***	***	***	***
April-June	1,921	442.2	***	***	***	***
July-September	1,898	487.8	***	***	***	***
October-December	1,883	438.1	***	***	***	***
2000:						
January-March	1,869	239.9	***	***	***	***
April-June	1,905	431.7	***	***	***	***
July-September	1,915	420.4	***	***	***	***

[1] Bright wire rope - 7/8 inch 6x19 class, IWRC.

Source: Compiled from responses to Commission questionnaires.

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Table V-3
Steel wire rope: Weighted-average f.o.b. prices and quantities of domestic and imported product 3,[1] by quarters, January 1997-September 2000

Period	United States		China		India	
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*
1997:						
January-March	$19,286	3.2	$3,458	3.4	***	***
April-June	20,853	3.9	3,083	4.8	***	***
July-September	19,508	3.1	2,981	11.5	***	***
October-December	16,842	4.1	3,538	10.3	***	***
1998:						
January-March	17,958	3.6	2,828	22.3	***	***
April-June	18,564	4.8	2,654	14.7	***	***
July-September	14,583	8.3	2,569	24.2	***	***
October-December	17,155	3.7	3,031	11.6	***	***
1999:						
January-March	17,135	3.3	2,453	13.0	***	***
April-June	16,571	5.7	2,998	5.2	***	***
July-September	17,786	4.8	2,654	3.2	***	***
October-December	16,266	6.3	3,002	8.4	***	***
2000:						
January-March	18,095	5.9	2,158	23.7	***	***
April-June	14,106	7.2	2,246	17.7	***	***
July-September	13,337	8.0	2,134	28.8	***	***

[1] Galvanized wire rope - 1/8 inch 7x19 class, GC.
[2] No sales reported.

Source: Compiled from responses to Commission questionnaires.

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Table V-4
Steel wire rope: Weighted-average f.o.b. prices and quantities of domestic and imported product 4,[1] by quarters, January 1997-September 2000

Period	United States		China	
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*
1997:				
January-March	***	***	$3,282	6.1
April-June	***	***	2,703	23.8
July-September	***	***	1,859	39.5
October-December	***	***	2,668	28.5
1998:				
January-March	***	***	2,553	19.4
April-June	***	***	2,456	32.2
July-September	***	***	2,613	34.8
October-December	***	***	3,014	31.6
1999:				
January-March	***	***	2,935	27.9
April-June	***	***	3,085	37.3
July-September	***	***	2,640	39.6
October-December	***	***	3,013	31.2
2000:				
January-March	***	***	2,696	40.2
April-June	***	***	2,704	39.3
July-September	***	***	2,442	42.6

[1] Galvanized wire rope - 3/32 inch 7x7 class, GC.

Source: Compiled from responses to Commission questionnaires.

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Table V-5
Steel wire rope: Weighted-average f.o.b. prices and quantities of domestic and imported product 5, by quarters, January 1997-September 2000

* * * * * * *

Table V-6
Steel wire rope: Weighted-average f.o.b. prices and quantities of domestic and imported product 7,[1] by quarters, January 1997-September 2000

Period	United States		China	
	Price *(per short ton)*	Quantity *(short tons)*	Price *(per short ton)*	Quantity *(short tons)*
1997:				
January-March	$37,087	4.4	***	***
April-June	45,702	2.6	***	***
July-September	38,640	4.8	***	***
October-December	45,057	6.6	***	***
1998:				
January-March	34,624	2.5	***	***
April-June	22,081	6.7	***	***
July-September	26,330	2.8	***	***
October-December	37,789	2.8	***	***
1999:				
January-March	43,981	7.5	***	***
April-June	28,829	5.7	***	***
July-September	45,390	8.6	***	***
October-December	32,155	5.4	***	***
2000:				
January-March	20,245	5.7	***	***
April-June	41,383	8.9	***	***
July-September	35,410	7.1	***	***

[1] Stainless steel wire rope - 1/8 inch 7x19 class.
[2] No sales reported.

Source: Compiled from responses to Commission questionnaires.

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Figure V-2
Steel wire rope: Weighted-average f.o.b. prices on sales of domestic and imported product 1, by sources and by quarters, January 1997-September 2000

* * * * * * *

Figure V-3
Steel wire rope: Weighted-average f.o.b. prices on sales of domestic and imported product 2, by sources and by quarters, January 1997-September 2000

* * * * * * *

Figure V-4
Steel wire rope: Weighted-average f.o.b. prices on sales of domestic and imported product 3, by sources and by quarters, January 1997-September 2000

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Figure V-5
Steel wire rope: Weighted-average f.o.b. prices on sales of domestic and imported product 4, by sources and by quarters, January 1997-September 2000

* * * * * * *

Figure V-6
Steel wire rope: Weighted-average f.o.b. prices on sales of domestic and imported product 5, by sources and by quarters, January 1997-September 2000

* * * * * * *

Figure V-7
Steel wire rope: Weighted-average f.o.b. prices on sales of domestic and imported product 7, by sources and by quarters, January 1997-September 2000

* * * * * * *

Price Comparisons

Prices of U.S.-produced steel wire rope products were consistently higher than prices of comparable imported products from all three subject countries in all quarters where comparisons were possible (tables V-7 through V-9). Prices of imports from China were lower than U.S. prices in 80 quarterly comparisons by margins ranging from 7 percent to 93 percent, and prices of imports from India were below U.S. prices in 46 comparisons by margins ranging from 20 percent to 56 percent.

Quarterly purchaser price data for the period January 1998-September 2000 also indicated that import prices from the subject countries are generally lower than prices of comparable U.S.-produced steel wire rope. In 24 comparisons of quarterly price data between the United States and the two countries provided by eight purchasers, the import prices were lower in all quarters, usually by margins of more than 50 percent. There were 15 comparisons between the United States and China, and nine between the United States and India. Most of the comparisons involved products 1 and 2.

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Table V-7
Steel wire rope: Margins of underselling for products 1[1] and 2,[2] by sources and by quarters, January 1997-September 2000

Period	Product 1		Product 2	
	China	India	China	India
	(In percent)			
1997:				
January-March	53.9	***	***	***
April-June	50.0	***	***	***
July-September	47.8	***	***	***
October-December	54.0	***	***	***
1998:				
January-March	51.6	***	***	***
April-June	57.3	***	***	***
July-September	44.7	***	***	***
October-December	56.4	***	***	***
1999:				
January-March	55.1	***	***	***
April-June	47.6	***	***	***
July-September	50.9	***	***	***
October-December	60.9	***	***	***
2000:				
January-March	55.4	***	***	***
April-June	59.9	***	***	***
July-September	59.2	***	***	***

[1] Bright wire rope - 1/2 inch 6x19 class, IWRC.
[2] Bright wire rope - 7/8 inch 6x19 class, IWRC.

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

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Table V-8
Steel wire rope: Margins of underselling for products 3[1] and 4,[2] by sources and by quarters, January 1997-September 2000

Period	Product 3		Product 4
	China	India	China
	(In percent)		
1997:			
January-March	82.1	***	***
April-June	85.2	***	***
July-September	84.7	***	***
October-December	79.0	***	***
1998:			
January-March	84.3	***	***
April-June	85.7	***	***
July-September	82.4	***	***
October-December	82.3	***	***
1999:			
January-March	85.7	***	***
April-June	81.9	***	***
July-September	85.1	***	***
October-December	81.5	***	***
2000:			
January-March	88.1	***	***
April-June	82.7	***	***
July-September	84.0	***	***

[1] Galvanized wire rope - 1/8 inch 7x19 class, GC.
[2] Galvanized wire rope - 3/32 inch 7x7 class, GC.
[3] No sales reported.

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

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Table V-9
Steel wire rope: Margins of underselling for products 5 and 7, by sources and by quarters, January 1997-September 2000

* * * * * * *

Price Leadership

When asked to name an industry price leader for steel wire rope, answers from the 39 purchasers varied widely.[6] Twenty-six purchasers listed one or more firms as price leaders, with most naming U.S. producers. Thirteen other firms were either unable to identify a price leader, or did not believe that a leadership pattern existed. Among domestic firms, WRCA, the largest U.S. producer, was most commonly cited. Seventeen purchasers named WRCA and seven named Bridon American Corp; Paulsen and Williamsport were each named three times, Loos was mentioned twice, and Carolina was mentioned once. Among importers and foreign producers, Kiswire, an importer of steel wire rope from Malaysia, was named by seven purchasers and Kulkoni, an importer of wire rope from China, was named by one.

When asked to describe how the firm or firms exert price leadership, responses varied. In some cases, firms were identified as price leaders for their size or financial strength. However, WRCA was cited as a price leader by 10 purchasers because it is generally the first to announce price changes and its announcements are normally followed by other firms. Loos was mentioned twice as a leader in bringing prices down, Bridon American Corp., Paulsen, and Williamsport were each mentioned twice as leaders in announcing price changes. Among importers, Kiswire was cited by three purchasers as a leader in setting prices.

LOST SALES AND LOST REVENUES

The Commission asked U.S. producers of steel wire rope to report any instances of lost sales or lost revenues that they experienced due to competition from imports from China and India during January 1997-September 2000. The petitioners reported three instances of lost sales and one instance of lost revenues involving China in the preliminary phase of investigation and 10 lost sales involving China and three involving India in the final phase of investigation. All allegations were provided by *** and involved direct sales to purchasers by ***.[7] The lost revenue allegation concerned ***.[8] The Commission investigated all of the allegations. A summary of those allegations where contacts were made with final purchasers and where *** products were competing directly with imported products

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[6] A price leader was defined in the questionnaire as "(1) one or more firms that initiate a price change, either upward or downward, that is followed by other firms, or (2) one or more firms that have a significant impact on prices. A price leader does not have to be the lowest priced supplier."

[7] The allegations initially involved nearly *** feet of steel wire rope valued at nearly ***. ***.

In addition, in one of the allegations concerning imports from China, the company listed as having purchased subject imports, ***, turned out to be an independent distributor that offered products produced by ***. *** of *** argued that his company had lost sales of *** feet of *** U.S.-produced steel wire valued at *** due to low-priced imports from ***. However, *** (telephone conversation, February 15, 2001).

[8] The information needed to investigate this lost revenue allegation was not available. *** of *** alleged that *** was forced to lower its price on a sale of *** to *** for a construction project in *** due to competition from imports from ***. However, since that time *** has moved to other cities for other construction projects, and *** does not have a new telephone number for his previous purchasing contact with *** (telephone conversation, February 1, 2001).

offered is presented in table V-10. A discussion of lost sales allegations concerning *** is discussed separately at the end of this section.

Table V-10
Steel wire rope: Lost sales summary

* * * * * * *

*** alleged that it lost a sale of *** of wire rope valued at an unspecified amount to *** as a result of competition from imports from China. *** of *** acknowledged that the company did purchase *** of the imported product from China rather than the domestic product at that time because the Chinese price was approximately *** percent lower than standard pricing for the domestic product.[9] The imports were not from Jiangsu Fasten.[10]

*** alleged that it lost a sale of *** feet of wire rope valued at *** to *** as a result of competition from imports from China. *** of *** acknowledged that the company did buy approximately *** feet of imports from China rather than the domestic product from ***.[11] The price of the imported product was *** per foot compared with *** per foot for the domestic product. The foreign producer of the imports from China is not known.[12]

*** alleged that it lost a sale of *** feet of wire rope valued at *** due to competition from imports from ***. *** of *** acknowledged that the company did purchase imports from *** rather than the domestic product, due to the low price of the imports from ***. The price of the imported product was *** per foot compared with *** per foot for the domestic product. *** said that imports from *** are fully competitive with U.S.-produced steel wire rope in some applications, and are priced far below U.S.-produced steel wire rope. *** also said that the quality of *** imports has improved through the years even though it is still below the level of U.S. producers. He does not know the name of the *** manufacturer of his steel wire rope, since he buys through a broker.[13]

*** alleged that it lost sales of *** to *** as a result of competition from imports from ***. *** of *** denied ***. *** did not have any records or invoices relating to the specified products. He said that domestic producers often don't stock the *** that were cited in the allegations and said that U.S. producer prices of *** have not been competitive in 20 to 30 years.

*** alleged that it lost a sale of *** of ***-inch steel wire rope to *** due to competition from imports from ***. *** of *** did not have information on the transaction available, but doubted that the allegation was valid.[14] He said that his company purchases steel wire rope ***. All purchases for *** use come from U.S. producers, and do not include ***-inch steel wire rope in this application. However, he said that it is possible that imported steel wire rope with this dimension was used for some other purpose within the company.

*** alleged that it lost sales of *** respectively to *** as a result of competition from imports from ***. *** of *** was not willing to address the allegations directly.[15] He said that about 95 percent of the steel wire rope that his firm purchases is produced in the United States with imports from ***, and

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[9] Telephone conversation, April 4, 2000.

[10] Telephone conversation, February 28, 2001.

[11] Telephone conversation, April 4, 2000.

[12] Telephone conversation, February 22, 2001.

[13] Telephone conversation, February 22, 2001.

[14] Telephone conversation, February 1, 2001.

[15] Telephone conversation, February 14, 2001

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possibly other sources accounting for the remainder. While the imports from *** are priced lower than the domestic product he said that his company only uses U.S.-produced steel wire for some applications, such as overhead cable.

*** alleged that it lost a sale of *** to *** due to competition from imports from ***. *** of *** stated that the allegation is probably valid, although he said that the purchase quantity would have been ***, rather than *** and stated that the product specifications are slightly different than those described in the allegations.[16] He said that the U.S. quoted price of *** per foot and the *** price of *** per foot are approximately correct. ***.[17] *** said that his company buys imported steel wire rope from *** and Korea because it is much more price competitive than U.S.-produced products. He said that the quality of the imports from Korea is superior to the imports from ***. His company also purchases domestically produced steel wire rope for use by cities and counties where "Buy American" provisions apply.

Lost Sales Allegations Concerning ***

***.[18] ***.[19] ***.

[16] Telephone conversation, February 14, 2001

[17] Telephone conversation, February 22, 2001.

[18] Telephone conversation with petitioners' attorney, February 22, 2001.

[19] ***.

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PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Nine firms that produced[1] steel wire rope during the period examined supplied financial data on their steel wire rope operations.[2] The industry structure has changed as two firms, Rochester and Macwhyte, exited the industry in August 1998 and May 1999, respectively, and their business assets were purchased by WRCA.[3]

These nine producers differ considerably by size in terms of their production, sales volumes, and product mix. However, three producers, ***, accounted for over two thirds of the combined sales value in 1999. Stainless steel wire rope only accounted for approximately *** percent in terms of sales value (*** percent in terms of sales volume) of total sales of steel wire rope in 1999. Even though four firms, ***, reported financial data of operations on stainless steel wire rope, only *** had considerable amounts of production and sales of stainless steel wire rope. Five companies reported internal consumption (approximately *** percent of 1999 total sales value)[4] and two producers reported transfers to related firms of rope (approximately *** percent of 1999 total sales value),[5] although *** accounted for the bulk of combined internal consumption and transfers in the industry.

OPERATIONS ON STEEL WIRE ROPE

The aggregate results of operations of the steel wire rope producers are presented in table VI-1. Total net sales volume and value as well as operating income decreased continuously from 1997 through 1999. Per-unit sales value, cost of goods sold (COGS), and selling, general, and administrative (SG&A) expenses all increased continuously over the same periods, although the increasing unit values were more than offset by increasing unit costs and expenses. The combined effect resulted in a unit operating income that declined from $73 per short ton in 1997 to $64 per short ton in 1998, and then further declined to $13 per short ton in 1999, an additional decrease of $51 per short ton. In summary, while unit net sales values increased, profitability decreased from 1997 to 1999.

Both net sales volume and value increased from interim 1999 to interim 2000.[6] Operating income and per-short-ton profitability also increased between the interim periods, due mainly to a

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[1] The producers whose fiscal years end other than on December 31 are ***. However, *** reported on a calendar-year basis.

[2] Bridon's data was verified in October 1999 in investigations Nos. AA-1921-124 and 731-TA-546-547 (Review).

[3] Macwhyte provided data through May 1999 while Rochester provided data through August 1998. In the Macwhyte acquisition, WRCA purchased ***; in the Rochester acquisition, WRCA bought ***; petition, p. 66.

[4] The values of internal consumption at *** were not restated using the unit values of commercial sales of these producers because ***. In addition, the unit values of internal consumption of most other steel wire rope producers were consistently lower than their values of commercial sales due to the semi-finished nature of products which would be used to manufacture downstream products. The total volume of internal consumption was relatively small (less than *** percent of total sales volume). The producers in other cases have been allowed to adjust the unit values of internal consumption and/or transfer sales using the actual cost differences between commercial sales and transfers which may have resulted from any product mix, physical, and/or quality differences.

[5] They were ***.

[6] *** was unable to provide interim data. Because *** results in understated industry revenues and expenses in that period, and as a result, the gross, operating, and net incomes shown for the industry may be overstated or understated.

Table VI-1
Results of operations of U.S. producers in the production of steel wire rope, fiscal years 1997-99, January-September 1999, and January-September 2000

Item	Fiscal year			January-September	
	1997	1998	1999	1999	2000
	Quantity (*short tons*)				
Commercial sales	112,483	105,615	93,395	56,082	74,170
Internal consumption	***	***	***	***	***
Related company transfers	***	***	***	***	***
Total net sales	129,291	120,013	106,000	65,831	82,899
	Value (*$1,000*)				
Commercial sales	228,390	216,230	194,583	118,845	151,047
Internal consumption	***	***	***	***	***
Related company transfers	***	***	***	***	***
Total net sales	259,650	243,534	218,928	136,910	168,470
COGS	194,626	183,067	168,455	100,858	126,494
Gross profit	65,024	60,467	50,473	36,052	41,976
SG&A expenses	55,606	52,834	49,107	31,171	33,944
Operating income	9,418	7,633	1,366	4,881	8,032
Interest expense	8,249	7,764	9,773	7,393	9,047
Other expense	1,365	1,235	587	434	455
Other income	530	209	398	45	389
Net income (loss)	334	(1,157)	(8,596)	(2,901)	(1,081)
Depreciation/amortization	5,250	6,301	7,584	3,587	5,448
Cash flow	5,584	5,144	(1,012)	686	4,367
	Ratio to net sales (*percent*)				
COGS	75.0	75.2	76.9	73.7	75.1
Gross profit	25.0	24.8	23.1	26.3	24.9
SG&A expenses	21.4	21.7	22.4	22.8	20.1
Operating income	3.6	3.1	0.6	3.6	4.8
	Number of firms reporting				
Operating losses	***	***	***	***	***
Data	9	9	8	7	7

Continued on next page.

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Table VI-1--*Continued*
Results of operations of U.S. producers in the production of steel wire rope, fiscal years 1997-99, January-September 1999, and January-September 2000

Item	Fiscal year			January-September	
	1997	1998	1999	1999	2000
	Unit value (*per short ton*)				
Net sales	$2,008	$2,029	$2,065	$2,080	$2,032
COGS	1,505	1,525	1,589	1,532	1,526
Gross profit	503	504	476	548	506
SG&A expenses	430	440	463	474	409
Operating income	73	64	13	74	97
Source: Compiled from data submitted in response to Commission questionnaires.					

decreased total unit cost, even though unit sales price fell. Per-short-ton net sales values decreased from interim 1999 to interim 2000 by $48 while total unit cost decreased by $71, resulting in a $23 per-short ton higher unit operating income in interim 2000 compared to interim 1999.

***.[7] If those sales were included in the results of operations of U.S. producers for 1999 and interim 1999, the aggregate operating income margin would have increased from 0.6 percent to *** percent in 1999 and from 3.6 percent to *** percent in interim 1999.

The results of operations by individual firms are presented in table VI-2. The table presents financial information on a company-by-company basis for net sales (quantity, value, and unit value), operating income, and the ratio of operating income to net sales value.

Table VI-2
Results of operations of U.S. producers, by firms, in the production of steel wire rope, fiscal years 1997-99, January-September 1999, and January-September 2000

* * * * * * *

* * * * * * *

Table VI-3 presents consolidated industry income excluding the results of operations of the two now-closed companies because there may be differences in the ways the companies calculated these data, there may be a possibility that extraordinary items were included in the financial results, and the data may not be verifiable. The trends of the financial results in this table are similar to those of the financial results indicated in table VI-1, except for increased sales volume and values from 1998 to 1999 in table VI-3.

[7] Typically, financial data presented in Commission reports do not include ***. However, since *** was not reported as sales by ***, industry sales quantities and revenues were understated by *** short tons and $***, respectively for both 1999 and interim 1999. *** are not included in any of the tabular presentations in this section.

Table VI-3
Results of operations of U.S. producers except Macwhyte and Rochester in the production of steel wire rope, fiscal years 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Selected aggregate per-unit cost data of the producers on their operations, i.e., unit COGS and unit SG&A expenses, are presented in table VI-4. Total unit costs continuously increased during fiscal 1997-99; while unit raw material costs fluctuated during this period, all other cost components increased continuously. Total unit costs decreased between the interim periods, primarily as a result of lower unit SG&A expenses. Total unit COGS also decreased slightly between the interim periods due to a decrease of unit raw material costs that more than offset increasing unit direct labor and factory overhead costs.

Table VI-4
Unit costs (per short ton) of U.S. producers in the production of steel wire rope, fiscal years 1997-99, January-September 1999, and January-September 2000

Item	Fiscal year			January-September	
	1997	1998	1999	1999	2000
COGS:					
Raw materials	$730	$692	$703	$694	$653
Direct labor	338	359	372	319	350
Factory overhead	437	474	514	519	523
Total COGS	1,505	1,525	1,589	1,532	1,526
SG&A expenses:					
Selling expenses	270	279	287	289	249
G&A expenses	161	161	176	185	161
Total SG&A expenses	430	440	463	474	409
Total cost	1,935	1,966	2,052	2,006	1,935

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

A variance analysis showing the effects of prices and volume on the producers' sales of steel wire rope, and of costs and volume on their total cost, is shown in table VI-5. The analysis is summarized at the bottom of the table. The analysis shows that an unfavorable cost/expense variance was the primary cause of the decline in operating income during the fiscal years. The substantial decrease in operating income ($8.1 million) between 1997 and 1999 was attributable mainly to the negative effects of climbing costs and expenses (negative $12.4 million), which were combined with falling sales volumes (a negative $1.7 million of volume variance) and only somewhat offset by the positive effect of increasing unit sales values ($6.1 million). An increase in operating income between the interim periods was attributable to favorable net cost/expense and volume variances (decreased unit costs and increased sales volume), which were somewhat offset by an unfavorable price variance (a decline in unit sales values).

Table VI-5
Variance analysis of operations of U.S. producers in the production of steel wire rope, fiscal years 1997-99, January-September 1999, and January-September 2000

Item	Between fiscal years			January-September
	1997-99	1997-98	1998-99	1999-2000
	Value (*$1,000*)			
Net sales:				
Price variance	6,053	2,516	3,831	(3,936)
Volume variance	(46,775)	(18,632)	(28,437)	35,496
Total net sales variance	(40,722)	(16,116)	(24,606)	31,560
Cost of sales:				
Cost variance	(8,890)	(2,407)	(6,764)	513
Volume variance	35,061	13,966	21,376	(26,149)
Total cost variance	26,171	11,559	14,612	(25,636)
Gross profit variance	(14,551)	(4,557)	(9,994)	5,924
SG&A expenses:				
Expense variance	(3,518)	(1,218)	(2,442)	5,308
Volume variance	10,017	3,990	6,169	(8,081)
Total SG&A variance	6,499	2,772	3,727	(2,773)
Operating income variance	(8,052)	(1,785)	(6,267)	3,151
Summarized as:				
Price variance	6,053	2,516	3,831	(3,936)
Net cost/expense variance	(12,408)	(3,625)	(9,206)	5,821
Net volume variance	(1,697)	(676)	(891)	1,265

Note.--Unfavorable variances are shown in parentheses; all others are favorable.

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

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CAPITAL EXPENDITURES, R&D EXPENSES, AND INVESTMENT IN PRODUCTIVE FACILITIES

The U.S. producers' capital expenditures and R&D expenses, together with the value of their fixed assets, are presented in table VI-6. Capital expenditures increased substantially from 1997 to 1998 and further increased from 1998 to 1999. Capital expenditures made by *** accounted for most of the spending in that category.

Only four producers reported R&D expenses; such expenses were insignificant. Aggregated R&D expenses decreased in 1998 from 1997 and fell somewhat in 1999. The original cost and book value of fixed assets increased in 1998 and original cost declined in 1999, due mainly to the exit of Macwhyte. The value of property, plant, and equipment of *** accounted for a majority share of the industry's property, plant, and equipment.

Table VI-6
Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of steel wire rope, fiscal years 1997-99, January-September 1999, and January-September 2000

Item	Fiscal year			January-September	
	1997	1998	1999	1999	2000
	Value (*$1,000*)				
Capital expenditures	5,793	13,956	16,689	***	4,654
R&D expenses	360	216	186	106	98
Productive facilities:					
Original cost	124,910	135,442	119,069	113,163	120,124
Book value	30,936	40,419	41,720	40,744	39,974

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

CAPITAL AND INVESTMENT

The Commission requested the producers to describe any actual or potential negative effects of imports of steel wire rope from China and/or India on their growth, investment, ability to raise capital, and/or their development efforts (including efforts to develop a derivative or more advanced version of the product). The producers' comments are presented in appendix F.

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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.

THE INDUSTRY IN CHINA

There are 10 firms identified in the petition as major producers/exporters of steel wire rope to the United States.[1] Five Chinese firms, representing self-reported estimates of *** percent of production in China and *** percent of exports from China, responded to the Commission's final phase questionnaire: ***. The Embassy in Beijing provided updated numbers on Xishan City Wire Rope Factory,[2] which estimated in its questionnaire in the preliminary phase of these investigations that it accounted for *** percent of Chinese production of steel wire rope and *** percent of Chinese exports of steel wire rope to the United States. Commerce determined that steel wire rope produced by the largest manufacturer of steel wire rope in China, (Jiangsu) Fasten Co., Ltd.,[3] and exported by Fasten Group Import and Export Co., Ltd., in China was not sold at LTFV. Therefore, table VII-1 presents data from final phase questionnaires of the other four reporting manufacturers in China plus data for Xishan City, representing self-reported estimates of *** percent of production in China and *** percent of exports from China.[4]

Table VII-1
Steel wire rope: China's reported production capacity, production, shipments, and inventories, 1997-99, January-September 1999, January-September 2000, and projected 2000-01

* * * * * * *

Each of the five subject reporting Chinese producers accounted for *** percent of reported production of steel wire rope and *** percent of reported exports of steel wire rope to the United States in 1999. Steel wire rope represented a minimum of *** percent and a maximum of *** percent of each company's sales for its most recent fiscal year. *** reported the production of *** on the same equipment used in the production of steel wire rope. ***. The companies reported the following capacity utilization rates in 1999: ***. *** companies projected capacity utilization rates in 2001 that were ***. ***. *** exported about *** percent of their total shipments of steel wire rope in 1999, with *** percent of *** shipments being exported to the United States and *** percent of *** shipments

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[1] Petition, pp. 21-22.

[2] *State Department telegram* No. 001783. The Embassy provided updated production and export figures. All other figures for Xishan City are from the company's questionnaire submitted in the preliminary phase of these investigations and staff estimates for the interim periods.

[3] Jiangsu Fasten Co., Ltd., (referred to as the Fasten Bloc. Co. in the petition and on the company's website) is the steel wire rope production facility for the Fasten Group.

[4] Jiangsu Fasten accounted for *** percent of total reported production, both subject and nonsubject, of steel wire rope and *** percent of total reported exports of steel wire rope to the United States in 1999. Jiangsu Fasten had estimated that it accounted for *** percent of China's production of steel wire rope and *** percent of China's exports to the United States.

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being exported to the United States. *** exported about *** percent of its total shipments of steel wire rope in 1999, with *** percent of its shipments being exported to the United States. *** exported approximately *** percent of its total shipments in 1999, with *** percent of its shipments entering the U. S. market.

THE INDUSTRY IN INDIA

The petition identified seven firms in India that produce steel wire rope and USHA Martin as the dominant producer.[5] USHA Martin reported that it accounts for an estimated *** percent of the steel wire rope produced in India. The company's reported exports to the United States accounted for *** percent of official imports from India during January 1997 to September 2000.[6] USHA Martin was the only company in India to respond to the Commission's questionnaire.[7] Steel wire rope represented *** percent of Usha Martin's sales for its most recent fiscal year. *** were produced on the same equipment used in the production of steel wire rope. Table VII-2 presents data from USHA Martin.

Table VII-2
Steel wire rope: India's reported production capacity, production, shipments, and inventories, 1997-99, January-September 1999, January-September 2000, and projected 2000-01

* * * * * * *

U.S. IMPORTERS' INVENTORIES

Table VII-3 presents data on inventories of U.S. importers.

Table VII-3
Steel wire rope: U.S. importers' end-of-period inventories of imports, by sources, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

ANTIDUMPING DUTIES IN OTHER COUNTRIES

On August 17, 1999, the European Commission (EC) imposed antidumping duties of 60.4 percent on imports of steel wire rope from China and 30.8 percent on imports of steel wire rope from India except those manufactured by USHA Martin.[8] The EC accepted a price undertaking from USHA Martin and exempted it from the antidumping duty.[9] There are no other reported antidumping duties imposed on imports of steel wire rope from China and India.

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[5] Petition, pp. 35-36.

[6] The reported imports of Indian product by ***, which reported that it imports Indian steel wire rope ***, indicated that *** accounted for a minimum of *** percent and a maximum of *** percent of imports from India in any one period and *** percent of all Indian imports from January 1997 to September 2000, based on official Commerce statistics. ***. Telephone conversation with counsel for USHA Martin, March 7, 2001.

[7] A fax from the American Embassy in New Delhi, dated March 7, 2001, contained letters from three Indian producers identified in the petition: Asahi Steel Industries Ltd., Bombay Wire Ropes Ltd., and Mohatta & Heckel Ltd. ***.

[8] EC Regulation No. 1796/1999.

[9] European Commission Decision 1999/572/EC.

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APPENDIX A

FEDERAL REGISTER NOTICES

A-1

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–868–870 (Final)]

Steel Wire Rope from China, India, and Malaysia

AGENCY: United States International Trade Commission.

ACTION: Scheduling of the final phase of antidumping investigations.

SUMMARY: The Commission hereby gives notice of the scheduling of the final phase of antidumping investigations Nos. 731–TA–868–870 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of less-than-fair-value imports from China, India, and Malaysia of steel wire rope, provided for in subheadings 7312.10.60 and 7312.10.90 of the Harmonized Tariff Schedule of the United States.[1]

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

EFFECTIVE DATE: November 2, 2000.

FOR FURTHER INFORMATION CONTACT: Jeff Clark (202–205–3195), 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).

SUPPLEMENTARY INFORMATION:

Background

The final phase of these investigations is being scheduled as a result of affirmative preliminary determinations by the Department of Commerce that imports of steel wire rope from China and India are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b).[2] The investigations were requested in petitions filed on March 1, 2000, by the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers.

Participation in the Investigations and Public Service List

Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the final phase of these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, no later than 21 days prior to the hearing date specified in this notice. A party that filed a notice of appearance during the preliminary phase of the investigations need not file an additional notice of appearance during this final phase. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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 the final phase of these investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made no later than 21 days prior to the hearing date specified in this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the investigations. A party granted access to BPI in the preliminary phase of the investigations need not reapply for such access. A separate service list will be maintained

[1] For purposes of these investigations, Commerce has defined the subject merchandise as "Steel wire rope, which encompasses ropes, cables, and cordage of iron or carbon or stainless steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire."

[2] Commerce has made a preliminary determination of sales at not LTFV with respect to the subject imports from Malaysia. Pending Commerce's final determination of sales at LTFV, the final phase of the Commission's antidumping investigation with respect to Malaysia is also being scheduled, for purposes of efficiency.

by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in the final phase of these investigations will be placed in the nonpublic record on February 6, 2001, and a public version will be issued thereafter, pursuant to section 207.22 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with the final phase of these investigations beginning at 9:30 a.m. on February 21, 2001, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before February 14, 2001. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on February 16, 2001, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), and 207.24 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 days prior to the date of the hearing.

Written Submissions

Each party who is an interested party shall submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.23 of the Commission's rules; the deadline for filing is February 13, 2001. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.25 of the Commission's rules. The deadline for filing posthearing briefs is February 28, 2001; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before February 28, 2001. On March 15, 2001, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before March 19, 2001, but such final comments must not contain new factual information and must otherwise comply with section 207.30 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

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

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.21 of the Commission's rules.

By order of the Commission.

Issued: November 3, 2000.

Donna R. Koehnke,

Secretary.

[FR Doc. 00–28729 Filed 11–8–00; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–533–819, A–570–859, A–557–810]

Notice of Final Determinations of Sales at Less Than Fair Value: Steel Wire Rope From India and the People's Republic of China; Notice of Final Determination of Sales at Not Less Than Fair Value: Steel Wire Rope From Malaysia

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

EFFECTIVE DATE: February 28, 2001.

ACTION: Notice of final determinations of sales at less than fair value and notice of sales at not less than fair value.

FOR FURTHER INFORMATION CONTACT: Keir Whitson or Gabriel Adler, at (202) 482–1777 or (202) 482–3813, respectively; AD/CVD Enforcement, Office 5, Group II, Import Administration, Room 1870, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

The Applicable Statute and Regulations

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). In addition, unless otherwise indicated, all citations to Department of Commerce (Department) regulations refer to the regulations codified at 19 CFR part 351 (April 2000).

Final Determinations

We determine that steel wire rope from India and the People's Republic of China (PRC) is being sold, or is likely to be sold, in the United States at less than fair value (LTFV), as provided in section 735 of the Act. We also determine that steel wire rope from Malaysia is not being sold in the United States at LTFV. The estimated margins of sales at LTFV are shown in the Continuation of

Suspension of Liquidation section of this notice.

Case History

The preliminary determinations in these investigations were issued on September 25, 2000. *See Notice of Preliminary Determinations of Sales at Less Than Fair Value: Steel Wire Rope from India and the People's Republic of China; Notice of Preliminary Determination of Sales at Not Less Than Fair Value: Steel Wire Rope from Malaysia*, 65 FR 58736 (October 2, 2000) (*Steel Wire Rope Preliminary Determinations*).

In the India investigation, we conducted verification of the cost and sales information submitted by respondent Usha Martin Industries, Ltd. (Usha) from October 16 through October 20, 2000, and from November 6 through November 10, 2000, respectively. In addition, we conducted a verification of Usha's constructed export price (CEP) information on December 13 and 14, 2000. The petitioner [1] requested a hearing in this case on October 30, 2000, and withdrew this request on January 17, 2000. No other interested party requested a hearing. Usha and the petitioner submitted case briefs on January 10, 2001. The petitioner submitted a rebuttal brief on January 16, 2001; Usha did not submit a rebuttal brief.

In the PRC investigation, we conducted verification of the sales and factors of production information submitted by respondents Nantong Zhongde (Nantong), and Fasten Group Import and Export Co., Ltd. (Fasten) from October 9 through October 13, 2000, and October 16 through October, 20, 2000, respectively. In addition, we conducted a verification of Fasten USA's CEP information on October 23 and October 24, 2000. Counsel to Nantong and the petitioner requested a hearing on October 27 and October 30, 2000, respectively. Nantong, Fasten, Dragon Trading, Inc. (an interested party), and the petitioner submitted case briefs on December 15, 2000. On December 21, 2000, Fasten submitted to the Department an allegation that certain portions of the petitioner's case brief contained new factual information. Dragon Trading, Inc. submitted a rebuttal brief on December 22; Nantong, Fasten, and the petitioner submitted rebuttal briefs on December 27, 2000. On January 5, 2001, the Department held a public hearing in the PRC investigation. On January 9, 2001, the Department rejected certain pages in the petitioner's case brief containing new factual information. *See Memorandum to the File* (January 9, 2001).

In the Malaysia investigation, we conducted verification of the cost and sales information submitted by respondent Kiswire SDN.BHD (Kiswire) from October 23 through October 26, 2000, and October 30 through November 2, 2000, respectively. In addition, we conducted a verification of Kiswire's CEP information on November 14, 2000. Kiswire and the petitioner requested a hearing in this case on October 24, 2000, and October 30, 2000, respectively. Both parties submitted case briefs on December 21, 2000, and rebuttal briefs on January 4, 2001. Kiswire and the petitioner withdrew their requests for a hearing on January 9 and January 10, 2001, respectively.

Scope of Investigations

For purposes of these investigations, the product covered is steel wire rope. Steel wire rope encompasses ropes, cables, and cordage of iron or carbon or stainless steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire. Imports of these products are currently classifiable under subheadings: 7312.10.6030, 7312.10.6060, 7312.10.9030, 7312.10.9060, and 7312.10.9090 of the Harmonized Tariff Schedule of the United States (HTSUS). Although HTSUS subheadings are provided for convenience and Customs Service purposes, the written description of the scope of these investigations is dispositive.

Period of Investigations

The period of the investigations (POI) is January 1, 1999, through December 31, 1999, for India and Malaysia, and July 1, 1999, through December 31, 1999, for the PRC.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to these antidumping proceedings are listed in the Appendix to this notice and addressed in the *Decision Memorandum* for each of the instant investigations, dated February 14, 2001, which are hereby adopted by this notice. The *Decision Memorandum* for each case is on file in room B–099 of the main Department of Commerce building. In addition, a complete version of the *Decision Memorandum* for each investigation can be accessed directly on the World Wide Web at www.ita.doc.gov/import_admin/records/frn. The paper and electronic versions of each *Decision Memorandum* are identical in content.

Changes Since the Preliminary Determinations

Based on our findings at verification, and analysis of comments received, we have made adjustments to the preliminary determination calculation methodologies in calculating the final dumping margins in these proceedings. These adjustments are discussed in the case-specific *Decision Memorandum* for each of the instant investigations.

Critical Circumstances

Section 735(a)(3) of the Act provides that the Department will determine that critical circumstances exist if: (A)(i) there is a history of dumping and material injury by reason of dumped imports in the United States or elsewhere of the subject merchandise, or (ii) the person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the subject merchandise at less than its fair value and that there would be material injury by reason of such sales, and (B) there have been massive imports of the subject merchandise over a relatively short period. Section 351.206(h)(1) of the Department's regulations provides that, in determining whether imports of the subject merchandise have been "massive," the Department normally will examine: (i) The volume and value of the imports; (ii) seasonal trends; and (iii) the share of domestic consumption accounted for by the imports. In addition, section 351.206(h)(2) of the Department's regulations provides that an increase in imports of 15 percent or more during the "relatively short period" of time may be considered "massive."

Section 351.206(i) of the Department's regulations defines "relatively short period" as normally being the period beginning on the date the proceeding begins (*i.e.*, the date the petition is filed) and ending at least three months later. The regulations also provide, however, that if the Department finds that importers, exporters, or producers, had reason to believe, at some time prior to the beginning of the proceeding, that a proceeding was likely, the Department may consider a period of not less than three months from that earlier time.

On August 25, 2000, the petitioner made allegations that critical circumstances exist with respect to imports of steel wire rope from India and the PRC.[2] In the *Steel Wire Rope*

[1] The petitioner in these investigations is the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers.

[2] There was no allegation of critical circumstances in the Malaysia case.

Preliminary Determinations, we found preliminarily that critical circumstances existed with respect to both countries.

Since the preliminary determinations, we have received comments on the issue of critical circumstances from Usha, Fasten, Nantong, Dragon Trading Inc., and the petitioner. After consideration of these comments, which are discussed in detail in the respective *Decision Memorandum* for each case, we find that critical circumstances exist in the India case for both Usha and all other Indian producer/exporters of subject merchandise. We also find that critical circumstances exist in the PRC case for Nantong, the six companies which received an "all others" [3] rate, and all non-responsive companies, which are included in the "PRC-wide" category. Finally, we find that critical circumstances do not exist for Fasten because Fasten's final dumping margin is de minimis. These determinations are discussed in detail in the *Decision Memorandum* for each case.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(1)(B) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of steel wire rope exported from India and the PRC, with the exception of merchandise produced by Fasten Co., Ltd. and exported by Fasten Group Import and Export Co., Ltd., that are entered, or withdrawn from warehouse, for consumption on or after July 4, 2000, (90 days prior to the date of publication of the preliminary determinations in the **Federal Register**). The Customs Service shall continue to require a cash deposit or the posting of a bond based on the estimated weighted-average dumping margins shown below. Because we have determined that steel wire rope produced by Fasten Co., Ltd. and exported by Fasten Group Import and Export Co., Ltd., in the PRC is not being sold at LTFV, we are not directing the Customs Service to suspend liquidation of this merchandise. The suspension of liquidation instructions will remain in effect until further notice.

Because we have determined that steel wire rope from Malaysia is not being sold at LTFV, we are not directing the Customs Service to suspend liquidation of steel wire rope exported from Malaysia.

We determine that the following weighted-average dumping margins for India, the PRC, and Malaysia exist:

Manufacturer/exporter	Margin (percent)
India:	
Usha Martin Industries, Ltd ...	38.63
All Others ...	38.63
People's Republic of China:	
Fasten Group Import and Export Co., Ltd ...	[2] 0.02
Haicheng Greatx Industry Co. Ltd.[1] ...	42.23
Henan Baoi Wire Rope Factory[1] ...	42.23
Jiangsu COFCO[1] ...	42.23
Jiangsu Guo Tai[1] ...	42.23
Liaoning Metals & Minerals Import & Export Corp.[1] ...	42.23
Nantong Wire Rope Company[1] ...	42.23
Nantong Zhongde ...	42.23
PRC–Wide Rate ...	58.00
Malaysia:	
Kiswire SDN.BHD ...	[2] 0.26
All Others ...	[2] 0.26

[1] All others.
[2] De minimis.

The PRC-wide rate applies to all entries of the subject merchandise except for entries from exporters/factories that are identified individually above.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (ITC) of our determinations. As our final determinations are affirmative for India and the PRC, the ITC will determine, within 45 days, whether imports of subject merchandise from India and the PRC are causing material injury, or threaten material injury, to an industry in the United States. If the ITC determines that material injury or threat of injury does not exist, the proceedings will be terminated and all securities posted will be refunded or canceled. If the ITC determines that such injury does exist, the Department will issue antidumping orders directing Customs Service officials to assess antidumping duties on all imports of the subject merchandise entered, or withdrawn from warehouse for consumption on or after the effective date of the suspension of liquidation.

These determinations are issued and published in accordance with sections 735(d) and 777(i)(1) of the Act.

Dated: February 14, 2001.

Timothy J. Hauser,

Acting Under Secretary for International Trade.

Appendix

Issues Covered in Decision Memorandum for India

1. Facts Available
2. Major Input Rule
3. Financial Expense Ratio
4. Duty Drawback
5. Home Market Credit Expense
6. Home Market Warehousing Expense
7. Critical Circumstances
8. Treatment of Negative Margins
9. Ministerial Errors

Issues Covered in Decision Memorandum for the PRC

1. Surrogate Value for Wire Rod
2. Surrogate Value for Fiber Cores
3. Surrogate Value for Wood Pallets
4. Surrogate Value for Sulphuric Acid
5. Surrogate Value for Nuts and Bolts
6. Surrogate Value for Hydrochloric Acid
7. Surrogate Value for Lead
8. Surrogate Value for Electricity
9. Surrogate Value for Zinc Nitrate
10. Use of a Market Economy Rate for Ocean Freight
11. Critical Circumstances
12. Correction of Ministerial Error for Valuing International Freight
13. Correction of Ministerial Error for the Conversion Factor of Wood Reels

Issues Covered in Decision Memorandum for Malaysia

1. Mandatory Respondents and "All Others" Rate
2. Cost Reporting for Grade and Lay of Rope
3. Model Match Hierarchy
4. Adjustments to Home Market and U.S. Market Short-Term Borrowing Rates
5. Treatment of Negative Margins
6. General and Administrative Expense
7. Financial Expense Ratio

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BILLING CODE 3510–DS–P

[3] The "all others" category in a non-market economy proceeding, unlike the "all others" category in a market-economy investigation, only includes companies that demonstrated entitlement to separate rates and expressed a willingness to participate in the proceeding, but whose responses were not examined due to limited Department resources.

We note that the "all others" rate for this final determination is the rate assigned to Nantong, the only investigated respondent with a rate above de minimis. This is consistent with our methodology of setting the "all others" rate in NME cases on the weighted average of calculated margins, excluding rates that are de minimis, based entirely on facts available, or calculated for voluntary respondents. *See Notice of Final Determination of Sales at Less Than Fair Value: Certain Non-Frozen Apple Juice Concentrate from the People's Republic of China.* 65 FR 19873 (April 13, 2000).

INTERNATIONAL TRADE COMMISSION

[Investigation No. 731–TA–870 (Final)]

Steel Wire Rope From Malaysia

AGENCY: United States International Trade Commission.

ACTION: Termination of investigation.

SUMMARY: On February 28, 2001, the Department of Commerce published notice in the **Federal Register** of a negative final determination of sales at less than fair value in connection with the subject investigation (66 FR 12759). Accordingly, pursuant to section 207.40(a) of the Commission's Rules of Practice and Procedure (19 CFR § 207.40(a)), the antidumping investigation concerning steel wire rope from Malaysia (investigation No. 731–TA–870 (Final)) is terminated.

EFFECTIVE DATE: February 28, 2001.

FOR FURTHER INFORMATION CONTACT: Jeff Clark (202–205–3195), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired individuals are advised that information on this matter can be obtained 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)*. The public record for this investigation may be viewed on the Commission's electronic docket (EDIS–ON–LINE) at http://dockets.usitc.gov/eol/public.

Authority: This investigation is being terminated under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 201.10 of the Commission's rules (19 CFR 201.10).

Dated: March 5, 2001.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 01–5746 Filed 3–7–01; 8:45 am]

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APPENDIX B

LIST OF WITNESSES

B-1

CALENDAR OF PUBLIC HEARINGS

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

Subject:	Steel Wire Rope from China and India
Inv. Nos.:	731-TA-868-869 (F)
Date and Time:	February 21, 2001 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room, 500 E Street, SW, Washington, DC.

OPENING REMARKS

Petitioners (**Herbert E. Harris II**, Harris Ellsworth & Levin)
Respondents (**Christopher Dunn**, Willkie Farr & Gallagher)

In Support of the Imposition of Antidumping Duties:

Harris Ellsworth & Levin
Washington, D.C.
on behalf of

Petitioner Companies

Charles W. Salanski, Chairman, The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers and President and Chief Operating Officer, Wire Rope Corporation of America, Incorporated

Michael Wallace, Vice President, Sales and Marketing, Loos & Company, Incorporated

Richard Connor, Retired, Former President, Macwhyte Company

Shawn Burks, President, Wire Rope Specialists

Jack S. Alexander, President, Carolina Steel & Wire Corporation

Robert S. Harcke, Chairman, Continental Cable Company

William Klinefelter, Assistant to the President and Political Director, United Steelworkers of America

Herbert E. Harris II)
Jeffrey S. Levin)–OF COUNSEL
John B. Totaro, Jr.)

B-3

In Opposition to the Imposition of Antidumping Duties:

Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Washington, D.C.
on behalf of

Chinese Respondents

Howard Schloss, Co-Chairman of the Board & Vice President, The Indusco Group

Otis DuFrene, President & CEO, The Indusco Group

Jeffrey Miller, Purchasing Manager, Cooper Tools, Incorporated

Roger Dick, Director, York Operations, Cooper Tools, Incorporated

James Steindecker, President, Dragon Trading, Incorporated

James L. Willson, Vice President, L.R. Willson & Sons, Incorporated

Jim Larson, Field Coordinator, L.R. Willson & Sons, Incorporated

Bruce M. Mitchell)–OF COUNSEL
Jeffrey S. Grimson)

Willkie Farr & Gallagher
Washington, D.C.
on behalf of

Indian Respondents

Harry L. Urech, President, USHA Martin Americas, Incorporated

Bob Comeaux, Operations Manager, USHA Martin Americas, Incorporated

Reitzel O. Swaim, President, ALP Industries, Incorporated

Jack Blair, President, Blair Company

Al Ulrich, General Manager, Cajan Wire, Incorporated

Kurt L. Charpentier, Secretary/Treasurer, Coastal Wire Rope & Supply, Incorporated

Matt Smith, Vice President - Operations, Delmar Systems, Incorporated

Gary Irby, President, G&L Steel Products, Incorporated

B-4

In Opposition to the Imposition of Antidumping Duties--*Continued*:

Loye Young, President, Superior LMS, Incorporated

Daniel W. Klett, Principal, Capital Trade, Incorporated

Christopher Dunn)–OF COUNSEL
Sean M. Thornton)

REBUTTAL/CLOSING REMARKS

Petitioners (**Herbert E. Harris II**, Harris Ellsworth & Levin)
Respondents (**Christopher Dunn**, Willkie Farr & Gallagher)

B-5

APPENDIX C

SUMMARY DATA

C-1

Table C-1
Carbon steel wire rope: Summary data concerning the U.S. market, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Table C-2
Stainless steel wire rope: Summary data concerning the U.S. market, 1997-99, January-September 1999, and January-September 2000

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Table C-3
Steel wire rope: Summary data concerning the U.S. market, 1997-99, January-September 1999, and January-September 2000

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

	Reported data					Period changes			
				January-September					Jan.-Sept.
Item	1997	1998	1999	1999	2000	1997-99	1997-98	1998-99	1999-2000
	*	*	*	*	*	*			
U.S. producers':									
Average capacity quantity	218,727	218,817	197,717	123,715	135,535	-9.6	0.0	-9.6	9.6
Production quantity	127,833	118,047	108,655	78,955	80,801	-15.0	-7.7	-8.0	2.3
Capacity utilization (1)	58.4	53.9	55.0	63.8	59.6	-3.5	-4.5	1.0	-4.2
U.S. shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	39,666	38,218	35,715	34,588	33,552	-10.0	-3.7	-6.5	-3.0
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	1,603	1,649	1,589	1,529	1,444	-0.9	2.9	-3.6	-5.6
Hours worked (1,000s)	3,420	3,468	3,205	2,298	2,573	-6.3	1.4	-7.6	12.0
Wages paid ($1,000s)	43,272	50,651	45,598	31,429	36,547	5.4	17.1	-10.0	16.3
Hourly wages	$12.65	$14.61	$14.23	$13.68	$14.20	12.4	15.5	-2.6	3.8
Productivity (tons per 1,000 hours)	37.4	34.0	33.9	34.4	31.4	-9.3	-8.9	-0.4	-8.6
Unit labor costs	$338.50	$429.08	$419.66	$398.06	$452.31	24.0	26.8	-2.2	13.6
Net sales:									
Quantity	129,291	120,013	106,000	65,831	82,899	-18.0	-7.2	-11.7	25.9
Value	259,650	243,534	218,928	136,910	168,470	-15.7	-6.2	-10.1	23.1
Unit value	$2,008	$2,029	$2,065	$2,080	$2,032	2.8	1.0	1.8	-2.3
Cost of goods sold (COGS)	194,626	183,067	168,455	100,858	126,494	-13.4	-5.9	-8.0	25.4
Gross profit or (loss)	65,024	60,467	50,473	36,052	41,976	-22.4	-7.0	-16.5	16.4
SG&A expenses	55,606	52,834	49,107	31,171	33,944	-11.7	-5.0	-7.1	8.9
Operating income or (loss)	9,418	7,633	1,366	4,881	8,032	-85.5	-19.0	-82.1	64.6
Capital expenditures	5,793	13,956	16,689	***	4,654	188.1	140.9	19.6	***
Unit COGS	$1,505	$1,525	$1,589	$1,532	$1,526	5.6	1.3	4.2	-0.4
Unit SG&A expenses	$430	$440	$463	$474	$409	7.7	2.4	5.2	-13.5
Unit operating income or (loss)	$73	$64	$13	$74	$97	-82.3	-12.7	-79.7	30.7
COGS/sales (1)	75.0	75.2	76.9	73.7	75.1	2.0	0.2	1.8	1.4
Operating income or (loss)/ sales (1)	3.6	3.1	0.6	3.6	4.8	-3.0	-0.5	-2.5	1.2

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Presented data for India are for shipments of imports from Commission questionnaires.

Note.–Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures. Inventory ratios for January-September periods are annualized.

Source: Compiled from data submitted in response to Commission questionnaires (data for U.S. producers, U.S. shipments of imports from India, and all import inventories) and from official Commerce statistics (all other import data).

APPENDIX D

ADDITIONAL STATISTICAL DATA

D-1

Table D-1
Galvanized steel wire rope: U.S. producers' production and U.S. shipments, 1997-99, January-September 1999, and January-September 2000

Producer	1997	1998	1999	January-September 1999	January-September 2000
	Production (*short tons*)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	2,001	1,851	1,021	835	892
	U.S. shipments (*short tons*)				
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
***	***	***	***	***	***
Total	1,984	1,838	1,027	838	873

(1) ***.
(2) ***.

Source: Compiled from posthearing data submitted by the companies and from questionnaires.

D-3

Table D-2
Galvanized steel wire rope: U.S. imports by selected sources, 1997-99, January-September 1999, and January-September 2000

Source	1997	1998	1999	January-September 1999	January-September 2000
	Quantity (*short tons*)				
China (subject)	***	***	***	***	***
India	2,778	4,380	2,590	2,183	2,900
Subject subtotal	***	***	***	***	***
China (nonsubject)	***	***	***	***	***
Korea	17,535	21,446	17,764	13,318	11,548
Malaysia	2,386	3,775	3,960	2,979	2,194
Other sources	10,579	11,717	11,279	8,858	6,427
Nonsubject subtotal	***	***	***	***	***
All sources	45,379	52,968	48,335	36,359	33,296
	Value (*$1,000*)				
China (subject)	***	***	***	***	***
India	2,959	5,163	2,650	2,206	2,806
Subject subtotal	***	***	***	***	***
China (nonsubject)	***	***	***	***	***
Korea	25,720	27,152	22,205	16,529	15,209
Malaysia	3,659	4,486	4,261	3,254	2,480
Other sources	16,752	20,494	18,235	14,347	12,898
Nonsubject subtotal	***	***	***	***	***
All sources	64,120	71,543	61,615	46,358	44,728
	Unit value (per *short ton*)				
China (subject)	***	***	***	***	***
India	1,065	1,179	1,023	1,011	968
Subject average	***	***	***	***	***
China (nonsubject)	***	***	***	***	***
Korea	1,467	1,266	1,250	1,241	1,317
Malaysia	1,534	1,188	1,076	1,092	1,130
Other sources	1,584	1,749	1,617	1,620	2,007
Nonsubject average	***	***	***	***	***
All sources	1,413	1,351	1,275	1,275	1,343

Note.--Because of rounding, figures may not add to totals shown. Unit values are calculated from unrounded figures.

Source: Official statistics of Commerce.

D-4

Table D-3
Carbon steel wire rope: U.S. imports, by sources, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Table D-4
Stainless steel wire rope: U.S. imports, by sources, 1997-99, January-September 1999, and January-September 2000

* * * * * * *

Table D-5
Steel wire rope: U.S. imports, by sources, 1997-99, January-September 1999, and January-September 2000

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D-5

APPENDIX E

RESULTS OF THE COMPAS MODEL

E-1

Methodology

The COMPAS model is a supply and demand model that assumes that domestic and imported products are less than perfect substitutes. Such models, also known as Armington models, are relatively standard in applied trade policy analysis and are used extensively for the analysis of trade policy changes both in partial and general equilibrium. Based on the discussion in Part II of this report, the staff selects a range of estimates that represent price-supply, price-demand, and product substitution relationships (i.e., elasticities of supply, demand, and substitution) in the U.S. market for steel wire rope. The model uses these estimates with data on market shares and Commerce's dumping and subsidy margins to analyze the likely effect on the U.S. like-product industry of reducing the subject imports from China and India.

Findings

The model examines different scenarios of economic effects that correspond to various combinations of the ranges of elasticities discussed in part II of this report. In addition to the elasticities, inputs into the model include the 1999 domestic market share and 1999 subject import value shares for China and India. The results for all steel wire rope for China show that absent dumping the domestic price would have been *** to *** percent higher, the domestic output would have been *** to *** percent higher, and domestic revenue would have been *** to *** percent higher (table E-1). The results for all steel wire rope for India show that absent dumping the domestic price would have been *** to *** percent higher, the domestic output would have been *** to *** percent higher, and domestic revenue would have been *** to *** percent higher (table E-2).

Table E-1
Steel wire rope: Estimated effects of LTFV imports from China

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Table E-2
Steel wire rope: Estimated effects of LTFV imports from India

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E-3

APPENDIX F

EFFECTS OF SUBJECT IMPORTS ON PRODUCERS' EXISTING DEVELOPMENT AND PRODUCTION EFFORTS, GROWTH, INVESTMENT, AND ABILITY TO RAISE CAPITAL

F-1

The Commission requested U.S. producers to describe any actual or potential negative effects on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of carbon and stainless steel wire rope from China and India (Questions III-9, III-10, III-11, and III-12). Their responses are as follows:

Actual Negative Effects

* * * * * * *

Anticipated Negative Effects

* * * * * * *

F-3