

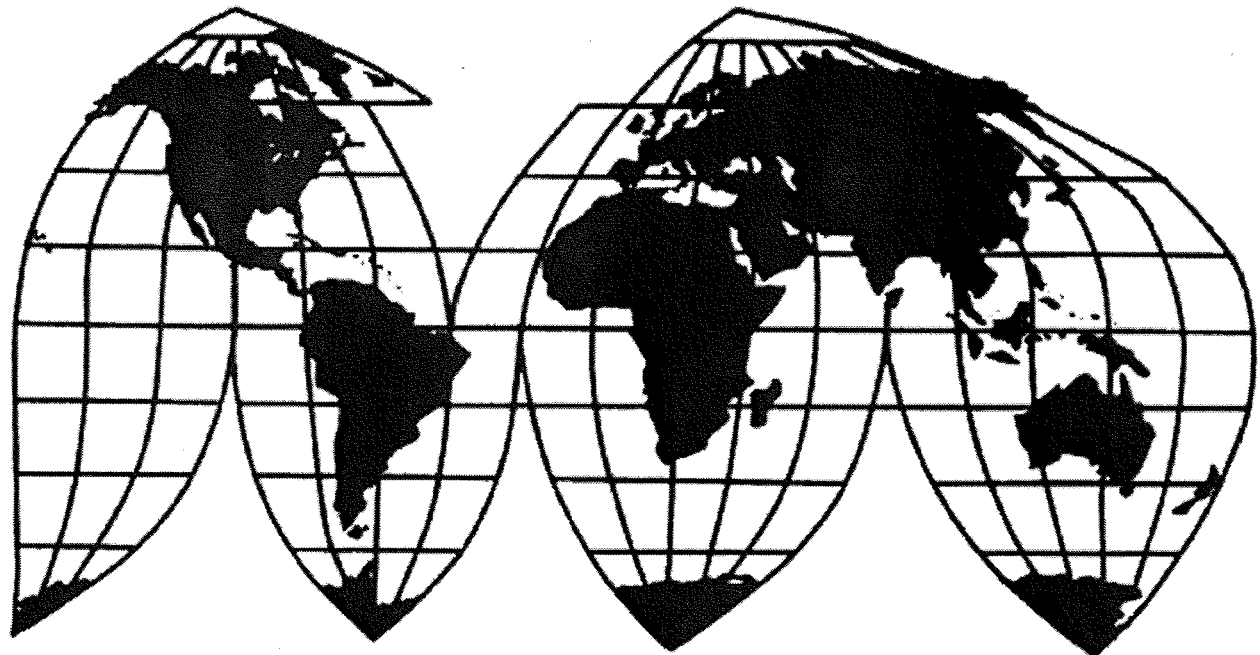
Certain Steel Grating from China

Investigation Nos. 701-TA-465 and 731-TA-1161 (Preliminary)

Publication 4087

July 2009

U.S. International Trade Commission



Washington, DC 20436

U.S. International Trade Commission

COMMISSIONERS

Shara L. Aranoff, Chairman
Daniel R. Pearson, Vice Chairman
Deanna Tanner Okun
Charlotte R. Lane
Irving A. Williamson
Dean A. Pinkert

Robert A. Rogowsky
Director of Operations

Staff assigned

Edward Petronzio, Investigator
Karl Tsuji, Industry Analyst
Amelia Preece, Economist
Charles Yost, Accountant
Lita David-Harris, Statistician
Gracemary Roth-Roffy, Attorney

George Deyman, Supervisory Investigator

Address all communications to
Secretary to the Commission
United States International Trade Commission
Washington, DC 20436

U.S. International Trade Commission

Washington, DC 20436
www.usitc.gov

Certain Steel Grating from China

Investigation Nos. 701-TA-465 and 731-TA-1161 (Preliminary)

Publication 4087



July 2009

CONTENTS

	<i>Page</i>
Determinations	1
Views of the Commission	3
Part I: Introduction	I-1
Background	I-1
Statutory criteria and organization of the report	I-1
Statutory criteria	I-1
Organization of the report	I-2
U.S. market summary	I-2
Summary data and data sources	I-3
Previous and related investigations	I-3
Nature and extent of alleged subsidies and sales at LTFV	I-3
Alleged subsidies	I-3
Alleged sales at LTFV	I-4
The subject merchandise	I-5
Commerce's scope	I-5
Tariff treatment	I-5
The product	I-6
Description and applications	I-6
Manufacturing processes	I-8
Domestic like product issues	I-9
Physical characteristics and uses	I-9
Manufacturing facilities and production employees	I-11
Interchangeability and customer and producer perceptions	I-11
Price	I-12
Part II: Conditions of competition in the U.S. market	II-1
U.S. market characteristics	II-1
Channels of distribution	II-1
Supply and demand considerations	II-1
Supply	II-1
Demand	II-3
Substitutability issues	II-4
Factors affecting purchasing decisions	II-5
Comparisons of domestic products and Chinese imports	II-5
Part III: U.S. producers' production, shipments, and employment	III-1
U.S. producers	III-1
U.S. capacity, production, and capacity utilization	III-2
U.S. producers' shipments	III-3
U.S. producers' inventories	III-5
U.S. producers' imports and purchases	III-5
U.S. employment, wages, and productivity	III-5

CONTENTS

	<i>Page</i>
Part IV: U.S. imports, apparent consumption, and market shares	IV-1
U.S. importers	IV-1
U.S. imports	IV-1
Negligibility	IV-4
U.S. imports by geographical markets	IV-5
Apparent U.S. consumption	IV-5
U.S. market shares	IV-6
Ratio of imports to U.S. production	IV-7
Part V: Pricing and related information	V-1
Factors affecting prices	V-1
Raw material costs	V-1
U.S. inland transportation costs	V-1
Pricing practices	V-2
Pricing methods	V-2
Sales terms and discounts	V-2
Price data	V-3
Price trends	V-3
Price comparisons	V-5
Lost sales and lost revenues	V-6
Part VI: Financial experience of U.S. producers	VI-1
Background	VI-1
Operations on CSG	VI-1
Capital expenditures and research and development expenses	VI-6
Assets and return on investment	VI-6
Capital and investment	IV-7
Actual negative effects	IV-7
Anticipated negative effects	IV-8
Part VII: Threat considerations and information on nonsubject countries	VII-1
The industry in China	VII-1
U.S. inventories of CSG from China	VII-2
U.S. importers' current orders	VII-2
Antidumping investigations in third-country markets	VII-3
Information on nonsubject countries	VII-3

CONTENTS

	<i>Page</i>
Appendixes	
A. <i>Federal Register</i> notices	A-1
B. Calendar of the Commission's June 19, 2009 conference	B-1
C. Summary data	C-1
D. Pricing data from all sources	D-1

Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been replaced with asterisks in this report.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 701-TA-465 and 731-TA-1161 (Preliminary)

CERTAIN STEEL GRATING FROM CHINA

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission (Commission) determines, pursuant to section 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a) and 19 U.S.C. § 1673b(a)) (the Act), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from China of certain steel grating, provided for in subheading 7308.90.70 of the Harmonized Tariff Schedule of the United States, that is alleged to be subsidized by the Government of China and sold in the United States at less than fair value (LTFV).

COMMENCEMENT OF THE FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling, which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules, upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in these investigations under sections 703(b) or 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in those investigations under sections 705(a) or 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping and countervailing duty investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

BACKGROUND

On May 29, 2009, a petition was filed with the Commission and Commerce by Alabama Metal Industries, Corp., of Birmingham, AL and Fisher & Ludlow, Inc., of Wexford, PA, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized and LTFV imports of certain steel grating from China. Accordingly, effective May 29, 2009, the Commission instituted countervailing duty investigation No. 701-TA-465 (Preliminary) and antidumping duty investigation No. 731-TA-1161 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of June 5, 2009 (74 FR 27049). The conference was held in Washington, DC, on June 19, 2009, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

VIEWS OF THE COMMISSION

Based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of certain steel grating (“CSG”) from China that are allegedly sold in the United States at less than fair value and subsidized by the Government of China.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

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

II. BACKGROUND

The petitions in these investigations were filed on May 29, 2009. The petitioners are domestic producers Alabama Metal Industries Corp., of Birmingham, AL (“AMICO”) and Fisher & Ludlow, Inc., of Wexford, PA (“Fisher”) (collectively, “petitioners”). Representatives from each petitioning company participated at the staff conference accompanied by counsel and filed a joint postconference brief. No producer, exporter or importer of subject merchandise from China participated at the conference or filed a postconference brief.

III. DOMESTIC LIKE PRODUCT

A. In General

In determining 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.”³ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Tariff 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.”⁴ In turn, the Tariff 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”⁵

¹ 19 U.S.C. §§ 1671b(a), 1673b(a) (2000); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chem. Corp. v. United States, 20 CIT 353, 354-55 (1996). No party argued that the establishment of an industry is materially retarded by reason of the allegedly unfairly traded imports.

² American Lamb Co., 785 F.2d at 1001; see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

³ 19 U.S.C. § 1677(4)(A).

⁴ 19 U.S.C. § 1677(4)(A).

⁵ 19 U.S.C. § 1677(10).

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.⁶ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁷ The Commission looks for clear dividing lines among possible like products and disregards minor variations.⁸ Although the Commission must accept the U.S. Department of Commerce’s (“Commerce”) determination as to the scope of the imported merchandise that is subsidized or sold at less than fair value (“LTFV”),⁹ the Commission determines what domestic product is like the imported articles Commerce has identified.¹⁰ The Commission must base its domestic like product determination on the record in these investigations. The Commission is not bound by prior determinations, even those pertaining to the same imported products, but may draw upon previous determinations in addressing pertinent domestic like product issues.¹¹

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

Certain steel grating, consisting of two or more pieces of steel, including load bearing pieces and cross pieces, joined by any assembly process, regardless of: (1) size or shape; (2) method of manufacture; (3) metallurgy (carbon, alloy, or stainless); (4) the profile of the bars; and (5) whether or not they are galvanized, painted, coated, clad or plated. Steel grating is also

⁶ See, e.g., Cleo, Inc. v. United States, 501 F.3d 1291, 1299 (Fed. Cir. 2007); NEC Corp. v. Department of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel 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 the following: (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).

⁷ See, e.g., S. Rep. No. 96-249 at 90-91 (1979).

⁸ Nippon, 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.”).

⁹ See, e.g., USEC, Inc. v. United States, 34 Fed. Appx. 725, 730 (Fed. Cir. 2002) (“The ITC may not modify the class or kind of imported merchandise examined by Commerce.”); Algoma Steel Corp. v. United States, 688 F. Supp. 639, 644 (Ct. Int’l Trade 1988), aff’d, 865 F.3d 240 (Fed. Cir.), cert. denied, 492 U.S. 919 (1989).

¹⁰ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (the Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Cleo, 501 F.3d at 1298 n.1 (“Commerce’s {scope} finding does not control the Commission’s {like product} determination.”); Torrington, 747 F. Supp. at 748-52 (affirming the Commission’s determination defining six like products in investigations where Commerce found five classes or kinds).

¹¹ See, e.g., Acciai Speciali Terni S.p.A. v. United States, 118 F. Supp. 2d 1298, 1304-05 (Ct. Int’l Trade 2000); Nippon, 19 CIT at 455; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 n.5 (Ct. Int’l Trade 1988); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1087-88 (Ct. Int’l Trade 1988).

commonly referred to as bar grating, although the components may consist of steel other than bars, such as hot-rolled sheet, plate, or wire rod.

The scope excludes expanded metal grating, which is comprised of a single piece of coil of sheet or thin plate steel that has been slit and expanded, and does not involve welding or joining of multiple pieces of steel. The scope also excludes plank type safety grating which is comprised of a single piece or coil of sheet or thin plate steel, typically in thickness of 10 to 18 gauge, that has been pierced and cold formed, and does not involve welding or joining of multiple pieces of steel.¹²

CSG is a downstream steel product distinguished by two sets of components – the “bearing bars” that extend across the length and the “crossbars” that transverse (typically perpendicular to) the bearing bars¹³ to form a “panel” or “mat.”¹⁴ CSG is designed to support and distribute the weight of objects, which is achieved through varying the dimensions and spacing of both the bearing bars and cross bars.¹⁵ As such, CSG is used in environments which require not only light and air filtration but load bearing and load distribution as well. CSG is available in various forms including “standard welded bar grating” (crossbars welded across the tops of the bearing bars), “press-locked steel grating” (notched bearing bars and crossbars), “swage-locked steel grating” (crossbars passing through and swaged or crimped on each side of bearing bars), and “riveted steel grating” (pre-bent bars riveted between adjacent bearing bars).¹⁶

The majority of CSG is sold for private industrial and commercial applications including utility plants, offshore oil platforms, and manufacturing facilities.¹⁷ Common end uses include walkways, mezzanines, catwalks, platforms for overhead signs, fire escapes, stairways and flooring. CSG also serves as decking and supports for heavy-duty applications such as motor-vehicle bridges, railway rolling-stock flooring, drainage pit covers, boat-landing ramps, truck beds, running boards, and mooring docks.¹⁸ CSG is commonly produced to American National Standards Institute (“ANSI”) and National Association of Architectural Metal Manufacturers (“NAAMM”) standards.¹⁹

C. Domestic Like Product Analysis

Petitioners argue that the Commission should define the domestic like product as CSG, coextensive with the scope. They emphasize that no party has challenged the proposed domestic like product definition. At the conference, in the petition, and in other submissions, petitioners further discussed why the domestic like product should not be expanded to include other types of grating, including expanded metal, safety plank grating, fiberglass grating, and aluminum bar grating.

¹² Certain Steel Grating from the People’s Republic of China: Initiation of Antidumping Duty Investigation, 74 Fed. Reg. 30273, June 25, 2009.

¹³ Confidential Staff Report (“CR”) at I-7, Public Staff Report (“PR”) at I-6; Petition at 8, 13.

¹⁴ CR at I-7, PR at I-6; Conference Transcript at 52 (Rutter). Standard-size CSG panels measure 3-feet wide by 24-feet long. Conference Transcript at 13 (Smith) & 52 (Rutter). Although the terms “mat” or “panel” are referenced in the petition, petitioners indicated that there is no real difference between the two. Conference Transcript at 52 (Rutter).

¹⁵ CR at I-7, PR at I-6; Petition at 13.

¹⁶ CR at I-7, PR at I-6; Petition at 9.

¹⁷ Conference Transcript at 80 (Smith); CR at I-7, PR at I-6.

¹⁸ CR at I-7, PR at I-6; Petition at 7.

¹⁹ CR at I-7, I-8, PR at I-6; Petition at 7-8.

Physical Characteristics and End Uses. All forms of CSG have the same characteristics, bearing and crossbars made from steel, and all are used for the same purpose, namely load-bearing applications.²⁰

CSG's physical characteristics vary from other types of grating such as expanded metal, fiberglass grating, safety plank grating, and aluminum bar grating. CSG is manufactured from pieces/bars of steel, which are welded, forged, swaged, or pressed together for strength.²¹ In contrast, expanded metal and safety plank grating are made from a single piece of sheet, coil, or thin plate of metal or steel that is cut or expanded or pierced and punched.²² Fiberglass grating is produced either as a one-piece molded panel or as components that are assembled into a panel.²³ Aluminum bar grating's bars, unlike CSG, cannot be welded or forged together.²⁴

CSG is also distinguishable from fiberglass and aluminum bar grating in terms of primary materials used. These different materials impart certain physical characteristics to aluminum bar grating and fiberglass grating that are not shared by CSG. Aluminum bar generally does not rust or corrode easily, and is a lightweight, nonsparking metal.²⁵ Fiberglass is also lightweight and corrosion-resistant but can be used in more caustic environments than either CSG or aluminum bar grating.²⁶

Although CSG and the other four types of grating are used in similar environments to permit the passage of light and air, the physical characteristics of each generally dictate their end-use applications. As noted above, CSG's configuration of steel bars permits it to be used when load-bearing capabilities are required, and only CSG is used in heavy load-bearing applications. Its end uses range from lightweight applications, such as walkways, mezzanines, catwalks, and fire escapes, to heavy-duty applications such as motor-vehicle bridges, railway rolling-stock flooring, and drainage pit covers.²⁷ Expanded metal, which is made from a single sheet of metal stretched into a continuous unit of diamond-shaped openings, has limited load-bearing capabilities. Expanded metal is commonly utilized for enclosure, protective (safety-guard), decorative, and filtration purposes.²⁸ Its end uses, among others, include air and fluid filters, ventilation system applications, satellite and radar antennas, fencing, and decorative dividers.²⁹ Safety plank grating has a top surface of holes with serrated edges, making it slip-resistant. It is used for light pedestrian traffic on work platforms, vehicle steps and running boards, roof-top walkways, and stair treads.³⁰ Aluminum bar grating is typically used in more corrosive environments than CSG, such as water treatment plants.³¹ Finally, fiberglass grating is used primarily in slip-resistant flooring systems.³²

Channels of Distribution. CSG, and expanded metal and safety plank grating, are typically sold through service centers and distributors.³³

²⁰ CR at I-7, PR at I-6.

²¹ CR at I-7, PR at I-6; Petition at 13.

²² Conference Transcript at 27-31 (Scott).

²³ CR at I-13, PR at I-10.

²⁴ CR at I-13, PR at I-11.

²⁵ Conference Transcript at 49 (Scott);

²⁶ Conference Transcript at 49-50 (Rutter); CR at I-13, I-14, PR at I-10.

²⁷ Petition at 7.

²⁸ Conference Transcript at 29-30 (Scott).

²⁹ Conference Transcript at 29 (Scott).

³⁰ Conference Transcript at 29-31 (Scott).

³¹ Conference Transcript at 49 (Scott);

³² CR at I-13, PR at I-10.

³³ Petition Supplement (June 9, 2009) at 7.

Customer and Producer Perceptions. According to petitioners, the fact that the NAAMM has created distinct technical standards for expanded metal grating and CSG is evidence that customers and end users view these as separate products.³⁴

Common Manufacturing Facilities, Processes, and Employees. Although CSG, expanded metal, safety plank, and aluminum bar grating may be produced in the same facilities, these products are manufactured on different types of equipment, and are generally produced by distinct groups of employees.³⁵

Manufacturing processes also differ for these products. CSG is typically manufactured from the welding, cold-pressing, riveting, or swaging of pre-cut and preformed steel bars (the crossbars) onto a second set of bearing bars laid out in parallel patterns. Expanded metal and safety plank grating are produced using a uniform piece of thin-gauge steel that is then pierced and punched.³⁶ Aluminum bar grating, unlike CSG, cannot be welded and, as such, the forge welding and EVG equipment used for CSG manufacture are not suitable for manufacturing aluminum grating.³⁷

Price. According to petitioners, CSG is generally more expensive than safety plank grating and significantly more expensive than expanded metal due to the greater amount of steel involved and significantly different manufacturing processes.³⁸ They note that “CSG typically costs \$*** per foot” while expanded metal is generally \$*** per foot. Aluminum bar grating, on the other hand, is sold at a higher pricing point than CSG due to the expensive input materials.³⁹

Conclusion. The record indicates that although CSG may overlap with other grating in certain light-weight applications, CSG’s physical characteristics differ from the other four types of grating as only CSG can be used in heavy load-bearing applications. While CSG shares the same channels of distribution with the other gratings, there is some indication in the record that expanded metal and CSG are perceived to be distinct products and are manufactured using different processes and different employees. Finally, CSG is priced higher than expanded metal and safety plank grating and is priced lower than aluminum bar grating due to input costs.

Based on these differences, we find a clear dividing line between CSG and other types of grating and therefore define the domestic like product as certain CSG coextensive with the scope of these investigations.

IV. DOMESTIC INDUSTRY

The domestic industry is defined as the domestic “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.”⁴⁰ In defining the domestic industry, the Commission’s general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.⁴¹ Based on our definition of the domestic like product, we define the domestic industry as all domestic producers of CSG.

³⁴ Petition Supplement (June 9, 2009) at 7.

³⁵ Petition at 14.

³⁶ Petition Supplement (June 9, 2009) at 7.

³⁷ Petition at 15.

³⁸ Petition Supplement (June 9, 2009) at 8.

³⁹ Petition Supplement (June 9, 2009) at 8.

⁴⁰ 19 U.S.C. § 1677(4)(A).

⁴¹ The record indicates that there are certain distributors and fabricators that further process the CSG. Conference Transcript at 45-47 (Rutter),(Smith). In any final phase investigation, we will examine whether these distributors or fabricators may be considered domestic producers and are therefore part of the domestic industry.

A. Related Parties

We must determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 19 U.S.C. § 1677(4)(B). Subsection 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 which are themselves importers.⁴² Exclusion of such a producer is within the Commission's discretion based upon the facts presented in each investigation.⁴³

The issue of related parties is raised with respect to two domestic producers, *** and ***, by virtue of their importation of the subject merchandise. Petitioners advocate that only *** should be excluded as a related party as it *** and consequently its product, shipment, and financial data do not reflect accurately the harm caused by the subject imports.⁴⁴

B. Analysis

***, ***, the ***,⁴⁵ imported subject merchandise from China. Its imports increased from *** kilograms ("kg") in 2006 to *** kg in 2007 but decreased to *** kg in 2008.⁴⁶ *** reported that it imported the subject merchandise from China ***. Its ratio of imports from China to production *** throughout the period of investigation, increasing from *** percent in 2006 to *** percent in 2007, and then decreasing to *** percent in 2008.⁴⁷ As such, it appears that *** primary interest is in domestic production rather than importation. *** takes ***.⁴⁸

⁴² 19 U.S.C. § 1677(4)(B).

⁴³ The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude a related party are as follows: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market, and (3) the position of the related producer vis-a-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See, e.g., Torrington Co. v. United States*, 790 F. Supp. 1161 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interest of the related producer lies in domestic production or importation. These latter two considerations were cited as appropriate factors in *Allied Mineral Products, Inc. v. United States*, —F. Supp. 2d—, Slip Op. 04-139 (Ct. Int'l Trade November 12, 2004) at 5-6 ("The most significant factor considered by the Commission in making the 'appropriate circumstances' determination is whether the domestic producer accrued a substantial benefit from its importation of the subject merchandise."); *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 12 (Ct. Int'l Trade 2001) ("the provision's purpose is to exclude from the industry headcount domestic producers substantially benefitting from their relationships with foreign exporters."), *aff'd*, Slip Op. 01-1421 (Fed. Cir. April 22, 2002); S. Rep. No. 249, 96th Cong. 1st Sess. at 83 (1979) ("where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry").

⁴⁴ Petitioners' Brief at 5-6.

⁴⁵ In 2008, *** represented *** percent of domestic production of CSG. CR/PR at Table III-1.

⁴⁶ CR/PR at Table III-5.

⁴⁷ CR /PR at Table III-5.

⁴⁸ CR/PR at Table III-1.

*** financial performance is not inconsistent with its status as mainly a U.S. producer. ***.^{49 50 51}

For these reasons, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.

***. *** imports of subject merchandise increased from *** kg in 2006 to *** kg in 2007, and then to *** kg in 2008.⁵² At the same time, its ratio of imports to production *** from *** percent in 2006⁵³ to *** percent in 2007, and then to *** percent in 2008.⁵⁴

***.⁵⁵ *** Over the entire period of investigation, ***.⁵⁶

In sum, the record is mixed as to the prime focus of ***. On the one hand, its subject imports increased each year of the period of investigation ***. On the other hand, ***. ***.⁵⁷ The record indicates that *** operating income and operating margin trends generally ***.⁵⁸ Thus, exclusion or inclusion of ***, which accounted for *** percent of domestic CSG production in 2008, would not skew the financial data for the domestic industry.⁵⁹

⁴⁹ CR/PR at Table VI-2.

⁵⁰ Consistent with her practice in past investigations and reviews, Chairman Aranoff does not rely on individual-company operating income margins, which reflect a domestic producer's financial operations related to production of the domestic like product, in assessing whether a related party has benefitted from importation of subject merchandise. Rather, she determines whether to exclude a related party based principally on its ratio of subject imports to domestic production and whether its primary interests lie in domestic production or importation.

⁵¹ For purposes of the preliminary phase of these investigations, Commissioner Pinkert does not rely upon financial performance as a factor in determining whether there are appropriate circumstances to exclude related parties from the domestic industry. The present record is not sufficient to infer from the companies' profitability on their U.S. operations whether they have derived a specific benefit from importing. See Allied Mineral Products v. United States, 28 C.I.T. 1861, 1865-67 (2004). For the final phase of these investigations, Commissioner Pinkert invites the parties to provide any information they may have with respect to whether these companies are benefitting financially from their status as related parties.

⁵² CR/PR at Table III-5.

⁵³ Calculated from CR/PR at Table III-5.

⁵⁴ CR/PR at Table III-5.

⁵⁵ CR/PR at Table III-5. ***. Id. at n.3.

⁵⁶ CR/PR at Table VI-4.

⁵⁷ CR/PR at Table III-1.

⁵⁸ CR/PR at Table VI-2.

⁵⁹ CR/PR at Table III-1 and C-1/C-2.

On balance for purposes of these preliminary investigations, we find that appropriate circumstances do not exist to exclude *** from the domestic industry.^{60 61} We will re-examine this issue in any final phase investigations.

Based on the reasons discussed above and consistent with our definition of the domestic like product, we define the domestic industry as all domestic producers of CSG.

V. THREAT OF MATERIAL INJURY BY REASON OF SUBJECT IMPORTS⁶²

A. Legal Standards

In the preliminary phase of antidumping or countervailing duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of the imports under investigation.⁶³ In making this determination, the Commission must consider the volume of subject 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.⁶⁴ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶⁵ In assessing whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁶⁶ No

⁶⁰ CR/PR at Table VI-2.

⁶¹ Chairman Aranoff and Commissioner Pinkert find that appropriate circumstances exist to exclude *** from the domestic industry. *** imported the subject merchandise in increasing quantities over the period of investigation, at *** kg in 2006, *** kg in 2007, and *** kg in 2008. It imported *** less, *** kg in interim 2009 as compared to *** kg in interim 2008. CR/PR at Table III-5. *** domestic production of CSG fell from *** kg in 2006, to *** kg in 2007 and *** kg in 2008. It produced *** kg in interim 2009 as compared to *** kg in interim 2008. As a result, the ratio of the company’s imports of subject merchandise to its domestic production increased from *** percent in 2006, to *** percent in 2007, and further to *** percent in 2008. The ratio was *** percent in interim 2009 as compared to *** percent in interim 2008. All of *** imports of CSG from 2007 to the end of the period of investigation were from China. CR/PR at Table III-5.

***. ***. CR/PR at Table III-5, n.3; Phone Notes July 9, 2009, Interview between Commission staff and ***.

Based on these facts, Chairman Aranoff and Commissioner Pinkert find that *** primary interest has shifted from domestic production to the importation of subject merchandise, and they therefore determine to exclude *** from the domestic industry. They acknowledge, however, that the record includes some contrary evidence, specifically *** production of *** and its capital expenditures. Petition, Ex. I-3; CR/PR at Table VI-4. Consequently, they intend to reconsider this issue in any final phase investigations.

⁶² Negligibility under 19 U.S.C. § 1677(24) is not an issue in these investigations. Official statistics from Commerce indicate that, from April 2008 to March 2009, which is the most recent 12-month period preceding the filing of the petition for which data were available, subject imports from China accounted for 81.5 percent of total U.S. imports of CSG. CR/PR at IV-7. The volume of subject imports is thus well above the statute’s three percent negligibility level.

⁶³ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁶⁴ 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).

⁶⁵ 19 U.S.C. § 1677(7)(A).

⁶⁶ 19 U.S.C. § 1677(7)(C)(iii).

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.”⁶⁷

Although the statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is materially injured or threatened with material injury “by reason of” unfairly traded imports,⁶⁸ it does not define the phrase “by reason of,” indicating that this aspect of the injury analysis is left to the Commission’s reasonable exercise of its discretion.⁶⁹ In identifying a causal link, if any, between subject imports and material injury to the domestic industry, the Commission examines the facts of record that relate to the significance of the volume and price effects of the subject imports and any impact of those imports on the condition of the domestic industry. This evaluation under the “by reason of” standard must ensure that subject imports are more than a minimal or tangential cause of injury and that there is a sufficient causal, not merely a temporal, nexus between subject imports and material injury.⁷⁰

In many investigations, there are other economic factors at work, some or all of which may also be having adverse effects on the domestic industry. Such economic factors might include nonsubject imports; changes in technology, demand, or consumer tastes; competition among domestic producers; or management decisions by domestic producers. The legislative history explains that the Commission must examine factors other than subject imports to ensure that it is not attributing injury from other factors to the subject imports, thereby inflating an otherwise tangential cause of injury into one that satisfies the statutory material injury threshold.⁷¹ In performing its examination, however, the Commission need not isolate the injury caused by other factors from injury caused by unfairly traded imports.⁷² Nor does the

⁶⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁸ 19 U.S.C. §§ 1671b(a), 1673b(a).

⁶⁹ Angus Chemical Co. v. United States, 140 F.3d 1478, 1484-85 (Fed. Cir. 1998) (“{T}he statute does not ‘compel the commissioners’ to employ {a particular methodology}.”), aff’g 944 F. Supp. 943, 951 (Ct. Int’l Trade 1996).

⁷⁰ The Federal Circuit, in addressing the causation standard of the statute, observed that “{a}s long as its effects are not merely incidental, tangential, or trivial, the foreign product sold at less than fair value meets the causation requirement.” Nippon Steel Corp. v. USITC, 345 F.3d 1379, 1384 (Fed. Cir. 2003). This was further ratified in Mittal Steel Point Lisas Ltd. v. United States, 542 F.3d 867, 873 (Fed. Cir. 2008), where the Federal Circuit, quoting Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997), stated that “this court requires evidence in the record ‘to show that the harm occurred “by reason of” the LTFV imports, not by reason of a minimal or tangential contribution to material harm caused by LTFV goods.’” See also Nippon Steel Corp. v. United States, 458 F.3d 1345, 1357 (Fed. Cir. 2006); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001).

⁷¹ Statement of Administrative Action (“SAA”) on Uruguay Round Agreements Act (“URAA”), H.R. Rep. 103-316, Vol. I at 851-52 (1994) (“{T}he Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.”); S. Rep. 96-249 at 75 (1979) (the Commission “will consider information which indicates that harm is caused by factors other than less-than-fair-value imports.”); H.R. Rep. 96-317 at 47 (1979) (“in examining the overall injury being experienced by a domestic industry, the ITC will take into account evidence presented to it which demonstrates that the harm attributed by the petitioner to the subsidized or dumped imports is attributable to such other factors;” those factors include “the volume and prices of nonsubsidized imports or imports sold at fair value, contraction in demand or changes in patterns of consumption, trade restrictive practices of and competition between the foreign and domestic producers, developments in technology and the export performance and productivity of the domestic industry”); accord Mittal Steel, 542 F.3d at 877.

⁷² SAA at 851-52 (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports.”); Taiwan Semiconductor Industry Ass’n v. USITC, 266 F.3d 1339, 1345 (Fed. Cir. 2001) (“{T}he Commission need not isolate the injury caused by other factors from injury caused by unfair imports Rather, the Commission must examine other factors to ensure that it is not attributing injury from other sources to the subject imports.” (emphasis in original)); Asociacion de Productores de Salmon y Trucha de Chile AG v. United States, 180

(continued...)

“by reason of” standard require that unfairly traded imports be the “principal” cause of injury or contemplate that injury from unfairly traded imports be weighed against other factors, such as nonsubject imports, which may be contributing to overall injury to an industry.⁷³ It is clear that the existence of injury caused by other factors does not compel a negative determination.⁷⁴

Assessment of whether material injury or threat of material injury to the domestic industry is “by reason of” subject imports “does not require the Commission to address the causation issue in any particular way” as long as “the injury to the domestic industry can reasonably be attributed to the subject imports” and the Commission “ensure{s} that it is not attributing injury from other sources to the subject imports.”^{75 76} Indeed, the Federal Circuit has examined and affirmed various Commission methodologies and has disavowed “rigid adherence to a specific formula.”⁷⁷

The Federal Circuit’s decisions in Gerald Metals, Bratsk, and Mittal Steel all involved cases where the relevant “other” factor was the presence in the market of significant volumes of price-competitive nonsubject imports. The Commission interpreted the Federal Circuit’s guidance in Bratsk as

⁷² (...continued)

F. Supp. 2d 1360, 1375 (Ct. Int’l Trade 2002) (“{t}he Commission is not required to isolate the effects of subject imports from other factors contributing to injury” or make “bright-line distinctions” between the effects of subject imports and other causes.); see also Softwood Lumber from Canada, Inv. Nos. 701-TA-414 and 731-TA-928 (Remand), USITC Pub. 3658 at 100-01 (Dec. 2003) (Commission recognized that “{i}f an alleged other factor is found not to have or threaten to have injurious effects to the domestic industry, i.e., it is not an ‘other causal factor,’ then there is nothing to further examine regarding attribution to injury”), citing Gerald Metals, Inc. v. United States, 132 F.3d 716, 722 (Fed. Cir. 1997) (the statute “does not suggest that an importer of LTFV goods can escape countervailing duties by finding some tangential or minor cause unrelated to the LTFV goods that contributed to the harmful effects on domestic market prices.”).

⁷³ S. Rep. 96-249 at 74-75; H.R. Rep. 96-317 at 47.

⁷⁴ See Nippon Steel Corp., 345 F.3d at 1381 (“an affirmative material-injury determination under the statute requires no more than a substantial-factor showing. That is, the ‘dumping’ need not be the sole or principal cause of injury.”).

⁷⁵ Mittal Steel, 542 F.3d at 877-78; see also id. at 873 (“While the Commission may not enter an affirmative determination unless it finds that a domestic industry is materially injured ‘by reason of’ subject imports, the Commission is not required to follow a single methodology for making that determination {and has} broad discretion with respect to its choice of methodology.”) citing United States Steel Group v. United States, 96 F.3d 1352, 1362 (Fed. Cir. 1996) and S. Rep. 96-249 at 75.

⁷⁶ Commissioner Pinkert does not join this paragraph or the following four paragraphs. He points out that the Federal Circuit, in Bratsk, 444 F.3d 1369, and Mittal, held that the Commission is required, in certain circumstances, relating to determinations as to present material injury, to undertake a particular kind of analysis of nonsubject imports. Mittal explains as follows:

What Bratsk held is that “where commodity products are at issue and fairly traded, price-competitive, non-subject imports are in the market,” the Commission would not fulfill its obligation to consider an important aspect of the problem if it failed to consider whether non-subject or non-LTFV imports would have replaced LTFV subject imports during the period of investigation without a continuing benefit to the domestic industry. 444 F.3d at 1369. Under those circumstances, Bratsk requires the Commission to consider whether replacement of the LTFV subject imports might have occurred during the period of investigation, and it requires the Commission to provide an explanation of its conclusion with respect to that factor.

542 F.3d at 878.

⁷⁷ Nucor Corp. v. United States, 414 F.3d 1331, 1336, 1341 (Fed. Cir. 2005); see also Mittal Steel, 542 F.3d at 879 (“Bratsk did not read into the antidumping statute a Procrustean formula for determining whether a domestic injury was ‘by reason’ of subject imports.”).

requiring it to apply a particular additional methodology following its finding of material injury in cases involving commodity products and a significant market presence of price-competitive nonsubject imports.⁷⁸ The additional “replacement/benefit” test looked at whether nonsubject imports might have replaced subject imports without any benefit to the U.S. industry. The Commission applied that specific additional test in subsequent cases, including the Carbon and Certain Alloy Steel Wire Rod from Trinidad and Tobago determination that underlies the Mittal Steel litigation.

Mittal Steel clarifies that the Commission’s interpretation of Bratsk was too rigid and makes clear that the Federal Circuit does not require the Commission to apply an additional test nor any one specific methodology; instead, the court requires the Commission to have “evidence in the record ‘to show that the harm occurred ‘by reason of’ the LTFV imports,’” and requires that the Commission not attribute injury from nonsubject imports or other factors to subject imports.⁷⁹ Accordingly, we do not consider ourselves required to apply the replacement/benefit test that was included in Commission opinions subsequent to Bratsk.

The progression of Gerald Metals, Bratsk, and Mittal Steel clarifies that, in cases involving commodity products where price-competitive nonsubject imports are a significant factor in the U.S. market, the Court will require the Commission to give full consideration, with adequate explanation, to non-attribution issues when it performs its causation analysis.^{80 81}

The question of whether the material injury threshold for subject imports is satisfied notwithstanding any injury from other factors is factual, subject to review under the substantial evidence standard. Congress has delegated this factual finding to the Commission because of the agency’s institutional expertise in resolving injury issues.^{82 83}

Section 771(7)(F) of the Tariff 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.”⁸⁴ 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

⁷⁸ Mittal Steel, 542 F.3d at 875-79.

⁷⁹ Mittal Steel, 542 F.3d at 873 (quoting from Gerald Metals, 132 F.3d at 722), 875-79 & n.2 (recognizing the Commission’s alternative interpretation of Bratsk as a reminder to conduct a non-attribution analysis).

⁸⁰ Commissioner Lane also refers to her dissenting views in Polyethylene Terephthalate Film, Sheet, and Strip from Brazil, China, Thailand, and the United Arab Emirates, Inv. Nos. 731-TA-1131-1134 (Final), USITC Pub. 4040 (Oct. 2008), for further discussion of Mittal Steel.

⁸¹ To that end, after the Federal Circuit issued its decision in Bratsk, the Commission began to present published information or send out information requests in final phase investigations to producers in nonsubject countries that accounted for substantial shares of U.S. imports of subject merchandise (if, in fact, there were large nonsubject import suppliers). In order to provide a more complete record for the Commission’s causation analysis, these requests typically seek information on capacity, production, and shipments of the product under investigation in the major source countries that export to the United States. The Commission plans to continue utilizing published or requested information in final phase investigations in which there are substantial levels of nonsubject imports.

⁸² Mittal Steel, 542 F.3d at 873; Nippon Steel Corp., 458 F.3d at 1350, citing U.S. Steel Group, 96 F.3d at 1357; S. Rep. 96-249 at 75 (“The determination of the ITC with respect to causation is ... complex and difficult, and is a matter for the judgment of the ITC.”).

⁸³ We provide in the discussion of impact in section V.E. below an analysis of other factors alleged to cause any threat of material injury that likely would be experienced by the domestic industry.

⁸⁴ 19 U.S.C. § 1677(7)(F)(ii).

material injury by reason of subject imports would occur unless an order is issued.⁸⁵ In making our determination, we consider all statutory threat factors that are relevant to these investigations.⁸⁶

As noted above, the Commission has essentially complete data coverage for the domestic industry.⁸⁷ The Commission also received completed questionnaire responses from three subject producers in China that accounted for an estimated 6.0 percent of production of CSG in China in 2008 and *** percent of the subject product imported into the United States in the same year.⁸⁸ When appropriate in these investigations, we have relied on the facts otherwise available, including official import statistics, information available from published sources, and information submitted in these investigations.⁸⁹

⁸⁵ 19 U.S.C. § 1677(7)(F)(ii).

⁸⁶ These factors are as follows:

(I) if a countervailable subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the countervailable subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement) and whether imports of the subject merchandise are likely to increase,

(II) any existing unused production capacity or imminent, substantial increase in production capacity in the exporting country indicating the likelihood of substantially increased imports of the subject merchandise into the United States, taking into account the availability of other export markets to absorb any additional exports,

(III) a significant rate of increase of the volume or market penetration of imports of the subject merchandise indicating the likelihood of substantially increased imports,

(IV) whether imports of the subject merchandise are entering at prices that are likely to have a significant depressing or suppressing effect on domestic prices and are likely to increase demand for further imports,

(V) inventories of the subject merchandise,

(VI) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.

* * *

(IX) any other demonstrable adverse trends that indicate the probability that there is likely to be material injury by reason of imports (or sale for importation) of the subject merchandise (whether or not it is actually being imported at the time).

19 U.S.C. § 1677(7)(F)(i). To organize our analysis, we discuss the applicable statutory threat factors using the same volume/price/impact framework that applies to our material injury analysis. Statutory threat factors (I), (II), (III), (V), and (VI) are discussed in the analysis of subject import volume. Statutory threat factor (IV) is discussed in the price effects analysis, and statutory threat factor (IX) is discussed in the impact analysis. Statutory threat factor (VII) is inapplicable, as no imports of agricultural products are involved in these investigations. No argument was made that the domestic industry is currently engaging or will imminently engage in any efforts to develop a derivative or more advanced version of the domestic like product, which would implicate statutory threat factor (VIII).

⁸⁷ CR/PR at III-1, Table III-1.

⁸⁸ CR/PR at VII-1 and calculated from CR/PR at Tables IV-2 and VII-1.

⁸⁹ Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. See 19 U.S.C. § 1677e. She generally gives credence to the facts supplied by the participating parties and certified by them as true, but bases her decision on the evidence as a whole, and does not automatically accept participating parties' suggested interpretations of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most

(continued...)

B. Conditions of Competition and the Business Cycle

The following conditions of competition inform our analysis of whether there is material injury or threat of material injury by reason of subject imports.⁹⁰

1. Demand Considerations

As noted above, CSG is used in a variety of end-use applications. The majority of CSG is used in private industrial and commercial applications including utility plants, offshore oil platforms and manufacturing facilities. The U.S. CSG market is a mature one and the demand for CSG depends on the health of the overall U.S. economy and, in particular, the industrial construction and energy sectors.⁹¹ According to petitioners, demand for CSG follows the overall business cycle, but it does not follow an annual cycle.⁹² The record indicates that a spike in demand for CSG generally occurs when hurricanes hit areas in which off-shore drilling platforms are located (e.g., the Gulf of Mexico) because safety procedures for those structures require that CSG be thrown into the ocean when a hurricane approaches.⁹³

As measured by apparent U.S. consumption, U.S. CSG demand increased from 184 million kg in 2006 to 194 million kg in 2007, and then to 245.2 million kg in 2008, an overall increase of 33.5 percent between 2006 and 2008; most of the increase in consumption occurred from 2007 to 2008 when it increased by 26.5 percent.⁹⁴ Apparent U.S. consumption was at 33 million kg in interim (January-March) 2009, which was 38.2 percent lower than in interim (January-March) 2008, when apparent U.S. consumption was 53.1 million kg.⁹⁵

The extent to which the increase in apparent U.S. consumption from 2007 to 2008 reflects an increase in actual demand is unclear on the current record. Petitioners argue that in the second half of 2008, imports of CSG from China far exceeded actual demand and that sales of these imports went into inventory throughout the U.S. distribution system.⁹⁶ Domestic producers' and importers' questionnaire responses provide mixed responses characterizing demand changes during the period of investigation. Three of four domestic producers and four of eight importers reported that demand had increased until mid-2008 and then declined.⁹⁷ We intend to examine any changes in demand further in any final phase investigations.

With respect to future demand for CSG in the U.S. and global markets, the record indicates that demand will likely remain sluggish over the coming months due to the world-wide economic crisis. U.S.

⁸⁹ (...continued)
persuasive." SAA at 869.

⁹⁰ The domestic industry reported internal consumption rates ranging from *** percent to *** percent of its total shipments. CR/PR at Table III-3. Therefore, we have considered whether the captive production provision, 19 U.S.C. § 1677 (7)(C)(iv), applies in this case. The record in these preliminary phase investigations does not indicate whether the second and third statutory criteria for application of the captive production provision are met. We therefore do not apply the captive production provision in our analysis in these investigations. We will examine the issues surrounding the application of this provision fully in any final phase investigations.

⁹¹ CR at II-5, PR at II-4.

⁹² CR at II-5, PR at II-4; Conference Transcript at 88 (Scott).

⁹³ CR at II-5, PR at II-4; Conference Transcript at 87-88 (Scott).

⁹⁴ CR/PR at Table C-1.

⁹⁵ CR/PR at Table C-1.

⁹⁶ Petitioners' Brief at 9-10; CR at IV-5-IV-6, PR at IV-3.

⁹⁷ CR at II-5, PR at II-4.

demand is forecast to weaken in the primary consumer industries of CSG, the industrial construction and energy (oil and gas) markets.⁹⁸

2. Supply Conditions

The U.S. market is supplied by domestic producers, subject imports and imports from nonsubject countries. Domestic production accounted for more than two-thirds of apparent U.S. consumption throughout the period of investigation.⁹⁹ In 2006 and 2007, nonsubject imports were the second largest source of CSG in the U.S. market, but were overtaken by subject imports in 2008.¹⁰⁰

During the period of investigation, the domestic industry consisted of seven domestic producers, five of which provided questionnaire responses. ***, domestic producer Leavitt ceased production of CSG.¹⁰¹ Throughout the period of investigation, domestic production capacity exceeded apparent U.S. consumption.^{102 103} Domestic production capacity increased by 36.7 percent from 2006 to 2008,¹⁰⁴ and was slightly higher (by 0.3 percent) in interim 2009 compared to interim 2008.¹⁰⁵ At the same time, the domestic industry had considerable unused capacity throughout the period of investigation.¹⁰⁶

Subject imports' volume increased by 538.4 percent from 2006 to 2008, far outpacing the increase in demand for the same period. Nonsubject imports were supplied by a number of countries, including Canada and Mexico.¹⁰⁷ In contrast to subject imports, the volume of nonsubject imports declined by 48.8 percent between 2006 and 2008.

U.S. importers' inventories of imports from China were also a considerable source of supply during the period of investigation. The importers' inventories of subject merchandise increased dramatically from 975,000 kg in 2006 to 4.8 million kg in 2008, an increase of 387.5 percent. In interim 2009, importers' ending inventories were 40.8 percent higher at 3.7 million kg compared to interim 2008 at 2.7 million kg.¹⁰⁸ We note that steel grating is designed for longevity and, as such, can be stored unsold for long periods of time.¹⁰⁹ According to petitioners, it will take eight to ten months or more to clear out CSG currently in inventories at current demand levels.¹¹⁰

3. Interchangeability

⁹⁸ Petitioners' Brief at 39-41.

⁹⁹ CR/PR at Table-C-1.

¹⁰⁰ CR/PR at Table-C-1.

¹⁰¹ CR/PR at I-3 n. 4.

¹⁰² CR/PR at Table-C-1.

¹⁰³ As noted previously, Chairman Aranoff and Commissioner Pinkert determine to exclude *** from the domestic industry. As a result, where these views refer to data pertaining to the domestic industry, Chairman Aranoff and Commissioner Pinkert rely on data reported in the staff report at Table C-2, which provides information for the domestic industry excluding ***.

¹⁰⁴ CR/PR at Table C-1.

¹⁰⁵ CR/PR at Table C-1.

¹⁰⁶ The domestic industry reported that capacity utilization rates declined from 66.6 percent in 2006 to 56.2 percent in 2008. CR/PR at Table-C-1.

¹⁰⁷ CR at II-4, PR at II-3.

¹⁰⁸ CR/PR at Table C-1.

¹⁰⁹ Petitioners' Brief at 9.

¹¹⁰ Conference Transcript at 27 (Scott).

The record indicates that CSG is highly interchangeable regardless of the country of origin. Most producers and importers reported that nonsubject imports, subject imports, and the domestic like product are “always” or “frequently” used interchangeably.¹¹¹ Most producers and importers also reported that differences other than price are sometimes or never significant in sales of nonsubject imports, subject imports, and the domestic like product.¹¹² While CSG is sold in various tolerances and dimensions, most CSG is produced to NAAMM and ANSI standards. As noted above, petitioners describe CSG from different sources as “totally interchangeable” and having no distinguishing characteristics.¹¹³

4. Other Conditions

Almost all U.S. producers and importers reported that CSG is sold on a spot basis, and that they determine their price on a transaction-by-transaction basis.¹¹⁴

Raw material costs are a significant part of the final cost of CSG, accounting for 65 to 70 percent of the total cost of producing CSG.¹¹⁵ Raw material costs fluctuated, but increased overall during the period of investigation and averaged \$0.93 per kilogram in 2008.¹¹⁶ The principal raw materials for producing CSG include coils of hot-rolled steel sheet and thin-gauge plate, or flat bars (merchant bars) and wire rods. Prices for hot-rolled sheet/plate, wire rod, and merchant bars fluctuated in 2006 and 2007 within a narrow range but rose abruptly in 2008 before declining in the second half of 2008 and the beginning of 2009. By May 2009, prices of hot-rolled sheet/plate and wire rod had fallen below price levels in 2006 and 2007, while prices for merchant bar remained above price levels in 2006 and 2007.¹¹⁷

The majority of domestically produced and imported CSG was sold through distributors from 2006 to 2008 and the remainder was sold to end users. In interim 2009, however, while the majority of domestically produced CSG was sold through distributors, the majority of imports from China and nonsubject countries was sold to end users.¹¹⁸

C. Likely Volume of the Subject Imports¹¹⁹

We consider the likely future volume of subject imports both in absolute terms and relative to domestic consumption and production. For the reasons discussed below, the volume of subject imports relative to domestic consumption and production is likely to increase substantially. We recognize

¹¹¹ CR/PR at Table II-2.

¹¹² CR at II-7-II-8, PR at II-5-II-6, CR/PR at Table II-3.

¹¹³ Petitioners’ Brief at 10-11. At the conference, petitioners testified that “we make CSG as standard, or the vast majority of them come out as a standard size . . . {then CSG} would be shipped out to either a redistribution {center,} most of them, so that a steel service center would stock that and wait” for the customers’ call. Conference Transcript at 52 (Rutter).

¹¹⁴ CR at V-3, PR at V-2.

¹¹⁵ CR/PR at VI-4, PR at VI-3.

¹¹⁶ CR/PR at Table VI-1.

¹¹⁷ CR/PR at V-1.

¹¹⁸ CR/PR at Table II-1.

¹¹⁹ Relevant to the likely volume of subject imports (19 U.S.C. § 1677(7)(F)(i)(I)), Commerce initiated a countervailing duty investigation based on 22 alleged subsidy programs, including 2 preferential lending programs, 9 income tax programs, 2 tariff and indirect tax programs, 1 land grant program, 4 programs providing inputs for less than adequate remuneration, 4 regional programs, and four subsidies for steel product inputs. CR at I-4-I-5, PR at I-3-I-4. Several of the alleged subsidies are intended to benefit exportation and, thus, to encourage exports. CR at I-4-I-5, PR at I-3-I-4.

nonetheless that the volume of subject imports is likely to decline in absolute terms from the very high levels observed toward the end of the period of investigation.

In absolute terms, the volume of subject imports increased from 9.3 million kg in 2006 to 14.5 million kg in 2007, and then to 59.6 million kg in 2008, an increase of 538.4 percent.¹²⁰ Subject imports were 12 percent lower in interim 2009, at 3.3 million kg, than in interim 2008, at 3.8 million kg.¹²¹

The rate of increase in subject imports by quantity far outpaced increases in apparent U.S. consumption for CSG. From 2006 to 2007, apparent U.S. consumption increased by 5.5 percent, while the volume of subject imports increased by 54.7 percent.¹²² From 2007 to 2008, apparent U.S. consumption rose by 26.5 percent, while the volume of subject imports increased by a remarkable 312.6 percent.¹²³ Most of the increase in subject imports occurred in the latter half of 2008, as subject import volume in that period totaled 47.3 million kg compared to 12.3 million kg in the first half of 2008.¹²⁴ Apparent U.S. consumption was 38.2 percent lower in interim 2009 than in interim 2008, but subject imports in interim 2009 were only 12 percent lower than their interim 2008 level.

The market share held by subject imports increased throughout the period of investigation, from 5.1 percent in 2006 to 24.3 percent in 2008, and was higher in interim 2009, at 10.1 percent, than in interim 2008, when it was 7.1 percent.¹²⁵ As subject imports' market share rose, the domestic producers' market share fluctuated but declined overall from 78.9 percent in 2006 to 69.5 percent in 2008. Domestic producers' market share was lower in interim 2009, at 80.6 percent, than in interim 2008, at 84.1 percent.¹²⁶

The increased volume of subject imports corresponded to increases in inventories held by importers from 2006 to 2007.¹²⁷ The volume of subject merchandise in importers' inventories increased by 387.5 percent from 975,000 kg at the end of 2006 to 4.8 million kg at the end of 2008. Additionally, despite lower subject import volume in interim 2009 compared to interim 2008, importers' inventories were 40.8 percent higher at the end of interim 2009, at 3.7 million kg, than at the end of interim 2008, at 2.7 million kg.¹²⁸

In addition to this examination of the most recent trends, we have analyzed the likely future volume of imports in the context of expected demand in the imminent future. As noted previously, demand for CSG fell abruptly in interim 2009. Given projected declines in the U.S. economy, demand will likely remain at lower levels for the imminent future. Thus, the absolute volume of subject imports likely may be lower in the imminent future than it was during the period of investigation, but it will remain significant in light of sluggish demand and high inventory levels.¹²⁹

As noted above, the Commission received completed questionnaires from only three Chinese subject producers who estimated that they accounted for 6.0 percent of total Chinese production of CSG

¹²⁰ CR/PR at Table C-1.

¹²¹ CR/PR at Table C-1.

¹²² CR/PR at Table C-1.

¹²³ CR/PR at Table C-1.

¹²⁴ CR/PR at Figure IV-2; Petition at Ex. I-6.

¹²⁵ CR/PR at Table C-1.

¹²⁶ The ratio of subject imports to domestic production measured by quantity increased even more substantially, growing from 6.2 percent in 2006 to 8.7 percent in 2007 and 34.4 percent in 2008. The ratio of subject imports to domestic production was 12.5 percent in interim 2009 and 8.4 percent in interim 2008. CR/PR at Table IV-5.

¹²⁷ CR/PR at Table C-1.

¹²⁸ CR/PR at Table C-1.

¹²⁹ There is little information in the record with respect to inventories of subject merchandise held by distributors or end users. We will examine the full role of inventories throughout the distribution chain in the U.S. market in any final phase investigations.

in 2008. The evidence, although limited, demonstrates that the likely available Chinese capacity will be very high. Petitioners contend that Chinese subject producers have more than *** kg of production capacity.¹³³ Extrapolating from the responding producers' reported aggregate production and estimated 6.0 percent share of total Chinese industry production, Chinese producers' production of CSG totaled about *** kg in 2008.¹³⁴ Such a production quantity would be equal to *** apparent U.S. consumption and U.S. production for the same year.¹³⁵ Additionally based on responding producers' aggregate production projections for 2009 and 2010, CSG production capacity in China likely will increase.^{136 137}

In addition to substantial capacity, Chinese producers' unused capacity will permit them to ship significant volumes of subject imports to the U.S. market in the imminent future. While the three responding Chinese producers reported a capacity utilization rate of *** percent in 2008,¹³⁸ we do not have data on the vast majority of the Chinese industry. Moreover, the responding producers reported a capacity utilization rate of *** percent in interim 2009 and projected a capacity utilization rate of *** percent for full year 2009 and *** percent for full year 2010.¹³⁹ These diminished capacity utilization rates indicate that there will be substantial unused capacity in the Chinese industry that could be used to direct further exports to the U.S. market in amounts far greater than U.S. consumption and U.S. production.¹⁴⁰

The record also indicates that Chinese CSG producers are export-oriented. The responding Chinese producers' total exports and exports to the U.S. market, as a percent of their total shipments of CSG, increased from 2006 to 2008, reaching *** percent and *** percent, respectively, in 2008.¹⁴¹ Furthermore, the Chinese industry's reliance on the U.S. market is evidenced not only by the responding producers' reported exports, but by the massive increases of subject import volumes throughout the period of investigation.¹⁴²

In addition, Chinese producers' inventories could be utilized for exports of subject merchandise to the United States. The three responding Chinese producers' end-of-period inventories increased from *** kg in 2006 to *** kg in 2008 and were *** kg in interim 2009.¹⁴³ Because the three responding producers represented only an estimated 6 percent of Chinese CSG production for 2008, however, inventories for the entire Chinese industry are likely much greater.

Although there are no reported import barriers in third-country markets, the global financial crisis and reduced global demand for CSG will likely limit the extent to which the Chinese home market and third-country markets will be able to absorb Chinese CSG.

¹³³ Petitioners' Brief at 37.

¹³⁴ CR/PR at Table VII-1.

¹³⁵ Calculated from CR/PR at Tables VII-1 and C-1.

¹³⁶ Calculated from CR/PR at Table VII-1.

¹³⁷ We do not rely on the potential for shifts in production as a basis for our determination. According to the responding Chinese producers, they ***. Foreign Producer Questionnaire Responses.

¹³⁸ CR/PR at Table VII-1.

¹³⁹ CR/PR at Table VII-1.

¹⁴⁰ CR/PR at Table VII-1. We note that responding producers' reported U.S. exports as a percent of their total shipments in interim 2009 and their projected higher U.S. exports as a percent of their total shipments for full year 2009 may support the petitioners' contention that there is a seasonality to subject import volumes i.e., that they substantially increase in the latter half of the year. We will examine this issue further in any final phase investigations.

¹⁴¹ CR/PR at Table VII-1.

¹⁴² CR/PR at Tables IV-2 and C-1.

¹⁴³ CR/PR at Table VII-1.

Despite the large and increasing supply of subject merchandise and Chinese producers' incentive and ability to ship larger quantities, we recognize that, due to lower demand and high inventory levels, the absolute volume of subject imports from China likely will be lower in the imminent future. Nonetheless, relative to domestic consumption and production, subject imports likely will increase substantially in the imminent future. As noted above, subject imports rapidly increased both in volume and market share during the period of investigation, particularly from 2007 to 2008.¹⁴⁴ Although apparent U.S. consumption was 38.2 percent lower in interim 2009 than in interim 2008, the volume of subject imports was only 12 percent lower.¹⁴⁵ Moreover, subject imports' market share was higher in interim 2009 than in interim 2008.¹⁴⁶

Thus, for purposes of the preliminary phase of these investigations, we find a reasonable indication that subject import volume is likely to be significant within an imminent time frame, both in absolute terms and relative to consumption and production in the United States, and that the increase in subject imports' market share will be substantial.

D. Likely Price Effects of the Subject Imports

In assessing the likely price effects of the subject imports, we consider pricing developments during the period of investigation and likely developments in the imminent future in light of key conditions of competition in the U.S. market. The record indicates that subject imports from China and domestic CSG are highly interchangeable, most sales of both the domestic like product and subject imports are spot sales, and price typically is determined on a transaction-by-transaction basis.¹⁴⁷

The Commission collected quarterly pricing data for four CSG products.¹⁴⁸ Usable pricing data were provided by three domestic producers, whose pricing data accounted for 6.1 percent of domestic producers' shipments during the period of investigation, and four importers, whose pricing data accounted for 10.2 percent of U.S. shipments of subject imports during the period.¹⁴⁹ Subject imports undersold the domestic like product in 37 of 43 quarterly pricing comparisons by margins ranging from 0.8 percent to 42.5 percent.¹⁵⁰

For each of the four products, the prices of both the Chinese and domestic products were higher at the end of the period of investigation than at the beginning.¹⁵¹ In the first three quarters of 2008, when subject imports increased dramatically, subject imports undersold the domestic like product in each comparison, usually by considerable high margins.¹⁵² As noted above, this is the same period in which subject imports' volume increased dramatically. Given that subject imports undersold domestic CSG to a significant degree throughout the period, we find that underselling is likely to be significant in the imminent future.

In addition, because the volume of subject imports in the imminent future is likely to continue to be substantial, in absolute and relative terms, we find that subject imports would enter at prices that are

¹⁴⁴ CR/PR at Table C-1.

¹⁴⁵ CR/PR at Table C-1.

¹⁴⁶ CR/PR at Table C-1.

¹⁴⁷ CR/PR at Table II-2, CR at V-3, PR at V-2.

¹⁴⁸ CR at V-4-V-5, PR at V-3.

¹⁴⁹ CR at V-5, PR at V-3.

¹⁵⁰ CR/PR at Tables V-1-V-4, V-6.

¹⁵¹ CR/PR at Tables V-1-V-4.

¹⁵² CR/PR at Tables V-1-V-4. We note that there were no available price comparisons for first quarter 2009 for products 2, 3, and 4. The pricing data for product 1 for first quarter 2009 shows that subject imports oversold the domestic like product. CR/PR at Table V-1.

likely to have significant adverse effects on U.S. prices and will likely increase demand for subject imports relative to domestic consumption and production.¹⁵³ Accordingly, we find that subject imports of CSG from China are likely to have a significant adverse effects on the domestic producers' prices in the imminent future.

E. Likely Impact of the Subject Imports on the Domestic Industry^{154 155}

From 2006 to 2008, the domestic CSG industry registered gains in a number of performance indicators, including production, shipments, and employment.¹⁵⁶ These gains did not keep pace with the 33.5 percent increase in apparent U.S. consumption in quantity from 2006 to 2008 as subject imports dramatically increased their presence.¹⁵⁷ The domestic industry's market share fluctuated and decreased overall by 9.4 percentage points from 2006 to 2008.¹⁵⁸ The domestic industry's capacity utilization rates were relatively low and decreased by 10.4 percentage points from 2006 to 2008.¹⁵⁹ The decrease in the industry's capacity utilization rates generally paralleled the industry's increase in production capacity.¹⁶⁰ The domestic industry's net sales increased by *** percent¹⁶¹ and the industry was profitable in each year from 2006 to 2008.¹⁶²

¹⁵³ Based on the limited pricing data available, there is little evidence of price suppression or depression from 2006 to 2008. In interim 2009, however, there is an indication that prices were suppressed to some degree. Although average unit sales values increased by 29.3 percent, and were \$1.95 in interim 2009 and \$1.51 in interim 2008, unit COGS rose. The domestic industry's cost of goods sold ("COGS") as a ratio to net sales, was substantially higher at 86.8 percent in interim 2009 compared to 73.4 percent in interim 2008. Additionally, unit costs increased as the domestic industry's net sales by quantity were *** percent lower in interim 2009 than in interim 2008. As a result, unit COGS were 53 percent higher in interim 2009 compared to interim 2008 at \$1.70 and \$1.11, respectively. CR/PR at Tables V-1, VI-2, and C-1

¹⁵⁴ The alleged subsidies that formed the basis for Commerce's initiation of the countervailing duty investigation are summarized above and are set forth in detail at CR at I-4-I-5, PR at I-3-I-4. Commerce initiated the antidumping duty investigation based on estimated dumping margins of 131.51 to 145.18 percent for CSG from China. CR at I-5, PR at I-4.

¹⁵⁵ Chairman Aranoff and Commissioner Pinkert have relied on the data for the domestic industry set forth in Table C-2, which excludes data for ***.

¹⁵⁶ Production increased by 15.3 percent from 2006 to 2008, from 150.4 million kg in 2006 to 165.7 million kg in 2007, and to 173.4 million kg in 2008. The domestic industry's U.S. shipments increased by 17.6 percent in the same period from 144.9 million kg in 2006 to 160.6 million kg in 2007, and to 170.5 million kg in 2008. Also the number of production related workers increased by 9.7 percent from 773 in 2006 to 815 in 2007, and to 848 in 2008. Hours worked increased by 11.6 percent, from 1.62 million in 2006 to 1.76 million in 2007, and to 1.81 million in 2008. Productivity increased by 3.4 percent and was 92.9 kg per hour in 2006, 94.2 kg per hour in 2007, and 96.0 kg per hour in 2008. CR/PR at Table C-1.

¹⁵⁷ CR/PR at Table C-1.

¹⁵⁸ The domestic industry's market share was 78.9 percent in 2006, 82.8 percent in 2007, and 69.5 percent in 2008. CR/PR at Table C-1. Subject imports' market share grew from 5.1 percent in 2006 to 7.5 percent in 2007 and 24.3 percent in 2008. CR/PR at Table C-1.

¹⁵⁹ The domestic industry's capacity utilization rates decreased from 66.6 percent in 2006 to 65.2 percent in 2007, and to 56.2 percent in 2008. CR/PR at Table C-1.

¹⁶⁰ Domestic production capacity increased by 36.7 percent from 2006 to 2008 from 225.6 million kg in 2006 to 254.0 million kg in 2007, and to 308.4 million kg in 2008. CR/PR at Table C-1.

¹⁶¹ Net sales increased from *** kg in 2006 to *** kg in 2007, and then to *** kg in 2008. CR/PR at Table C-1.

¹⁶² The domestic industry reported operating profits of \$*** in 2006, \$*** in 2007, and \$*** in 2008. The domestic industry's operating income ratio was 15.3 percent in 2006, 18.1 percent in 2007, and 17.8 percent in 2008.

(continued...)

As described above, apparent U.S. consumption increased from 2006 to 2008, but was considerably lower in interim 2009 compared to interim 2008. The drop off in demand followed a surge in import volume in 2008, particularly in the latter half of 2008. Although subject import volume was lower in interim 2009 compared to interim 2008, subject imports' market share and importer inventories were higher in interim 2009 compared to interim 2008. As a result, many domestic industry indicators were drastically lower in the first quarter of 2009 than in the first quarter of 2008. The domestic industry's reported production was 41.2 percent lower, U.S. shipments were 40.7 percent lower, the number of production workers was 9.4 percent lower, hours worked were 10.1 percent lower, and productivity was 34.7 percent lower.¹⁶³ The domestic industry's market share was also lower in interim 2009 compared to interim 2008.¹⁶⁴

The domestic industry's financial indicators were markedly lower in the first quarter of 2009 compared to first quarter of 2008, and compared to each full year 2006 to 2008. Although the domestic industry reported profits for first quarter 2009, its operating income was *** percent lower than in interim 2008 as net sales fell and unit COGS increased.¹⁶⁵ The domestic industry's operating income to net sales ratio was 13.4 percentage points lower, at just 3.9 percent, in interim 2009, compared to 17.3 percent in interim 2008.

For purposes of these preliminary phase investigations, we find that there is a causal nexus between the subject imports and a likely imminent adverse impact on the domestic industry. This conclusion is based on the declines in the industry's trade and employment data discussed above, our finding that the volume of subject imports is likely to increase significantly in relative terms in an imminent time frame, and our finding that underselling by subject imports will likely continue and will likely have significant adverse effects on domestic prices. Significant volumes of subject imports at low prices are likely to affect negatively the industry's sales volumes and prices, thereby reducing the industry's levels of production, employment, and profitability.

We have considered whether there are other factors that will likely have an imminent impact on the domestic industry. We recognize that the decline in CSG demand played a role in the downturn in the domestic industry's performance near the end of the period of investigation. Moreover, as discussed above, demand is likely to remain at suppressed levels in the imminent future. In any final phase of these investigations, we intend to further explore the role that any changes in demand would play in the performance of the domestic industry in order to ensure that we do not attribute to subject imports the effects of any future adverse demand conditions.

We also recognize that nonsubject imports were present in the U.S. market during the period of investigation. The volume of nonsubject imports declined by 48.8 percent from 2006 to 2008 and was 35.1 percent lower in first-quarter 2009 than in first-quarter 2008.¹⁶⁶ Nonsubject imports held a smaller

¹⁶² (...continued)
CR/PR at Table C-1.

¹⁶³ Production was 44.9 million kg in interim 2008 and 26.4 million kg in interim 2009. U.S. producers' U.S. shipments were 44.7 million kg in interim 2008 and 26.5 million kg in interim 2009. The number of production workers was 827 in interim 2008 and 749 in interim 2009. Hours worked were 444,000 in interim 2008 and 399,000 in interim 2009. Productivity (kg per 1,000 hours worked) was 101.1 in interim 2008 and 66.1 in interim 2009. CR/PR at Table C-1.

¹⁶⁴ CR/PR at Table C-1.

¹⁶⁵ The domestic industry's operating income was \$*** in interim 2008 and \$*** in interim 2009. Net sales were *** kg in interim 2008 and *** kg in interim 2009. Although average unit sales values increased by 28.3 percent, and were \$1.95 in interim 2009 and \$1.51 in interim 2008, unit COGS increased to a greater extent. Unit COGS were 53 percent higher in interim 2009 compared to interim 2008 at \$1.70 and \$1.11, respectively. CR/PR at Table C-1.

¹⁶⁶ See CR/PR at Table C-1.

share of the market than did subject imports at the end of the period of investigation.¹⁶⁷ The prices for nonsubject imports were lower than those of subject imports in a majority of instances from 2006 to 2007, but were generally higher thereafter.¹⁶⁸

Consequently, we conclude for purposes of the preliminary phase of these investigations that there is a causal nexus between the subject imports and a likely imminent adverse impact on the domestic industry, which demonstrates a reasonable indication that the domestic industry is threatened with material injury by reason of subject imports.

CONCLUSION

For the above-stated reasons, and based on the record in the preliminary phase of these investigations, we find that there is a reasonable indication that the domestic industry producing CSG is threatened with material injury by reason of subject imports from China that are allegedly sold in the United States at less than fair value, and that are allegedly subsidized by the Government of China.

¹⁶⁷ CR/PR at Table C-1.

¹⁶⁸ CR/PR at Tables D-1-D-4.

PART I: INTRODUCTION

BACKGROUND

These investigations result from petitions filed with the U.S. Department of Commerce (“Commerce”) and the U.S. International Trade Commission (“USITC” or “Commission”) by Alabama Metal Industries Corp., of Birmingham, AL (“AMICO”) and Fisher & Ludlow, Inc., of Wexford, PA (“Fisher”) on May 29, 2009, alleging that an industry in the United States is materially injured or threatened with material injury by reason of subsidized and less-than-fair-value (“LTFV”) imports of certain steel grating (“CSG”)¹ from China. Information relating to the background of the investigations is provided below.²

Effective date	Action
May 29, 2009	Petition filed with Commerce and the Commission; institution of Commission investigations (74 FR 27049, June 5, 2009)
June 19, 2009	Commission’s conference ¹
June 25, 2009	Commerce’s notices of initiation (74 FR 30273 (AD); 74 FR 30278 (CVD))
July 10, 2009	Date of the Commission’s vote
July 13, 2009	Commission determinations transmitted to Commerce
July 20, 2009	Commission views transmitted to Commerce

¹ A list of witnesses that appeared at the conference is presented in app. B.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Statutory Criteria

Section 771(7)(B) of the Tariff Act of 1930 (the “Act”) (19 U.S.C. § 1677(7)(B)) provides that in making its determinations of injury to an industry in the United States, the Commission—

shall consider (I) the volume of imports of the subject merchandise, (II) the effect of imports of that merchandise on prices in the United States for domestic like products, and (III) the impact of imports of such merchandise on domestic producers of domestic like products, but only in the context of production operations within the United States; and . . . may consider such other economic factors as are relevant to the determination regarding whether there is material injury by reason of imports.

¹ See the section entitled “The Subject Merchandise” in *Part I* of this report for a complete description of the merchandise subject to these investigations.

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

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

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

...

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

...

In examining the impact required to be considered under subparagraph (B)(i)(III), the Commission shall evaluate (within the context of the business cycle and conditions of competition that are distinctive to the affected industry) all relevant economic factors which have a bearing on the state of the industry in the United States, including, but not limited to

...

(I) actual and potential declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity, (II) factors affecting domestic prices, (III) actual and potential negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, (IV) actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the domestic like product, and (V) in {an antidumping investigation}, the magnitude of the margin of dumping.

Organization of the Report

Part I of this report presents information on the subject merchandise, alleged subsidy and dumping margins, and domestic like product. *Part II* of this report presents information on conditions of competition and other relevant economic factors. *Part III* presents information on the condition of the U.S. industry, including data on capacity, production, shipments, inventories, and employment. *Parts IV and V* present the volume and pricing of imports of the subject merchandise, respectively. *Part VI* presents information on the financial experience of U.S. producers. *Part VII* presents the statutory requirements and information obtained for use in the Commission's consideration of the question of threat of material injury as well as information regarding nonsubject countries.

U.S. MARKET SUMMARY

CSG is comprised of downstream steel products which are manufactured from multiple, separate pieces of steel, including load-bearing pieces and cross pieces. These separate pieces are then joined together by welding, riveting, swaging, or pressing. CSG serves in a wide range of heavy load-bearing applications including flooring, railroad car stand platforms, vehicle bridges, freight car flooring, boat landing ramps, and catwalks. The product may also be used in applications that require less of a load-bearing application such as pedestrian walkways, mezzanines, overhead sign platforms, and fire escape

platforms.³ The leading U.S. producers of CSG are AMICO and IKG Industries (“IKG”), while leading producers of CSG outside the United States include *** of China. The leading U.S. importers of CSG from China are ***.

Apparent U.S. consumption of CSG totaled approximately 245.2 million kilograms (\$444.2 million) in 2008. Currently, six firms are known to produce CSG in the United States.⁴ U.S. producers’ U.S. shipments of CSG totaled 170.5 million kilograms (\$310.8 million) in 2008, and accounted for 69.5 percent of apparent U.S. consumption by quantity and 70.0 percent by value. U.S. imports from China totaled 59.6 million kilograms (\$101.8 million) in 2008 and accounted for 24.3 percent of apparent U.S. consumption by quantity and 22.9 percent by value. U.S. imports from nonsubject sources totaled 15.1 million kilograms (\$31.7 million) in 2008 and accounted for 6.1 percent of apparent U.S. consumption by quantity and 7.1 percent by value.

SUMMARY DATA AND DATA SOURCES

A summary of data collected in the investigations is presented in appendix C, table C-1.⁵ Except as noted, U.S. industry data are based on questionnaire responses of five firms that accounted for the vast majority of U.S. production of CSG during 2008. U.S. imports are based on official import statistics of Commerce.

PREVIOUS AND RELATED INVESTIGATIONS

CSG has not been the subject of any prior countervailing or antidumping duty investigations in the United States.

NATURE AND EXTENT OF ALLEGED SUBSIDIES AND SALES AT LTFV

Alleged Subsidies

On June 25, 2009, Commerce published a notice in the *Federal Register* of the initiation of its countervailing duty investigation on CSG from China.⁶ The following government programs in China are involved:

GOC Provision of Inputs for Less than Adequate Remuneration

1. Provision of Hot-Rolled Steel for Less than Adequate Remuneration
2. Provision of Steel Bar for Less than Adequate Remuneration
3. Provision of Steel Plate for Less than Adequate Remuneration
4. Provision of Wire Rod for Less than Adequate Remuneration

GOC Provision of Land-Use Rights to State-Owned Enterprises (SOEs) for Less than Adequate Remuneration

³ Petitioners’ postconference brief, exh. 1, p. 7.

⁴ AMICO; Fisher; Bailey Bridges, Inc. (“Bailey”); IKG Industries (“IKG”); MLP Steel, LLC, Laurel Steel Division (“Laurel”); and Ohio Gratings. A seventh producer, Leavitt Tube Co., LLC (“Leavitt”), went out of business ***.

⁵ Table C-2 presents data concerning the U.S. market, excluding ***.

⁶ *Certain Steel Grating From the People’s Republic of China: Initiation of Countervailing Duty Investigation*, 74 FR 30278, June 25, 2009.

GOC Income Tax Programs

1. “Two Free, Three Half” Program
2. Reduced Income Tax Rates for Export-Oriented Foreign-Invested Enterprises (FIEs)
3. Preferential Income Tax Policy for Enterprises of the Northeast Region
4. Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
5. Tax Subsidies for FIEs in Specially Designated Geographic Areas
6. Local Income Tax Exemption and Reduction Programs for “Productive” FIEs
7. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment
8. Income Tax Credits for FIEs Purchasing Domestically Produced Equipment
9. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises

GOC VAT Programs

1. Import Tariff and Value Added Tax (VAT) Exemptions for Encouraged Industries Importing Equipment for Domestic Operations
2. VAT and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund

Other GOC Programs

1. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
2. Grants to “Third Line” Military Enterprises

Provincial/Municipal Programs

1. Liaoning Province “Five Points, One Line” Program
2. Guangzhou City Famous Export Brands
3. Grants to Companies for “Outward Expansion” in Guangdong Province
4. Guangdong and Zhejiang Provinces Programs to Rebate Antidumping Fees

Alleged Sales at LTFV

On June 25, 2009, Commerce published a notice in the *Federal Register* of the initiation of its antidumping duty investigations on CSG from China.⁷ Commerce has initiated antidumping duty investigations based on estimated dumping margins of 131.51 to 145.18 percent for CSG from China.

⁷ *Certain Steel Grating from the People’s Republic of China: Initiation of Antidumping Duty Investigation*, 74 FR 30273, June 25, 2009.

THE SUBJECT MERCHANDISE

Commerce's Scope

Commerce has defined the scope of these investigations as follows:

Certain steel grating, consisting of two or more pieces of steel, including loadbearing pieces and cross pieces, joined by any assembly process, regardless of: (1) size or shape; (2) method of manufacture; (3) metallurgy (carbon, alloy, or stainless); (4) the profile of the bars; and (5) whether or not they are galvanized, painted, coated, clad or plated. Steel grating is also commonly referred to as bar grating, although the components may consist of steel other than bars, such as hot-rolled sheet, plate, or wire rod.

The scope excludes expanded metal grating, which is comprised of a single piece of coil of sheet or thin plate steel that has been slit and expanded, and does not involve welding or joining of multiple pieces of steel. The scope also excludes plank type safety grating which is comprised of a single piece or coil of sheet or thin plate steel, typically in thickness of 10 to 18 gauge, that has been pierced and cold formed, and does not involve welding or joining of multiple pieces of steel.⁸

Tariff Treatment

Commerce indicated in its preliminary determinations that CSG is classifiable in the Harmonized Tariff Schedule of the United States (HTSUS) under subheading 7308.90.70. Table I-1 presents current tariff rates for CSG. As Table I-1 illustrates, imports of CSG from countries (including China) that enjoy normal trade relations enter the United States duty-free.

⁸ *Certain Steel Grating from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 74 FR 30278, June 25, 2009.

**Table I-1
CSG: Tariff rates, 2009**

HTS provision	Article description	General ¹	Special ²	Column 2 ³
		Rates (<i>ad valorem</i>)		
7308	Structures (excluding prefabricated buildings of heading 9406) and parts of structures (for example, bridges and bridge sections, lock gates, towers, lattice masts, roofs, roofing frameworks, doors and windows and their frames and thresholds for doors, shutters, balustrades, pillars and columns) of iron or steel; plates, rods, angles, shapes, sections, tubes and the like, prepared for use in structures, of iron or steel:	Free	Free	45%
7308.90	Other: Columns, pillars, posts, beams, girders and similar structural units:			
7308.90.30	Not in part of alloy steel.....	Free	Free	20%
7308.90.60	Other.....	Free	Free	30%
7308.90.70	Other: Steel grating.....	Free	Free	45%

¹ Normal trade relations, formerly known as the most-favored-nation duty rate.
² Special rates not applicable when General rate is free.
³ Applies to imports from a small number of countries that do not enjoy normal trade relations duty status.

Source: Harmonized Tariff Schedule of the United States (2009, revision 1).

THE PRODUCT

Description and Applications

CSG is a fabricated product distinguished by two sets of components– the “bearing bars” that extend across the length and the “crossbars” that transverse (typically perpendicular to) the bearing bars⁹ to form a “panel” or “mat.”¹⁰ The dimensions and spacing of both the bearing bars and crossbars are designed for a wide variety of load-bearing and load-distribution applications.¹¹ CSG is available in various forms (figure I-1) including “standard welded bar grating” with crossbars welded across the tops of the bearing bars, “press-locked grating” with notched bearing bars and sometimes notched crossbars mechanically pressed together, “swage-locked grating” characterized by crossbars passing through and swaged (crimped) on each side of bearing bars, and “riveted grating” distinguished by reticulated (pre-bent) bars riveted between adjacent bearing bars to enhance resistance to buckling.¹² Upper edges of the bearing bars can be serrated for greater traction. The majority of CSG is sold for private industrial and commercial applications including utility plants, offshore oil platforms, and manufacturing facilities,

⁹ Petition, p. 8.

¹⁰ Conference transcript, p. 52 (Rutter). Standard-size CSG panels measure 3-feet wide by 24-feet long. Petition, p. 4.

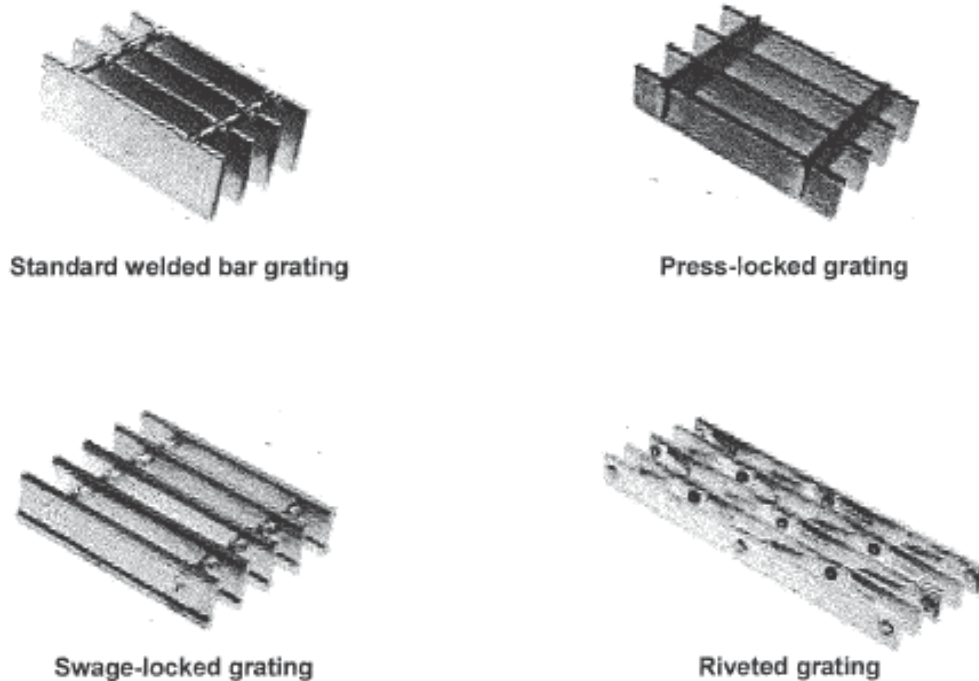
¹¹ Petition, p. 13.

¹² Petition, p. 9.

rather than for government-controlled or government-funded project such as bridges.¹³ Common end uses include walkways, mezzanines, and catwalks; platforms for overhead signs, fire escapes, and railway rolling-stock stand platforms; and stairways and flooring. Decking and supports are heavier-duty applications for CSG, for example motor-vehicle bridges, railway rolling-stock flooring, drainage pit covers, boat landing ramps, truck beds, running boards, and mooring docks.¹⁴ CSG is commonly produced¹⁵ to American National Standards Institute (“ANSI”)/National Association of Architectural Metal Manufacturers (“NAAMM”) standards MBG 531-00¹⁶ or MBG 532-00.¹⁷

Figure I-1

Certain steel grating: Standard welded bar grating, press-locked grating, swage-locked grating, and riveted grating



Source: Reproduced with permission from Alabama Metal Industries Corp., *Grating and Expanded Metals*, January 2008.

¹³ Conference transcript, p. 80 (Smith). “Almost none” of the CSG sales are subject to “Buy America” requirements. Conference transcript, p. 80 (Scott).

¹⁴ Petition, p. 7.

¹⁵ Petition, p. 7.

¹⁶ “ANSI/NAAMM MBG 531-00 Metal Bar Grating Manual,” Metal Bar Grating Division, Glen Ellyn, IL: NAAMM, February 21, 2001.

¹⁷ “ANSI/NAAMM MBG 532-00 Heavy-Duty Metal Bar Grating Manual,” Metal Bar Grating Division, Glen Ellyn, IL: NAAMM, November 14, 2000.

Manufacturing Processes

Reportedly, the manufacturing technology for producing steel grating products is well established and dispersed worldwide, as there are few producers of the manufacturing equipment.¹⁸ Production of CSG typically requires two or more of the following processing phases: (1) slitting and cutting of steel coils, (2) forming of the bearing and crossbars into a panel, and (3) finishing of the assembled panel. First, in the slitting and cutting phase, flat-rolled steel coils¹⁹ are unrolled and then slit to width and cut to length for the bearing bars. Likewise, steel wire rod²⁰ for the crossbars is uncoiled, straightened, cut to length, and then mechanically twisted.²¹ Producers can also purchase the bearing bars already pre-cut to size from either steel coil or steel flat bars, and the crossbars pre-cut and pre-twisted from steel rods, albeit reportedly at a significant cost premium over the uncut steel mill products bought in bulk.²² For the CSG to provide greater tread surface traction, the upper edges of the individual bearing bars can be serrated in preparation for the forming phase.

Next, in the forming phase, CSG is assembled by either welding or cold pressing the pre-cut bearing and crossbars into a panel. To form a panel by welding, a high-voltage electric welder heats the same spot across the top of each bearing bar, and a separate press machine forces the crossbars onto the heated bearing bars to complete the CSG panel. Reportedly, the majority of U.S. steel grating products is produced by semi-automated forge-welding machinery (the “Newcor method of production”) that is ***. Forge welding generally produces *** panels per eight-hour shift,²³ and requires manual placement of the pre-cut bearing bars into the spacing slots of a jig (“setter”) that holds them in place during welding and pressing.²⁴ Some U.S. facilities also utilize the more highly automated welding machinery developed by Entwicklungs und Verwertungs GmbH (the “EVG method of production”). Starting with multiple coils of cut-to-width strip, the EVG method results in higher output, reportedly *** panels per eight-hour shift.²⁵

Alternatively, CSG panels can be formed by various processes that don’t require welding. For press-locked grating products, the bearing bars and sometimes the crossbars are notched or slotted before being hydraulically pressed together. Swage-locked grating products are formed by the crossbars being driven through the bearing bars, and swaged along each side of the bearing bars to lock them in place. To assemble riveted grating products, reticulated bars are riveted between the bearing bars.²⁶

The assembled panel is inspected and tested for weld integrity, tensile strength, bearing-bar alignment, and load tolerance. Finally, some CSG panels may be subject to various processes in the finishing phase, including dip-coat (rather than spray) painting;²⁷ electrolytic galvanizing for corrosion resistance; or end finishing, which involves capping the bearing bars with end bands, attachment of

¹⁸ Conference transcript, p. 89 (Rutter).

¹⁹ ANSI/NAAMM standards MBG 531-00 and MBG 532-00 specify that the steel for bearing bars shall conform to ASTM A-1011/A-1011M for hot-rolled carbon steel coil and strip. ANSI/NAAMM MBG 531-00, p. 23; and MBG 532-00, p. 14.

²⁰ ANSI/NAAMM standards MBG 531-00 and MBG 532-00 specify that the steel for crossbars shall conform to ASTM A-510/A-510M for carbon steel wire rod and coarse round wire. Ibid.

²¹ Crossbars are twisted to and enhance surface traction, facilitate assembly, and impart rigidity of the CSG. Conference transcript, pp. 76-77 (Rutter) and p. 77 (Smith).

²² Petition, p. 8.

²³ Petition, p. 4.

²⁴ Petition, p. 8.

²⁵ Petition, pp. 4-5.

²⁶ Petition, p. 9.

²⁷ Conference transcript, p. 86 (Rutter).

weldments, and basic cut-outs. Reportedly, the majority of domestically produced CSG is sold ungalvanized, since galvanizing impedes further processing as welding emits fumes from the galvanized coating.²⁸

DOMESTIC LIKE PRODUCT ISSUES

No domestic like product issues have been raised in this investigation, although certain other types of grating can substitute for CSG. The petitioner proposes a single domestic like product – CSG – coextensive with Commerce’s scope.²⁹ No respondents participated in this phase of these investigations. The Commission’s decision regarding the appropriate domestic product(s) that are “like” the subject imported product is based on a number of factors including: (1) physical characteristics and uses; (2) common manufacturing facilities and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and (6) price. Information regarding these factors is discussed below, except for channels of distribution, which is discussed in Part II of this report.

Physical Characteristics and Uses

Several other types of fabricated products are also manufactured by producers of CSG, including expanded metal of steel or aluminum, safety plank grating of steel or aluminum, and fiberglass grating. However, the petitioners note that these items are not considered suitable for the heavy load-bearing applications as is CSG.³⁰ CSG is stronger at its mid-section point and can support loads up to several hundred pounds more per square foot than either expanded metal or safety plank grating (figure I-2). Further, CSG is suitable for motor vehicle traffic but both expanded metal and safety grating are not.³¹ Also, unlike CSG that is assembled from separate pieces of steel,³² expanded metal³³ is recognizable as a single sheet of steel or aluminum that has been slit and pulled along one direction to create an open lattice network. Hence, expanded metal is commonly utilized in enclosure, protective (safety-guard), decorative, and filtration applications.³⁴ Likewise, safety plank grating³⁵ is characterized as a long strip of steel or aluminum with a top surface shaped by punching of holes with serrated edges and smooth edges folded over by cold forming. The major application of safety plank grating is to provide a non-slip surface for light pedestrian traffic on work platforms, vehicle steps and running boards, roof-top walkways, and stair treads.³⁶

²⁸ Conference transcript, p. 63 (Smith).

²⁹ Petitioners’ postconference brief, pp. 7-8.

³⁰ Petition, p. 14; and conference transcript, p. 29 (Scott).

³¹ Conference transcript, p. 31 (Scott).

³² Conference transcript, p. 28 (Scott).

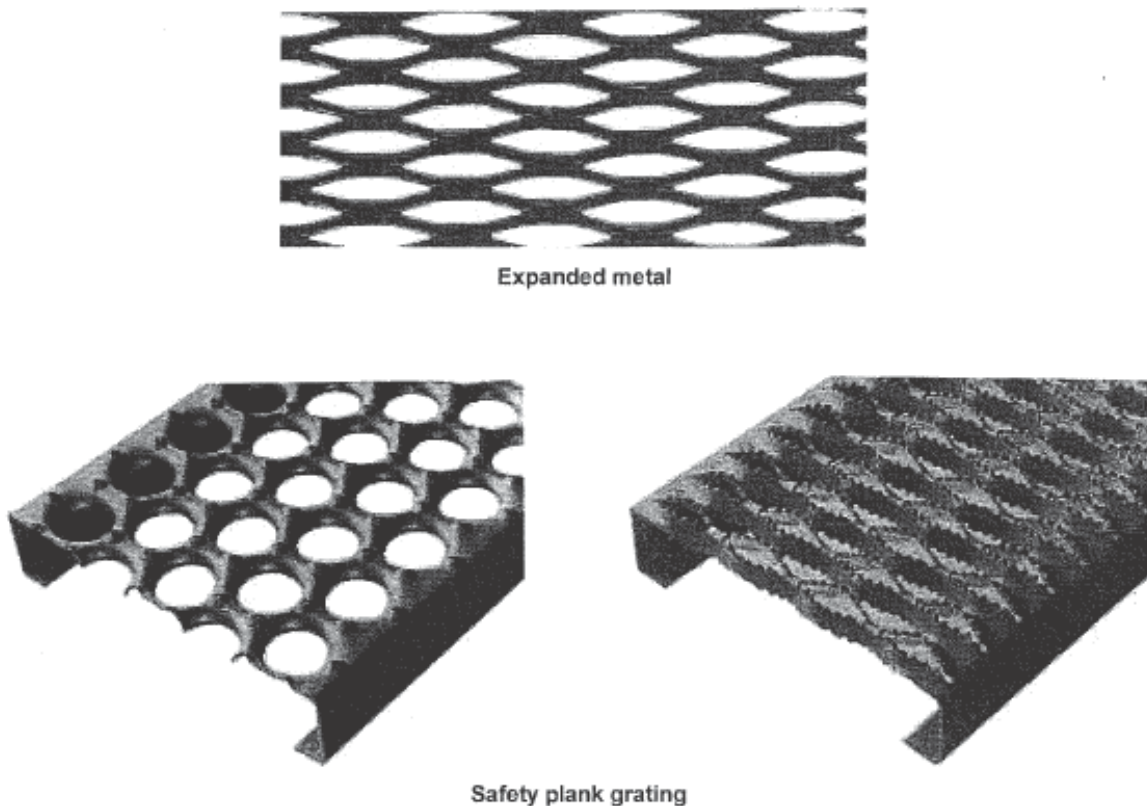
³³ Expanded metal of steel is classified under HTS subheading 7314.50.00. There is not a similar breakout for expanded metal of aluminum in HTS chapter 76.

³⁴ Conference transcript, pp. 29-30 (Scott).

³⁵ There is not a specific breakout in the HTS for safety plank grating, either of steel or aluminum.

³⁶ Conference transcript, pp. 29-31 (Scott).

Figure I-2
Other metal grating: Expanded metal and safety plank grating



Source: Reproduced with permission from Alabama Metal Industries Corp., *Grating and Expanded Metals*, January 2008.

Fiberglass grating is available either as one-piece or as assembled panels. For grating panels, fiberglass combines durability, corrosion resistance, fire retardancy, non-electrical conductivity, non-magnetism, stability, and light weight. Slip-resistant flooring systems are the major end-use applications for fiberglass gratings, including work platforms, ramps, stair treads, trench covers, and catwalks in a wide range of industries.³⁷

Petitioners consider certain aluminum (e.g., press-locked swage-locked, and riveted) grating as capable of being utilized in similar applications as CSG; however, because aluminum does not rust or corrode easily, its use is typically limited to more caustic environments, such as wastewater treatment facilities.³⁸ Given the higher cost of aluminum compared to steel, aluminum grating is sold at higher prices than steel grating.³⁹ Aluminum bar grating is included, along with grating of carbon steel and

³⁷ AMICO, “Fiberglass,” available at <http://amico-grating.com/fiberglass.htm>; and “Fiberglass Grating,” available at <http://amico-seasafe.com/fiberglass-grating.htm>.

³⁸ Petition, pp. 14-15.

³⁹ Petition, p. 14.

stainless steel, in ANSI/NAAMM standard MBG 532-00.⁴⁰ However, aluminum grating is not covered by ANSI/NAAMM standard MBG 532-00, which only includes CSG of carbon or stainless steels.⁴¹

Manufacturing Facilities and Production Employees

Expanded metal and safety plank grating may be produced in the same facilities as CSG. However, these products are manufactured on separate production equipment and typically by separate groups of employees.⁴² Although steel and aluminum grating may be produced in the same facilities, the production equipment and production employees are separate for each type of metal grating. Nor can aluminum be welded, so forge welding and EVG equipment are not suitable for manufacturing aluminum grating.⁴³

Fiberglass grating is produced either as an one-piece molded panel or as pultruded-components assembled into a panel. Molded fiberglass grating is manufactured by interweaving fiberglass strands with thermosetting resins with the grating dimensions and surfaces shaped by molds.⁴⁴ The first step in manufacturing pultruded fiberglass grating is continuous molding of the bearing bars and cross rods, both consisting of a fiberglass core, clad with glass matting, and finally clad with a synthetic surface material that are pulled (pultruded) through a resin bath and a heated steel die that imparts and sets the final cross-sectional shapes. Next, the pultruded fiberglass panel is assembled by mechanically pressing the cross rods across the tops of the aligned bearing bars.⁴⁵

Interchangeability and Customer and Producer Perceptions

According to the petitioners' witness, CSG is viewed by customers as a different product than either expanded metal or safety plank grating due to distinct manufacturing processes and different applications. Further, the separate divisions and technical standards at NAAMM for CSG versus expanded metal and safety plank grating⁴⁶ reflect that producers and users consider these separate products.⁴⁷ For example, a separate standard by the Expanded Metal Manufacturers Association (EMMA) Division of NAAMM (EMMA 557-99) covers expanded metal of carbon steel, stainless steel, and aluminum.⁴⁸

A representative of one of the petitioners noted that ANSI/NAAMM standards are voluntary and there is no certification process. Hence, both domestic and foreign producers, including those in China, can claim that their CSG meets ANSI/NAAMM standards. As such, customers must rely on the producer's reputation that its product adheres to the specific dimensional and integrity standards.⁴⁹ This

⁴⁰ NAAMM, "ANSI/NAAMM MBG 531-00 Metal Bar Grating Manual."

⁴¹ NAAMM, "ANSI/NAAMM MBG 532-00 Heavy-Duty Metal Bar Grating Manual."

⁴² Petition, p. 15.

⁴³ Petition, p. 15.

⁴⁴ AMICO, "GatorGrate Open-molded Grating," available at <http://amico-seasafe.com/grate1.htm>.

⁴⁵ AMICO, "GatorDeck Pultruded Grating," available at <http://amico-seasafe.com/deck1.htm>.

⁴⁶ Safety plank grating is not among the products covered by NAAMM and no standard has been published by NAAMM for this product. ***, telephone interview with Commission staff, June 26, 2009.

⁴⁷ Conference transcript, pp. 31-32 (Scott).

⁴⁸ NAAMM, "NAAMM Standard EMMA 557-99 Standards for Expanded Metal," Expanded Metal Manufacturers Association Division, Glen Ellyn, IL: NAAMM, 1999.

⁴⁹ Conference transcript, pp. 62-63 (Scott).

same representative further noted that Chinese producers of CSG tend to “underweight” their product.⁵⁰ Other representatives of the petitioners indicated that there are no country-of-origin marking requirements for CSG, so the domestic and imported products can appear similar enough to be almost indistinguishable due to lack of markings.⁵¹

Price

Pricing data for four types of CSG are presented in Part V of this report. U.S. producers’ reported prices for those types of CSG generally range between \$*** and \$*** per square foot during January 2006-March 2009. In contrast, expanded-metal grating generally sells for \$*** to \$*** per square foot.⁵²

⁵⁰ Conference transcript, p. 28 (Scott). Petitioners considered the degree of underweighting of Chinese CSG panels to be ***. ***. Petitioners’ postconference brief, exh. 1, p. 2.

⁵¹ Conference transcript, pp. 41-42 (Rutter and Smith).

⁵² Petitioners’ postconference brief, exh. 1, p. 10.

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

U.S. MARKET CHARACTERISTICS

CSG has numerous end-uses including: pedestrian walkways such as mezzanines, catwalks, overhead sign platforms, fire escape platforms, railway rolling-stock stand platforms, stairways, and flooring; and heavy-duty applications such as vehicle bridges, railway rolling-stock flooring, drainage pit covers, boat landing ramps, truck beds, running boards, and mooring docks.

CHANNELS OF DISTRIBUTION

Table II-1 presents information on channels of distribution for U.S. producers as well as for U.S. importers of subject product from China, and product from nonsubject countries. U.S. product, subject imports, and nonsubject imports were sold to distributors¹ more frequently than to end users in all full years; however, in the first quarter of 2009 most imports from China and nonsubject countries were sold to end users.

SUPPLY AND DEMAND CONSIDERATIONS

Supply

U.S. supply

Based on available information, U.S. CSG producers have the ability to respond to changes in demand with large changes in the quantity of shipments of U.S.-produced CSG to the U.S. market. The main contributing factor to the high degree of responsiveness of supply is the availability of unused capacity.

Industry capacity

Overall U.S. capacity increased steadily from 225.6 million kilograms in 2006 to 308.4 million kilograms in 2008 and increased slightly from 77.9 million kilograms in the first quarter of 2008 to 78.2 million kilograms in the first quarter of 2009. Capacity utilization was relatively low and decreased from 66.6 percent in 2006 to 56.2 percent in 2008, and from 57.6 percent in the first quarter of 2008 to 33.8 percent in the first quarter of 2009.

*** responding U.S. producers stated that there had been no changes in the product range or marketing of CSG since January 1, 2006.² One producer, ***, reported that increased imports had changed the market for U.S. producers.

¹ Distributors may include converters who do not sell CSG in the form in which they purchase it.

² *** provided both producer and importer questionnaires. Both importer and producer responses are recorded in Parts II and V of this report, although these firms generally provided identical responses to most questions in the pricing section of their questionnaires.

Table II-1

CSG: U.S. producers' and importers' U.S. shipments, by channels of distribution, 2006-08 and January-March 2009¹

Item	Period			
	2006	2007	2008	Jan.-March 2009
Share of reported shipments (percent)				
Domestic producers' U.S. shipments of CSG to:				
Distributors	76.1	75.0	73.2	72.0
End users	23.9	25.0	26.8	28.0
U.S. importers' U.S. shipments of CSG from China to:				
Distributors	84.8	60.4	92.0	26.2
End users	15.2	39.6	8.0	73.8
U.S. importers' U.S. shipments of CSG from all other countries to:				
Distributors	74.0	65.0	98.7	40.3
End users	26.0	35.0	1.3	59.7
Note.—Data for domestic producers consist of only U.S. commercial shipments.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Alternative markets

Between January 2006 and December 2008, U.S. producers' exports of CSG increased steadily from *** percent of their shipments in 2006 to *** percent in 2008, and from *** percent in interim 2008 to *** percent in interim 2009. At these levels, U.S. producers have relatively little ability to use exports as a means to increase supply.

Inventory levels

U.S. producers' inventories as a share of their total shipments was relatively steady, increasing from *** percent in 2006 to *** percent in 2007 and then falling to *** percent in 2008. This level of inventories may allow some increase in shipments from inventories.

Production alternatives

Three out of the five responding U.S. producers reported that they did not produce any other products on the equipment used to produce CSG. The other two reported that they also produced aluminum grating on the same equipment as CSG.

Subject Imports from China

Based on available information, Chinese producers have the ability to respond to changes in demand with large changes in the quantity of shipments of CSG to the U.S. market. The main

contributing factors to the high degree of responsiveness of supply are *** increases in capacity between 2006 and 2008, and the existence of *** sales to alternative markets.

Industry capacity

Three Chinese producers responded to the foreign producers' questionnaires, representing an estimated 6.0 percent of Chinese production and 32.3 percent of exports to the United States in 2008. Reported Chinese capacity increased steadily from *** kilograms in 2006 to *** kilograms in 2008 and from *** kilograms in the first quarter of 2008 to *** kilograms in the first quarter of 2009.

Alternative markets

The responding Chinese producers' exports to the United States increased steadily from *** percent of their reported shipments in 2006 to *** percent in 2008. These producers' shipments of CSG to the Chinese home market (including internal consumption) fell steadily from *** percent of their total shipments in 2006, to *** percent in 2008, but rose from *** percent in the first quarter of 2008 to *** percent in the first quarter of 2009. These firms' shipments to non-U.S., non-Chinese markets increased from *** percent of their total shipments in 2006 to *** percent in 2008, and also increased from *** percent in the first quarter of 2008 to *** percent in the first quarter of 2009.

Inventory levels

Inventories of the responding Chinese producers of CSG declined from *** percent of their total shipments in 2006 to *** percent in 2008. Inventories as a ratio to total shipments increased from *** percent in the first quarter of 2008 to *** percent in the first quarter of 2009.

Production alternatives

*** of the Chinese producers reported producing other products using the same equipment as CSG.

Nonsubject Imports

CSG has been imported into the United States from Canada, Mexico, Taiwan, and South Africa, listed in descending order of 2008 volume. The two known Canadian producers are each related to a U.S. producer. Imports from Canada fell steadily from 20.3 million kilograms in 2006 to 12.2 million kilograms in 2008. Imports from all other nonsubject-country sources also declined steadily, from 9.1 million kilograms in 2006 to 2.8 million kilograms in 2008.

Demand

Based on available information, the overall demand for CSG is likely to change relatively little in response to changes in price. The main contributing factors are the limited range of substitute products and the small cost share of CSG in most of its ultimate end uses. However, some factors increase the responsiveness of demand, including the large cost share of CSG in some intermediate products and the existence of some substitutes.

Available data indicate that total apparent U.S. consumption of CSG increased from 183.7 million kilograms in 2006 to 245.2 million kilograms in 2008, but fell abruptly from 53.1 million kilograms in interim 2008 to 32.8 million kilograms in interim 2009.

Demand Characteristics

There was little agreement among various producers and importers on how to characterize demand changes since the beginning of 2006. Of the five responding producers, two reported that demand had fallen since 2006, one reported that demand was unchanged, one that demand had fluctuated, and one that demand had increased. Ten importers responded: four reported that demand had increased, two reported that it was unchanged, two reported that demand had decreased, and two reported that it had fluctuated. There was more agreement on the actual changes that had occurred in demand, with three out of four responding producers and four of eight responding importers reporting that demand had increased until about mid-2008 and then declined with the business cycle. The other producer reported that demand had expanded in the energy sector. Responses from importers included increased demand in the energy sector, that economic decline had caused demand to decline, that product was not available from U.S. producers, and that demand for CSG was in the industrial, commercial, and heavy construction areas. Petitioners report that the market for CSG is a mature market with demand following the general market and industrial construction and that prices have little impact on CSG demand.³

Business Cycles

Petitioners report that demand for CSG follows the overall business cycle, but that, unlike for products used in residential construction, it does not follow an annual cycle.⁴ Spikes in demand occur when hurricanes hit areas where there are off-shore drilling platforms (e.g., the Gulf of Mexico) because safety procedures require that steel grating be thrown into the Gulf when a hurricane approaches.⁵

Substitute Products

Two of the five responding U.S. producers and 4 of the 14 responding importers reported substitutes for CSG. Substitutes listed include wood flooring, metal plates, aluminum grating, plank decking, resin/fiberglass grating, expanded metal, and checker plate.⁶ None of the firms reported that the price of substitutes affected the price of CSG.

Cost Share

Three U.S. producers and three importers estimated that CSG's share of the cost of one or more downstream products. Cost shares ranged from 1 percent to 80 percent, with five of the eight products listed having CSG cost shares of 8 percent or less.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported CSG depends on such factors as relative prices, 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.). Based on available data, staff believes that there is a relatively high degree of

³ Conference transcript, p.40 (Rutter).

⁴ Conference transcript, p. 88 (Scott).

⁵ Conference transcript, p. 87 (Scott).

⁶ Checker plate is a solid plate of steel with raised nubs to prevent slips; plank decking is also called safety plank grating which is made from a single thin plate of steel that is cut and expanded or pierced and punched. Conference transcript, pp. 29, 58 (Scott, Rutter).

substitutability between U.S. and Chinese products, particularly for commodity types and grades and for galvanized product.

Factors Affecting Purchasing Decisions

Lead times from inventories reported by U.S. producers were generally 2 or 3 days.⁷ Seven importers reported lead times from inventories ranging from 1 day to 6 months, with five reporting lead times of 10 days or fewer. Lead times for made-to-order products were reported by four U.S. producers, ranging from 2 days to 6 months with two reporting lead times of 1 to 2 weeks. Twelve importers reported lead times for made-to-order product ranging from two days to 6 months, with four reporting 1 month or less and four reporting 2 to 3 months.

Comparisons of Domestic Products and Chinese Imports

Producers and importers were requested to provide information regarding the interchangeability of domestic, subject, and nonsubject CSG and to discuss why any products may not be interchangeable (table II-2). Most U.S. producers reported that product from each of the country pairs was always interchangeable. Most importers responded that CSG from each of the different country sources was either always interchangeable or frequently interchangeable. Reported differences included: Chinese product did not always meet U.S. standards; differences between imperial and metric measures; and product from nonsubject countries did not necessarily meet ANSI/NAAMM or ASTM standards.

Table II-2

CSG: Perceived interchangeability between product produced in the United States and in other countries, by country pairs

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. China	***	***	0	0	5	8	1	0
U.S. vs. nonsubject	3	1	0	0	3	4	1	0
China vs. nonsubject	3	1	0	0	3	4	1	0

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

Petitioners reported that most product is sold using ANSI/NAAMM standards but that firms may state that their product meets these standards even if it does not; it is difficult for purchasers to test the product to determine if it actually does meet these standards.⁸ In addition, they reported that Chinese product was sometime underweight, with the bars not as thick as reported in the specifications.⁹

Producers and importers were requested to provide information regarding the significance of differences other than price for domestic, subject, and nonsubject CSG (table II-3). Most responding U.S. producers reported that there were never differences other than price for all country pairs. Most

⁷ ***.

⁸ Conference transcript, p. 62 (Scott).

⁹ Conference transcript, p. 59 (Scott).

Table II-3**CSG: Perceived importance of differences in factors other than price between product produced in the United States and in other countries, by country pairs**

Country pair	Number of U.S. producers reporting				Number of U.S. importers reporting			
	A	F	S	N	A	F	S	N
U.S. vs. China	***	0	***	***	1	4	5	2
U.S. vs. nonsubject	0	0	1	2	0	2	4	1
China vs. nonsubject	0	0	1	2	0	2	4	1

Note.--A = Always, F = Frequently, S = Sometimes, N = Never.

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

responding importers reported that there were sometimes or frequently differences other than price for each pair. Differences reported included differences in lead times and that China was the only source willing to sell to the reporting firm.

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 alleged subsidies and margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of five firms that accounted for the vast majority of U.S. production of CSG during 2008.

U.S. PRODUCERS

The Commission sent producer questionnaires to the seven firms identified in the petitions as U.S. producers of CSG: AMICO, Fisher, Bailey, IKG, Laurel, Ohio Gratings, and Leavitt. Of these, five provided useable data and the remaining two provided no response.¹ Of the domestic producers that provided useable data, petitioners AMICO and Fisher combined for *** percent of U.S. production in 2008. A third domestic producer, IKG, accounted for approximately *** percent of U.S. production in 2008. Presented in table III-1 is a list of domestic producers of CSG, each company's position on the petition², production location(s), related and/or affiliated firms, and shares of reported production of CSG in 2008.

¹ The Commission did not receive responses from Bailey or Laurel. Both Bailey and Laurel produce small amounts of CSG. Bailey produced *** kilograms of CSG in 2008 and Laurel produced *** kilograms. Both entities concentrate on heavier duty grating (primarily for bridge applications). Both Bailey and Laurel have indicated that they support the filing of the petitions on behalf of the domestic industry. Petitioners' June 9, 2009 public response to Commerce's June 4, 2009 supplemental questionnaire, exhs. 5 and 6.

² In addition to those producers who have indicated support for the petition, on June 15, 2009 the United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial & Service Workers International Union AFL-CIO ("USW") filed a letter in support of the petitions. Also, a USW representative testified at the Commission's June 19, 2009 conference.

Table III-1

CSG: U.S. producers, positions on the petition, U.S. production locations, related and/or affiliated firms, and shares of 2008 reported U.S. production

Firm	Position on petition	U.S. production location(s)	Related and/or affiliated firms	Share of production (percent)
AMICO	***	Birmingham, AL Dayton, TX Orem, UT Bourbonnais, IL	Gibraltar Industries ¹ AMICO Canada ²	***
Fisher	***	Wexford, PA Saegertown, PA Litchfield, IL	Nucor ¹ Fisher & Ludlow, Ltd. ²	***
IKG	***	Channelview, TX Leeds, AL Sand Springs, OK Garrett, IN	Harsco Industries ¹ Electroforjados Nacionales ³	***
Leavitt ⁴	***	Jackson, MS	MKK USA Inc. Sumitomo Corp.	***
Ohio Gratings	***	Canton, OH Linden, UT	Meiser Bartley Gratings ⁵ Interstate Gratings ⁵	***

¹ Parent company.

² Sister company and foreign producer.

³ Subsidiary and foreign producer.

⁴ Leavitt no longer produces CSG. It is jointly owned by MKK USA Inc. (60 percent) and Sumitomo Corp. of America (40 percent).

⁵ Subsidiary.

Note.—Because of rounding, shares may not total to 100.0 percent.

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

As indicated in table III-1, several U.S. producers are related to foreign producers of the subject merchandise and none are related to U.S. importers of the subject merchandise.³ In addition, as discussed in greater detail below, three U.S. producers *** directly import CSG and one (***) purchases CSG from a domestic producer.

U.S. CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

U.S. producers' capacity, production, and capacity utilization data for CSG are presented in table III-2. U.S. producers' capacity exceeded apparent U.S. consumption of CSG in each period for which data were collected. Between 2006 and 2008, total reported U.S. capacity increased by 36.7 percent. U.S. production of CSG increased from 150.4 million kilograms in 2006 to 173.4 million kilograms in 2008; however, production during the interim period of 2009 was 41.2 percent less than production

³ AMICO and Fisher are related to producers in Canada. IKG is related to a producer in Mexico. In addition, IKG and its parent company, Harsco Industries, maintain an ownership interest in a Chinese company which produces CSG. Petition, p. 5.

during interim 2008. Capacity utilization decreased by 10.4 percentage points between 2006 and 2008 and decreased by 23.8 percentage points between the interim periods.

The domestic producers were asked to report any changes in the character of their operations or organization relating to the production of CSG since January 1, 2006. ***. ***. Two U.S. producers (***) reported the production of products other than CSG on the same equipment and machinery and using the same production and related workers employed in the production of CSG.⁴

Table III-2

CSG: U.S. producers' production capacity, production, and capacity utilization, 2006-08, January-March 2008, and January-March 2009

* * * * *

U.S. PRODUCERS' SHIPMENTS

As detailed in table III-3, the volume of U.S. producers' U.S. shipments of CSG increased by 17.6 percent between 2006 and 2008, but decreased by 40.7 percent between the interim periods. The value of U.S. producers' U.S. shipments of CSG followed the same trend, increasing by 24.1 percent between 2006 and 2008 and decreasing by 24.0 percent between the interim periods. Two producers (***) reported internal consumption during the period and one producer reported transfers of CSG to related firms.⁵ Three firms reported export shipments.⁶

⁴ *** reported using *** percent of its equipment and workers to produce CSG; *** reported using *** percent of its equipment and *** percent of its workers to produce CSG. Alternative products produced using the same production resources consisted of aluminum and fiberglass grating.

⁵ *** reported transfers at market value to ***, which subsequently took over marketing rights. The transferred grating had minimal processed inputs from sources other than *** before it was sold to a third party. *** domestic producer questionnaire response, question II-10.

⁶ *** reported exporting to Canada. *** reported exporting to Canada and Germany.

Table III-3

CSG: U.S. producers' shipments, by types, 2006-08, January-March 2008, and January-March 2009

Item	Calendar year			January-March	
	2006	2007	2008	2008	2009
Quantity (1,000 kgs)					
Commercial shipments	121,171	131,726	134,890	36,469	21,572
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	144,939	160,605	170,510	44,673	26,473
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Value (1,000 dollars)					
Commercial shipments	211,445	226,395	251,622	56,206	42,865
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	250,391	271,386	310,747	67,415	51,244
Export shipments	***	***	***	***	***
Total shipments	***	***	***	***	***
Unit value (per kg)					
Commercial shipments	\$1.75	\$1.72	\$1.87	\$1.54	\$1.99
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	1.73	1.69	1.82	1.51	1.94
Export shipments	***	***	***	***	***
Average	***	***	***	***	***
Share of quantity (percent)					
Commercial shipments	***	***	***	***	***
Internal consumption	***	***	***	***	***
Transfers to related firms	***	***	***	***	***
U.S. shipments	***	***	***	***	***
Export shipments	***	***	***	***	***
Total shipments	100.0	100.0	100.0	100.0	100.0
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' INVENTORIES

Table III-4, which presents end-of-period inventories for CSG, shows that inventories fluctuated between 2006 and 2008.

Table III-4

CSG: U.S. producers' end-of-period inventories, 2006-08, January-March 2008, and January-March 2009

Item	Calendar year			January-March	
	2006	2007	2008	2008	2009
Inventories (1,000 kgs)	13,890	15,988	14,750	15,774	13,368
Ratio to production (<i>percent</i>)	9.2	9.7	8.5	8.8	12.7
Ratio to U.S. shipments (<i>percent</i>)	9.6	10.0	8.7	8.8	12.6
Ratio to total shipments (<i>percent</i>)	***	***	***	***	***

Note.—Partial-year ratios are based on annualized production and shipments.

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

U.S. PRODUCERS' IMPORTS AND PURCHASES

U.S. producers' imports of CSG are presented in table III-5.⁷

Table III-5

CSG: U.S. producers' imports, 2006-08, January-March 2008, and January-March 2009

* * * * *

U.S. EMPLOYMENT, WAGES, AND PRODUCTIVITY

The U.S. producers' aggregate employment data for CSG are presented in table III-6. Employment of production and related workers ("PRWs") increased by 9.7 percent between 2006 and 2008, but decreased by 9.4 percent between the interim periods. According to testimony given at the conference, petitioners AMICO and Fisher began laying off workers in late 2008. Through the first quarter of 2009, AMICO laid off 20 percent of its hourly workforce and 10 percent of its salaried workforce.⁸ By the end of 2008, Fisher had laid off five percent of its workforce at its Saegertown, PA facility.⁹ In June 2009, Fisher laid off an additional 10 percent of its workforce at the same facility.¹⁰ The closing of Leavitt's facility in Jackson, MS *** also contributed to the decrease in PRWs in the domestic CSG industry.

Between 2006 and 2008, hours worked by PRWs increased by 11.6 percent, but decreased by 10.1 percent between the interim periods. Total wages paid to PRWs followed the same pattern,

⁷ *** reported purchasing CSG from *** because the grating ***. Purchases as a ratio to production were *** percent during the period for which data were collected.

⁸ Conference transcript, p. 18 (Smith).

⁹ Conference transcript, pp. 24-25 (Rutter).

¹⁰ Conference transcript, pp. 25-26 (Rutter).

increasing between 2006 and 2008 by 7.2 percent, but decreasing by 20.8 percent between the interim periods. Productivity levels increased between 2006 and 2008 by 3.4 percent, but decreased during the interim periods by 34.7 percent. Unit labor costs decreased by 7.0 percent between 2006 and 2008, and then increased by 34.8 percent between the interim periods.

Table III-6

CSG: U.S. producers' employment-related data, 2006-08, January-March 2008, and January-March 2009

Item	Calendar year			January-March	
	2006	2007	2008	2008	2009
Production and related workers (PRWs)	773	815	848	827	749
Hours worked by PRWs (<i>1,000 hours</i>)	1,619	1,758	1,806	444	399
Hours worked per PRW	2,094	2,157	2,130	537	533
Wages paid to PRWs (<i>1,000 dollars</i>)	37,481	38,819	40,191	10,283	8,141
Hourly wages	\$23.15	\$22.08	\$22.25	\$23.16	\$20.40
Productivity (<i>kilograms produced per hour</i>)	92.9	94.2	96.0	101.1	66.1
Unit labor costs (<i>per kilogram</i>)	\$0.25	\$0.23	\$0.23	\$0.23	\$0.31
Source: Compiled from data submitted in response to Commission questionnaires.					

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

U.S. IMPORTERS

Importer questionnaires were sent to 35 firms believed to be importers of subject CSG, as well as to all U.S. producers of CSG.¹ Usable questionnaire responses were received from 19 companies, representing 44.0 percent of total imports from China in 2008 under HTS subheading 7308.90.70. Data for U.S. imports from China and nonsubject countries are compiled using official Commerce statistics. According to official Commerce statistics, China was the largest source of U.S. imports in 2008 and Canada was the largest nonsubject source.²

Table IV-1 lists all responding U.S. importers of CSG from China and other sources, their locations, and their shares of U.S. imports from in 2008.

Table IV-1

CSG: U.S. importers, U.S. headquarters, related and/or affiliated firms and share of reported imports from China in 2008

* * * * *

U.S. IMPORTS

Table IV-2 and figure IV-1 present and depict U.S. imports of CSG during 2006 to 2008 and during January-March 2008 and 2009. U.S. import data are based on official Commerce statistics for CSG.³ U.S. imports of CSG from China increased from 9.3 million kilograms in 2006 to 59.6 million kilograms in 2008, an increase of 538.4 percent. The value of imports of CSG from China increased from \$9.6 million in 2006 to \$101.8 million in 2008, an increase of 956.1 percent. In contrast, imports of CSG from nonsubject sources decreased in quantity and value, by 48.8 percent and 20.8 percent, respectively, between 2006 and 2008. The average unit value of imports of CSG from China increased by 65.4 percent between 2006 and 2008 and increased by 38.2 percent between the interim periods. The unit value of imports from nonsubject sources followed a similar trend, increasing by 54.6 percent between 2006 and 2008 and increasing by 20.3 percent between the interim periods.

¹ The Commission sent questionnaires to those firms identified in the petition, along with firms that, based on a review of data provided by U.S. Customs and Border Protection (“Customs”), may have imported greater than one percent of total imports under HTS subheading 7308.90.70 in any one year since 2006.

² Petitioners AMICO and Fisher both have sister companies that produce CSG in Canada. Fisher was established in 1954 and began producing CSG in the United States in 2006, after it acquired Tru-Weld Grating. Prior to this, Fisher operated several distribution centers in the United States that it supplied from its Canadian operations. Conference transcript, p. 39 (Rutter).

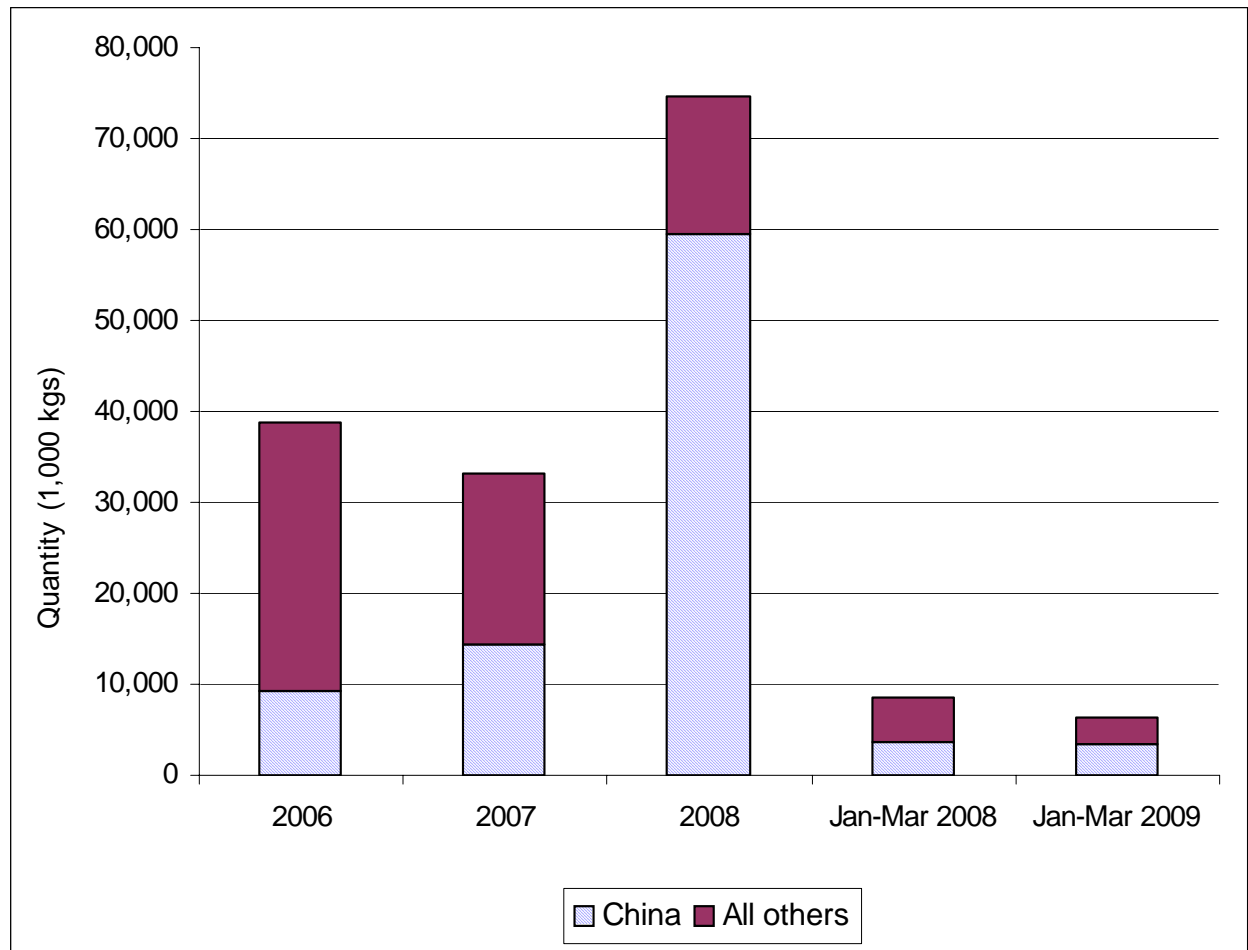
³ HTS subheading 7308.90.70.

Table IV-2

CSG: U.S. imports, by sources, 2006-08, January-March 2008, and January-March 2009

Source	Calendar year			January-March	
	2006	2007	2008	2008	2009
Quantity (1,000 kgs)					
China	9,338	14,450	59,617	3,762	3,310
All other sources	29,414	18,826	15,072	4,707	3,053
Total	38,752	33,276	74,689	8,469	6,363
Value (1,000 dollars)¹					
China	9,635	16,026	101,755	5,272	6,411
All other sources	40,062	32,795	31,739	7,872	6,144
Total	49,697	48,820	133,493	13,144	12,555
Unit value (per kg)¹					
China	\$1.03	\$1.11	\$1.71	\$1.40	\$1.94
All other sources	1.36	1.74	2.11	1.67	2.01
Average	1.28	1.47	1.79	1.55	1.97
Share of quantity (percent)					
China	24.1	43.4	79.8	44.4	52.0
All other sources	75.9	56.6	20.2	55.6	48.0
Total	100.0	100.0	100.0	100.0	100.0
Share of value (percent)					
China	19.4	32.8	76.2	40.1	51.1
All other sources	80.6	67.2	23.8	59.9	48.9
Total	100.0	100.0	100.0	100.0	100.0
¹ Landed, U.S. port of entry, duty-paid.					
Source: Compiled from official Commerce statistics.					

Figure IV-1
CSG: Quantity of subject and nonsubject U.S. imports, 2006-08, January-March 2008 and January-March 2009



Source: Table IV-2.

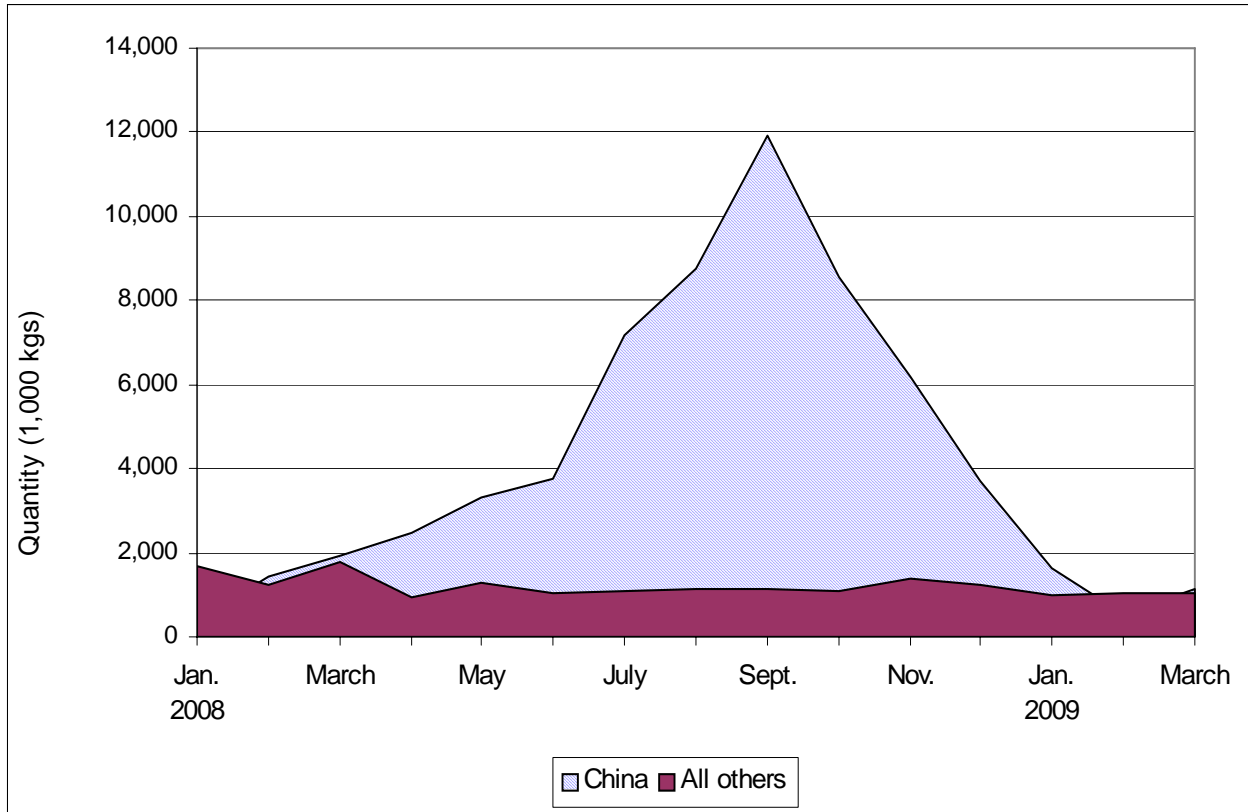
Figure IV-2 presents monthly imports of CSG from China and all other sources from January 2008 until March 2009. As the graph illustrates, imports of CSG from China reached peak levels in September 2008. According to testimony given at the conference, petitioners observed that the influx of imports in the second half of 2008 far exceeded demand.⁴ Petitioners contend that the resulting sales went into inventory throughout the U.S. distribution system, including at importers, distributors, customers, and elsewhere.⁵ Since CSG is designed for longevity and can be stored unsold for long periods of time, petitioners estimate that it might take eight to ten months to clear out the CSG currently in inventories.⁶

⁴ Conference transcript, pp. 13-14 (Smith).

⁵ Petitioners' postconference brief, p. 9.

⁶ Conference transcript, p. 75 (Scott).

Figure IV-2
CSG: U.S. imports, by month, January 2008 to March 2009



Source: Compiled from official Commerce statistics.

NEGLIGENCE

The statute requires that an investigation be terminated without an injury determination if imports of the subject merchandise are found to be negligible.⁷ Negligible imports are generally defined in the Tariff Act of 1930, as amended, as imports from a country of merchandise corresponding to a domestic like product where such imports account for less than 3 percent of the volume of all such merchandise imported into the United States in the most recent 12-month period for which data are available that precedes the filing of the petition or the initiation of the investigation.⁸ Subject imports from China accounted for 81.5 percent of U.S. imports of CSG from all countries from April 2008 through March 2009.⁹

⁷ Sections 703(a)(1), 705(b)(1), 733(a)(1), and 735(b)(1) of the Act (19 U.S.C. §§ 1671b(a)(1), 1671d(b)(1), 1673b(a)(1), and 1673d(b)(1)).

⁸ Section 771(24) of the Act (19 U.S.C. § 1677(24)).

⁹ Official Commerce statistics.

U.S. Imports by Geographical Markets

Houston, TX, was the largest district of entry for imports of CSG from China, accounting for nearly 61.6 percent of total subject imports from January 2006 to March 2009, and nearly four times the quantity of imports landed at any other port. The Houston port provides a convenient point of entry for CSG imports given its proximity to oil and energy plants located near the Gulf Coast, which are the main source of business for CSG. According to testimony given at the conference, CSG producers do a great deal of business when hurricanes or severe weather threaten or damage oil rigs and other industrial complexes in the Gulf of Mexico.¹⁰

APPARENT U.S. CONSUMPTION

Data concerning apparent U.S. consumption of CSG during the period of investigation are shown in table IV-3 and figure IV-3. Between 2006 and 2008, total apparent U.S. consumption increased 33.5 percent by quantity and 48.0 percent by value. During the same period, subject imports of CSG increased 538.4 percent by quantity and 956.1 percent by value. In contrast, nonsubject imports decreased throughout the period for which data were gathered. Between 2006 and 2008, U.S. producers' U.S. shipments of CSG increased by 17.6 percent, but decreased in quantity and value by 40.7 percent and 24.0 percent, respectively, between the interim periods.

Table IV-3

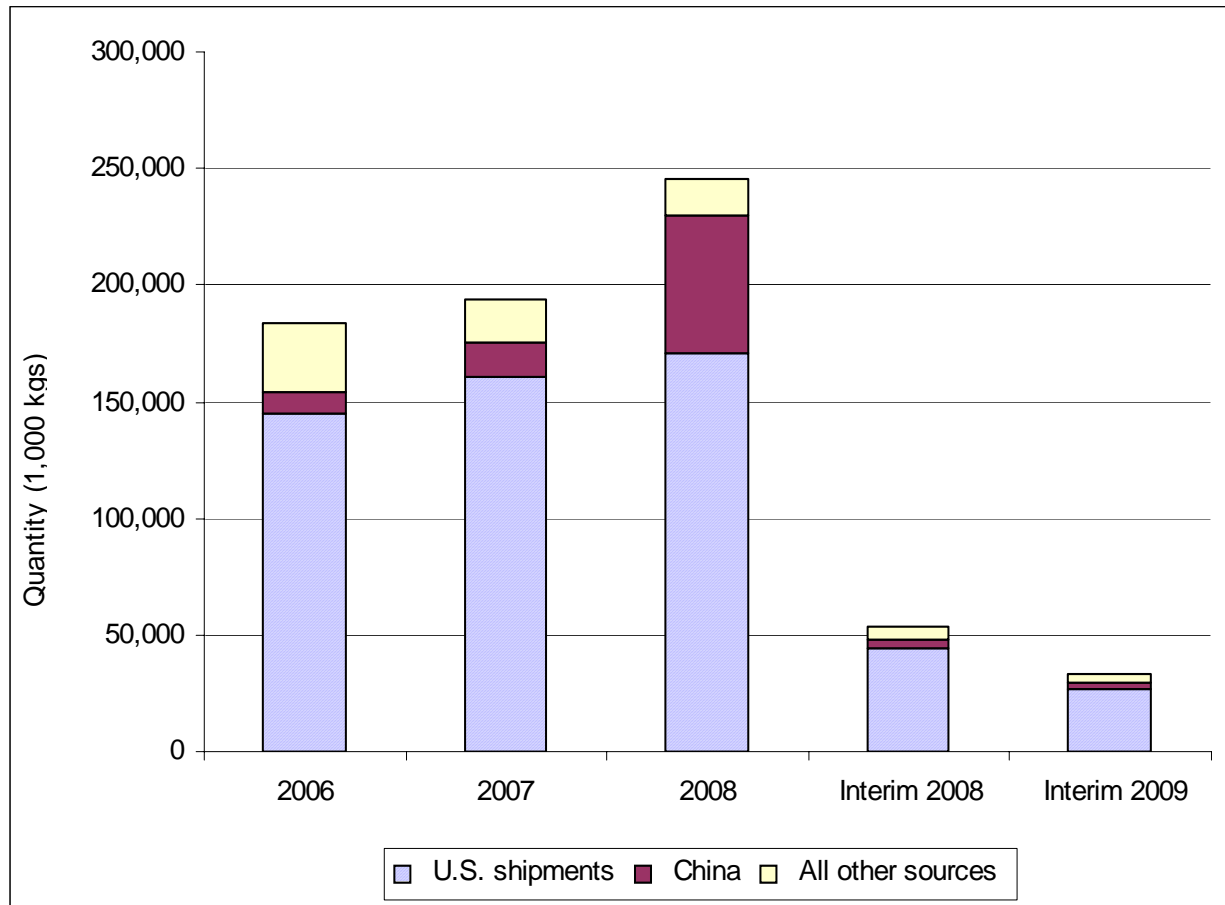
CSG: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2006-08, January-March 2008, and January-March 2009

Item	Calendar year			January-March	
	2006	2007	2008	2008	2009
Quantity (1,000 kgs)					
U.S. producers' U.S. shipments	144,939	160,605	170,510	44,673	26,473
U.S. imports from--					
China	9,338	14,450	59,617	3,762	3,310
Nonsubject countries	29,414	18,826	15,072	4,707	3,053
Total U.S. imports	38,752	33,276	74,689	8,469	6,363
Apparent U.S. consumption	183,691	193,881	245,199	53,142	32,836
Value (1,000 dollars)					
U.S. producers' U.S. shipments	250,391	271,386	310,747	67,415	51,244
U.S. imports from--					
China	9,635	16,026	101,755	5,272	6,411
Nonsubject countries	40,062	32,795	31,739	7,872	6,144
Total U.S. imports	49,697	48,820	133,493	13,144	12,555
Apparent U.S. consumption	300,088	320,206	444,240	80,559	63,799
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

¹⁰ Conference transcript, p. 16 (Smith).

Figure IV-3

CSG: Apparent U.S. consumption, by sources, 2006-08, January-March 2008, and January-March 2009



Source: Table IV-3.

U.S. MARKET SHARES

U.S. market share data are presented in table IV-4. U.S. producers' shipments decreased as a share of the quantity and value of apparent U.S. consumption of CSG during the period for which data were collected, while imports from China increased by both measures. Between 2006 and 2008, U.S. imports from China increased as a share of the quantity of apparent U.S. consumption of CSG from 5.1 percent in 2006 to 24.3 percent in 2008, an increase of 19.2 percentage points.

Table IV-4

CSG: U.S. consumption and market shares, 2006-08, January-March 2008, and January-March 2009

Item	Calendar year			January-March	
	2006	2007	2008	2008	2009
Quantity (1,000 kgs)					
Apparent U.S. consumption	183,691	193,881	245,199	53,142	32,836
Value (1,000 dollars)					
Apparent U.S. consumption	300,088	320,206	444,240	80,559	63,799
Share of quantity (percent)					
U.S. producers' U.S. shipments	78.9	82.8	69.5	84.1	80.6
U.S. imports from-- China	5.1	7.5	24.3	7.1	10.1
Nonsubject countries	16.0	9.7	6.1	8.9	9.3
All countries	21.1	17.2	30.5	15.9	19.4
Share of value (percent)					
U.S. producers' U.S. shipments	83.4	84.8	70.0	83.7	80.3
U.S. imports from-- China	3.2	5.0	22.9	6.5	10.0
Nonsubject countries	13.4	10.2	7.1	9.8	9.6
All countries	16.6	15.2	30.0	16.3	19.7
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

RATIO OF IMPORTS TO U.S. PRODUCTION

Information concerning the ratio of imports to U.S. production of CSG is presented in table IV-5. Subject imports increased from 6.2 percent of U.S. production in 2006 to 34.4 percent of U.S. production in 2008. Nonsubject imports decreased from 19.6 percent of U.S. production in 2006 to 8.7 percent of U.S. production in 2008.

Table IV-5

CSG: U.S. production, U.S. imports, and ratios of imports to U.S. production, 2006-08, January-March 2008, and January-March 2009

Item	Calendar year			January-March	
	2006	2007	2008	2008	2009
Quantity (1,000 kgs)					
U.S. production	150,386	165,653	173,393	44,882	26,408
Imports from:					
China	9,338	14,450	59,617	3,762	3,310
Nonsubject countries	29,414	18,826	15,072	4,707	3,053
Total imports	38,752	33,276	74,689	8,469	6,363
Ratio of U.S. imports to production (percent)					
Imports from:					
China	6.2	8.7	34.4	8.4	12.5
Nonsubject countries	19.6	11.4	8.7	10.5	11.6
Total imports	25.8	20.1	43.1	18.9	24.1
Note.—Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.					

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

Petitioners report that steel constitutes 60 to 70 percent of U.S. producers' total cost of producing CSG.¹ The principal raw materials used for producing CSG are coils of hot-rolled steel sheet and thin-gauge plate, or flat bars, which are cut into bearing bars, and wire rods which are cut for the crossbars used in welded and swage lock grating. The costs of hot-rolled coil, wire rod, and merchant bars fluctuated within a relatively limited range in 2006 and 2007 but rose abruptly in 2008 before falling in the second half of 2008 and the beginning of 2009. By May of 2009 the prices of hot-rolled coil and wire rod were below prices in 2006 and 2007. In contrast, in May of 2009 the price of merchant bar was still above its prices in 2006 and 2007.

Figure V-1

U.S. steel prices: Monthly prices of hot rolled coil, wire rod, and merchant bar, * monthly average prices, January 2006 through May 2008**

* * * * *

U.S. Inland Transportation Costs

Among U.S. producers, U.S. inland transportation costs ranged from 4.5 to 10 percent. All five U.S. producers reported that they arrange transportation for their customers. U.S. producers reported that collectively they sell between 0 and 15 percent of their CSG within 100 miles of their production facilities, half or more of their sales between 100 and 1,000 miles from their production facilities, and 9 to 40 percent more than 1,000 miles from their production facilities.

Seven importers reported U.S. inland transportation costs that ranged between 3 to 6 percent. Nine of the 13 responding importers reported that they arranged transportation for their customers, while four importers reported that their customers arrange transportation. Seven of the 12 responding importers reported selling half or more of their product between 0 and 100 miles from their U.S. points of shipment, four reported selling half or more of their product between 101 and 1,000 miles from their U.S. points of shipment, and two reported selling most of their product over 1,000 miles from their U.S. points of shipment.²

Three of the five U.S. producers reported selling nationwide, while one reported selling in all regions other than the Northwest, and one reported selling to the Northeast, the Mid-Atlantic, the Midwest, and the Southeast. Four of the 14 responding importers reported selling nationwide. Five importers reported selling in only one region, with the remaining three reporting sales in 2 to 4 regions. Regions most commonly reported by importers included the Southeast, the Southwest, and the West Coast.

¹ Conference transcript, p. 15 (Smith).

² One of these importers reported selling half of its CSG 100 miles or less from its U.S. point of shipment and the other half 101 to 1,000 miles from its U.S. point of shipment.

PRICING PRACTICES

CSG is sold in many forms with variations that include: the methods of attaching the bearing bars to the cross bars; the size of the bearing and cross bars; the spacing between bearing bars and cross bars; use of carbon and stainless steel; plain or serrated surface; the use of coatings; and end finishing.³ Bearing bars may be attached to the cross bars by welds, press locks, swage locks, or rivets. Welded steel grating is the least expensive type and the most common. Grating is typically more expensive per square foot if it is heavier (with more steel used), if it is galvanized⁴ (although the petitioners report that Chinese product is typically galvanized in order to protect it while it is shipped and that the Chinese galvanized product is not more expensive than non-galvanized product),⁵ and if it is stainless steel rather than carbon steel.

Pricing Methods

Three of five responding producers and 11 of the 13 responding importers reported using transaction-by-transaction negotiations to determine price. One producer reported using a price list and one *** reported using a proprietary algorithm and negotiations to determine price. One importer reported market pricing for its sales of CSG.

Four out of five U.S. producers and all 11 responding importers reported selling most of their product using spot sales. One of the five responding U.S. producers and 9 of 11 responding importers reported selling all of their product through spot sales.

Short-term contracts ranged from less than one month to 6 months. Four of the five responding producers and 3 of the 12 responding importers reported that they used short-term contracts, with one producer and one importer selling mainly through short-term contracts. Contract details were reported by three producers and five importers. Two of the four responding producers and two of five responding importers reported that contract terms were renegotiated during the period of the contract. Two producers and three importers reported that contracts fix both price and quantity, one producer reported that contracts fixed price, one *** reported contracts either fixed price or both price and quantity, and one importer reported that contracts did not fix price or quantity. None of the responding producers' or importers' contracts included meet-or-release provisions.

None of the producers or importers reported long-term contracts.

Sales Terms and Discounts

All five responding U.S. producers and 11 of the 15 responding importers stated that their typical sales terms were net 30 days. Two of the five responding U.S. producers and 3 of the 14 responding importers reported quoting prices on an f.o.b. basis, two producers and three importers reported that prices were on a delivered basis, one producer and one importer reported that prices were on both f.o.b. and delivered bases, and seven importers reported that prices were on a point-of-entry basis.

Two of the four responding U.S. producers and 9 of the 10 responding importers reported that they did not have a discount policy. One U.S. producer and two importers reported offering quantity or annual volume discounts, while two *** reported they rarely offered discounts.

³ This includes "addition of end bands, small weldments, or basic cutouts." Petition p. 9.

⁴ Petitioners report they typically sell galvanized grating at \$1.30 a square foot more than ungalvanized product. Conference transcript, p. 15 (Smith).

⁵ Conference transcript, p. 64 (Smith).

PRICE DATA

The Commission requested U.S. producers and importers of CSG to provide quarterly data for the total quantity (in both square feet and kilograms) and value of CSG that was shipped to unrelated customers in the U.S. market. Data were requested for the period January-March 2006 through January-March 2009. The products for which pricing data were requested are as follows:

Product 1.--1.25 inches deep by 3/16 inch thick 19-4 (bearing bars spaced at 19/16" on center (or metric equivalent), cross bars spaced at 4" on center (or metric equivalent)), 3 foot by 20 foot welded bar grating panel, carbon steel, unserrated, unpainted, ungalvanized, excluding alloy, microalloy, and stainless.

Product 2.--1.00 inch deep by 3/16 inch thick 19-4 (bearing bars spaced at 19/16" on center (or metric equivalent), cross bars spaced at 4" on center (or metric equivalent)), 3 foot by 20 foot welded bar grating panel, carbon steel, serrated, galvanized, excluding alloy, microalloy, and stainless.

Product 3.--1.25 inches deep by 3/16 inch thick 19-4 (bearing bars spaced at 19/16" on center (or metric equivalent), cross bars spaced at 4" on center (or metric equivalent)), 3 foot by 20 foot welded bar grating panel, carbon steel, serrated, galvanized, excluding alloy, microalloy, and stainless.

Product 4.--1.50 inches deep by 3/16 inch thick 19-4 (bearing bars spaced at 19/16" on center (or metric equivalent), cross bars spaced at 4" on center (or metric equivalent)), 3 foot by 20 foot welded bar grating panel, carbon steel, serrated, galvanized, excluding alloy, microalloy, and stainless.

Three U.S. producers and four importers provided usable pricing data for sales of the requested products from U.S. and China,⁶ although not all firms reported pricing for all products for all quarters. Pricing data reported by these firms accounted for approximately 6.1 percent of U.S. producers' shipments of CSG and 10.2 percent⁷ of U.S. shipments of subject imports from China in 2008.

Price Trends

U.S. products 1 through 4 followed similar trends, varying within a relatively narrow range between 2006 and the first quarter of 2008; in the second quarter of 2008, prices rose sharply, and prices then rose well above earlier levels until 2009 when prices fell sharply (tables V-1 to V-5 and figures V-2 to V-5). Appendix D provides pricing data for CGS imported from nonsubject countries.⁸ The major changes in U.S. prices during the period appeared to follow steel input prices (figure V-1). In contrast, prices for the Chinese product followed no special pattern, although product 1 prices rose sharply in 2008.

⁶ Usable price data were provided by U.S. producers *** and from importers of Chinese product ***. In addition, nonsubject-country pricing data were provided by ***. Pricing data on imports from China by *** were not included because they did not appear reasonable despite some corrections.

⁷ This understates the share of imports from China because one importer's quantity is not included; it did not include the weight of its product, but only provided square feet.

⁸ Data are not recorded for countries with less than three pricing points.

Table V-1

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *

Table V-2

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *

Table V-3

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *

Table V-4

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *

Figure V-2

CSG: Weighted-average prices and quantities of domestic and imported product 1, by quarters, January 2006-March 2009

* * * * *

Figure V-3

CSG: Weighted-average prices and quantities of domestic and imported product 2, by quarters, January 2006-March 2009

* * * * *

Figure V-4

CSG: Weighted-average prices and quantities of domestic and imported product 3, by quarters, January 2006-March 2009

* * * * *

Figure V-5

CSG: Weighted-average prices and quantities of domestic and imported product 4, by quarters, January 2006-March 2009

* * * * *

Price Comparisons

Selected price comparisons for domestically produced and imported Chinese products are presented in table V-5. Margins of underselling and overselling are presented in table V-6. As can be seen from table V-6, prices for CSG imported from China were below those for U.S.-produced CSG in 37 of 43 instances; margins of underselling ranged from 0.8 to 42.5 percent. In the remaining six instances, prices for CSG from China were between 0.7 and 20.4 percent above prices for the domestic product.

Table V-5

CSG: Summary of weighted-average f.o.b. prices, by product, and by country

Country	Number of quarters	Highest price	Lowest price	Change in price ¹
		<i>Per pound</i>	<i>Per pound</i>	<i>Percent</i>
Product 1				
United States	13	\$***	\$***	***
China	13	***	***	***
Product 2				
United States	13	***	***	***
China	11	***	***	***
Product 3				
United States	13	***	***	***
China	10	***	***	***
Product 4				
United States	13	***	***	***
China	9	***	***	***
¹ Percentage change from the first quarter for which price data were reported to the last quarter for which price data were reported, based on unrounded data.				
Source: Compiled from data submitted in response to Commission questionnaires.				

Table V-6

CSG: Instances of underselling/overselling and the range and average of margins, January 2006-March 2009

Country	Underselling			Overselling		
	Number of instances	Range (percent)	Average margin (percent)	Number of instances	Range (percent)	Average margin (percent)
China	37	0.8-42.5	16.7	6	(0.7)- (20.4)	(9.0)
Source: Compiled from data submitted in response to Commission questionnaires.						

LOST SALES AND LOST REVENUES

The Commission requested U.S. producers of CSG to report any instances of lost sales or revenues they experienced due to competition from imports of CSG from China during 2006 through March 2009. Of the five responding U.S. producers, three reported that they had to either reduce prices or roll back announced price increases or that they had lost sales. The 18 lost sales allegations totaled \$28,292,800 and involved 22,836 short tons of CSG (table V-7) and the four lost revenues allegations totaled \$2,866,667 and involved 28,317 short tons of CSG (table V-8). Staff received responses from four purchasers and a summary of the information obtained follows.

***.
***.

Table V-7
CSG: U.S. producers' lost sales allegations

* * * * * * *

Table V-8
CSG: U.S. producers' lost revenue allegations

* * * * * * *

***.
***.
***.
***.

In addition, purchasers who were sent lost sales/lost revenue questionnaires were also asked whether since January 2006 their firm had switched from U.S.-produced to Chinese grating; three of the seven responding firms reported "yes." Of those reporting that they had changed from U.S. product to Chinese product, two reported that price was the reason for this change. One of them reported that "the term switching is not accurate. We purchased some grating from China." The firm shifting to Chinese product but for reasons other than price reported that "****." Another, answering "no," reported it had only purchased *** of Chinese product and that it continued to purchase U.S. product.

Purchasers were asked whether since January 2006 U.S. producers had reduced their prices of CSG to compete with prices of CSG imported from China. Three of the six responding purchasers reported that U.S. producers had reduced their prices because of imports from China. One of these reported that the effect was much more noticeable in 2007. One reported that it quoted the Chinese price which was 35 percent lower to its supplier of U.S.-produced material and this resulted in a lower price for the U.S. product. One reported that "prices have moved based on the producers' cost of flat-rolled coil that is used in the production of grating. Pricing has moved up and down since 2006." One reported that it did not answer "yes" or "no" because it did not know why U.S. producers changed their prices. One reported that U.S. prices had not changed because of the Chinese product but because the cost of steel fell.

PART VI: FINANCIAL EXPERIENCE OF U.S. PRODUCERS

BACKGROUND

Five U.S. firms provided usable financial data for each of their latest three fiscal years on their operations producing certain steel grating (“CSG”).¹ These reported data are believed to represent over 95 percent of U.S. CSG production in the period for which data were gathered.

OPERATIONS ON CSG

Income-and-loss data for U.S. producers of CSG are presented in table VI-1. Total net sales increased from 2006 to 2008 but were much lower in January-March 2009 than in January-March 2008 (**% percent and **% percent by quantity and value, respectively). The absolute values of the cost of goods sold (“COGS”) and selling, general, and administrative (“SG&A”) expenses followed sales, increasing from 2006 to 2008, but were only slightly lower in January-March 2009 than in the same period in 2008. The ratio of COGS and of SG&A expenses to sales declined slightly between 2006 and 2008; the COGS-to-sales ratio was much higher in January-March 2009 than in January-March 2008, while the SG&A expense-to-sales ratio was unchanged. Reportedly driven by increasing steel prices, the average unit values (“AUV”) of sales and COGS rose irregularly from 2006 to 2008 but were sharply higher in January-March 2009 than in January-March 2008; the AUV of SG&A expenses was slightly lower from 2006 to 2008 but was sharply higher in interim 2009 than interim 2008. Operating income increased sharply from 2006 to 2008 partly because of the increase in sales volume but mainly because the unit value of sales increased more than the unit values of COGS plus SG&A expenses. Operating income was dramatically lower in interim 2009 compared with interim 2008 for the opposite reasons—sales volume was lower and unit costs increased more than unit revenues.² Net income before taxes and cash flow followed the same trend as operating income.

¹ The firms are: AMICO, Fisher, IKG, Leavitt, and Ohio Gratings. Each of the reporting firms has a fiscal year that ends on or about December 31. There are **% differences between data reported in the trade and financial sections of the Commission’s producers’ questionnaire, which are attributable to **%.

² Also, *see* petitioners’ postconference brief, pp. 24-25, 29, and 31-32.

Table VI-1

CSG: Results of operations of U.S. producers, 2006-08, January-March 2008, and January-March 2009

Item	Fiscal year			January-March	
	2006	2007	2008	2008	2009
Quantity (1,000 kilograms)					
Total net sales ¹	***	***	***	***	***
Value (\$1,000)					
Total net sales ¹	***	***	***	***	***
Cost of goods sold (COGS)					
Raw materials	***	***	***	***	***
Direct labor	***	***	***	***	***
Other factory costs	***	***	***	***	***
Total COGS	***	***	***	***	***
Gross profit	***	***	***	***	***
SG&A expense	***	***	***	***	***
Operating income	***	***	***	***	***
Other income or (expense), net ²	***	***	***	***	***
Net income	***	***	***	***	***
Depreciation	***	***	***	***	***
Cash flow	***	***	***	***	***
Ratio to net sales (percent)					
Cost of goods sold:					
Raw materials	50.0	50.3	50.4	48.9	58.1
Direct labor	4.5	4.4	4.2	4.3	4.6
Other factory costs	20.9	18.6	19.4	20.2	24.1
Average COGS	75.3	73.3	74.1	73.4	86.8
Gross profit	24.7	26.7	25.9	26.6	13.2
SG&A expenses	9.4	8.6	8.1	9.3	9.3
Operating income	15.3	18.1	17.8	17.3	3.9
Net income	15.4	15.9	14.9	16.2	3.4

Table continued on following page.

Table VI-1--Continued

CSG: Results of operations of U.S. producers, 2006-08, January-March 2008, and January-March 2009

Item	Fiscal year			January-March	
	2006	2007	2008	2008	2009
Unit value (per kilogram)					
Total net sales ¹	\$1.73	\$1.69	\$1.83	\$1.51	\$1.95
Cost of goods sold:					
Raw materials	0.86	0.85	0.93	0.74	1.14
Direct labor	0.08	0.07	0.08	0.06	0.09
Other factory costs	0.36	0.32	0.36	0.31	0.47
Average COGS	1.30	1.24	1.36	1.11	1.70
Gross profit	0.43	0.45	0.48	0.40	0.26
SG&A expenses	0.16	0.15	0.15	0.14	0.18
Operating income or (loss)	0.26	0.31	0.33	0.26	0.08
Net income or (loss)	0.27	0.27	0.27	0.24	0.07
Number of companies reporting					
Operating losses ³	***	***	***	***	***
Data ³	4	5	5	5	5
¹ ***. These data are included within total net sales. ² Includes interest expense, other expenses, and other income items. Each firm reported interest expense. ***. ³ ***.					
Source: Compiled from data submitted in response to Commission questionnaires.					

Raw material inputs utilized in the production of CSG are hot-rolled steel sheet in standard grades (carbon, alloy, and stainless steel grades) for the bearing bars and steel wire rod in standard grades (carbon, alloy, and stainless steel grades) for the crossbars. In thicker grades, steel plate may be substituted for steel sheet. Some manufacturers may choose to purchase pre-slit steel coil or buy steel bar if they do not have the needed machinery to process the bearing bars or crossbars into the desired size, as noted in the petition.³ Raw material costs, which are these steel items, rose in absolute value and as a percentage of net sales during the period for which data were gathered, as noted earlier. Raw material costs also increased as a share of total COGS, from 66.4 percent in 2006 to 68.1 percent in 2008. Raw material costs averaged \$0.93 per kilogram of sales in 2008 for the reporting U.S. producers and ranged from \$*** to \$*** per kilogram of sales on a firm-by-firm basis.

AMICO ***. It was *** of the periods for which data were gathered, and its operating income margin ***. The quantity, value, and AUV of AMICO's sales *** between 2006 and 2008. Although its sales in January-March 2009 were *** in January-March 2008, ***. Its ***. AMICO ***.⁴

³ Petition, vol. 1, p. 8 and petitioners' postconference brief, exh. 1, p. 3.

⁴ Petition, vol. 1, exh. 1-3.

IKG ***. It was *** of the periods for which data were collected, and its operating income margin ***. The quantity, value, and AUV of IKG's sales *** between 2006 and 2008. Although its sales in January-March 2009 were *** in January-March 2008, ***, IKG, ***.⁵

Table VI-2

CSG: Selected results of operations of U.S. producers, by firm, 2006-08, January-March 2008, and January-March 2009

* * * * *

Fisher⁶ and Ohio Gratings ***. Fisher produces ***,⁷ the AUVs of Ohio Gratings's sales ***.⁸ Leavitt ***.⁹ ***.

As noted by petitioners, domestic producers require a certain baseload of business to maintain capacity utilization and to enable them to operate as efficiently as possible.¹⁰ Each of the responding firms provided a breakdown between fixed costs and variable costs¹¹ in their questionnaire response. For the five firms together, fixed costs account for about 14 percent of COGS and 58 percent of SG&A expenses in 2008.¹² While the fixed cost portion of COGS seems very low, it should be noted that raw materials costs, chiefly forms of steel, accounted for about 68 percent of total COGS in 2008. Based on the breakdown between fixed and variable costs, the breakeven point, which is the quantity sold where total revenues and total costs are equal,¹³ can be calculated for the five firms. That point was 80.1 million kilograms in 2008 and constituted about half the actual production of 173.4 million kilograms of CSG the firms produced in 2008 or *** the total net sales of *** million kilograms. Each of the reporting U.S. producers *** had sales above or well above the firm's breakeven point. ***.

⁵ Petition, vol. 1, exh. 1-3.

⁶ Fisher purchased Tru-Weld Grating Inc. in ***. Questionnaire response, II-2.

⁷ Petition, vol. 1, exh. 1-3.

⁸ The results of the domestic industry, excluding ***, are presented in table C-2.

⁹ Petitioners' postconference brief, p. 34.

¹⁰ Conference transcript, p. 12 (Smith); p. 23-24 (Rutter). Witnesses at the conference described how both AMICO and Fisher were forced to reduce production and their capacity utilization fell as the firms lost sales. They also described price cuts and a cost-price squeeze (e.g., conference transcript, p. 15 (Smith—prices down 45 percent since January 2009)).

¹¹ Fixed costs are those that do not vary with changes in production. While the absolute value of fixed costs remains the same, the AUVs of fixed costs vary inversely with production changes—they rise when production falls and decrease with production increases. Variable costs increase or decrease with changes in production although the AUV of variable costs stays the same with changes in production. All of the reporting firms stated that raw material costs are variable costs and the vast majority of direct labor was reported to be classified as a variable cost. Other factory costs include both fixed costs (depreciation, insurance, plant management) and variable costs (indirect materials, electricity, utility charges). In 2008, the fixed cost component accounted for 54 percent of other factory costs. SG&A expenses also have fixed and variable components. About 58 percent of total SG&A expenses were estimated to be fixed costs in 2008.

¹² Compiled from data submitted in response to Commission questionnaires.

¹³ The breakeven point can be calculated as sales minus variable costs minus fixed costs equals zero. Sales minus variable costs is the contribution margin. Rearranging the equation, the quantity at the breakeven point equals fixed costs in dollars divided by the unit contribution margin. The validity of this calculation depends upon a number of crucial assumptions. See, Charles T. Horngren, George Foster, Srikant M. Datar, *Cost Accounting: A Managerial Emphasis* (New Jersey: Prentice Hall, 9th Ed, 1997), p. 60.

A variance analysis for the operations of U.S. producers of CSG is presented in table VI-3. The information for this variance analysis is derived from table VI-1.¹⁴ A variance analysis is more effective when the product involved is a homogeneous product with no variation in product mix (i.e., consistency in the cost structure). Although petitioners stated that the product mix has changed very little, they noted that because of imports in common steel grating sizes, U.S. producers have had to produce smaller volume and more specialized products that are more difficult and expensive to produce.¹⁵ Hence, the usefulness of this analysis may be diminished by increasing costs of CSG due to this shift in product mix.

The analysis shows that the increase of \$*** million in the operating income from 2006 to 2008 was attributable to the favorable price variance (unit sales values increased) that was greater than the unfavorable net cost/expense variance (unit costs increased). The volume variance from 2006 to 2008 was favorable (the volume portion of the sales variance was greater than the volume portion of the net cost/expense variance). Operating income dropped by \$*** million between January-March 2008 and January-March 2009 because a favorable price variance (unit prices increased) was overwhelmed by unfavorable variances on net cost/expense (unit costs increased) and volume.

Table VI-3
CSG: Variance analysis on the operations of U.S. producers, 2006-08, and January-March 2008 to January-March 2009

* * * * *

CAPITAL EXPENDITURES AND RESEARCH AND DEVELOPMENT EXPENSES

Each of the U.S. producers was asked about the nature of their capital expenditures and research and development (“R&D”) expenses (table VI-4). AMICO stated that it ***.¹⁶ Fisher stated that its capital expenditures were focused on ***.¹⁷ IKG stated that its capital expenditures have been split between ***.¹⁸ Leavitt’s capital expenditures were ***.¹⁹ Ohio Gratings provided a list of some of its more significant items, including ***.²⁰

¹⁴ A variance analysis is calculated in three parts, sales variance, cost of sales variance, and SG&A expense variance. Each part consists of a price variance (in the case of the sales variance) or a cost variance (in the case of the cost of sales and SG&A expense variance) and a volume variance. The sales or cost variance is calculated as the change in unit price times the new volume, while the volume variance is calculated as the change in volume times the old unit price. Summarized at the bottom of the table, the price variance is from sales; the cost/expense variance is the sum of those items from COGS and SG&A variances, respectively, and the volume variance is the sum of the lines under price and cost/expense variance. The volume component of price variance is nearly always negative because of the way in which the spreadsheet is constructed.

¹⁵ Petitioners’ postconference brief, exh. 1, p. 4 (citing Rutter testimony, conference transcript, pp. 23-24).

¹⁶ E-mail to Commission staff from ***, July 1, 2009. AMICO added to its response ***. EDIS document 406383.

¹⁷ E-mail to Commission staff from ***, June 30, 2009. EDIS document 406383.

¹⁸ E-mail to Commission staff from ***, June 30, 2009. EDIS document 406383.

¹⁹ Telephone interview with ***, July 1, 2009. EDIS document 406383.

²⁰ E-mail to staff from ***, June 30, 2009. EDIS document 406383.

Table VI-4
CSG: Capital expenditures and research and development expenses of U.S. producers, 2006-08,
January-March 2008, and January-March 2009

Item	Fiscal year			January-March	
	2006	2007	2008	2008	2009
Value (1,000 dollars)					
Capital expenditures:					
AMICO	***	***	***	***	***
Fisher	***	***	***	***	***
IKG	***	***	***	***	***
Leavitt	***	***	***	***	***
Ohio Gratings	***	***	***	***	***
Total	10,460	7,246	4,320	1,188	1,914
R&D expenses:					
***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.					

***.²¹

ASSETS AND RETURN ON INVESTMENT

Data on the U.S. producers' total assets and their return on investment ("ROI") are presented in table VI-5. Total assets utilized in the production, warehousing, and sale of CSG for reporting U.S. producers were basically flat from 2006 to 2008. ROI, which is calculated as the ratio of operating income to total assets, therefore followed the trend of operating income, and increased by *** percentage points.

²¹ *Ibid.*

Table VI-5

CSG: The value of assets and return on investment of U.S. producers, fiscal years 2006–08

Item	Value (\$1,000)		
	2006	2007	2008
Current assets:			
Cash and equivalents	***	***	***
Accounts receivable, net	27,389	29,589	33,595
Finished goods inventories	21,306	19,704	23,498
Raw materials and work-in-process inventories	20,801	23,224	25,813
Other current assets ¹	***	***	***
Subtotal current assets	72,102	74,251	84,001
Noncurrent assets:			
Original cost of property, plant, and equipment	78,271	78,407	83,868
Accumulated depreciation	34,507	29,513	35,610
Book value of property, plant, and equipment	43,765	48,894	48,257
Other noncurrent assets ²	83,444	68,188	71,789
Total assets	199,310	191,334	204,047
Ratio of operating income to total assets (percent)			
Return on investment	***	***	***
¹ Includes such items as other receivables, prepaid expenses, company loans, and short-term investments. ² Includes such items as goodwill, patents, or intangible assets, investments, life insurance, or other non-current assets.			
Source: Compiled from data submitted in response to Commission questionnaires.			

CAPITAL AND INVESTMENT

The Commission requested U.S. producers of CSG to describe any actual or potential negative effects of imports of CSG from China on their firms' growth, investment, ability to raise capital, development and production efforts, or the scale of capital investments. Their responses are shown below.

Actual Negative Effects

Amico: ***

Fisher: ***

IKG: ***

Leavitt: ***

Ohio Gratings: ***

Anticipated Negative Effects

AMICO: ***
Fisher: ***
IKG: ***
Leavitt: ***
Ohio Gratings: ***

PART VII: THREAT CONSIDERATIONS AND INFORMATION ON NONSUBJECT COUNTRIES

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the nature of the alleged subsidies was presented in Part I of this report; 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. Also presented in this section of the report is information obtained for consideration by the Commission on nonsubject countries and the global market.

THE INDUSTRY IN CHINA

The petitions in these investigations identified 16 potential producers and/or exporters of CSG from China. The Commission sent questionnaires to 25 firms and received three completed responses.¹ The responding firms (***) estimated that they accounted for 6.0 percent of production of CSG in China and 32.3 percent of exports of CGS from China to the United States in 2008. Reported exports of CSG to the United States by these firms in 2008 were equivalent to *** percent of the quantity of U.S. imports of CSG from China in that year based on official Commerce statistics.

Table VII-1 presents data for reporting producers of CSG from China from 2006-08, January-March 2008, January-March 2009, and forecasts for 2009 and 2010. Production increased by *** percent between 2006 and 2008, while capacity increased by *** percent during the same period. Reported exports to the United States increased by *** percent between 2006 and 2008, but decreased by *** percent during the interim periods. According to petitioners, the Chinese government maintains a five-percent value-added tax rebate on CSG that is exported.² According to ***, this amount may have increased as recently as within the last two weeks.³

Table VII-1

CSG: Data for reporting producers from China, 2006-08, January-March 2008, January-March 2009, and projected 2009 and 2010

* * * * *

¹ Questionnaires were sent to the following firms in China either listed in the petition or identified through independent staff research: Anping Jinyuan Metal; Chagzhou Huatong Xinli Floor Co.; DaLian AW Gratings, Ltd.; East Rock Limited; Grand Tower; Guangzhou United Steel Structures Ltd.; Guangzhou Webforge Grating Co. Ltd.; Hebei Jinshi Industrial Metal Co., Ltd.; Hebei Kanglida Steel Products Co.; Jiashan Qilimei Grating; Nanjing Huade Storage Equipment Manufacturing Co. Ltd.; Ningbo Jiulong Machinery; Ningbo Lihong Steel Grating Co., Ltd.; Qing Auqing Mechanical; Shanghai Chinehwa Heavy Industry Co., Ltd.; Shanghai Cosco Kawasaki Heavy; Shanghai Dahe Grating; Shanghai Klemp Metal Products Co., Ltd.; Shanghai Matsuo Steel Structure Co., Ltd.; Shanghai Shenhao Steel Structure Designing; Sinosteel Yantai Steel Grating; Tianchang Flying-Dragon Metallic Products; Wuxi Webforge; Yantai Xinke Steel Structure Co., Ltd. and Zhejiang Hengzhou Steel Grating.

² Petitioners' postconference brief, exh. 1, p. 1.

³ Staff interview with *** on June 17, 2009.

U.S. INVENTORIES OF CSG FROM CHINA

Inventories of U.S. imports as reported are presented in Table VII-2. Inventories of Chinese CSG increased throughout the period for which data were collected. In contrast, inventories from all other sources decreased throughout the period. Inventory data are incomplete because importers' questionnaires were received from firms accounting for less than 50 percent of the quantity of U.S. imports during the period.

Table VII-2

CSG: U.S. importers' end-of-period inventories of imports, by source, 2006-08, January-March 2008, and January-March 2009

Item	Calendar year			January-March	
	2006	2007	2008	2008	2009
China:					
Inventories (1,000 kgs)	975	2,494	4,753	2,663	3,749
Ratio of inventories to imports (percent)	14.6	15.2	18.1	14.2	42.6
Ratio to U.S. shipments of imports (percent)	20.5	20.9	22.1	18.0	32.6
All other sources:					
Inventories (1,000 kgs)	***	***	***	***	***
Ratio of inventories to imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
All sources:					
Inventories (1,000 kgs)	***	***	***	***	***
Ratio of inventories to imports (percent)	***	***	***	***	***
Ratio to U.S. shipments of imports (percent)	***	***	***	***	***
Note.—Ratios were calculated using data from firms providing information on both inventories and imports or U.S. shipments of imports. Partial-year ratios are based on annualized import/shipment data.					
Source: Compiled from data submitted in response to the Commission's questionnaire.					

U.S. IMPORTERS' CURRENT ORDERS

The Commission requested importers to indicate whether they imported or arranged for the importation of CSG from China after March 31, 2009. *** firms indicated that they had imported or arranged for the importation of CSG from China.⁴

⁴ *** reported ***, *** reported ***, *** reported ***, *** reported ***, *** reported *** from June-July 2009.

ANTIDUMPING INVESTIGATIONS IN THIRD-COUNTRY MARKETS

No producer, importer, or foreign producer reported any countervailing or antidumping duty orders on CSG from China in third-country markets.

INFORMATION ON NONSUBJECT COUNTRIES

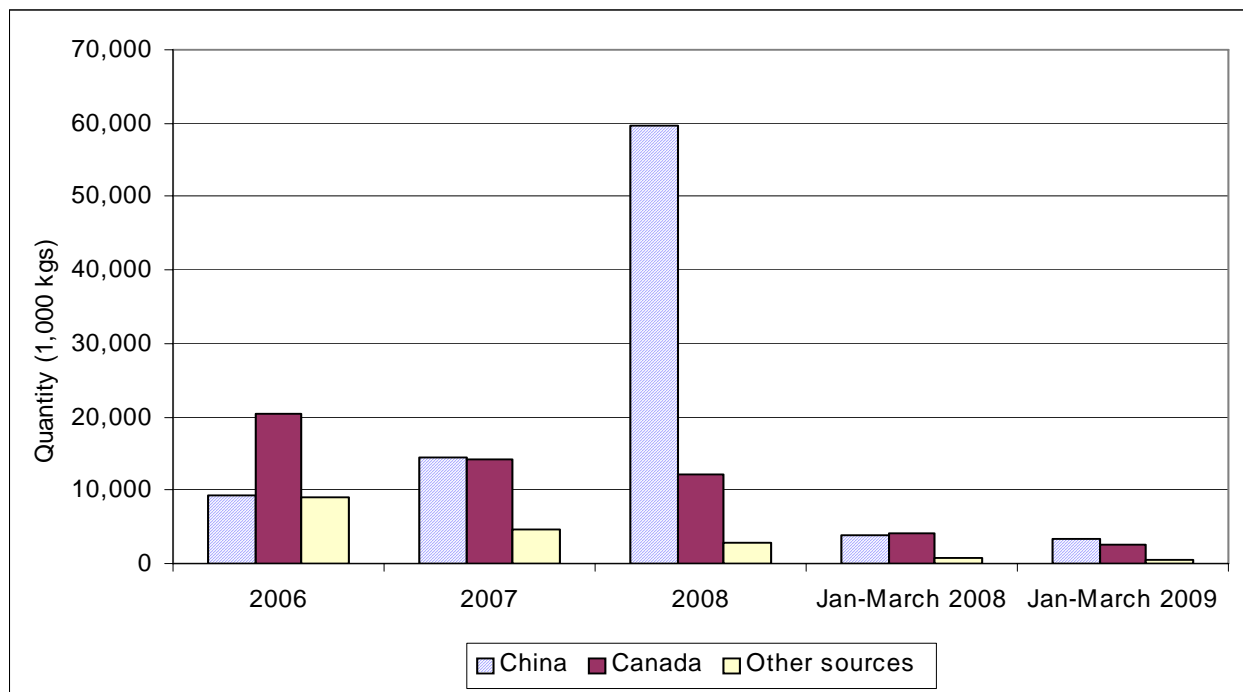
In assessing whether the domestic industry is materially injured or threatened with material injury “by reason of subject imports,” the legislative history states “that the Commission must examine all relevant evidence, including any known factors, other than the dumped or subsidized imports, that may be injuring the domestic industry, and that the Commission must examine those other factors (including non-subject imports) ‘to ensure that it is not attributing injury from other sources to the subject imports.’”⁵

As discussed in Part IV of this report, the largest nonsubject source of CSG is Canada. As figure VII-1 illustrates, imports of CSG from Canada and all other sources decreased throughout the period for which data were gathered.

Figure VII-1

CSG: U.S. imports, by source, 2006-08, January-March 2008, and January-March 2009

Source: Compiled from official Commerce statistics.



⁵ Mittal Steel Point Lisas Ltd. v. United States, Slip Op. 2007-1552 at 17 (Fed. Cir., Sept. 18, 2008), quoting from Statement of Administrative Action on Uruguay Round Agreements Act, H.R. Rep. 103-316, Vol. I at 851-52; see also Bratsk Aluminum Smelter v. United States, 444 F.3d 1369 (Fed. Cir. 2006).

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION****[Investigation Nos. 701-TA-465 and 731-TA-1161 (Preliminary)]****Certain Steel Grating From China****AGENCY:** United States International Trade Commission.**ACTION:** Institution of countervailing duty and antidumping duty investigations and scheduling of preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations, commencement of preliminary phase countervailing duty investigation No. 701-TA-465 (Preliminary), and commencement of antidumping duty investigation No. 731-TA-1161 (Preliminary) under sections 703(a) and 733(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a) and 19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China of certain steel grating, provided for in subheading 7308.90.70 of the Harmonized Tariff Schedule of the United States, that are alleged to be subsidized by the Government of China and sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach preliminary determinations in these investigations in 45 days, or in this case by July 13, 2009. The Commission's views are due at Commerce within five business days thereafter, or by July 20, 2009.

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

DATES: *Effective Date:* May 29, 2009.

FOR FURTHER INFORMATION CONTACT: Edward Petronzio (202-205-3176), Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office

of the Secretary at 202–205–2000. General information concerning the Commission may also be obtained by accessing its Internet server (<http://www.usitc.gov>). The public record for these investigations may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on May 29, 2009, by Alabama Metal Industries, Birmingham, AL and Fisher & Ludlow, Wexford, PA.

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

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

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on June 19, 2009, at the U.S. International Trade Commission Building, 500 E Street, SW., Washington, DC. Parties wishing to participate in the conference should contact Edward Petronzio (202–205–3176) not later than June 16, 2009, to arrange for their appearance. Parties in support of the imposition of countervailing and antidumping duties

in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before June 24, 2009, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II (C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

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

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

Issued: June 1, 2009.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E9–13111 Filed 6–4–09; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE**International Trade Administration**

[A-570-947]

Certain Steel Grating from the People's Republic of China: Initiation of Antidumping Duty Investigation

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

EFFECTIVE DATE: June 25, 2009.

FOR FURTHER INFORMATION CONTACT: Thomas Martin at (202) 482-3936 or Robert Bolling at (202) 482-3434, AD/CVD Operations, Office 4, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230.

SUPPLEMENTARY INFORMATION:**The Petition**

On May 29, 2009, the Department of Commerce ("the Department") received a petition concerning imports of certain steel grating ("CSG") from the People's Republic of China ("the PRC") filed in proper form by Fisher & Ludlow and Alabama Metal Industries Corporation ("AMICO") (collectively "Petitioners"). See the Petitions for the Imposition of Antidumping and Countervailing Duties: Certain Steel Grating from the PRC submitted on May 29, 2009 ("the Petition"). On June 4, 2009, and on June 11, 2009, the Department issued requests for additional information and clarification involving certain areas of the Petition. Based on the Department's requests, Petitioners filed additional information on June 9, 2009, and June 15, 2009. Specifically, Petitioners filed two submissions on June 9, 2009, one regarding general issues of the petition, and one containing clarifications specific to the antidumping allegation (hereinafter "Supplement to the AD/CVD Petitions" and "Supplement to the AD Petition" respectively). Petitioners also filed two submissions on June 15, 2009, again one containing more clarifications on general issues of the petition, and one providing requested clarification pertaining to the antidumping allegations (hereinafter "Second Supplement to the AD/CVD Petitions" and "Second Supplement to the AD Petition" respectively).

In accordance with section 732(b) of the Tariff Act of 1930, as amended (“the Act”), Petitioners allege that imports of CSG from the PRC are being, or are likely to be, sold in the United States at less than fair value, within the meaning of section 731 of the Act, and that such imports are materially injuring, or threatening material injury to, an industry in the United States.

The Department finds that Petitioners filed this Petition on behalf of the domestic industry because Petitioners are interested parties as defined in section 771(9)(C) of the Act and have demonstrated sufficient industry support with respect to the antidumping duty investigation that Petitioners are requesting that the Department initiate (see “Determination of Industry Support for the Petition” section below).

Scope of Investigation

The products covered by this investigation are certain steel grating from the PRC. For a full description of the scope of the investigation, please see the “Scope of Investigation” in Appendix I of this notice.

Comments on Scope of Investigation

During our review of the Petition, we discussed the scope with Petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (*Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments within twenty calendar days of the date of publication of this notice in the **Federal Register**. Comments should be addressed to Import Administration’s APO/Dockets Unit, Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determination.

Comments on Product Characteristics for Antidumping Duty Questionnaires

We are requesting comments from interested parties regarding the appropriate physical characteristics of CSG to be reported in response to the Department’s antidumping questionnaires. This information will be used to identify the key physical characteristics of the subject

merchandise in order to more accurately report the relevant factors and costs of production, as well as to develop appropriate product comparison criteria.

Interested parties may provide any information or comments that they feel are relevant to the development of an accurate listing of physical characteristics. Specifically, they may provide comments as to which characteristics are appropriate to use as: 1) general product characteristics; and 2) the product comparison criteria. We note that it is not always appropriate to use all product characteristics as product comparison criteria. We base product comparison criteria on meaningful commercial differences among products. In other words, while there may be some physical product characteristics utilized by manufacturers to describe CSG, it may be that only a select few product characteristics take into account commercially meaningful physical characteristics. In addition, interested parties may comment on the order in which the physical characteristics should be used in product matching. Generally, the Department attempts to list the most important physical characteristics first and the least important characteristics last.

In order to consider the suggestions of interested parties in developing and issuing the antidumping duty questionnaires, we must receive comments at the above-referenced address by July 9, 2009. Additionally, we must receive rebuttal comments by July 16, 2009.

Determination of Industry Support for the Petition

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 732(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A), or (ii) determine

industry support using a statistically valid sampling method to poll the industry.

Section 771(4)(A) of the Act defines the “industry” as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (“ITC”), which is responsible for determining whether “the domestic industry” has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department’s determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. *See USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), *citing Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff’d* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of 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 under this subtitle.” Thus, the reference point from which the domestic like product analysis begins is “the article subject to an investigation,” (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, Petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that CSG constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, see Antidumping Duty Investigation Initiation Checklist: CSG from the PRC (“Initiation Checklist”) at Attachment II (“Industry Support”), dated concurrently with this notice and on file in the Central Records Unit (“CRU”), Room 1117 of the main Department of Commerce building.

In determining whether Petitioners have standing, pursuant to section

732(c)(4)(A) of the Act, we considered the industry support data contained in the Petition with reference to the domestic like product as defined in the "Scope of Investigation" section above. To establish industry support, Petitioners provided their production of the domestic like product for the year 2008, as well as the production of three companies who support the Petition, and compared this to an estimate of total production of the domestic like product for the entire domestic industry. See Volume I of the Petitions at 3–6, and Exhibits I–3, and Supplement to the AD/CVD Petitions, at 8–10, and Exhibits 3, 4, 5, 6, and 7. To estimate 2008 production of the domestic like product, Petitioners used their own data as well their own industry-specific knowledge. Petitioners calculated total domestic production based on information provided by companies that are supporters of the Petition and that produce the domestic like product in the United States, as well estimates of production of non-petitioning producers of the domestic like product who have not expressed an opinion regarding the Petition. *Id.*; see also Initiation Checklist as Attachment II, Industry Support.

Our review of the data provided in the Petition, supplemental submissions, and other information readily available to the Department indicates that Petitioners have established industry support. First, the Petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). See Section 732(c)(4)(D) of the Act and Initiation Checklist at Attachment II (Industry Support). Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the Petition account for at least 25 percent of the total production of the domestic like product. See Initiation Checklist at Attachment II (Industry Support). Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 732(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the Petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the

Petition. *Id.* Accordingly, the Department determines that the Petition was filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act. *Id.*

The Department finds that Petitioners filed the Petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the antidumping investigation that they are requesting the Department initiate. *Id.*

Allegations and Evidence of Material Injury and Causation

Petitioners allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the imports of the subject merchandise sold at less than normal value ("NV"). In addition, Petitioners allege that subject imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by reduced market share, increased import penetration, underselling and price depressing and suppressing effects, lost sales and revenue, reduced production, capacity, and capacity utilization, reduced shipments and increased inventories, reduced employment, and an overall decline in financial performance. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the statutory requirements for initiation. See Initiation Checklist at Attachment III.

Period of Investigation

In accordance with 19 CFR 351.204(b), because this Petition was filed on May 29, 2009, the anticipated period of investigation ("POI") is October 1, 2008 through March 31, 2009, the two most recently completed fiscal quarters, as of the month preceding the month in which the Petition was filed.

Allegations of Sales at Less Than Fair Value

The following is a description of the allegation of sales at less than fair value upon which the Department based its decision to initiate this investigation of imports of CSG from the PRC. The sources of data for the deductions and adjustments relating to the U.S. price, and the factors of production, are also discussed in the Initiation Checklist,

issued concurrently with this **Federal Register** notice. See Initiation Checklist. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we will reexamine the information and revise the margin calculations, if appropriate.

Export Price

Petitioners calculated export prices ("EPs") based on an offer for sale of five CSG products by a Chinese producer, sale term CIF. Petitioners presented an affidavit, in which they confirmed that the sales offer was made during the POI. See Initiation Checklist for further discussion.

To calculate the net U.S. EP, Petitioners deducted from the U.S. prices the costs associated with exporting and delivering the product, which included expenses relating to foreign inland freight, ocean freight, insurance, foreign brokerage and handling, and U.S. port expenses (*i.e.*, fees for security, unloading, and wharfage). See Volume II of the Petition at 4–10 and Exhibit II–9; see also Supplement to the AD Petition, at 1–3 and Exhibits S–1, S–2, S–3, S–4, S–5, and S–9, and Second Supplement to the AD Petition, at 1–2.

To be conservative, Petitioners did not make specific adjustments to the U.S. price for foreign port charges (stevedoring, wharfage and handling charges) and U.S. port expenses of unloading fee and wharfage because: (1) these expenses are either included in Petitioners' calculated ocean freight and insurance expenses; or (2) the information regarding the length of time in which goods would remain within the limits of the export and import ports was unclear to Petitioners. See Volume II of the Petition at 9–10. Petitioners calculated the per-unit value of ocean freight and insurance using the U.S. ITC data, by deducting the reported customs value of CSG landed in a specific U.S. port from the reported CIF value and dividing the resulting amount by the total import quantity. See Volume II of the Petition at 7–8 and Exhibit II–7; Supplement to the AD Petition, 2–3 and Exhibit S–4; and Second Supplement to the AD Petition, at 1–2. The U.S. Census Bureau defines CIF data as the sum of import charges and customs value. See <http://www.census.gov/foreign-trade/www/sec2.html#valcusimports>. Accordingly, when customs value is deducted from the CIF value, the remaining amount represents import charges. The U.S. Census Bureau defines import charges as "the aggregate cost of all freight, insurance, and other

charges (excluding U.S. import duties) incurred in bringing the merchandise from alongside the carrier at the port of exportation in the country of exportation and placing it alongside the carrier at the first port of entry in the United States.” *Id.* Thus it is clear that import charges, the basis for ocean freight and insurance, include expenses associated with loading the merchandise from the wharf to the carrier, and those expenses associated with unloading the merchandise from the vessel to wharf, (*i.e.*, stevedoring, wharfage and handling).

Petitioners calculated PRC brokerage and handling by using the brokerage and handling surrogate value used in the investigation of *Certain Activated Carbon From the People's Republic of China: Notice of Preliminary Results of the Antidumping Duty Administrative Review and Extension of Time Limits for the Final Results*, 74 FR 21317 (May 7, 2009) (“*Activated Carbon From China*”), and inflated it to the POI. *See Activated Carbon From China* 74 FR at 21328. *See also* Volume II of Petition, at 8–9, and Exhibit II–8, and Supplement to AD Petition, at 2 and Exhibit S–3.

Normal Value

Petitioners state that the PRC is a non-market economy (“NME”) country and no determination to the contrary has been made by the Department. *See* Volume II of the Petition at 11. Petitioners state that the Department has treated the PRC as an NME country in every administrative proceeding in which the PRC has been involved, and has continued to do so in recent months. *Id.*

In accordance with section 771(18)(C)(i) of the Act, the presumption of NME status remains in effect until revoked by the Department. The presumption of NME status for the PRC has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product is appropriately based on factors of production valued in a surrogate market-economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties, including the public, will have the opportunity to provide relevant information related to the issues of the PRC’s NME status and the granting of separate rates to individual exporters.

Citing section 773(c)(4) of the Act, Petitioners contend that India is the appropriate surrogate country for the PRC because: 1) it is at a level of economic development comparable to that of the PRC; and 2) it is a significant producer of CSG. *See* Volume II of the

Petition at 11–13 and Exhibits II–10, II–11 and II–12. Based on the information provided by Petitioners, we believe that it is appropriate to use India as a surrogate country for initiation purposes. After initiation of the investigation, interested parties will have the opportunity to submit comments regarding surrogate-country selection and, pursuant to 19 CFR 351.301(c)(3)(i), will be provided an opportunity to submit publicly available information to value factors of production within 40 days after the date of publication of the preliminary determination.

Petitioners calculated the NV and dumping margins for the U.S. prices, discussed above, using the Department’s NME methodology as required by 19 CFR 351.202(b)(7)(i)(C) and 19 CFR 351.408. Petitioners calculated NV based on the consumption rates of a U.S. CSG producer for the period of October 2008 through March 2009. *See* Volume II of the Petition at 13–23, and Exhibit II–13, and Supplement to the AD Petition at 5–8. Petitioners state that a U.S. CSG producer has produced CSG for many years, using a production method similar to that employed by the PRC manufacturer from whom Petitioners obtained the sales offer, upon which they relied for calculating the EP, discussed above. Accordingly, Petitioners state that the U.S. producer’s production experience is representative of the production process used in the PRC. *See* Volume II of the Petition at 16 and Exhibit II–13, *see also* Supplement to the AD Petition, at 4–8 and Exhibit S–9.

Petitioners valued the factors of production based on reasonably available, public surrogate-country data, including Indian statistics from the Global Trade Information Services database known as Global Trade Atlas. *See* Volume II of the AD Petition at 18–20 and Exhibit II–15; *see also* Supplement to the AD Petition, at 8–9 and Exhibits S–6 and S–9 and Second Supplement to AD Petition, at 3 and 5 and Exhibits S2–2 and S2–3. Petitioners adjusted the values for raw materials by the freight costs associated with the transportation of raw materials from outside suppliers. *See* Volume II of the AD Petition at 17–19 and Exhibit II–18; *see also* Supplement to AD Petition, at 1, and Exhibit S–1. In addition, Petitioners made currency conversions, where necessary, based on the POI-average rupee/U.S. dollar exchange rate, as reported on the Department’s website. *See* Volume II of the Petition at 17 and Exhibit II–4. Petitioners determined labor costs using the labor consumption, in hours, derived from a

U.S. CSG producer. *See* Volume II of the AD Petition at 21, and Supplement to the AD Petition, at 6 and Exhibit S–7.

Petitioners determined labor costs using the Department’s NME Wage Rate for the PRC at <http://ia.ita.doc.gov/wages/05wages/05wages-051608.html#table2>. *See* Volume II of the Petition at 21 and Exhibit II–17, and Supplement to the AD Petition, at 2–3. For purposes of initiation, the Department determines that the surrogate values used by Petitioners are reasonably available and, thus, acceptable for purposes of initiation.

Petitioners determined electricity costs using the electricity consumption, in kilowatt hours, derived from a U.S. producer. Petitioners valued electricity using the Indian electricity rate reported by the Central Electric Authority of the Government of India. *See* Volume II of the Petition, at 20–21 and Exhibit II–16; *see also* Supplement to the AD Petition, at 6 and Exhibit S–6.

Petitioners based factory overhead, selling, general and administrative, and profit on data from Mekins Agro Products Limited (“Mekins”) for the fiscal year April 2007, through March 2008. *See* Supplement to the AD Petition, at 10 and Exhibit S–8. Petitioners state that, like steel grating, the products manufactured by Mekins are steel goods which are unrolled, slit to or cut to the desired size and then welded utilizing welding machinery. Accordingly, Petitioners maintain that using Mekins’ financial ratios satisfies the Department’s “comparable” industry requirements, as they were unable to obtain industry-specific financial statements from India. Although the Mekins financial statement has a line item for state subsidy, we have insufficient evidence with respect to this line item to determine that the financial statement is less representative than other available information. *See Certain Frozen Warmwater Shrimp From the Socialist Republic of Vietnam: Final Results of the First Antidumping Duty Administrative Review and First New Shipper Review*, 72 FR 52052 (September 12, 2007) at Comment 2c. Therefore, for purposes of the initiation, the Department finds Petitioners’ use of Mekins’ financial ratios appropriate.

Fair-Value Comparisons

Based on the data provided by Petitioners, there is reason to believe that imports of CSG from the PRC are being, or are likely to be, sold in the United States at less than fair value. Based on a comparison of EP and NV calculated in accordance with section 773(c) of the Act, the estimated

dumping margins for CSG from the PRC range from 131.51 percent to 145.18 percent. See Initiation Checklist.

Initiation of Antidumping Investigation

Based upon the examination of the Petition on CSG from the PRC the Department finds that the Petition meets the requirements of section 732 of the Act. Therefore, we are initiating an antidumping duty investigation to determine whether imports of CSG from the PRC are being, or are likely to be, sold in the United States at less than fair value. In accordance with section 733(b)(1)(A) of the Act and 19 CFR 351.205(b)(1), unless postponed, we will make our preliminary determination no later than 140 days after the date of this initiation.

Targeted-Dumping Allegation

On December 10, 2008, the Department issued an interim final rule for the purpose of withdrawing 19 CFR 351.414(f) and (g), the regulatory provisions governing the targeted-dumping analysis in antidumping duty investigations, and the corresponding regulation governing the deadline for targeted-dumping allegations, 19 CFR 351.301(d)(5). See *Withdrawal of the Regulatory Provisions Governing Targeted Dumping in Antidumping Duty Investigations*, 73 FR 74930 (December 10, 2008). The Department stated that “{w}ithdrawal will allow the Department to exercise the discretion intended by the statute and, thereby, develop a practice that will allow interested parties to pursue all statutory avenues of relief in this area.” *Id.* at 74931.

In order to accomplish this objective, if any interested party wishes to make a targeted-dumping allegation in this investigation pursuant to section 777A(d)(1)(B) of the Act, such allegations are due no later than 45 days before the scheduled date of the country-specific preliminary determination.

Respondent Selection

For this investigation, the Department will request quantity and value information from all known exporters and producers identified with complete contact information in the Petition. See Supplement to the AD Petition, at Exhibit S-1. The quantity and value data received from NME exporters/producers will be used as the basis to select the mandatory respondents.

The Department requires that the respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive

consideration for separate-rate status. See *Circular Welded Austenitic Stainless Pressure Pipe from the People's Republic of China: Initiation of Antidumping Duty Investigation*, 73 FR 10221, 10225 (February 26, 2008), and *Initiation of Antidumping Duty Investigation: Certain Artist Canvas From the People's Republic of China*, 70 FR 21996, 21999 (April 28, 2005). Appendix II of this notice contains the quantity and value questionnaire that must be submitted by all NME exporters/producers no later than July 14, 2009. In addition, the Department will post the quantity and value questionnaire along with the filing instructions on the Import Administration website at <http://ia.ita.doc.gov/ia-highlights-and-news.html>.

Separate Rates

In order to obtain separate-rate status in NME investigations, exporters and producers must submit a separate-rate status application. See Policy Bulletin 05.1: Separate-Rates Practice and Application of Combination Rates in Antidumping Investigations Involving Non-Market Economy Countries (April 5, 2005) (“Separate Rates and Combination Rates Bulletin”), available on the Department’s website at <http://ia.ita.doc.gov/policy/bull05-1.pdf>. Based on our experience in processing the separate-rate applications in previous antidumping duty investigations, we have modified the application for this investigation to make it more administrable and easier for applicants to complete. See, e.g., *Initiation of Antidumping Duty Investigation: Certain New Pneumatic Off-the-Road Tires From the People's Republic of China*, 72 FR 43591, 43594-95 (August 6, 2007). The specific requirements for submitting the separate-rate application in this investigation are outlined in detail in the application itself, which will be available on the Department’s website at <http://ia.ita.doc.gov/nme/nme-sep-rate.html> on the date of publication of this initiation notice in the **Federal Register**. The separate-rate application will be due 60 days after publication of this initiation notice. As noted in the “Respondent Selection” section above, the Department requires that respondents submit a response to both the quantity and value questionnaire and the separate-rate application by the respective deadlines in order to receive consideration for separate-rate status.

Use of Combination Rates in an NME Investigation

The Department will calculate combination rates for certain respondents that are eligible for a separate rate in this investigation. The Separate Rates and Combination Rates Bulletin states:

{w}hile continuing the practice of assigning separate rates only to exporters, all separate rates that the Department will now assign in its NME investigations will be specific to those producers that supplied the exporter during the period of investigation. Note, however, that one rate is calculated for the exporter and all of the producers which supplied subject merchandise to it during the period of investigation. This practice applies both to mandatory respondents receiving an individually calculated separate rate as well as the pool of non-investigated firms receiving the weighted-average of the individually calculated rates. This practice is referred to as the application of “combination rates” because such rates apply to specific combinations of exporters and one or more producers. The cash-deposit rate assigned to an exporter will apply only to merchandise both exported by the firm in question *and* produced by a firm that supplied the exporter during the period of investigation.

See Separate Rates and Combination Rates Bulletin, at 6 (emphasis added).

Distribution of Copies of the Petition

In accordance with section 732(b)(3)(A) of the Act and 19 CFR 351.202(f), a copy of the public version of the Petition has been provided to the representatives of the Government of the PRC. Because of the particularly large number of producers/exporters identified in the Petition, the Department considers the service of the public version of the Petition to the foreign producers/exporters satisfied by the delivery of the public version to the Government of the PRC, consistent with 19 CFR 351.203(c)(2).

International Trade Commission Notification

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

Preliminary Determinations by the International Trade Commission

The ITC will preliminarily determine, no later than July 13, 2009, whether there is a reasonable indication that

imports of CSG from the PRC are materially injuring, or threaten material injury to, a U.S. industry. A negative ITC determination will result in the investigation being terminated; otherwise, this investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: June 18, 2009.

Ronald K. Lorentzen,
Acting Assistant Secretary for Import Administration.

Appendix I

Scope of the Investigation

The products covered by this investigation are certain steel grating, consisting of two or more pieces of steel, including load-bearing pieces and cross pieces, joined by any assembly process, regardless of: (1) size or shape; (2) method of manufacture; (3) metallurgy (carbon, alloy, or stainless); (4) the profile of the bars; and (5) whether or not they are galvanized, painted, coated, clad or plated. Steel grating is also commonly referred to as “bar grating,” although the components may consist of steel other than bars, such as hot-rolled sheet, plate, or wire rod.

The scope of this investigation excludes expanded metal grating, which is comprised of a single piece or coil of sheet or thin plate steel that has been slit and expanded, and does not involve welding or joining of multiple pieces of steel. The scope of this investigation also excludes plank type safety grating which is comprised of a single piece or coil of sheet or thin plate steel, typically in thickness of 10 to 18 gauge, that has been pierced and cold formed, and does not involve welding or joining of multiple pieces of steel.

Certain steel grating that is the subject of this investigation is currently classifiable in the Harmonized Tariff Schedule of the United States (“HTSUS”) under subheading 7308.90.7000. While the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

Appendix II

Format for Reporting Quantity and Value of Sales

In providing the information in the chart below, please provide the total quantity in both pieces and kilograms (kg) (net weight) and total value (in U.S.

dollars) of all your sales to the United States during the period October 1, 2008, through March 31, 2009, covered by the scope of this investigation (see Appendix I), produced in the PRC, *i.e.* CSG.

Please provide the conversion factor used to convert pieces to kg (net weight).

Please use the invoice date when determining which sales to include within the period noted above.¹ Additionally, if you believe that you should be treated as a single entity along with other named exporters, please complete the chart, below, both in the aggregate for all named parties in your group and, in separate charts, individually for each named entity. Please label each chart accordingly. Please state whether you exported CSG to the United States during the POI. If you did export CSG to the United States during the POI, please state whether you produced 100 percent of the CSG that you exported to the United States during the POI. If you did produce 100 percent of the CSG that you exported to the United States during the POI, please provide the following:

Market: United States	Total Quantity (kg) (Net Weight)	Total Quantity Pieces	Terms of Sale ²	Total Value ³ (\$U.S.)
1. Export Price ⁴ .				
2. Constructed Export Price ⁵ .				
3. Further Manufactured ⁶ .				
Total.				

² To the extent possible, sales values should be reported based on the same terms (*e.g.*, FOB).

³ Values should be expressed in U.S. dollars. Indicate any exchange rates used and their respective dates and sources.

⁴ Generally, a U.S. sale is classified as an EP sale when the first sale to an unaffiliated person occurs before the goods are imported into the United States.

⁵ Generally, a U.S. sale is classified as a constructed export price sale when the first sale to an unaffiliated person occurs after importation. However, if the first sale to the unaffiliated person is made by a person in the United States affiliated with the foreign exporter, constructed export price applies even if the sale occurs prior to importation. Do not report the sale to the affiliated party in the United States, rather report the sale made by the affiliated party to the unaffiliated customer in the United States.

⁶ “Further manufactured” refers to merchandise that undergoes further manufacture or assembly in the United States before sale to the first unaffiliated customer.

DEPARTMENT OF COMMERCE**International Trade Administration**

[C-570-948]

Certain Steel Grating From the People's Republic of China: Initiation of Countervailing Duty Investigation

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

¹ If you believe that another date besides the invoice date would provide a more accurate

DATES: *Effective Date:* June 25, 2009

FOR FURTHER INFORMATION CONTACT:

Sean Carey or Justin Neuman, AD/CVD Operations, Office 6, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-3964 and (202) 482-0486, respectively.

SUPPLEMENTARY INFORMATION:**The Petitions**

On May 29, 2009, the Department of Commerce (the Department) received

representation of your company's sales during the

countervailing duty (CVD) and antidumping (AD) petitions concerning imports of certain steel grating (CSG) from the People's Republic of China (PRC) filed in proper form by Alabama Metal Industries Corp. (AMICO) and Fisher and Ludlow (collectively, the petitioners), domestic producers of CSG. See "Petitions for the Imposition of Antidumping and Countervailing Duties: Certain Steel Grating from the People's Republic of China" (the petitions). On June 4, 2009, the Department issued requests for additional information and clarification designated period, please provide a full explanation.

of certain areas of the CVD petition involving countervailable subsidy allegations and further information and clarification concerning general issues common to the petitions. See Letter from Dana Mermelstein, Program Manager, AD/CVD Operations, Office 6, to the petitioners, "Petition for the Imposition of Countervailing Duties on Steel Gratings Imported from the People's Republic of China: Supplemental Questions, June 4, 2009." See also Letter from Robert Bolling, Program Manager, AD/CVD Operations, Office 4, to the petitioners, "Petitions for the Imposition of Antidumping and Countervailing Duties: Certain Steel Grating from the People's Republic of China: Supplemental Questions, June 4, 2009." Based on the Department's requests, the petitioners timely filed additional information on June 9, 2009. A second request seeking additional information and clarification concerning general issues common to the petitions was sent to the petitioners on June 11, 2009. See Letter from Robert Bolling, Program Manager, AD/CVD Operations, Office 4, to the petitioners, "Petitions for the Imposition of Antidumping and Countervailing Duties: Certain Steel Grating from the People's Republic of China: Supplemental Questions, June 11, 2009." Based on the Department's request, the petitioners timely filed additional information pertaining to the petitions on June 15, 2009. Finally, the petitioners clarified the "Scope of Investigation" on June 16, 2009.

In accordance with section 702(b)(1) of the Tariff Act of 1930, as amended (the Act), the petitioners allege that producers/exporters of CSG in the PRC received countervailable subsidies within the meaning of section 701 and 771(5) of the Act, and that imports materially injure, or threaten material injury to, an industry in the United States.

The Department finds that the petitioners filed this CVD petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act, and the petitioners have demonstrated sufficient industry support with respect to the countervailing duty investigation that they are requesting the Department to initiate (see "Determination of Industry Support for the CVD Petition" below).

Period of Investigation

The anticipated period of investigation (POI) is calendar year 2008. See 19 CFR 351.204(b)(2).

Scope of Investigation

The products covered by this investigation are certain steel grating

from the PRC. For a full description of the scope of the investigation, please see the "Scope of Investigation" in Appendix I to this notice.

Comments on Scope of Investigation

During our review of the CVD petition, we discussed the scope with petitioners to ensure that it is an accurate reflection of the products for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the regulations (See *Antidumping Duties; Countervailing Duties; Final Rule*, 62 FR 27296, 27323 (May 19, 1997)), we are setting aside a period for interested parties to raise issues regarding product coverage. The Department encourages all interested parties to submit such comments within twenty calendar days of the date of publication of this notice in the **Federal Register**. Comments should be addressed to the Import Administration's Central Records Unit (CRU), Room 1117, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and to consult with parties prior to the issuance of the preliminary determinations.

Consultations

Pursuant to section 702(b)(4)(A)(ii) of the Act, the Department held consultations with the government of the PRC (hereinafter, the GOC) with respect to the CVD petition on June 1, 2009. See Memorandum to the File, *Countervailing Duty Petitions on Pre-Stressed Concrete Steel Wire Strand and Certain Steel Grating from the People's Republic of China: Consultations with the Government of the People's Republic of China*, on file in the CRU, Room 1117 of the main Department of Commerce building.

Determination of Industry Support for the CVD Petition

Section 702(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 702(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (i) at least 25 percent of the total production of the domestic like product; and (ii) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition. Moreover, section 702(c)(4)(D) of the Act provides that, if the petition does not establish support of domestic

producers or workers accounting for more than 50 percent of the total production of the domestic like product, the Department shall: (i) Poll the industry or rely on other information in order to determine if there is support for the petition, as required by subparagraph (A); or (ii) determine industry support using a statistically valid sampling method.

Section 771(4)(A) of the Act defines the "industry" as the producers as a whole of a domestic like product. Thus, to determine whether a petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The U.S. International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to a separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to law. See *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 8 (CIT 2001), citing *Algoma Steel Corp. Ltd. v. United States*, 688 F. Supp. 639, 644 (CIT 1988), *aff'd* 865 F.2d 240 (Fed. Cir. 1989), *cert. denied* 492 U.S. 919 (1989).

Section 771(10) of the Act defines the 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 under this title." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation" (*i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition).

With regard to the domestic like product, petitioners do not offer a definition of domestic like product distinct from the scope of the investigation. Based on our analysis of the information submitted on the record, we have determined that CSG constitutes a single domestic like product and we have analyzed industry support in terms of that domestic like product. For a discussion of the domestic like product analysis in this case, see *Countervailing Duty Investigation Initiation Checklist: CSG from the PRC (CVD Initiation Checklist)*

at Attachment II (Industry Support), dated concurrently with this notice and on file in the CRU, Room 1117 of the main Department of Commerce building.

With regard to section 702(c)(4)(A), in determining whether petitioners have standing (*i.e.*, those domestic workers and producers supporting the CVD petition account for: (1) At least 25 percent of the total production of the domestic like product; and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the CVD petition), we considered the industry support data contained in the CVD petition with reference to the domestic like product as defined in the "Scope of Investigation" in Appendix I. To establish industry support, petitioners provided their production of the domestic like product for the year 2008, and compared this to total production of the domestic like product for the entire domestic industry. *See* Volume I of the AD/CVD petitions at 3–6, and Exhibit I–3, and Supplement to the AD/CVD petitions filed June 9, 2009, at 8–10, and Exhibits 3, 4, 5, 6, and 7. To estimate 2008 production of the domestic like product, the petitioners used their own data as well their own industry specific knowledge. Petitioners calculated total domestic production based on information provided by companies that are supporters of the CVD petition and that produce the domestic like product in the United States, as well as estimates of production of non-petitioning producers of the domestic like product. *See* Volume I of the AD/CVD petitions at 3–6, and Exhibit I–3, and Supplement to the AD/CVD petitions filed June 9, 2009, at 8–10, and Exhibits 3, 4, 5, 6, and 7. *See also CVD Initiation Checklist* at Attachment II, Industry Support.

Our review of the data provided in the CVD petition, supplemental submissions, and other information readily available to the Department indicates that petitioners have established industry support. First, the CVD petition established support from domestic producers (or workers) accounting for more than 50 percent of the total production of the domestic like product and, as such, the Department is not required to take further action in order to evaluate industry support (*e.g.*, polling). *See* section 702(c)(4)(D) of the Act and *CVD Initiation Checklist* at Attachment II. Second, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(i) of the Act because the domestic producers (or workers) who support the CVD petition

account for at least 25 percent of the total production of the domestic like product. *See CVD Initiation Checklist* at Attachment II. Finally, the domestic producers (or workers) have met the statutory criteria for industry support under section 702(c)(4)(A)(ii) of the Act because the domestic producers (or workers) who support the CVD petition account for more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the CVD petition. Accordingly, the Department determines that the CVD petition was filed on behalf of the domestic industry within the meaning of section 702(b)(1) of the Act. *See CVD Initiation Checklist* at Attachment II.

The Department finds that petitioners filed the CVD petition on behalf of the domestic industry because they are interested parties as defined in section 771(9)(C) of the Act and they have demonstrated sufficient industry support with respect to the countervailing investigation that they are requesting the Department initiate. *See CVD Initiation Checklist* at Attachment II.

Injury Test

Because the PRC is a "Subsidies Agreement Country" within the meaning of section 701(b) of the Act, section 701(a)(2) of the Act applies to this investigation. Accordingly, the ITC must determine whether imports of the subject merchandise from the PRC materially injure, or threaten material injury to, a U.S. industry.

Allegations and Evidence of Material Injury and Causation

Petitioners allege that imports of CSG from the PRC are benefitting from countervailable subsidies and that such imports are causing, or threaten to cause, material injury to the domestic industry producing CSG. In addition, petitioners allege that subsidized imports exceed the negligibility threshold provided for under section 771(24)(A) of the Act.

Petitioners contend that the industry's injured condition is illustrated by reduced market share, increased import penetration, underselling and price depressing and suppressing effects, lost sales and revenue, reduced production and capacity utilization, reduced employment, and an overall decline in financial performance. We have assessed the allegations and supporting evidence regarding material injury, threat of material injury, and causation, and we have determined that these allegations are properly supported by adequate evidence and meet the

statutory requirements for initiation. *See CVD Initiation Checklist* at Attachment III (Analysis of Allegations and Evidence of Material Injury and Causation for the Petition).

Initiation of Countervailing Duty Investigation

Section 702(b) of the Act requires the Department to initiate a CVD proceeding whenever an interested party files a CVD petition on behalf of an industry that: (1) Alleges the elements necessary for an imposition of a duty under section 701(a) of the Act; and (2) is accompanied by information reasonably available to the petitioners supporting the allegations.

The Department has examined the CVD petition on CSG from the PRC and finds that it complies with the requirements of section 702(b) of the Act. Therefore, in accordance with section 702(b) of the Act, we are initiating a CVD investigation to determine whether producers/exporters of CSG in the PRC receive countervailable subsidies. For a discussion of evidence supporting our initiation determination, *see CVD Initiation Checklist*.

We are including in our investigation the following programs alleged in the CVD petition to provide countervailable subsidies to producers/exporters of the subject merchandise:

A. GOC Provision of Inputs for Less Than Adequate Remuneration

1. Provision of Hot-Rolled Steel for Less than Adequate Remuneration
2. Provision of Steel Bar for Less than Adequate Remuneration
3. Provision of Steel Plate for Less than Adequate Remuneration
4. Provision of Wire Rod for Less than Adequate Remuneration

B. GOC Provision of Land-Use Rights to State-Owned Enterprises (SOEs) for Less Than Adequate Remuneration

C. GOC Income Tax Programs

1. "Two Free, Three Half" Program
2. Reduced Income Tax Rates for Export-Oriented Foreign-Invested Enterprises (FIEs)
3. Preferential Income Tax Policy for Enterprises in the Northeast Region
4. Forgiveness of Tax Arrears for Enterprises in the Old Industrial Bases of Northeast China
5. Tax Subsidies for FIEs in Specially Designated Geographic Areas
6. Local Income Tax Exemption and Reduction Programs for "Productive" FIEs
7. Income Tax Credits for Domestically Owned Companies Purchasing Domestically Produced Equipment

8. Income Tax Credits for FIEs Purchasing Domestically Produced Equipment
9. Preferential Tax Programs for FIEs Recognized as High or New Technology Enterprises

D. GOC VAT Programs

1. Import Tariff and Value Added Tax (VAT) Exemptions for Encouraged Industries Importing Equipment for Domestic Operations
2. VAT and Tariff Exemptions for Purchases of Fixed Assets Under the Foreign Trade Development Fund

E. Other GOC Programs

1. Loans and Interest Subsidies Provided Pursuant to the Northeast Revitalization Program
2. Grants to "Third Line" Military Enterprises

F. Provincial/Municipal Programs

1. Liaoning Province "Five Points, One Line" Program
2. Guangzhou City Famous Export Brands
3. Grants to Companies for "Outward Expansion" in Guangdong Province
4. Guangdong and Zhejiang Provinces Programs to Rebate Antidumping Fees

For further information explaining why the Department is investigating these programs, *see CVD Initiation Checklist*.

We are not including in our investigation the following programs alleged to benefit producers/exporters of the subject merchandise in the PRC:

- A. GOC Policy Lending and Directed Credit to Steel Producers
- B. Discounted Loans and Interest Rate Subsidies under the Liaoning Province Framework
- C. Grants to Steel Producers for Environmental Purposes.

For further information explaining why the Department is not initiating an investigation of these programs, *see CVD Initiation Checklist*.

Respondent Selection

For this investigation, the Department intends to select respondents based on U.S. Customs and Border Protection (CBP) data for U.S. imports during the POI (*i.e.*, calendar year 2008). We intend to release the CBP data under Administrative Protective Order (APO) to all parties with access to information protected by APO within five days of the announcement of the initiation of this investigation. Interested parties may submit comments regarding the CBP data and respondent selection within seven calendar days of publication of

this notice. We intend to make our decision regarding respondent selection within 20 days of publication of this notice. Interested parties must submit applications for disclosure under APO in accordance with 19 CFR 351.305. Instructions for filing such applications may be found on the Department's website at <http://ia.ita.doc.gov/apo>.

Distribution of Copies of the CVD Petition

In accordance with section 702(b)(4)(A)(i) of the Act and 19 CFR 351.202(f), a copy of the public version of the petition has been provided to the representatives of the GOC. Because of the particularly large number of producers/exporters identified in the petition, the Department considers the service of the public version of the petition to the foreign producers/exporters satisfied by the delivery of the public version to the GOC, consistent with 19 CFR 351.203(c)(2).

ITC Notification

We have notified the ITC of our initiation, as required by section 702(d) of the Act.

Preliminary Determination by the ITC

The ITC will preliminarily determine, within 25 days after the date on which it receives notice of the initiation, whether there is a reasonable indication that imports of subsidized CSG from the PRC materially injure, or threaten material injury to, a U.S. industry. *See* section 703(a)(2) of the Act. A negative ITC determination will result in the investigation being terminated; *see* section 703(a)(1) of the Act. Otherwise, the investigation will proceed according to statutory and regulatory time limits.

This notice is issued and published pursuant to section 777(i) of the Act.

Dated: June 18, 2009.

Ronald K. Lorentzen,

Acting Assistant Secretary for Import Administration.

Appendix I—Scope of the Investigation

The products covered by this investigation are certain steel grating, consisting of two or more pieces of steel, including load-bearing pieces and cross pieces, joined by any assembly process, regardless of: (1) Size or shape; (2) method of manufacture; (3) metallurgy (carbon, alloy, or stainless); (4) the profile of the bars; and (5) whether or not they are galvanized, painted, coated, clad or plated. Steel grating is also commonly referred to as "bar grating," although the components may consist of steel other than bars, such as hot-rolled sheet, plate, or wire rod.

The scope of this investigation excludes expanded metal grating, which is comprised of a single piece or coil of sheet or thin plate steel that has been slit and expanded, and does not involve welding or joining of multiple pieces of steel. The scope of this investigation also excludes plank type safety grating which is comprised of a single piece or coil of sheet or thin plate steel, typically in thickness of 10 to 18 gauge, that has been pierced and cold formed, and does not involve welding or joining of multiple pieces of steel.

Certain steel grating that is the subject of this investigation is currently classifiable in the Harmonized Tariff Schedule of the United States ("HTSUS") under subheading 7308.90.7000. While the HTSUS subheading is provided for convenience and customs purposes, the written description of the scope of this investigation is dispositive.

[FR Doc. E9-15017 Filed 6-24-09; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

CALENDAR OF THE COMMISSION'S JUNE 19, 2009 CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

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

Subject: Certain Steel Grating from China
Inv. Nos.: 701-TA-465 and 731-TA-1161 (Preliminary)
Date and Time: June 19, 2009 - 9:30 a.m.

The conference was held in connection with these investigations in the Main Hearing Room (Room 101), United States International Trade Commission, 500 E Street, SW, Washington, DC.

OPENING STATEMENT

Petitioner: **Alan H. Price**, Wiley Rein, LLP

IN SUPPORT OF THE IMPOSITION OF ANTIDUMPING AND COUNTERVAILING DUTIES

Wiley Rein
Washington, DC
on behalf of

Alabama Metal Industries Corp.
Fisher & Ludlow, Inc.

Joseph D. Smith, President, Alabama Metal Industries Corp.

Michael J. Scott, Vice President of Sales and Marketing, Alabama Metal Industries Corp.

Brian Rutter, President, Fisher & Ludlow Inc.

Mark McElhinney, United Steelworkers, Fisher & Ludlow Inc., Saegertown, PA

Alan H. Price)
)–OF COUNSEL
Timothy C. Brightbill)

CLOSING STATEMENT:

Petitioner: **Timothy Brightbill**, Wiley Rein LLP

APPENDIX C
SUMMARY DATA

Table C-1

Certain steel grating: Summary data concerning the U.S. market, 2006-08, January-March 2008, and January-March 2009

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

Item	Reported data					Period changes			
	2006	2007	2008	January-March 2008	2009	2006-08	2006-07	2007-08	Jan.-Mar. 2008-09
U.S. consumption quantity:									
Amount	183,691	193,881	245,199	53,142	32,836	33.5	5.5	26.5	-38.2
Producers' share (1)	78.9	82.8	69.5	84.1	80.6	-9.4	3.9	-13.3	-3.4
Importers' share (1):									
China	5.1	7.5	24.3	7.1	10.1	19.2	2.4	16.9	3.0
All other sources	16.0	9.7	6.1	8.9	9.3	-9.9	-6.3	-3.6	0.4
Total imports	21.1	17.2	30.5	15.9	19.4	9.4	-3.9	13.3	3.4
U.S. consumption value:									
Amount	300,088	320,206	444,240	80,559	63,799	48.0	6.7	38.7	-20.8
Producers' share (1)	83.4	84.8	70.0	83.7	80.3	-13.5	1.3	-14.8	-3.4
Importers' share (1):									
China	3.2	5.0	22.9	6.5	10.0	19.7	1.8	17.9	3.5
All other sources	13.4	10.2	7.1	9.8	9.6	-6.2	-3.1	-3.1	-0.1
Total imports	16.6	15.2	30.0	16.3	19.7	13.5	-1.3	14.8	3.4
U.S. imports from:									
China:									
Quantity	9,338	14,450	59,617	3,762	3,310	538.4	54.7	312.6	-12.0
Value	9,635	16,026	101,755	5,272	6,411	956.1	66.3	534.9	21.6
Unit value	\$1.03	\$1.11	\$1.71	\$1.40	\$1.94	65.4	7.5	53.9	38.2
Ending inventory quantity	975	2,494	4,753	2,663	3,749	387.5	155.8	90.6	40.8
All other sources:									
Quantity	29,414	18,826	15,072	4,707	3,053	-48.8	-36.0	-19.9	-35.1
Value	40,062	32,795	31,739	7,872	6,144	-20.8	-18.1	-3.2	-22.0
Unit value	\$1.36	\$1.74	\$2.11	\$1.67	\$2.01	54.6	27.9	20.9	20.3
Ending inventory quantity	***	***	***	***	***	***	***	***	***
All sources:									
Quantity	38,752	33,276	74,689	8,469	6,363	92.7	-14.1	124.5	-24.9
Value	49,697	48,820	133,493	13,144	12,555	168.6	-1.8	173.4	-4.5
Unit value	\$1.28	\$1.47	\$1.79	\$1.55	\$1.97	39.4	14.4	21.8	27.1
Ending inventory quantity	***	***	***	***	***	***	***	***	***
U.S. producers':									
Average capacity quantity	225,636	254,023	308,397	77,919	78,180	36.7	12.6	21.4	0.3
Production quantity	150,386	165,653	173,393	44,882	26,408	15.3	10.2	4.7	-41.2
Capacity utilization (1)	66.6	65.2	56.2	57.6	33.8	-10.4	-1.4	-9.0	-23.8
U.S. shipments:									
Quantity	144,939	160,605	170,510	44,673	26,473	17.6	10.8	6.2	-40.7
Value	250,391	271,386	310,747	67,415	51,244	24.1	8.4	14.5	-24.0
Unit value	\$1.73	\$1.69	\$1.82	\$1.51	\$1.94	5.5	-2.2	7.9	28.3
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***
Ending inventory quantity	13,890	15,988	14,750	15,774	13,368	6.2	15.1	-7.7	-15.3
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***
Production workers	773	815	848	827	749	9.7	5.4	4.0	-9.4
Hours worked (1,000s)	1,619	1,758	1,806	444	399	11.6	8.6	2.7	-10.1
Wages paid (\$1,000s)	37,481	38,819	40,191	10,283	8,141	7.2	3.6	3.5	-20.8
Hourly wages	\$23.15	\$22.08	\$22.25	\$23.16	\$20.40	-3.9	-4.6	0.8	-11.9
Productivity (kilograms per hour)	92.9	94.2	96.0	101.1	66.1	3.4	1.4	1.9	-34.7
Unit labor costs	\$0.25	\$0.23	\$0.23	\$0.23	\$0.31	-7.0	-6.0	-1.1	34.8
Net sales:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	\$1.73	\$1.69	\$1.82	\$1.51	\$1.94	5.5	-2.2	7.9	28.3
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	10,460	7,246	4,320	1,188	1,914	-58.7	-30.7	-40.4	61.1
Unit COGS	\$1.30	\$1.24	\$1.36	\$1.11	\$1.70	4.4	-4.6	9.4	53.0
Unit SG&A expenses	\$0.16	\$0.15	\$0.15	\$0.14	\$0.18	-8.8	-10.5	1.8	29.0
Unit operating income or (loss)	\$0.26	\$0.31	\$0.33	\$0.26	\$0.08	24.0	15.8	7.0	-71.2
COGS/sales (1)	75.3	73.3	74.1	73.4	86.8	-1.2	-2.0	0.7	13.5
Operating income or (loss)/ sales (1)	15.3	18.1	17.8	17.3	3.9	2.6	2.8	-0.2	-13.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

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.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

Table C-2
Certain Steel Grating: Summary data concerning the U.S. market (excluding **), 2006-08, January-
March 2008, and January-March 2009

* * * * *

APPENDIX D
PRICING DATA FROM ALL SOURCES

Table D-1

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 1 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *

Table D-2

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 2 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *

Table D-3

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *

Table D-4

CSG: Weighted-average f.o.b. prices and quantities of domestic and imported product 4 and margins of underselling/(overselling), by quarters, January 2006-March 2009

* * * * *