

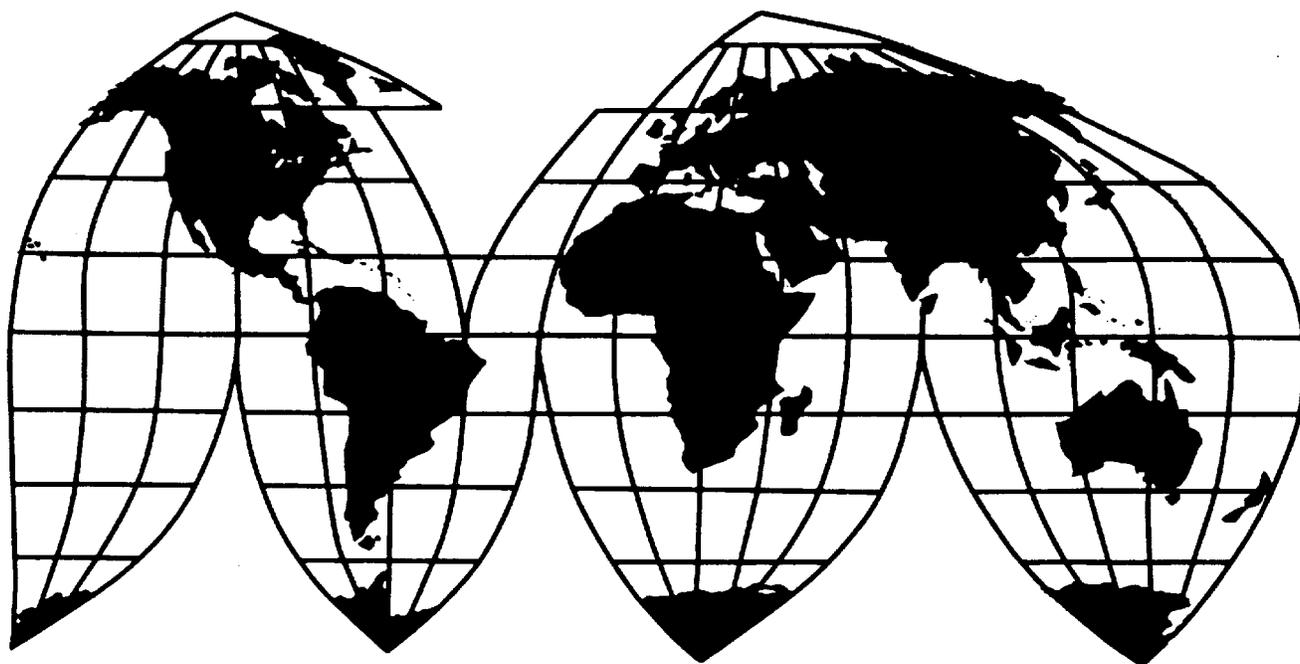
# **Stainless Steel Wire Rod From Brazil, France, and India**

Investigation Nos. 731-TA-636-638 (Second Review)

**Publication 3866**

**July 2006**

**U.S. International Trade Commission**



Washington, DC 20436

# U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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



# UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation Nos. 731-TA-636-638 (Second Review)

STAINLESS STEEL WIRE ROD FROM BRAZIL, FRANCE, AND INDIA

## DETERMINATION

On the basis of the record<sup>1</sup> developed in these subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on stainless steel wire rod from Brazil and France would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>2</sup> The Commission further determines that revocation of the antidumping duty order on stainless steel wire rod from India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

## BACKGROUND

The Commission instituted these reviews on July 1, 2005 (70 F.R. 38207) and determined on October 4, 2005 that it would conduct full reviews (70 F.R. 60109, October 14, 2005). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on January 23, 2006 (71 F.R. 3541). The hearing was held in Washington, DC, on May 18, 2006, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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

<sup>2</sup> Commissioners Stephen Koplán and Charlotte R. Lane dissenting with respect to Brazil; Commissioner Lane dissenting with respect to France.



## VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended (the Act), that revocation of the antidumping duty order on stainless steel wire rod (“SSWR”) from India is likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We also find that the revocation of the antidumping duty order on SSWR from Brazil and the revocation of the antidumping duty order on SSWR from France are not likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>1</sup>

### I. BACKGROUND

In November 1993, the Commission determined that the domestic industry was materially injured by LTFV imports from India.<sup>2</sup> Commerce issued an antidumping duty order on these imports on December 1, 1993.<sup>3</sup> In January 1994, the Commission determined that an industry in the United States was materially injured by reason of LTFV imports from Brazil and France.<sup>4</sup> Commerce issued antidumping duty orders on these imports on January 28, 1994.<sup>5</sup>

On July 1, 1999, the Commission instituted reviews pursuant to section 751(c) of the Tariff Act of 1930, as amended (“the Act”), to determine whether revocation of the antidumping duty orders on SSWR from Brazil, France, India, and the countervailing duty order on SSWR from Spain<sup>6</sup> would likely lead to the continuation or recurrence of material injury.<sup>7</sup> In July 2000, the Commission determined that revocation of the antidumping duty orders on Brazil, France and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time, but that revocation of the countervailing duty order on Spain would not be likely to lead to continuation or recurrence of material injury.<sup>8</sup>

The Commission instituted these second reviews of the antidumping duty orders on SSWR from Brazil, France and India on July 1, 2005.<sup>9</sup> The Commission received an adequate joint response with company specific data on behalf of three domestic producers: Carpenter Technology Corp. (Carpenter), Charter Specialty Steel (Charter), and Universal Stainless & Alloy Products, Inc. (Universal). Because

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<sup>1</sup> Commissioner Koplan dissents with respect to imports from Brazil. See Additional and Dissenting Views of Commissioner Stephen Koplan. Commissioner Lane dissents with respect to Brazil and France. See Separate and Dissenting Views of Commissioner Charlotte R. Lane. Commissioner Lane joins sections I (Background), II (Market Background), III (Domestic Like Product and Industry), IV.A and IV.B (Cumulation through Reasonable Overlap of Competition), and V.A (Legal Standard).

<sup>2</sup> Stainless Steel Wire Rod from India, Inv. No 731-TA-638 (Final), USITC Pub. 2704 (Nov. 1993).

<sup>3</sup> 58 Fed. Reg. 63335 (Dec. 1, 1993).

<sup>4</sup> Stainless Steel Wire Rod from Brazil and France, Inv. Nos. 731-TA-636-37 (Final), USITC Pub. 2721 (Jan. 1994).

<sup>5</sup> 59 Fed. Reg. 4021-22 (Jan. 28, 1994).

<sup>6</sup> The countervailing duty order on Spain was issued pursuant to an investigation completed in 1982. Hot Rolled Stainless Steel Bar, Cold Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Inv. Nos. 701-TA-176-178 (Final), USITC Pub. 1333 (December 1982).

<sup>7</sup> 64 Fed. Reg. 35697 (July 1, 1999).

<sup>8</sup> Stainless Steel Wire Rod from Brazil, India, France, and Spain, Inv. Nos. 701-TA-178 and 731-TA-636-638 (Review), USITC Pub. 3321 (July 2000). Chairman Koplan, Vice Chairman Okun, and Commissioner Askey dissented with respect to France.

<sup>9</sup> 70 Fed. Reg. 38207.

the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

In the review concerning subject imports from France, the Commission received an adequate response from the only producer of the subject merchandise in France, Ugitech, S.A. (Ugitech). The Commission also received a response from Ugine Stainless & Alloys, Inc. (US&A), a U.S. importer of the subject merchandise from France. Because the Commission received an adequate response representing a substantial percentage of the production of stainless steel wire rod in France, the Commission determined that the respondent interested party group response for France was adequate. Accordingly, the Commission determined to proceed to a full review of the order on SSWR from France. The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Brazil or India, but the Commission determined to conduct full reviews to promote administrative efficiency in light of its decision to conduct a full review with respect to SSWR from France.<sup>10</sup>

In these reviews, the Commission received full or partial responses to its domestic producer questionnaire from the five U.S. producers of SSWR, as well as a sixth company that provided raw materials under a tolling arrangement.<sup>11</sup> It received responses to the foreign producers' questionnaires from the sole producer of SSWR in France, Ugitech, and one producer in Brazil, Villares S.A. (Villares).<sup>12</sup> Villares is a relatively small producer of SSWR; the other Brazilian producer of SSWR, Gerda Acominas S.A. (Gerda), did not provide a questionnaire response, but did provide some basic information on its operations.<sup>13</sup> The Commission also received responses to its importers' questionnaire from four firms, three of which indicated that they did not import SSWR.<sup>14</sup> In response to the purchasers' questionnaires sent by the Commission to 27 firms, 19 purchasers supplied information.<sup>15</sup> Certain domestic interested parties<sup>16</sup> and French respondents<sup>17</sup> filed briefs in these reviews. A public hearing was held by the Commission on May 18, 2006.<sup>18</sup>

## II. MARKET BACKGROUND

SSWR is an intermediate steel product that is used to produce wire and bar. The majority of SSWR is purchased by redrawers for use in the production of stainless steel wire. A smaller proportion of larger diameter wire rod is sold as semifinished material to converters for use in the production of small-

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<sup>10</sup> See Explanation of Commission Determinations on Adequacy (Oct. 4, 2005) at Appendix A in Confidential Staff Report, INV-DD-085 (June 13, 2006) ("CR"). The Commission's confidential report was revised by Memoranda INV-DD-089 (June 16, 2006) and INV-DD-094 (June 22, 2006); all revisions are reflected in these views and incorporated in the public report ("PR").

<sup>11</sup> CR at I-25, PR at I-18.

<sup>12</sup> CR at IV-9 and IV-12, PR at IV-8, IV-9.

<sup>13</sup> See CR at IV-9 at n.5, PR at IV-8 n.5. We note that the information provided by Geradau is consistent with Villares' questionnaire response as well as with the information from \*\*\* submitted in the domestic industry's posthearing brief. See Domestic Industry's Posthearing Brief at Exhibit 3.

<sup>14</sup> CR at IV-1, PR at IV-1.

<sup>15</sup> CR at I-27, PR at I-20 and I-21.

<sup>16</sup> The domestic interested parties are Carpenter, Charter, Universal, and North American Stainless.

<sup>17</sup> The French respondents are Ugitech S.A., the French producer and exporter of SSWR, and Ugine Stainless and Alloys, Inc., an importer of SSWR from France.

<sup>18</sup> CR/PR at Appendix B.

diameter stainless steel bar.<sup>19</sup> SSWR also is sold to forgers and fabricators for use in the production of various downstream products, including industrial fasteners, springs, medical and dental instruments, automotive parts and welding electrodes.<sup>20</sup>

In 2005, five U.S. firms produced SSWR: Carpenter, Charter, Universal, North American Stainless (NAS), and Allvac.<sup>21</sup> Another firm, Outokumpu, provided raw materials to Allvac under a tolling arrangement.<sup>22</sup> Overall, domestic production accounted for more than one-half of apparent U.S. consumption over the period examined. In 2005, the next largest share of the market, \*\*\* percent, was held by imports from nonsubject sources,<sup>23</sup> in particular China, Germany, Italy, Korea, Sweden, Taiwan, and the United Kingdom.<sup>24</sup> Subject imports, primarily from France and India, continued to maintain a presence in the U.S. market, consistently accounting for less than 9 percent of the U.S. market during the period of review, although their share of the market declined significantly in 2004 and 2005, reaching lows of \*\*\* percent in 2004 and \*\*\* percent in 2005.<sup>25</sup>

### III. DOMESTIC LIKE PRODUCT AND INDUSTRY

#### A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the “domestic like product” and the “industry.”<sup>26</sup> 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 subtitle.”<sup>27</sup> The Commission practice in five-year reviews is to look to the like product definitions from the original investigations and any previous reviews and consider whether the record indicates any reason to revisit those definitions.

SSWR is a stainless steel product which is produced in a wide variety of grades, shapes, diameters and sizes.<sup>28</sup> Like other stainless steel products, SSWR is distinguished from carbon and other lower grade alloy steels by its superior resistance to corrosion or oxidation at atmospheric or elevated

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<sup>19</sup> CR at I-23, PR at I-17.

<sup>20</sup> CR at I-23, PR at I-17.

<sup>21</sup> CR/PR at Table I-2.

<sup>22</sup> CR at III-1, PR at III-1; CR/PR at Table I-2. Carpenter accounted for \*\*\* throughout the review period. Even in 2005, as NAS ramped up production, Carpenter accounted for more than \*\*\* of U.S. production of SSWR. Carpenter and NAS together accounted for \*\*\* percent of U.S. production of SSWR in 2005. CR at III-1 n.1, PR at III-1 n.1. This was down from the \*\*\* percent of production during the first review accounted for by Carpenter and its subsidiary, Talley. INV-X-133 at III-14.

<sup>23</sup> CR/PR at Table C-2.

<sup>24</sup> CR, PR at IV-1 n.3. Ninety-five percent of total imports were from these countries in 2005. CR/PR at Table I-1.

<sup>25</sup> CR/PR at Tables C-2, I-6.

<sup>26</sup> 19 U.S.C. § 1677(4)(A).

<sup>27</sup> 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96<sup>th</sup> Cong., 1<sup>st</sup> Sess. 90-91 (1979). The Commission generally considers the following factors: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer or producer perceptions; and, when appropriate, (6) price. See Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

<sup>28</sup> CR at I-23, PR at I-19.

temperatures.<sup>29</sup> SSWR is produced by hot-rolling steel billets. The wire rod is placed into irregularly wound coils and then cooled before finishing, which includes descaling, annealing, and/or pickling.<sup>30</sup>

In its expedited five-year review determinations, Commerce defined the subject merchandise in these reviews as:

Imports covered by these orders are certain stainless steel wire rods (SSWR) from Brazil, France and India. SSWR are products which are hot-rolled or hot-rolled annealed and/or pickled rounds, squares, octagons, hexagons, or other shapes, in coils. SSWR are made of alloy steels containing, by weight 1.2 percent or less of carbon and 10.5 percent of chromium, with or without other elements. These products are only manufactured by hot-rolling and normally sold in coiled form, and are solid cross-section. The majority of SSWR sold in the United States are round in cross-section shape, annealed and pickled. The most common size is 5.5 millimeters in diameter. The merchandise subject to these orders is currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, 7221.00.0075 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes. The written description remains dispositive.<sup>31</sup>

This scope definition is unchanged from Commerce's previous five-year review determinations and the original investigations.<sup>32</sup> In the original investigations, the Commission defined the domestic like product to be all SSWR. The Commission rejected arguments that it split the like product definition into specialty and commodity SSWR and include stainless steel bar in the like product definition.<sup>33</sup> In the first five-year reviews of these orders, the Commission found no evidence that suggested that it should revisit the definition of the domestic like product. Therefore, for the reasons outlined in the Commission's original determinations, the Commission defined the domestic like product as all SSWR.<sup>34</sup> Likewise in the five-year reviews of the orders on SSWR from Italy, Japan, Korea, Spain, Sweden, and Taiwan conducted in 2004, the Commission defined the domestic like product as it had in those original investigations, to include all SSWR within the scope definition.<sup>35</sup>

The domestic interested parties in these reviews urge the Commission to maintain the same definition of the domestic like product.<sup>36</sup> The French Respondents did not address the issue in their briefs or at the hearing. There is no new information obtained during these second reviews that would suggest any reason for revisiting the Commission's like product definition in the original investigations and the first five-year reviews.<sup>37</sup> Accordingly, we find a single domestic like product consisting of all SSWR for purposes of these five-year reviews.

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<sup>29</sup> CR at I-21, PR at I-16 to I-18.

<sup>30</sup> CR at I-23, PR at I-17.

<sup>31</sup> 70 Fed. Reg. 67447 (Nov. 7, 2005). Commerce notes that the merchandise subject to the orders is now classified under fewer tariff categories because some of the categories had been removed. 70 Fed. Reg. at 67447 n.1.

<sup>32</sup> See 65 Fed. Reg. 5315, 5317, 5320 (Feb. 3, 2000); Stainless Steel Wire Rod from Brazil and France, Inv. Nos. 731-TA-636-37 (Final), USITC Pub. 2721 (Jan. 1994) ("USITC Pub. 2721") at I-6; Stainless Steel Wire Rod from India, Inv. No 731-TA-638 (Final), USITC Pub. 2704 (Nov. 1993) ("USITC Pub. 2704") at I-5 to I-6.

<sup>33</sup> USITC Pub. 2704 at I-6 to I-8; USITC Pub. 2721 at I-6 to I-8.

<sup>34</sup> USITC Pub. 3321 at 6.

<sup>35</sup> Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan, Inv. Nos. 701-TA-373 and 731-TA-770-775 (Review), USITC Pub. 3707 (July 2004) at 5.

<sup>36</sup> Domestic Industry's Prehearing Brief at 7.

<sup>37</sup> See CR at I-21 to I-24, PR at I-18 to I-20.

## **B. Domestic Industry and Related Parties**

Section 771(4)(A) of the Act defines the relevant domestic industry as the “producers as a whole 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.”<sup>38</sup>

In both the original investigations and first reviews, the Commission found a single domestic industry, consisting of all domestic producers of SSWR.<sup>39</sup> In these second reviews, neither the domestic industry nor the French Respondents has raised any issue with respect to the definition of the domestic industry. Given our definition of the domestic like product, and because there is no new information obtained during these second reviews that would suggest any reason for revisiting the Commission’s domestic industry definition in the original determinations and first reviews, we find a single domestic industry consisting of all domestic producers of SSWR: Carpenter, Charter, Universal, NAS, and Allvac.<sup>40</sup>

## **IV. CUMULATION**

### **A. Overview**

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>41</sup>

Thus, cumulation is discretionary in five-year reviews. The Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market.<sup>42</sup> The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.<sup>43</sup> We note that neither the statute nor the Uruguay Round Agreements Act (“URAA”) Statement of Administrative Action (“SAA”) provides specific guidance on what factors the Commission is to consider in determining that imports “are likely to

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<sup>38</sup> 19 U.S.C. § 1677(4)(A). 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, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed.Cir. 1996).

<sup>39</sup> See USITC Pub. 3321 at 6; USITC Pub. 2704 at I-11; USITC Pub. 2721 at I-11.

<sup>40</sup> There are no related parties in these reviews. None of the domestic producers imported or purchased the subject merchandise over the period of review, and no domestic producer is related to an importer or exporter of the subject merchandise. See CR at I-25 to I-26, PR at I-21; CR at III-7, PR at III-3.

<sup>41</sup> 19 U.S.C. § 1675a(a)(7).

<sup>42</sup> In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as Commerce initiated the three reviews on July 1, 2005. 70 Fed. Reg. 38101 (July 1, 2005).

<sup>43</sup> 19 U.S.C. § 1675a(a)(7).

have no discernible adverse impact” on the domestic industry.<sup>44</sup> With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.<sup>45</sup>

## **B. Reasonable Overlap of Competition<sup>46 47</sup>**

In assessing likely competition, the Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.<sup>48</sup> Only a “reasonable overlap” of competition is required.<sup>49</sup> In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market. With regard to likely overlap of competition, we note that the relevant inquiry is whether there likely would be competition even if there are no current imports from a subject country.<sup>50</sup> Further, only a “reasonable overlap” of competition is required.<sup>51</sup> We next analyze the four factors the Commission typically examines in determining whether there will be a likely overlap of competition.

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<sup>44</sup> SAA, H.R. Rep. No. 103-316, vol. I (1994).

<sup>45</sup> For a discussion of the analytical framework of Commissioners Hillman and Koplan regarding the application of the “no discernible adverse impact” provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review) USITC Pub. 3274 (Feb. 2000). For a further discussion of Commissioner Koplan’s analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review) USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

<sup>46</sup> Because we decline to exercise our discretion to cumulate subject imports from the subject countries (see discussion *infra*), it is not necessary to determine separately whether subject imports from Brazil, India or France, respectively, would be likely to have no discernible adverse impact in the event of revocation. Chairman Pearson does not join the preceding statement concerning imports from Brazil. For his views on whether cumulation of imports from Brazil is appropriate, see Additional Views of Chairman Daniel R. Pearson Regarding Cumulation, *infra*.

<sup>47</sup> Commissioner Koplan dissents from the majority and exercises his discretion to cumulate subject imports from Brazil and India. See Additional and Dissenting Views of Commissioner Stephen Koplan.

<sup>48</sup> The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

<sup>49</sup> See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), *aff’d*, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), *aff’d sub nom*, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 at 13-15 (Apr. 1998).

<sup>50</sup> See generally Cheflene Corp. v. United States, 219 F. Supp.2d 1313, 1314 (Ct. Int’l Trade 2002).

<sup>51</sup> See Mukand Ltd. v. United States, 937 F. Supp. 910, 917 (Ct. Int’l Trade 1996).

In the original investigations concerning SSWR from Brazil, France, and India, the Commission found that there was a reasonable overlap of competition between the subject imports and domestic like product. The French Respondents argued that French SSWR consisted primarily of specialty products and was of higher quality while Brazilian and Indian SSWR tended to be commodity grades of SSWR and of lower quality. However, the Commission found that the subject imports and domestic SSWR were competing.<sup>52</sup> The Commission also found that the subject imports and the domestic product were sold throughout the United States,<sup>53</sup> that the subject imports from Brazil, France, and India and the domestic like product were sold through the same channels of distribution,<sup>54</sup> and that the subject imports and domestic SSWR were simultaneously present in the market.<sup>55</sup>

In the first reviews, the Commission also found a likely reasonable overlap of competition. It found that Indian SSWR was improving in quality and competed with the other subject imports and domestic SSWR.<sup>56</sup> Although the Commission found that there were reduced levels of subject imports from Brazil, the Commission found that they likely would compete on a nationwide basis and be simultaneously present in the market if the orders were revoked. The Commission also noted that subject imports and domestic SSWR generally were sold directly to end users.<sup>57</sup>

In these reviews, the domestic industry asserts that the four factors the Commission typically examines to determine whether a likely reasonable overlap in competition exists, indicate that there would be competition among subject imports and the domestic like product if the orders were revoked. The French Respondents argue that the Commission should find that no overlap of competition will exist between SSWR from France and either Brazil or India, because SSWR from Brazil is not present in the market and is not likely to be present in the U.S. market, and because subject imports from France and India are not substitutable.<sup>58</sup>

*Fungibility.* As noted above, the Commission found this factor satisfied in the original investigations and first reviews because the quality differences did not suggest that Indian SSWR could not be used in the same applications. In these reviews, three purchasers reported that Indian SSWR producers were unable to obtain certification for their SSWR.<sup>59</sup> On the other hand, the questionnaire responses of importers and purchasers suggest that Indian SSWR is interchangeable with domestic SSWR at least to some extent.<sup>60</sup> Six purchasers indicated Indian SSWR is “sometimes” interchangeable and two indicated it is “always” interchangeable. Only one purchaser indicated that Indian SSWR is “never” interchangeable with domestic SSWR, and no purchasers indicated French SSWR is never interchangeable with Indian SSWR.<sup>61</sup> Further, the subject imports generally meet minimum quality specifications for purchasers; 14 of 16 purchasers reported that subject imports “usually” or “frequently” meet minimum quality standards.<sup>62</sup> No current information is available concerning SSWR from Brazil, which has been almost entirely absent from the U.S. market, but in the original investigation, Brazilian

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<sup>52</sup> USITC Pub. 2704 at I-14 to I-17; USITC Pub. 2721 at I-16 to I-19.

<sup>53</sup> USITC Pub. 2704 at I-14; USITC Pub. 2721 at I-16.

<sup>54</sup> USITC Pub. 2704 at I-14; USITC Pub. 2721 at I-16.

<sup>55</sup> USITC Pub. 2704 at I-14; USITC Pub. 2721 at I-16.

<sup>56</sup> USITC Pub. 3321 at 13.

<sup>57</sup> USITC Pub. 3321 at 13.

<sup>58</sup> French Respondents’ Prehearing Brief at 9-10.

<sup>59</sup> CR at II-12 and II-12 n.24 and II-17, PR at II-8 and II-8 n. 24, PR at II-12.

<sup>60</sup> CR/PR at Table II-6.

<sup>61</sup> CR/PR at Table II-6.

<sup>62</sup> See CR at II-19, PR at II-14.

SSWR was found to be interchangeable with domestic, Indian, and French SSWR.<sup>63</sup> We therefore conclude that the domestic product and subject imports are sufficiently fungible for purposes of finding a reasonable overlap of competition.

*Channels of Distribution and Geographic Overlap.* In the original investigations, the Commission noted that the majority of domestic SSWR and subject imports from the three countries was sold to wire redrawers.<sup>64</sup> In the current review period, domestic SSWR and subject imports share, or have shared in the case of imports from Brazil, the same channels of distribution, as they generally are sold directly to end-users.<sup>65</sup> As for geographic overlap, all four U.S. producers and two of three importers reported nationwide sales.<sup>66</sup> Subject imports enter at multiple U.S. ports,<sup>67</sup> and SSWR is often shipped over 1,000 miles for delivery to end users as inland transportation costs are relatively small.<sup>68</sup> Based upon the record from the original investigations, there is no indication that, upon revocation, subject imports from Brazil would not have a reasonable overlap with respect to these factors. Thus, both the channels of distribution and geographic overlap factors indicate a likely overlap of competition if the orders were to be revoked.

*Simultaneous Presence in Market.* Subject imports from France and India have been present in the U.S. market during the period of review, suggesting they would likely be present if the orders were revoked.<sup>69</sup> Since at least 1997, there have been virtually no imports of subject merchandise from Brazil.<sup>70</sup> As we discuss later, given the relatively low level of production of SSWR in Brazil, the lack of export-orientation of the Brazilian industry and the extended absence of Brazilian SSWR from the U.S. market, we conclude that subject imports from Brazil are unlikely to be present in the U.S. market in significant quantities in the event of revocation of the order.<sup>71</sup> However, we find that they will likely be present in the minimal quantities necessary for there to be a reasonable overlap of competition.<sup>72</sup>

*Conclusion.* Based upon our analysis of the four factors, we conclude that the subject SSWR imports from Brazil, France, and India will likely compete with each other and with the domestic like product should the orders under review be revoked.

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<sup>63</sup> USITC Pub. 2721 at I-18.

<sup>64</sup> USITC Pub. 2721 at I-18 to I-19.

<sup>65</sup> CR at II-1, PR at II-1.

<sup>66</sup> CR at II-1, PR at II-1.

<sup>67</sup> CR/PR at Table IV-4.

<sup>68</sup> See CR at V-4, PR at V-2 to V-3.

<sup>69</sup> See CR/PR at Table I-1 and IV-5.

<sup>70</sup> CR/PR at Table I-1.

<sup>71</sup> Commissioner Koplán dissents from this finding regarding Brazilian imports. See Additional and Dissenting Views of Commissioner Stephen Koplán.

<sup>72</sup> See Steel Authority of India v. United States, 25 CIT 472, 477, 146 F. Supp. 2d 900, 908 (2001); Nucor Corp. v. United States, 318 F. Supp.2d 1207, 1269-70 (Ct. Int'l Trade 2004).

### C. Other Considerations<sup>73 74 75</sup>

In determining whether to exercise our discretion to cumulate the subject imports from the three countries, we assess whether the subject imports from Brazil, France, and India are likely to compete under similar or different conditions in the U.S. market.

In these reviews, the domestic industry contends that there are no appreciable differences in the conditions of competition likely to be faced by SSWR imports from Brazil, France, and India that should cause the Commission to decline to exercise its discretion to cumulate subject imports from those countries.<sup>76</sup> We disagree, and, for the reasons discussed below, conclude that there are likely to be significant differences in the conditions of competition likely to face the subject imports from Brazil, France and India. We therefore decline to exercise our discretion to cumulate imports from any of the subject countries.

In the original investigations, the Commission received information from the two producers at the time in Brazil, Acos Finos and Electrometal,<sup>77</sup> and the two producers at the time in France, Ugine-Savoie and Imphy. Only one of four producers in India, Mukand, provided information.<sup>78</sup> The record in the original investigations indicated that the Brazilian industry exported \*\*\* its production and was operating at less than \*\*\* percent capacity utilization.<sup>79</sup> Total capacity in Brazil was over \*\*\* short tons.<sup>80</sup> The French industry exported approximately \*\*\* its production and was expanding its capacity, from \*\*\* short tons in 1990 to \*\*\* short tons in 1992.<sup>81</sup> The two producers were operating at approximately \*\*\* percent capacity utilization during 1991-92 but at closer to \*\*\* percent capacity utilization in 1990 and January-June 1993.<sup>82</sup> The information on the industry in India was incomplete. It indicated that Mukand exported approximately \*\*\*, had capacity of over \*\*\* short tons, and was operating at full capacity.<sup>83</sup> Subject imports from all three countries increased during the original investigation.<sup>84</sup>

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<sup>73</sup> Commissioners Lane and Koplan do not join this section concerning the exercise of discretion to cumulate.

<sup>74</sup> Chairman Pearson joins this section of this opinion insofar as it addresses his discretion to cumulate imports from France. He does not, however, join this section with regard to whether to cumulate imports from Brazil. For his views on whether cumulation of imports from Brazil is appropriate, see Additional Views of Chairman Daniel R. Pearson Regarding Cumulation, infra.

<sup>75</sup> Commissioner Lane finds that there is a reasonable overlap of competition among the subject imports from Brazil, France and India and between those subject imports and the domestic like product based on the Commission's traditional four factor analysis: fungibility, common or similar channels of distribution, geographic markets and simultaneous market presence. Commissioner Lane does not find any significant or compelling other considerations that would lead her to conclude that the conditions of competition related to each subject country are so dissimilar from one other that she would decline to exercise her discretion to cumulate subject imports from Brazil, France, and India.

<sup>76</sup> Domestic Industry's Prehearing Brief at 13-18.

<sup>77</sup> See INV-Q-182 (Nov. 9, 1993) at Tables 14 and 15.

<sup>78</sup> See INV-Q-182 (Nov. 9, 1993) at Table 17.

<sup>79</sup> INV-Q-182 (Nov. 9, 1993) at Tables 14 and 15.

<sup>80</sup> INV-Q-182 (Nov. 9, 1993) at Tables 14 and 15.

<sup>81</sup> INV-Q-182 (Nov. 9, 1993) at Table 16.

<sup>82</sup> INV-Q-182 (Nov. 9, 1993) at Table 16.

<sup>83</sup> INV-Q-182 (Nov. 9, 1993) at I-6, Table 17.

<sup>84</sup> Subject imports from Brazil increased from 2,057 short tons in 1990 to 2,368 short tons in 1992. Subject imports from France increased from 4,547 short tons in 1990 to 11,137 short tons in 1992. Subject imports from India increased from 97 short tons in 1990 to 4,344 short tons in 1992. CR/PR at Table I-1.

In the first reviews, only the sole remaining French producer and the importer of SSWR from France responded to the Commission's notice of institution and participated in the Commission's reviews. Three Indian producers, Viraj, Isibars, and Panchmahal, and Spanish producer Roldan also provided information in response to the Commission's questionnaires.<sup>85</sup> The Commission was able to obtain only limited information concerning the production, capacity and exports of the Brazilian industry.

The Commission found that SSWR from France was likely to compete under different conditions of competition than SSWR from Brazil and India. While subject imports from each country increased over the period examined during the original investigations, the Commission noted that SSWR from France had maintained a solid presence in the U.S. market, unlike SSWR from Brazil and India, which had declined substantially.<sup>86</sup> Subject imports from Brazil had ceased and those from India had been minimal until 1999 and 2000. The Commission further observed that unlike SSWR from Brazil and India, French SSWR was sold through or to the French producer's U.S. subsidiaries, Techalloy and US&A.<sup>87</sup> The average unit values (AUVs) of SSWR from France also had been much higher than those for SSWR from India, which suggested differences in pricing practices and product mix.<sup>88</sup> The Commission also noted different trade barriers facing imports from the subject countries. Unlike the French industry, the Brazilian and Indian industries faced non-preferential tariff treatment in the European Union, as well as antidumping duty orders in the United States on stainless steel bar. Also, Indian SSWR was subject to a countervailing duty order in the EU. For these reasons, the Commission declined to exercise its discretion to cumulate French SSWR with SSWR from Brazil or India.<sup>89</sup> However, based on the record in those reviews, and in the absence of information regarding the industry in Brazil, the Commission exercised its discretion to cumulate subject imports from Brazil and India.

In these reviews, as we have noted, we have additional information concerning the Brazilian industry obtained from the two Brazilian producers as well as data from the French producer Ugitech.

Several factors indicate that the subject imports from Brazil, France and India are likely to compete in a different manner in the U.S. market should the orders be revoked. With respect to France, many of the same factors that the Commission relied on in its decision not to cumulate France with the other subject countries in the prior reviews lead to the same conclusion in these reviews. In the original investigations, France was by far the largest subject import source. France's market share was 3.9 percent in 1990, 4.5 percent in 1991, and 8.5 percent in 1992.<sup>90</sup> In contrast, Brazil's market share fluctuated, from 1.7 percent in 1990 to 1.3 percent in 1991 and 2.6 percent in 1992. India's market share rose but remained much lower than France's; it was 0.1 percent in 1990, 1.4 percent in 1991, and 3.3 percent in 1992.<sup>91</sup> France has consistently been in the market in small to moderate volumes since 1997 (the beginning of the first period of review) with market share between \*\*\* percent and \*\*\* percent.<sup>92</sup> In contrast, there have been no imports from Brazil since 1997 (except 7 short tons in 2004).<sup>93</sup> India has had more of a presence during the present period of review than in the first period of review. In the first period of review, its market share ranged between \*\*\* percent and \*\*\* percent; in the present period of

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<sup>85</sup> INV-X-133 at IV-5.

<sup>86</sup> USITC Pub. 3321 at 14.

<sup>87</sup> USITC Pub. 3321 at 14.

<sup>88</sup> USITC Pub. 3321 at 14.

<sup>89</sup> USITC Pub. 3321 at 14.

<sup>90</sup> CR/PR at Table I-1.

<sup>91</sup> CR/PR at Table I-1.

<sup>92</sup> CR/PR at Table I-1.

<sup>93</sup> CR/PR at Table I-1.

review, it has ranged between \*\*\* percent and \*\*\* percent. However, India's market share has generally trended down, falling from \*\*\* percent in 2000 to \*\*\* percent in 2004 and \*\*\* percent in 2005.<sup>94</sup>

The range between AUVs for SSWR from France and India is even wider in this current period than in the first reviews. In the first reviews, the AUV for imports from France was 34 percent higher than that for imports from India in 1997; the difference was 32 percent in 1998 and 78 percent in 1999.<sup>95</sup> In the current reviews, the difference was 72 percent in 2000, 42 percent in 2001, 82 percent in 2002, and \*\*\* percent in 2003 (subject imports from India were \*\*\* in 2004 and \*\*\* in 2005).<sup>96</sup>

Ugitech's SSWR capacity and production declined over the period of review, as did overall capacity for all products produced on the same equipment and machinery.<sup>97</sup> In contrast, published data on Indian SSWR production show an increase in every year of the period of review. Published data on Brazilian SSWR production show a very small industry, with production ranging between \*\*\* short tons and \*\*\* short tons.<sup>98</sup> In contrast, Ugitech's production ranged between \*\*\* short tons and \*\*\* short tons.<sup>99</sup>

Ugitech is primarily focused on the European market, and, unlike producers in Brazil and India, it benefits from preferential treatment in the unified, 25-member EU market.<sup>100</sup> The record does not indicate that either Brazil or India has such a close relationship with a regional market. Finally, subject imports from France are imported \*\*\* by US&A., an affiliate of Ugitech,<sup>101</sup> and approximately \*\*\* that have purchased from Ugitech for \*\*\*.<sup>102 103</sup>

Subject imports from Brazil also are likely to compete differently in the U.S. market than those from France and India.<sup>104</sup> During the original investigations, the increase in subject imports from Brazil and their market share was much smaller than for France or India.<sup>105</sup> Between 1990 and 1992, Brazil's market share rose from 1.7 percent to 2.6 percent, India's rose from 0.1 percent to 3.3 percent, and France's rose from 3.9 percent to 8.5 percent. Imports from Brazil were sharply lower in January-June 1993 than in 1992.<sup>106</sup> The record in these reviews indicates that the Brazilian producers are no longer export oriented; instead, their production is directed at meeting the Brazilian home market demand. Since

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<sup>94</sup> CR/PR at Table I-1 and C-2.

<sup>95</sup> See CR/PR at Table I-1.

<sup>96</sup> See CR/PR at Tables I-1 and C-2.

<sup>97</sup> CR/PR at Tables IV-7 and IV-8.

<sup>98</sup> Domestic Industry's Posthearing Brief at Exhibit 3.

<sup>99</sup> CR/PR at Table IV-7.

<sup>100</sup> See CR at IV-18 n.19, PR at IV-11 n.19.

<sup>101</sup> CR/PR at Table I-3; CR at II-1 n.3, PR at II-1 n.3.

<sup>102</sup> French Respondent's Posthearing Brief at 3 n.12 and Exhibit 1 at 10-11; Transcript of Hearing of May 18, 2006 ("Tr.") at 175, 188. While Techalloy is no longer affiliated with Ugitech, the record indicates that subject imports from France are sold exclusively through US&A, Ugitech's affiliated company and typically are sold to longstanding customers.

<sup>103</sup> There are orders on stainless steel bar from all three subject countries, but this factor does not outweigh the other factors indicating likely differences in conditions of competition in the U.S. market. Stainless Steel Bar From Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995); Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Inv. Nos. 701-TA-413 and 731-TA-913-916 and 918 (Final) (Feb. 2002).

<sup>104</sup> Commissioner Pearson does not join this paragraph. For his views concerning whether to cumulate imports from Brazil, see Additional Views of Chairman Daniel R. Pearson Regarding Cumulation, infra.

<sup>105</sup> CR/PR at Table I-1.

<sup>106</sup> See CR/PR at Table I-1; INV-Q-182 (Nov. 9, 1993) at Table 18. Likewise, U.S. inventories of Brazilian SSWR were characterized as "minor" while U.S. inventories of French and Indian SSWR grew rapidly. Id. at I-38.

at least 1997, Brazil has ceased exporting to the United States except for an insignificant volume, 7 short tons in 2004.<sup>107</sup> Virtually all of the industry's production serves the Brazilian home market.<sup>108</sup> Indeed, Brazil is a net importer of SSWR, importing 5,715 short tons of SSWR in 2004 compared to exporting 14 short tons of SSWR in 2004.<sup>109</sup> In contrast, France and India are significant exporters. According to Ugitech's questionnaire response, France's exports ranged between \*\*\* short tons and \*\*\* short tons between 2000 and 2005 (although, as discussed later, the vast majority of these exports were within the EU).<sup>110</sup> According to the World Trade Atlas, India's exports ranged from 21,727 short tons to 41,818 short tons between 2000 and 2004 (data for 2005 are not available), and were at their highest levels in 2003 and 2004 (41,818 short tons and 40,818 short tons, respectively). Moreover, Brazilian production capacity and production of SSWR is significantly smaller than in the other two subject countries. \*\*\* reports that the capacity to produce SSWR in Brazil is \*\*\* short tons, compared to \*\*\* short tons in France and \*\*\* short tons in India.<sup>111</sup> Moreover, Brazil produced \*\*\* short tons in 2005, compared to \*\*\* short tons in France and \*\*\* short tons in India (excluding the Viraj Group).<sup>112</sup>

Because the subject imports from the three subject countries are likely to compete differently in the U.S. market, we decline to exercise our discretion to cumulate subject imports from any of the countries.

## **V. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED**

### **A. Legal Standard In A Five-Year Review**

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."<sup>113</sup> The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on

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<sup>107</sup> See CR/PR at Table I-1.

<sup>108</sup> See CR/PR at Table IV-6, CR at IV-11-12, PR at IV-8-9.

<sup>109</sup> See CR at IV-12, PR at IV-9. According to World Trade Atlas, Brazil's imports of SSWR have increased from 2,615 short tons in 2002 to 5,715 short tons in 2004 (2005 data are not available). *Id.* These data corroborate information supplied by Villares, indicating that roughly \*\*\* percent of the Brazilian market is supplied by imports. CR at IV-11, PR at IV-8. According to World Trade Atlas, the Brazilian industry's peak export level during the period of review was 86 short tons of SSWR in 2003. CR at IV-12, PR at IV-9.

<sup>110</sup> CR/PR at Table IV-7.

<sup>111</sup> See Domestic Industry's Posthearing Brief at Exhibit 3. Commerce revoked the antidumping duty order with respect to the Viraj Group on July 6, 2005, effective as of December 1, 2003, because Viraj received zero margins in three consecutive administrative reviews. 70 Fed. Reg. 40318 (July 13, 2005). Even excluding the Viraj Group, India's capacity is \*\*\* short tons.

<sup>112</sup> See CR/PR at Table IV-6 and CR at IV-12, PR at IV-9 (Brazil), CR/PR at Table IV-7 (France), and Domestic Industry's Posthearing Brief at Exhibit 3 (India). Gerdau is a large steel producer overall; its stated overall annual capacity is 551,000 short tons, and there are public reports of expansion plans. However, Gerdau's reported combined annual production of SSWR and stainless steel bar is currently only \*\*\* short tons. See CR at IV-9 n.5, PR at IV-8 n.5.

<sup>113</sup> 19 U.S.C. § 1675a(a).

volumes and prices of imports.”<sup>114</sup> Thus, the likelihood standard is prospective in nature.<sup>115</sup> The U.S. Court of International Trade has found that “likely,” as used in the sunset review provisions of the Act, means “probable,” and the Commission applies that standard in five-year reviews.<sup>116 117 118</sup>

The statute states that “the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time.”<sup>119</sup> According to the SAA, a “‘reasonably foreseeable time’ will vary from case-to-case, but normally will exceed the ‘imminent’ timeframe applicable in a threat of injury analysis [in antidumping investigations].”<sup>120 121</sup>

Although the standard in a five-year review is not the same as the standard applied in an original antidumping investigation, it contains some of the same fundamental elements. The statute provides that

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<sup>114</sup> SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that “[t]he likelihood of injury standard applies regardless of the nature of the Commission’s original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed.” SAA at 883.

<sup>115</sup> While the SAA states that “a separate determination regarding current material injury is not necessary,” it indicates that “the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked.” SAA at 884.

<sup>116</sup> See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int’l Trade 2003) (“‘likely’ means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)”; Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int’l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int’l Trade Dec. 20, 2002) (“more likely than not” standard is “consistent with the court’s opinion”; “the court has not interpreted ‘likely’ to imply any particular degree of ‘certainty’”); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int’l Trade Sept. 4, 2002) (“standard is based on a likelihood of continuation or recurrence of injury, not a certainty”); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int’l Trade July 19, 2002) (“‘likely’ is tantamount to ‘probable,’ not merely ‘possible’”).

<sup>117</sup> For a complete statement of Commissioner Okun’s interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the “Likely” Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, Inv. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review)(Remand), USITC Pub. 3754 (Feb. 2005).

<sup>118</sup> Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade’s interpretation of “likely” but she will apply the Court’s standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit addresses the issue.

<sup>119</sup> 19 U.S.C. § 1675a(a)(5).

<sup>120</sup> SAA at 887. Among the factors that the Commission should consider in this regard are “the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities.” SAA at 887.

<sup>121</sup> In analyzing what constitutes a reasonably foreseeable time, Commissioner Koplán examines all the current and likely conditions of competition in the relevant industry. He defines “reasonably foreseeable time” as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define “reasonably foreseeable time” by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

the Commission is to “consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated.”<sup>122</sup> It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the orders are revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).<sup>123</sup>

Section 751(c)(3) of the Act and the Commission’s regulations provide that in an expedited five-year review, the Commission may issue a final determination “based on the facts available, in accordance with section 776 of the Act.” We have relied upon the facts available in these reviews, which consist primarily of information from the original investigations and first reviews, information submitted by the domestic interested parties, and official Commerce statistics.<sup>124</sup>

In evaluating the likely volume of imports of subject merchandise if the antidumping duty orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.<sup>125</sup> In doing so, the Commission must consider “all relevant economic factors,” including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.<sup>126</sup>

In evaluating the likely price effects of cumulated subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.<sup>127</sup>

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<sup>122</sup> 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission’s determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

<sup>123</sup> 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-19, PR at I-14.

<sup>124</sup> Commissioner Okun notes that the statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination. 19 U.S.C. § 1675(e). 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 persuasive.” SAA at 869.

<sup>125</sup> 19 U.S.C. § 1675a(a)(2).

<sup>126</sup> 19 U.S.C. § 1675a(a)(2)(A-D).

<sup>127</sup> 19 U.S.C. § 1675a(a)(3). The SAA states that “[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices.” SAA

(continued...)

In evaluating the likely impact of the subject merchandise if the antidumping orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.<sup>128</sup> All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.<sup>129</sup> As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.<sup>130</sup>

## **B. Conditions of Competition and the Business Cycle<sup>131</sup>**

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”<sup>132</sup>

Demand for SSWR largely depends on the demand for downstream products in the automotive, medical instruments and general manufacturing industries.<sup>133</sup> Thus, demand for end use applications such as wire, bar, screens, antennas, fasteners, wiper blades, medical devices, and certain types of belts determines demand for SSWR.<sup>134</sup>

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<sup>127</sup> (...continued)  
at 886.

<sup>128</sup> 19 U.S.C. § 1675a(a)(4).

<sup>129</sup> 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that “the Commission may consider the magnitude of the margin of dumping” in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the “magnitude of the margin of dumping” to be used by the Commission in five-year reviews as “the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title.” 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

In the final results of its expedited sunset review of the order on Brazil, Commerce determined likely margins of dumping that ranged from 24.63 to 26.50 percent. 70 Fed. Reg. 67447, 67448 (Nov. 7, 2005). Commerce also found a likely margin of dumping of 24.51 percent for all subject producers in France, and 48.80 percent for subject producers in India. 70 Fed. Reg. 67447, 67448 (Nov. 7, 2005). As noted earlier, the antidumping order on SSWR from India was revoked with respect to the Viraj Group. 70 Fed. Reg. 40318 (July 13, 2005).

<sup>130</sup> The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, the Commission “considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” SAA at 885.

<sup>131</sup> Commissioner Lane does not join the remainder of the opinion.

<sup>132</sup> 19 U.S.C. § 1675a(a)(4).

<sup>133</sup> CR at II-8 n.18, PR at II-6 n.18.

<sup>134</sup> CR at II-1, II-8, PR at II-1, II-5 to II-6.

In the original investigations, apparent U.S. consumption increased by 11.5 percent between 1990 and 1992.<sup>135</sup> In the first reviews of the orders, the Commission noted that demand for SSWR in the United States had increased by 5 percent to 7 percent annually for the past several years.<sup>136</sup>

Unlike in the earlier periods, apparent U.S. consumption fluctuated but generally fell over the current period of review. Total apparent U.S. consumption fell from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>137</sup> This trend appears to stem from end-use customers moving overseas, increased imports of finished products, and the substitution of wire for SSWR in downstream applications.<sup>138</sup> With regard to trends in future U.S. consumption, parties forecast declines in 2006 and 2007 followed by modest growth.<sup>139</sup> World consumption, on the other hand, is expected to grow more rapidly.<sup>140</sup>

A substantial portion of domestic SSWR production is internally consumed. In the period examined in the original investigations and the first review period, approximately \*\*\* of domestic SSWR production was captively consumed. In the current period of review, internal consumption generally fell. In 2000, \*\*\* percent of domestic producers' shipments were internally consumed; in 2005 this had fallen to \*\*\* percent.<sup>141</sup>

SSWR is an intermediate product that is produced in a variety of shapes, sizes, grades and finishes. SSWR typically is made to customer specifications and producer inventories generally are low.<sup>142</sup> Sales are largely made by producers directly to end users and most domestic producers set prices on a transaction-by-transaction basis.<sup>143</sup> There are limited substitutes for SSWR,<sup>144</sup> and it typically accounts for a large portion of the cost of the end-use product. Sales typically are made on a spot basis, although short term contracts also are employed.<sup>145</sup>

The parties disagree concerning whether there are distinctive subcategories of SSWR. The French Respondents indicate that SSWR can be divided into technical, specialty and commodity products based upon the ability of producers to manufacture the product and the number of producers making the product.<sup>146</sup> The domestic industry states that there is no bright line between commodity and specialty grades of SSWR and that there is a continuum of SSWR products that differ in grades, sizes, chemistries and other features.<sup>147</sup>

There are three basic steps in SSWR production, regardless of the particular product: (1) the melting of steel and production of billets, (2) hot-rolling the billets and coiling the wire rod, and (3) finishing, which includes annealing and pickling.<sup>148</sup> The equipment and employees used to produce

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<sup>135</sup> USITC Pub. 2721 at I-13; USITC Pub. 2704 at I-12.

<sup>136</sup> USITC Pub. 3321 at 15.

<sup>137</sup> CR/PR at Table I-1.

<sup>138</sup> CR at II-9, PR at II-6.

<sup>139</sup> Tr. at 37; CR at II-9, PR at II-6.

<sup>140</sup> Tr. at 101, 160.

<sup>141</sup> CR/PR at Table III-3.

<sup>142</sup> CR at II-4, II-20, PR at II-3, II-20.

<sup>143</sup> CR at II-1, V-6, PR at II-1, V-5.

<sup>144</sup> CR at II-10, PR at II-7.

<sup>145</sup> CR at V-7, PR at V-6.

<sup>146</sup> French Respondents' Posthearing Brief, Exhibit 1 at 9. See also CR at V-8 n.13, PR at V-6 n.13.

<sup>147</sup> Domestic Industry's Posthearing Brief, Exhibit 1 at 27.

<sup>148</sup> CR at I-24, PR at I-19 to I-20.

SSWR typically also are used to produce stainless steel bar.<sup>149</sup> The majority of SSWR sold on the open market is drawn into wire, and a smaller portion is converted to bar.<sup>150</sup>

In the first reviews, the Commission observed that the industry had undergone substantial consolidation, and Carpenter and its subsidiary, Talley, accounted for \*\*\* percent of U.S. production of SSWR.<sup>151</sup> The domestic industry has continued to restructure since the first reviews, and has begun to expand. Universal Stainless and Alloy Products, Inc. purchased the idled assets of Empire Specialty Steel, Inc. in 2002 and formed Dunkirk Specialty Steel, LLC. Avesta Sheffield merged with Outokumpu Stainless; as a result, Allvac now toll produces for Outokumpu. Finally, two new producers have entered the U.S. market – Charter and NAS began SSWR production in 2001 and 2003, respectively.<sup>152</sup>

The domestic industry has added capacity since the first reviews. Total capacity has risen from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>153</sup> The domestic industry's production has fluctuated over the period but was virtually the same in 2005 as in 2000.

Raw materials constitute a substantial portion of the cost of producing SSWR. Metals such as nickel, chromium, and molybdenum are used in the production of stainless steel.<sup>154</sup> Prices for nickel and molybdenum have increased sharply during the period,<sup>155</sup> and domestic producers' raw material costs have almost doubled from 2003 to 2005.<sup>156</sup> However, \*\*\* reported using surcharges in order to pass increased raw material costs through to customers.<sup>157</sup> Energy prices also have increased during the period of review and \*\*\* use surcharges to pass along the increases they have experienced in natural gas costs.<sup>158</sup>

Imports account for a substantial but declining portion of apparent consumption. Over the period of review, nonsubject import volume fell from \*\*\* short tons in 2000 to \*\*\* short tons in 2005;<sup>159</sup> their share of the U.S. market in quantity terms has fallen from \*\*\* percent in 2000 to \*\*\* percent in 2005.<sup>160</sup> Subject imports also have fallen, from \*\*\* percent of the market in 2000 to \*\*\* percent in 2005.<sup>161</sup>

Antidumping duty orders have been in effect on SSWR from Italy, Japan, Korea, Spain, Sweden, and Taiwan since 1998.<sup>162</sup> Also, as part of the broad safeguard investigations involving steel products (including SSWR), the President imposed temporary import relief via proclamation on March 5, 2002. Import relief relating to SSWR consisted of an additional tariff of 15 percent *ad valorem* in the first year, and 12 percent in the second year. The relief, however, was terminated by the President on December 4, 2003.<sup>163</sup> There also are antidumping or countervailing duty orders on a downstream product, stainless

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<sup>149</sup> CR at II-5, PR at II-3; Tr. at 19, 112, 181-82.

<sup>150</sup> CR at I-23, II-1, PR at I-17, II-1.

<sup>151</sup> INV-X-133 at II-14.

<sup>152</sup> See CR at I-26, I-26 n.59, PR at I-21, I-21 n.59.

<sup>153</sup> CR/PR at Table III-1.

<sup>154</sup> CR at V-1, PR at V-1.

<sup>155</sup> See CR/PR at Fig. V-1

<sup>156</sup> CR/PR at Table III-9.

<sup>157</sup> CR at V-2, PR at V-2.

<sup>158</sup> CR at V-2, PR at V-2.

<sup>159</sup> CR/PR at Table I-1 and Table C-2.

<sup>160</sup> CR/PR at Table I-1 and Table C-2.

<sup>161</sup> CR/PR at Table I-1 and Table C-2.

<sup>162</sup> CR at I-9, PR at I-6. Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Inv. Nos. 701-TA-373 and 731-TA-769-775 (Final), USITC Pub. 3126 (September 1998).

<sup>163</sup> See CR at I-13, PR at I-9.

steel bar, from Brazil, France, Germany, India, Italy, Japan, Korea, Spain and the United Kingdom.<sup>164</sup> However, the United States has no antidumping or countervailing duty orders on stainless steel wire, another downstream product.<sup>165</sup>

We find that these conditions in the market for SSWR are likely to persist in the reasonably foreseeable future and provide us with a reasonable basis on which to assess the effects of revocation of the orders.

### **C. Revocation of the Order on Subject Imports From France Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

#### **1. Likely Volume of Subject Imports from France**

In the original investigations, the Commission observed that the market share of cumulated subject imports was increasing while the domestic producers' market share was declining.<sup>166</sup> Subject imports from France rose from 4,547 short tons in 1990 to 11,137 short tons in 1992, and they accounted for 8.5 percent of apparent consumption in that year.<sup>167</sup> The domestic producers' market share fell from 79.4 percent in 1990 to 68.0 percent in 1992 in terms of quantity.<sup>168</sup>

In assessing the likelihood of increased imports from France in the first review, the Commission noted that the sole French producer, Ugine-Savoie Imphy (U-SI),<sup>169</sup> had increased exports of SSWR to the United States over the period of review despite the existence of the order. The Commission noted that U-SI was a subsidiary of Usinor, the world's third largest producer of steel, and that U-SI's SSWR capacity was equivalent to \*\*\* percent of U.S. consumption in 1999. Even though the French producer was operating at a high level of capacity utilization, the Commission found that it still had significant excess capacity that it could direct to the U.S. market,<sup>170</sup> that it planned to \*\*\* and that it exported the majority of its production. The Commission observed that, because several other sources of SSWR were under antidumping duty orders as a result of the 1998 SSWR investigations, U-SI would have an advantage in the U.S. market in the absence of the order. The Commission also noted that U-SI's affiliated companies in the United States, Techalloy and US&A, provided a natural customer base.<sup>171 172</sup>

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<sup>164</sup> See CR at I-10 to I-11 and n.25, PR at I-7 to I-8 and n.25; Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995); Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Inv. Nos. 701-TA-413 and 731-TA-913-916 and 918 (Final) (Feb. 2002).

<sup>165</sup> See CR at I-11 to I-12, PR at I-8.

<sup>166</sup> USITC Pub. 2721 at I-21; USITC Pub. 2704 at I-17 to I-18. In the original investigations, the Commission analyzed the cumulated volume of imports from Brazil, France, and India.

<sup>167</sup> CR/PR at Table I-1.

<sup>168</sup> CR/PR at Table I-1.

<sup>169</sup> Ugine-Savoie Imphy was owned by Usinor at the time of the first reviews. In 2002, Usinor merged with Aceralia Corporacion Siderurgica S.A. and Acieries Réunies de Burbach-Eich-Dudelange (Arbed) to form Arcelor, a publicly held company headquartered in Luxembourg, which produces SSWR through its subsidiary Ugitech. CR at IV-12, PR at IV-9.

<sup>170</sup> USITC Pub. 3321 at 21.

<sup>171</sup> Confidential Views (First Review) at 27.

<sup>172</sup> Chairman Koplán and Vice Chairman Okun disagreed and concluded that absent the order, subject imports from France likely would not increase to a significant level. See Additional and Dissenting Views of Chairman

(continued...)

The record in these reviews, and in particular several changes since the first review, indicates that subject imports from France are unlikely to increase to a significant level in the event of revocation. First, we note that, although subject imports from France have maintained a presence in the U.S. market during the period of review, they have generally declined, from 5,546 short tons in 2000 to 1,749 short tons in 2005.<sup>173</sup> Subject imports from France accounted for \*\*\* percent of apparent U.S. consumption in 2005.<sup>174</sup>

Second, while Ugitech, the sole producer of SSWR in France,<sup>175</sup> remains a relatively large producer of SSWR, its production and production capacity have declined by approximately \*\*\* percent since 2000 because it \*\*\*.<sup>176</sup> Moreover, Ugitech's overall production capacity is constrained by its hot rolling mill, which was operating at close to full capacity during 2004 and 2005.<sup>177</sup> Consequently, it reports only \*\*\* short tons of excess capacity in 2005,<sup>178</sup> equivalent to less than \*\*\* percent of U.S. apparent consumption that year.<sup>179</sup>

Third, the vast majority of Ugitech's shipments are either consumed internally by the company to produce downstream products or sold in the European Union. Internal consumption rose from \*\*\* percent of total shipments in 2000 to \*\*\* percent of total shipments in 2004 and \*\*\* percent in 2005.<sup>180</sup> Ugitech exports about \*\*\* of its total shipments but the share of its total shipments that it exports has declined since 2000, from \*\*\* percent in 2000 to \*\*\* percent in 2005.<sup>181</sup> Ugitech has preferential treatment within the unified, 25-member EU market, and nearly all of Ugitech's export shipments have been to the European Union.<sup>182</sup> At the end of the period of review, only a small and declining portion of its total shipments were to export markets outside the European Union. Over the period, the share of Ugitech's total shipments sent to non-EU markets peaked at \*\*\* percent in 2001 and then fell to \*\*\* percent in 2002, \*\*\* percent in 2003, \*\*\* percent in 2004, and \*\*\* percent in 2005.<sup>183</sup>

Fourth, in the first review, the record indicated that prices for SSWR were higher in the United States than in Europe.<sup>184</sup> However, the record in this review indicates that prices in the United States and the European Union are now comparable, suggesting that the United States is not a relatively more

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<sup>172</sup> (...continued)

Stephen Koplán and Vice Chairman Deanna Tanner Okun in Stainless Steel Wire Rod from Brazil, France, India, and Spain, Invs. Nos. 701-TA-178 and 731-TA-636-638 (Review) at 29-31.

<sup>173</sup> CR/PR at Table I-1.

<sup>174</sup> CR/PR at Table I-1.

<sup>175</sup> CR at IV-12, PR at IV-9.

<sup>176</sup> CR/PR at Table IV-7; French Respondents' Posthearing Brief, Exhibit 1 at 2.

<sup>177</sup> CR/PR at Table IV-8; French Respondents' Posthearing Brief, Exhibit 1 at 1; Tr. at 183-184.

<sup>178</sup> See CR/PR at Table IV-7.

<sup>179</sup> See CR/PR at Table I-1.

<sup>180</sup> CR/PR at Table IV-7.

<sup>181</sup> See CR/PR at Table IV-7.

<sup>182</sup> See CR/PR at Table IV-7. CR at IV-18 n.19, PR at IV-11 n.19.

<sup>183</sup> See CR/PR at Table IV-7.

<sup>184</sup> Chairman Koplán and Vice Chairman Okun disagreed and concluded that generalizations regarding price differentials in the U.S. market and in U-SI's larger markets tended to be overstated because of cost differentials, primarily freight and duties. See Additional and Dissenting Views of Chairman Stephen Koplán and Vice Chairman Deanna Tanner Okun in Stainless Steel Wire Rod from Brazil, France, India, and Spain, Invs. Nos. 701-TA-178 and 731-TA-636-638 (Review) at 31 n.26.

attractive market than the European Union.<sup>185</sup> <sup>186</sup> Moreover, the U.S. market is no longer as attractive for imports relative to other regions, such as Asia, where demand growth is forecast to be stronger.<sup>187</sup>

Fifth, we also considered the likely effects of Arcelor's sale of Techalloy, which had been a captive purchaser of SSWR from Ugitech. Techalloy is now free to purchase SSWR from any source.<sup>188</sup> Most of the U.S. imports of SSWR from France are now by US&A, Ugitech's remaining U.S. affiliate. Ugitech documented that approximately \*\*\* that have purchased from Ugitech for \*\*\* because of Ugitech's consistent quality, and that these sales have been primarily of technical and specialty grades.<sup>189</sup> Given this stable and specialized customer base, we find that US&A is unlikely to seek to expand its customer base to increase imports from Ugitech, especially given Ugitech's limited excess capacity and established markets in Europe. The generally consistently high average unit values of the French product from the time of the original investigation through the current period of review also indicate that Ugitech has not changed the nature of its involvement in the U.S. market.<sup>190</sup>

In the first review, the Commission found the potential for the French producer to shift production from bar to SSWR due to \*\*\*.<sup>191</sup> In contrast, the record in these reviews does not indicate that product-shifting is likely to lead to substantially increased import volumes. Ugitech increased its production of \*\*\*.<sup>192</sup> Furthermore, Ugitech reports higher profitability in 2005 on \*\*\*, suggesting that Ugitech has a significant incentive to produce bar and wire rather than SSWR.<sup>193</sup>

Inventories are unlikely to be a significant source of increased imports from France.<sup>194</sup> There also is no evidence on the record that Ugitech faces trade barriers in non-U.S. export markets. While there has been an antidumping duty order on stainless steel bar from France since 2002,<sup>195</sup> this has had no apparent effect on import volumes of SSWR from France; U.S. imports of stainless steel bar from France have

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<sup>185</sup> Tr. at 111-112 (testimony of Mr. Blot, a witness for domestic interested parties). See USITC Pub. 3321 at 22. The domestic industry points to an article in Metal Bulletin Research regarding U.S. prices, but the article is not specific to SSWR. Domestic Industry's Posthearing Brief at Exhibit 7.

<sup>186</sup> Commissioner Koplán does not join in this statement.

<sup>187</sup> Tr. at 101.

<sup>188</sup> Tr. at 178, 188.

<sup>189</sup> French Respondent's Posthearing Brief at 3 n.12 and Exhibit 1 at 10-11; Tr. at 175, 188.

<sup>190</sup> See CR/PR at Table I-1.

<sup>191</sup> USITC Pub. 3321 at 22. Chairman Koplán and Vice Chairman Okun did not find product-shifting to be likely. See Additional and Dissenting Views of Chairman Stephen Koplán and Vice Chairman Deanna Tanner Okun in Stainless Steel Wire Rod from Brazil, France, India, and Spain, Invs. Nos. 701-TA-178 and 731-TA-636-638 (Review) at 31.

<sup>192</sup> CR/PR at Table IV-8. While \*\*\*. CR/PR at Table IV-7; CR at IV-15, PR at IV-10.

<sup>193</sup> French Respondents' Posthearing Brief, Exhibit 1 at 8. The domestic industry notes that Commerce's preliminary determination in an administrative review of the antidumping duty order on stainless steel bar from France found that Ugitech made more than 20 percent of its sales in its home market at below the cost of production. Domestic Industry's Posthearing Brief at 5 and Exhibit 4. We do not find that this demonstrates that Ugitech is less profitable on bar than SSWR, as Commerce's determination provides no indication of profitability on SSWR or overall profitability on bar.

<sup>194</sup> See CR/PR at Table IV-2 and IV-7. Ugine Stainless & Alloys reported selling \*\*\* percent of its SSWR from inventory. CR at II-20, PR at II-14.

<sup>195</sup> CR at I-11, PR at I-9; Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Inv. Nos. 701-TA-413 and 731-TA-913-916 and 918 (Final) (Feb. 2002).

increased while imports of SSWR from France have declined.<sup>196</sup> Finally, no responding importer reported imports or arrangements for importation of SSWR from France for delivery after December 31, 2005.<sup>197</sup>

We therefore conclude, based on the record in these reviews, that the volume and market share of subject imports from France, both in absolute terms and relative to production and consumption in the United States, are not likely to be significant within a reasonably foreseeable time if the order were revoked.

## 2. Likely Price Effects

In the original investigations, the Commission noted that prices for the five products for which the Commission made comparisons trended downward, despite an increase in domestic consumption of 11.5 percent between 1990 and 1992.<sup>198</sup> The Commission noted that the domestic price of the most common grade of SSWR, AISI grade 304, declined by nearly 15 percent during the period of investigation, and prices of subject imports from France declined by an even greater percentage. Price comparisons in the original investigation revealed equal instances of underselling and overselling by the subject imports from France.

Domestic prices for SSWR were generally flat or fell over the period of the first review. Subject imports from France oversold domestic SSWR in \*\*\* comparisons.<sup>199</sup> However, the Commission found that the overselling was not indicative of likely overselling absent the order.<sup>200</sup> Based upon the likely significant volume of imports, the substitutability of the subject imports, the underselling by French SSWR with the order in place, and the consistent underselling by the imports in the original investigation, the Commission found that, in the absence of the order, the subject imports from France likely would be priced aggressively and have significant depressing and suppressing effects on domestic prices.<sup>201</sup>

The record in this review indicates that price remains an important consideration in purchasing decisions and that the subject imports from France are readily substitutable for domestic SSWR.<sup>202</sup> Nonetheless, based on the information regarding price on the record as well as on our findings regarding likely volume upon revocation, we do not find that imports of SSWR from France will likely be priced aggressively in order to capture market share or that they will significantly affect U.S. prices if the order were revoked.

The Commission collected pricing information from the domestic producers and importers for eight pricing products,<sup>203</sup> and the data reflect almost equal instances of overselling and underselling.<sup>204</sup> However, the pricing data are of limited utility in assessing the price effects of the subject imports in the U.S. market as they show only limited direct competition between subject imports and domestic product.

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<sup>196</sup> French Respondent's Posthearing Brief at Exhibit 6.

<sup>197</sup> CR at IV-1 to IV-2, PR at IV-1.

<sup>198</sup> USITC Pub. 3321 at 23.

<sup>199</sup> CR/PR at Table V-1.

<sup>200</sup> USITC Pub. 3321 at 23.

<sup>201</sup> USITC Pub. 2721 at II-32. Chairman Koplan and Vice Chairman Okun disagreed and found no likely significant price effects within the reasonably foreseeable future if the order were revoked. See Additional and Dissenting Views of Chairman Stephen Koplan and Vice Chairman Deanna Tanner Okun in Stainless Steel Wire Rod from Brazil, France, India, and Spain, Invs. Nos. 701-TA-178 and 731-TA-636-638 (Review) at 31-33.

<sup>202</sup> CR/PR at Tables II-4 and II-6.

<sup>203</sup> CR at V-8, PR at V-6 to V-7. Pricing data reported by these firms accounted for \*\*\* percent of U.S. producers' U.S. shipments of SSWR and \*\*\* percent of U.S. imports from France in 2005. CR at V-9, PR at V-7.

<sup>204</sup> CR V-8, PR at V-6 to V-7; CR/PR at Table V-1 (62 instances of underselling and 61 instances of overselling).

Although there was underselling by French SSWR for pricing products 4, 5, and 8,<sup>205</sup> the quantities sold of the French product and domestic SSWR were significantly different in magnitude.<sup>206</sup> While there were more consistent quantities sold of pricing product 6, the French product oversold the domestic product in 16 of 21 instances.<sup>207</sup>

Domestic prices for SSWR fell slightly from 2000 to 2001, and they then generally increased before leveling off in 2005.<sup>208</sup> Prices for the majority of the Commission's pricing products ended the period of review higher than at the beginning with significant increases after 2003.<sup>209</sup> As described earlier, raw material and energy costs increased during the period of review, but the domestic producers and US&A largely pass these costs through to purchasers through the use of surcharges based upon published metal and energy prices.<sup>210</sup> The data indicate, however, that the domestic industry was unable to pass through all its increased costs by surcharges or general price increases.<sup>211</sup> As a result the industry's cost of goods sold as a ratio to net sales rose from \*\*\* percent in 2000 to \*\*\* percent in 2005.<sup>212</sup>

The record indicates that increased price competition in the U.S. market made it difficult for domestic producers to increase prices sufficiently to cover their rising costs, but that this competition was among domestic producers and not from imports. During the earlier reviews, Carpenter and its subsidiary, Talley, accounted for \*\*\* percent of U.S. production of SSWR.<sup>213</sup> However, Charter began SSWR production in 2001, Universal resumed SSWR production at its Dunkirk facility in 2002, and NAS began SSWR production in 2003.<sup>214</sup> By 2005, NAS accounted for \*\*\* percent of U.S. production, all of which it sold in the merchant market.<sup>215</sup> The record indicates that NAS is placing downward pressure on prices due to its low cost structure, its focus on commodity grades and its aggressive pricing practices.<sup>216</sup>

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<sup>205</sup> Imports of product 4 from France undersold the U.S. product in 14 of 18 quarters; imports of product 5 from France undersold the U.S. product in 19 of 22 quarters; and imports of product 8 from France undersold the U.S. product in 19 of 23 quarters. However, subject imports from France of products 2, 3, 6, and 7 oversold the domestic SSWR in 51 of 60 quarters. CR at V-10, PR at V-8.

<sup>206</sup> For pricing products 4 and 8, there were significantly greater quantities of French product sold, but for product 4, French product was present only through the beginning of 2004. See CR/PR at Tables V-5 and V-9. For product 5, there were larger quantities of domestic product sold and they were sold at prices generally higher than French SSWR.

<sup>207</sup> CR/PR at Table V-7. There were no reported sales of subject imports for product 1. The data for products 2 and 3 show almost entirely overselling (although French volumes are much lower than domestic producer volumes).

<sup>208</sup> See CR/PR at Figs. V-3 to V-10.

<sup>209</sup> See CR/PR at Figs. V-3 to V-10.

<sup>210</sup> See CR at V-1 to V-2, PR at V-1. Foreign producers such as Ugitech face essentially the same costs as the domestic producers. Tr. at 29.

<sup>211</sup> See CR at III-15, PR at III-5.

<sup>212</sup> CR/PR at Table I-1.

<sup>213</sup> INV-X-133 at III-14.

<sup>214</sup> CR at III-1, PR at III-1.

<sup>215</sup> NAS Producer's Questionnaire at 7.

<sup>216</sup> CR at V-7, PR at V-5. NAS was named by nine purchasers and all three importers as affecting the U.S. market price of SSWR since 2000, with some citing its large capacity and shorter lead times. *Id.* A comparison of producer questionnaires indicates that NAS had the \*\*\* per-unit COGS in \*\*\*. NAS reported the lowest per-unit net sales of the domestic producers in \*\*\*. CR/PR at Table III-8.

Eight of the 17 responding purchasers reported changing suppliers during the period of review as a result of NAS beginning production in 2003.<sup>217</sup> Further, the Commission's pricing data show sales by \*\*\*,<sup>218</sup>

While overselling with an antidumping duty order in place is not necessarily probative of likely pricing absent the order, during the original investigations, pricing behavior was similar, with virtually equal instances of underselling and overselling by French SSWR.<sup>219</sup> Thus, the antidumping duty order does not appear to be responsible for the current overselling. Given the paucity of evidence of aggressive pricing by the subject imports from France during the period of review and the original investigation, we do not find it likely that French SSWR will be priced aggressively if the order were revoked, particularly given our conclusion that significant additional subject imports from France are not likely upon revocation. Accordingly, we do not find that there is likely to be significant underselling by the subject imports from France should the order be removed.

Furthermore, we do not find that subject imports from France are likely to have significant depressing or suppressing effects on U.S. prices. As described, the record reflects that intra-industry price competition in the U.S. market has intensified since NAS entered the market in 2003. Subject imports from France are unlikely to have significant suppressing or depressing effects on U.S. prices given NAS' price leadership in the U.S. market and the likely modest volume of subject imports from France. In fact, in every instance in which NAS and US&A sold the same pricing product during the same quarter of the period of review, the average prices of NAS' sales were \*\*\* the prices of the imported product.<sup>220</sup>

Consequently, on the basis of the record in this review, we find that revocation of the antidumping duty order on imports of SSWR from France would not be likely to lead to significant underselling by the subject imports or significant price depression or suppression within a reasonably foreseeable time.

### 3. Likely Impact

In the original investigations, the Commission found declining production by the U.S. producers despite increases in apparent consumption.<sup>221</sup> Capacity utilization was below 50 percent.<sup>222</sup> U.S. producers reported positive operating income in 1990 and 1991, but significant losses in 1992.<sup>223</sup> The domestic producers' capital expenditures declined significantly late in the period as well.<sup>224</sup> The Commission concluded that the lower prices of the subject imports enabled them to increase market share in an expanding market at the expense of the domestic producers, leading to declines in domestic prices, domestic market share, production, shipments, and profitability.<sup>225</sup>

The Commission found in the first five-year reviews that the condition of the domestic industry, including its financial performance, was moderately improved from the time of the original investigations. While production volumes and capacity utilization had increased, total capacity was lower. The industry's operating income as a ratio to net sales had improved; the industry's ratio of operating income to sales was \*\*\* percent in 1997 and \*\*\* percent in 1998, but it then declined to \*\*\*

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<sup>217</sup> CR at II-13, PR at II-9. \*\*\*. See CR/PR at D-7, D-8.

<sup>218</sup> See French Respondent's Prehearing Brief at 19-20.

<sup>219</sup> CR/PR at Table V-1 n.2, PR at V-1 n.2 (24 instances of underselling and 27 instances of overselling).

<sup>220</sup> See French Respondent's Posthearing Brief, Exhibit 2 at 4-5.

<sup>221</sup> USITC Pub. 2704 at I-12; USITC Pub. 2721 at I-13.

<sup>222</sup> USITC Pub. 2704 at I-12; USITC Pub. 2721 at I-13.

<sup>223</sup> USITC Pub. 2704 at I-13; USITC Pub. 2721 at I-15; See also CR and PR at Table I-2.

<sup>224</sup> USITC Pub. 2704 at I-13; USITC Pub. 2721 at I-15;

<sup>225</sup> USITC Pub. 2704 at I-18 to I-19; USITC Pub. 2721 at I-23.

percent in 1999.<sup>226</sup> Given the mixed picture on indicators of the industry's condition, and the generally positive level of profitability, the Commission did not find the industry to be vulnerable.<sup>227</sup> Nonetheless, the Commission concluded that revocation of the antidumping duty order on SSWR from France likely would lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. It also found that the volume and price effects of the subject imports likely would have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry.<sup>228</sup>

The domestic industry's performance was weak during the current period of review, with operating losses in four of the six years of the period.<sup>229</sup> Employment in the industry also fell from \*\*\* workers in 2000 to \*\*\* workers in 2005,<sup>230</sup> and the industry's capacity utilization fell during the period as new producers began production and capacity increased.<sup>231</sup> Despite the antidumping duty orders under review, the orders on SSWR from seven other countries,<sup>232</sup> and safeguard measure in effect during the majority of 2002 and 2003, the industry has been unable to substantially improve its financial performance over the period. Although slim profit margins are not unexpected in a highly competitive market for a low-value product,<sup>233</sup> we find the industry to be vulnerable as the term is defined in the statute.<sup>234</sup>

Nonetheless, in some respects, the domestic industry was in a better position at the end of the period of review than at the beginning. As a result of the start-up of Charter and NAS in 2001 and 2003, respectively, the domestic industry increased its capacity over the period.<sup>235</sup> Domestic production increased and then fell slightly during the period.<sup>236</sup> The domestic industry's commercial sales increased over the period, but its total net sales fell slightly due to declining internal consumption of SSWR.<sup>237</sup>

The domestic industry's capital expenditures in 2000 and 2003 were elevated because of Carpenter's investments in 2000 and NAS's start-up expenses in 2003; capital expenditures then

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<sup>226</sup> Confidential Views (First Reviews) at 24.

<sup>227</sup> USITC Pub. 3321 at 20.

<sup>228</sup> USITC Pub. 3321 at 24. Chairman Koplan and Vice Chairman Okun disagreed and found that if the antidumping duty order were revoked, subject imports from France would not be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time. See Additional and Dissenting Views of Chairman Stephen Koplan and Vice Chairman Deanna Tanner Okun in [Stainless Steel Wire Rod from Brazil, France, India, and Spain](#), Invs. Nos. 701-TA-178 and 731-TA-636-638 (Review) at 33-34.

<sup>229</sup> Its operating income to sales ratio was \*\*\* percent in 2000, \*\*\* percent in 2001, \*\*\* percent in 2002, \*\*\* percent in 2003, \*\*\* percent in 2004, and \*\*\* percent in 2005. CR/PR at Table III-7.

<sup>230</sup> CR/PR at Table III-6.

<sup>231</sup> CR/PR at Table III-1. The industry's capacity utilization fell from \*\*\* percent in 2000 to \*\*\* percent in 2005. Id.

<sup>232</sup> Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Inv. Nos. 701-TA-373 and 731-TA-769-775 (Final), USITC Pub. 3126 (September 1998).

<sup>233</sup> CR/PR at Table I-1; Tr. at 114.

<sup>234</sup> 19 U.S.C. §1675a(a)(1)(c). See also SAA at 885.

<sup>235</sup> The domestic industry's capacity rose from \*\*\* short tons in 2000 to \*\*\* short tons in 2002 and to \*\*\* in 2003, before falling to \*\*\* in 2005. CR/PR at Table III-1.

<sup>236</sup> Domestic production was \*\*\* short tons in 2000, but it fell to \*\*\* short tons in 2001 and then rebounded to \*\*\* short tons in 2002. CR/PR at Table III-1. Production increased to \*\*\* short tons in 2004, and then fell to \*\*\* short tons in 2005. Id.

<sup>237</sup> CR/PR at Table III-7. Total net sales were \*\*\* short tons in 2000 and \*\*\* short tons in 2005. Commercial sales rose from \*\*\* short tons in 2000 to \*\*\* short tons in 2005. Id.

stabilized at lower levels.<sup>238</sup> The industry's productivity also generally increased over the period of review,<sup>239</sup> it lowered its overhead and labor costs,<sup>240</sup> and the industry as a whole has lower legacy costs because three producers (NAS, Charter and Universal) are new entrants.<sup>241</sup> The largest and one of the \*\*\* producers, Carpenter, has also recently adopted a strategy of focusing on higher value products.<sup>242</sup> The other \*\*\* company in 2005, Charter, reported difficulties obtaining the billets necessary for production of SSWR in late 2004, but it now has its own melt shop in Cleveland, OH for production of billets.<sup>243</sup> Thus, the domestic industry's difficulties appear to have lessened at the end of the period of review. The investments in plant and equipment by the new entrants and Carpenter during the period of review also suggest the domestic producers are optimistic about the future.<sup>244</sup>

While the industry's cost of goods sold as a ratio to net sales rose from \*\*\* percent in 2000 to \*\*\* percent in 2005,<sup>245</sup> raw material prices appear to be easing in 2006.<sup>246</sup> As discussed, sales by domestic producer NAS, rather than imports, were in large part responsible for the downward pressure on prices during the period of review. Moreover, foreign producers face essentially the same cost pressures as domestic producers because the raw materials for production of SSWR are traded on world markets.<sup>247</sup>

Given that we do not find it likely that there will be a significant volume of subject imports from France or that there will likely be significant price effects, we find that revocation of the antidumping duty order is not likely to lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time. Thus, we conclude that if the order were revoked, subject imports from France would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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<sup>238</sup> CR at III-17, III-17 n.18, PR at II-5 to II-6, II-5 n.18.

<sup>239</sup> See CR/PR at Table III-6 (productivity increased from \*\*\* short tons per hour in 2000 to \*\*\* short tons per hour in 2005).

<sup>240</sup> Overhead as reflected in SG&A also fell during the period, from \$\*\*\* per short ton in 2000 to \$\*\*\* per short ton in 2005. CR/PR at Table III-7. Unit labor costs fell from \$\*\*\* per short ton in 2000 to \$\*\*\* per short ton in 2005. CR/PR at Table III-6.

<sup>241</sup> French Respondents' Posthearing Brief at 15.

<sup>242</sup> CR at II-5 n.11; Tr. at 18-19, 149, 150; Domestic Industry's Posthearing Brief at 41. Carpenter indicated that it is not withdrawing from the market, but is no longer focusing on commodity products and is upgrading its product mix to higher value products. It indicated that it continues to produce the full range of SSWR products, although it also indicated that it has pared back its portfolio of products for which there is little demand.

<sup>243</sup> See CR at III-1, III-12 n.15; II-4 n.6, PR at III-1, III-5 n.15, II-3 n.6; Tr. at 32.

<sup>244</sup> NAS contends it would not have invested in its SSWR productive facilities without the antidumping orders. Tr. at 28. There is no evidence supporting this contention, however, as Charter, Universal and NAS submitted no business plans or other documentation indicating their reasons for entering the SSWR market. Domestic Industry's Posthearing Brief, Exhibit 1 at 22.

<sup>245</sup> CR/PR at Table I-1.

<sup>246</sup> CR at V-2, V-3, PR at V-2.

<sup>247</sup> Tr. at 29.

**D. Revocation of the Order on Subject Imports From Brazil Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time<sup>248</sup>**

**1. Likely Volume of Subject Imports from Brazil**

In the original investigations, the Commission observed that the market share of cumulated imports was increasing while the domestic producers' market share was declining.<sup>249</sup> The domestic producers' market share fell from 79.4 percent in 1990 to 68.0 percent in 1992 in terms of quantity, and from 79.6 percent in 1990 to 73.1 percent in 1992 in value terms.<sup>250</sup> Subject imports from Brazil rose from 2,057 short tons in 1990 to 3,368 short tons in 1992, and their market share rose by less than one percentage point, from 1.7 percent in 1990 to 2.6 percent in 1992.<sup>251</sup> With one exception (India in 1990), subject import volume from Brazil was lower than that of France and India throughout the original period of investigation.

In the first five year reviews, the Commission observed that there had been no subject imports from Brazil during the period of review, but the Commission noted that there was no evidence that capacity in Brazil had declined.<sup>252</sup> The Commission conducted a cumulated analysis of the volume of subject imports from Brazil and India and found that the likely volume from those two countries would be significant.<sup>253</sup>

Record evidence developed from various sources in these reviews, including the two producers in Brazil, indicates that subject imports from Brazil are not likely to be significant in the reasonably foreseeable future. There have been virtually no subject imports from Brazil since at least 1997.<sup>254</sup> Villares' questionnaire response indicated that it has capacity of \*\*\* short tons and it produced \*\*\* short tons of SSWR in 2005.<sup>255</sup> It never exported more than \*\*\* tons during the period of review and had \*\*\* in 2004 and 2005.<sup>256</sup>

The other Brazilian producer, Gerdau, did not respond to the Commission's questionnaire but provided basic information about its SSWR operations to the Commission.<sup>257</sup> It indicated that it produces approximately \*\*\* metric tons per year of stainless steel bar and SSWR (combined), of which \*\*\* metric tons per year are SSWR.<sup>258</sup> This information is consistent with the information provided to the Commission by the domestic industry and in Villares' questionnaire response.<sup>259</sup> Gerdau also indicated

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<sup>248</sup> Commissioner Koplan does not join this section of the opinion.

<sup>249</sup> USITC Pub. 2721 at I-21; USITC Pub. 2704 at I-17 to I-18. In the original investigations, the Commission analyzed the cumulated volume of imports from Brazil, France, and India.

<sup>250</sup> CR/PR at Table I-2.

<sup>251</sup> CR/PR at Table I-1.

<sup>252</sup> USITC Pub. 3321 at 16.

<sup>253</sup> USITC Pub. 3321 at 16.

<sup>254</sup> See CR/PR at Table I-1. Subject imports from Brazil have entered the United States in only one year from 1997 to 2005 (7 short tons in 2004).

<sup>255</sup> CR/PR at Table IV-6.

<sup>256</sup> CR/PR at Table IV-6.

<sup>257</sup> See CR at IV-9 n.5, PR at IV-8 n.5.

<sup>258</sup> See CR at IV-9 n.5, PR at IV-8 n.5.

<sup>259</sup> See CR at IV-12, PR at IV-8. Domestic Industry's Posthearing Brief at Exhibit 3. Villares estimated that \*\*\*. CR at IV-11, PR at IV-8.

that it does not export its SSWR to any significant extent.<sup>260</sup> Although Gerdau and Villares are reported to be the only producers of SSWR in South America, Brazil imports substantially more SSWR than it exports.<sup>261</sup> These factors indicate that the Brazilian producers are unlikely to export significant quantities of SSWR to the United States because of their focus on the Brazilian market and their lack of export orientation for this product.<sup>262</sup> The domestic industry notes that the Brazilian producers have announced expansion plans for their mills.<sup>263</sup> However, the information provided is not specific to SSWR and does not alter our conclusion concerning the likely volume of subject imports from Brazil.<sup>264</sup>

We therefore conclude, based on the record in these reviews and our discussion of cumulation for Brazil above, that the volume and market share of subject imports from Brazil, both in absolute terms and relative to production and consumption in the United States, are not likely to be significant within a reasonably foreseeable time if the order were revoked.

## 2. Likely Price Effects

In the original investigations, the Commission noted that prices for the five products for which the Commission made comparisons trended downward, despite an increase in domestic consumption of 11.5 percent between 1990 and 1992.<sup>265</sup> The Commission noted that the domestic price of the most common grade of SSWR, AISI grade 304, declined by nearly 15 percent during the period of investigation, prices for imports from Brazil also declined steadily and were consistently below domestic prices.<sup>266</sup>

In the first reviews, the Commission noted that the subject imports were substitutable for domestic SSWR and the majority of purchasers reported that purchasing decisions were usually based on price. The Commission found that demand was relatively inelastic while the domestic elasticity of supply was high in the U.S. market. Domestic prices for SSWR were generally flat or fell over the period of review.<sup>267</sup> The Commission concluded based upon the likely significant volume of imports, the substitutability of the cumulated subject imports from Brazil and India, the underselling with orders in place, and the consistent underselling by the imports in the original investigations, that, in the absence of

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<sup>260</sup> See CR at IV-9 n.5, PR at IV-8 n.5. This also is confirmed by public information that indicates that Brazilian exports of SSWR were minimal during the period of review. See CR at IV-12, PR at IV-9.

<sup>261</sup> See CR at IV-12, IV-20, PR at IV-9, IV-12.

<sup>262</sup> Less than \*\*\* percent of production of SSWR in Brazil was exported in 2004 and 2005. See CR/PR at Table IV-6; CR at IV-12, PR at IV-9.

<sup>263</sup> The information supplied by the domestic industry indicates that Villares is replacing a 30,000 tons per year rolling mill with a 42,000 tons per year mill. See Domestic Industry's Prehearing Brief at Exhibit 4 (*Metal Bulletin*, March 9, 2006). The information concerning Gerdau indicates a general expansion of Gerdau's plant to a capacity of 500,000 tons per year. See Domestic Industry's Prehearing Brief at Exhibit 4 (*Forbes*, Sept. 8, 2003).

<sup>264</sup> The information provided in the domestic industry's prehearing brief does not indicate that Villares will have substantial capacity even after the investment because Villares' capacity would only be \*\*\* short tons even after a 40 percent expansion. While Gerdau announced its plans to expand in 2003, there has not been a substantial increase in Gerdau's production of SSWR since then and the record does not indicate a substantial increase in Gerdau's exports or the extent to which Gerdau's actual capacity for production of SSWR is expected to increase in line with the announced expansion, which is for all stainless steel products.

<sup>265</sup> USITC Pub. 2704 at I-18.

<sup>266</sup> USITC Pub. 2721 at I-22.

<sup>267</sup> USITC Pub. 3321 at 18.

the orders, SSWR from Brazil and India likely would be priced aggressively and have significant depressing and suppressing effects on the prices of the domestic like product.<sup>268</sup>

The record in these reviews indicates that price remains an important consideration in purchasing decisions and that the subject imports from Brazil were substitutable for domestic SSWR in the original investigations.<sup>269</sup> Due to the extremely low volume of imports, the Commission has no pricing information with respect to subject imports from Brazil in these reviews or the earlier reviews.<sup>270</sup> In the original investigations, Brazilian SSWR undersold the domestic product in 15 of 17 comparisons.<sup>271</sup>

As noted, the Brazilian industry is not export-oriented and therefore has no incentive to price aggressively to re-enter the U.S. market. Based upon our finding that there is not likely to be a significant volume of subject imports from Brazil, we also conclude that, on the basis of the record in this review including information collected in the original investigation, revocation of the antidumping duty order on imports of SSWR from Brazil would not be likely to lead to significant underselling by the subject imports or significant price depression or suppression, within a reasonably foreseeable time.

### **3. Likely Impact**

We have already examined in detail in our determination with respect to subject imports from France the domestic industry's weak performance during the current period of review, the moderate improvement that occurred in the earlier period of review, and the domestic industry's condition during the period examined during the original investigations. We also have explained, that although we find the domestic industry to be vulnerable, it was in some respects better positioned in 2005 than at the beginning of the period of review.

As described above, revocation of the order likely would not lead to a significant increase in the volume and market share of the subject imports from Brazil. Given that we do not find it likely that there will be a significant volume of subject imports from Brazil or significant price effects, we find that revocation of the antidumping duty order would not be likely to lead to a significant adverse impact on the domestic industry within a foreseeable time.

Thus, we conclude that if the order were revoked, subject imports from Brazil would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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<sup>268</sup> The Commission cumulated the effects of the subject imports from Brazil and India in the first reviews. See USITC Pub. 3321 at 18.

<sup>269</sup> CR/PR at Tables II-4 and II-6; USITC Pub. 2721 at I-18.

<sup>270</sup> CR/PR at Table V-1.

<sup>271</sup> CR/PR at Table V-1.

**E. Revocation of the Order on Subject Imports From India is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time<sup>272</sup>**

**1. Likely Volume of Subject Imports from India**

In the original investigations, the Commission observed that the market share of cumulated imports was increasing while the domestic producers' market share was declining.<sup>273</sup> The domestic producers' market share fell from 79.4 percent in 1990 to 68.0 percent in 1992 in terms of quantity, and from 79.6 percent in 1990 to 73.1 percent in 1992 in value terms.<sup>274</sup> Subject imports from India rose from 97 short tons in 1990 to 4,344 short tons in 1992, and they accounted for 3.3 percent of apparent consumption in that year.<sup>275</sup>

In the first reviews, the Commission conducted a cumulated analysis of the volume of subject imports from Brazil and India and found that the likely volume from those two countries would be significant.<sup>276</sup> It observed that information received from four of five producers in India indicated that capacity had increased from 1997 to 1999. The Commission found that in 1999, unused capacity in India was equivalent to \*\*\* percent of U.S. production and \*\*\* percent of U.S. apparent consumption. India's exports of SSWR to the United States had also accelerated from 1997 to 1999.<sup>277</sup> Mukand, which had estimated that it accounted for \*\*\* of Indian production, had announced plans in 1999 to increase its exports of stainless steel by 50 percent over the previous year. The Commission found that the United States was a particularly attractive market as U.S. prices were higher than anywhere else in the world.<sup>278</sup> Moreover, although most of Mukand's production of rod was \*\*\*, Mukand stated that \*\*\*.<sup>279</sup>

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<sup>272</sup> Commissioner Koplan finds that the following discussion of likely volume effects, price effects, and likely impact, if the order on India is revoked, is strengthened when likely imports from Brazil are included in the analysis. Accordingly, based on a cumulative analysis, he finds that revocation of the orders on Brazil and India would likely lead to continuation or recurrence of material injury to the domestic SSWR industry within a reasonably foreseeable time. See Additional and Dissenting Views of Commissioner Stephen Koplan.

<sup>273</sup> USITC Pub. 2721 at I-21; USITC Pub. 2704 at I-17 to I-18. In the original investigations, the Commission analyzed the cumulated volume of imports from Brazil, France, and India.

<sup>274</sup> CR/PR at Table I-1.

<sup>275</sup> CR/PR at Table I-1. Commissioner Koplan notes that imports from Brazil and India increased their share of the U.S. market from 1.8 percent in 1990 to 2.7 percent in 1991 and 5.9 percent in 1992. CR/PR at Table I-2.

<sup>276</sup> USITC Pub. 3321 at 16.

<sup>277</sup> USITC Pub. 3321 at 17.

<sup>278</sup> Chairman Koplan and Vice Chairman Okun disagreed and concluded that generalizations regarding price differentials tended to be overstated because of cost differentials, primarily freight and duties. See Additional and Dissenting Views of Chairman Stephen Koplan and Vice Chairman Deanna Tanner Okun in Stainless Steel Wire Rod from Brazil, France, India, and Spain, Invs. Nos. 701-TA-178 and 731-TA-636-638 (Review) at 17 n.111.

<sup>279</sup> USITC Pub. 3321 at 17.

Subject imports from India maintained a presence in the U.S. market for the majority of the current period of review.<sup>280</sup> Although subject imports from India grew rapidly in the original investigations, they declined from 7,815 short tons in 2000 to \*\*\* short tons in 2004, and \*\*\* in 2005.<sup>281</sup>

Information on the Indian industry is limited because none of the 16 producers in India responded to the Commission's questionnaires.<sup>282</sup> Information from public sources indicates that production of SSWR in India grew significantly over the period of review, from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>283</sup> Production capacity grew as well.<sup>284</sup> The Indian industry's exports have also increased during the period, and it exported over 40,000 short tons of SSWR in 2003 and 2004.<sup>285</sup> Current information on capacity utilization and excess capacity are unavailable, but information from the first reviews indicated that the Indian producers operated at \*\*\* percent capacity utilization in 1999 and had \*\*\* short tons of excess capacity.<sup>286</sup> Given the increase in production capacity in India and the significant excess capacity in the first reviews and the lack of contrary information on the record, we find that the Indian industry has significant excess capacity available to increase production of SSWR. The available capacity provides a means for producers in India to increase their exports to the U.S. market by increasing their production levels.<sup>287</sup>

Given the significant excess capacity in India, the presence in the U.S. market of SSWR from India during the period of review, and the rapid increase in subject imports during the original investigation, we conclude that the likely volume of subject imports from India, both in absolute terms and relative to production and consumption in the United States, would be significant absent the restraining effects of the antidumping duty order.

## 2. Likely Price Effects

In the original investigations, the Commission noted that prices for the five products for which the Commission made comparisons trended downward, despite an increase in domestic consumption of

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<sup>280</sup> See CR/PR at Table C-2. The data concerning the volume of subject imports from India were revised in Table C-2 contained in memorandum INV-DD-089 (June 16, 2006) because imports of SSWR from India manufactured and exported by the Viraj Group are no longer subject imports. Commerce revoked the antidumping duty order with respect to the Viraj Group on July 6, 2005, effective as of December 1, 2003, because Viraj received zero margins in three consecutive administrative reviews. 70 Fed. Reg. 40318 (July 13, 2005).

<sup>281</sup> CR/PR at Table C-1 and C-2. While subject imports from India declined precipitously after 2003, we attribute this decline in part to the fact that Commerce revoked the antidumping duty order with respect to the Viraj Group effective December 1, 2003. The remaining Indian producers under order face antidumping duty rates ranging from a low of 2.10 percent to 48.80 percent and Commerce found the likely margins to be 48.80 percent for all producers in its expedited five-year review. CR at I-19, PR at I-17.

<sup>282</sup> CR at IV-16, PR at IV-10.

<sup>283</sup> CR at IV-16, PR at IV-10.

<sup>284</sup> See Domestic Industry's Posthearing Brief at Exhibit 3 (indicating capacity of \*\*\* short tons in 2005 versus \*\*\* short tons in 2000).

<sup>285</sup> CR at IV-17, PR at IV-11.

<sup>286</sup> INV-X-133 (June 16, 2004) at Table IV-4. This amount is equivalent to \*\*\* percent of domestic apparent consumption in 2005. See CR/PR at Table I-1. Available information indicates that the Viraj Group, the nonsubject producer in India, accounts for approximately \*\*\* of Indian production and capacity. See Domestic Industry's Posthearing Brief at Exhibit 3.

<sup>287</sup> There are no orders on SSWR from India in other countries, but the United States has had an antidumping duty order on stainless steel bar from India since 1995. CR at IV-4, PR at IV-4; Stainless Steel Bar From Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995).

11.5 percent between 1990 and 1992.<sup>288</sup> The Commission noted that the domestic price of the most common grade of SSWR, AISI grade 304, declined by nearly 15 percent during the period of investigation, prices for imports from India also declined steadily and were consistently below domestic prices.<sup>289</sup>

In the first reviews, the Commission noted that the subject imports were substitutable for domestic SSWR and the majority of purchasers reported that purchasing decisions were usually based on price. The Commission found that demand was relatively inelastic while the domestic elasticity of supply was high in the U.S. market. Domestic prices for SSWR were generally flat or fell over the period of review.<sup>290</sup> The Commission concluded based upon the likely significant volume of imports, the substitutability of the cumulated subject imports from Brazil and India, the underselling with orders in place, and the consistent underselling by the imports in the original investigations, that, in the absence of the orders, SSWR from India likely would be priced aggressively and have significant depressing and suppressing effects on the prices of the domestic like product.<sup>291</sup>

The record in these reviews indicates that price remains an important consideration in purchasing decisions and that the subject imports from India are at least somewhat substitutable for domestic SSWR.<sup>292</sup> The Commission has no current pricing information with respect to subject imports from India in these reviews.<sup>293</sup> However, the AUVs of Indian SSWR remained low relative to SSWR from other sources throughout the period of review.<sup>294</sup> Further, in the first review period, the subject imports from India undersold domestic SSWR in \*\*\* comparisons,<sup>295</sup> and in the original investigation, Indian SSWR undersold the domestic product in almost all comparisons.<sup>296</sup>

Given the likely significant volume of subject imports, the substitutability between the subject imports and domestic like product, evidence in the original investigation of underselling, the importance of price in purchasing decisions, and the relatively weak U.S. demand discussed above, we find that in the absence of the order, SSWR from India would likely significantly undersell the U.S. product in order to gain market share as occurred during the original investigations.<sup>297</sup>

As discussed above, the domestic industry faced rising raw material and energy costs during the period of review. The likely underselling by the subject imports from India would in turn likely suppress price increases and depress domestic prices to a significant degree causing the domestic industry to continue to have difficulty recovering its costs. Consequently, on the basis of the record in this review, including information collected in the original investigation and the earlier review, we find that revocation of the antidumping duty order on imports of SSWR from India would be likely to lead to significant underselling by the subject imports and significant price depression or suppression, within a reasonably foreseeable time.

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<sup>288</sup> USITC Pub. 2704 at I-18.

<sup>289</sup> USITC Pub. 2704 at I-18 and I-19.

<sup>290</sup> USITC Pub. 3321 at 18.

<sup>291</sup> The Commission cumulated the effects of the subject imports from Brazil and India in the first reviews. See USITC Pub. 3321 at 18.

<sup>292</sup> CR/PR at Tables II-4 and II-6. Commissioner Koplan notes that the record in these reviews indicates a moderate to high degree of substitutability between SSWR produced in the United States and Brazil. CR at II-12, PR at II-8.

<sup>293</sup> CR/PR at Table V-1.

<sup>294</sup> See CR/PR at Table I-1.

<sup>295</sup> CR/PR at Table V-1.

<sup>296</sup> USITC Pub. 3321 at 18 n.115.

<sup>297</sup> Commissioner Koplan finds that the same factors leading the Commission majority to find a likelihood of significant underselling by SSWR imports from India also apply to imports of SSWR from Brazil.

### 3. Likely Impact

We have already examined in detail in our determination with respect to subject imports from France the domestic industry's weak performance during the current period of review, the moderate improvement that occurred in the first period of review and the domestic industry's condition in the period examined during the original investigations. We have also explained that although the domestic industry is vulnerable, it was in some respects better positioned in 2005 than at the beginning of the period of review.

As described above, revocation of the order likely would lead to a significant increase in the volume and market share of the subject imports from India. Given the decline in demand and importance of price in purchasing decisions, the significant increase in subject imports from India is likely to cause a significant decline in the volume of the domestic producers' shipments as well as an impact on prices at a time when the industry faces elevated energy and raw material prices.<sup>298</sup> We find that this would be likely to have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. This likely reduction in the industry's production, shipments, sales, market share, and revenues would result in erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. In addition, we find it likely that revocation of the order will result in continued employment declines for the industry.

### CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping orders on SSWR from Brazil and France would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time but that revocation of the antidumping duty order on SSWR from India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>299</sup>

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<sup>298</sup> See CR at V-1 to V-3, PR at V-1 to V-2.

<sup>299</sup> Commissioner Koplan dissents with respect to imports from Brazil. Commissioner Lane dissents with respect to Brazil and France.

## ADDITIONAL VIEWS OF CHAIRMAN DANIEL R. PEARSON REGARDING CUMULATION

Section 751(d)(2) of the Tariff Act of 1930, as amended (“the Act”), requires that the U.S. Department of Commerce (“Commerce”) revoke a countervailing duty or an antidumping duty order in a five-year (“sunset”) review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the U.S. International Trade Commission (“Commission”) determines that material injury to a U.S. industry would be likely to continue or recur within a reasonably foreseeable time.<sup>1</sup> I concur with the majority of my colleagues in determining that, based on the record in these five-year reviews, material injury is not likely to continue or recur within a reasonably foreseeable time if the antidumping orders on stainless steel wire rod (“SSWR”) from Brazil and France are revoked. Further, like the majority, in making my negative determination in the review involving Brazil I do not cumulate imports from Brazil with imports from other subject sources. I write separately because, in declining to cumulate imports from Brazil, I do so on a different basis from my colleagues. I decline to cumulate imports from Brazil with other subject imports because I conclude that, in the event the antidumping order on imports of SSWR from Brazil is revoked, imports of SSWR from Brazil are likely to have no discernible adverse impact on the domestic industry producing SSWR.

### A. Legal Standard

In five-year reviews, unlike in original investigations, as long as (1) the reviews in question were initiated on the same day and (2) the imports both compete with each other and with domestic like products in the U.S. market, cumulation is within the discretion of the Commission. In addition, section 751(a)(7) of the Tariff Act of 1930 provides, in relevant part, that:

The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>2</sup>

This clause effectively prevents the Commission from exercising its discretion to cumulate in situations where it determines that subject imports will not have any discernible effect on the condition of the industry after the order in question is revoked. I interpret this clause as directing the Commission to concentrate its analysis on the effect of subject imports on the domestic industry post-revocation, not merely on whether there will be a significant volume of imports. In other words, the “no discernible adverse impact” analysis should focus on evaluating likely impact, not likely volume. If the Commission were to conduct its “no discernible adverse impact” analysis by simply assessing the likely volume of imports upon revocation, that would impermissibly conflate the “no discernible adverse impact” analysis with the Commission’s analysis of the likely volume of imports under Section 752(a)(2).

Indeed, Congress has cautioned the Commission against doing just that. The Statement of Administrative Action (SAA) accompanying the Uruguay Round Agreements Act (URAA) does not indicate that the Commission, in evaluating “no discernible adverse impact,” should equate its analysis with the type of “negligibility analysis” that is conducted under Section 771(24) of the Act, in which the focus is on import volumes.<sup>3</sup> In addition, our reviewing courts have gone further and have stated that the

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<sup>1</sup> 19 U.S.C. § 1675(d)(2).

<sup>2</sup> 19 U.S.C. §1675a(a)(7).

<sup>3</sup> The Senate report on the URAA (but not the House report) does allow the Commission to adopt a “negligibility” analysis as one aspect of its “no discernible adverse impact” analysis, but goes on to comment that it would not be “appropriate to adopt a strict numerical test for determining negligibility because of the extraordinary difficulty in  
(continued...) ”

“no discernible adverse impact” test cannot be equated to a requirement that there be substantial evidence to prove, on an individual country basis, that significant import volume is likely that would support an overall affirmative injury determination:

“An adverse impact, or harm, can be discernible but not rise to a level sufficient to cause material injury. The different standards reflect the nature of the cumulation analysis. Certain imports are to be cumulated to assess causation of material injury, but the “no discernible impact” provision provides a safe harbor of sorts for certain imports viewed in isolation. {The contrary} theory would defeat the purpose of cumulation, *i.e.*, to guard against the “hammering” effects of imports which, in isolation, do not cause material injury. As such, the substantial evidence necessary to support an affirmative material injury determination is greater than that necessary to find there will not likely be no discernible adverse impact from imports of [sic] a particular country.”<sup>4</sup>

“Presumably, if {Congress} had intended that the ITC consider only import volume in deciding whether cumulation was precluded, it would have so restricted its enactment. It did not. Congress chose “no discernible adverse impact,” and impact in the context of U.S. unfair trade law, by any definition, encompasses more than volume of imports.”<sup>5</sup> (emphasis in original)

Accordingly, in line with these constraints, I have focused my analysis of subject imports from Brazil not merely on the likely volume of such imports if the order were revoked, but on whether imports from Brazil would be likely to have no discernible adverse impact on the domestic industry in the event of revocation.

## **B. Analysis**

I find that, in the event the antidumping duty order on subject imports from Brazil is revoked, such imports will have no discernible adverse impact on the domestic industry producing SSWR. One of the factors the Commission has examined when assessing the issue of “no discernible adverse impact” is whether it is likely that any production by the subject country will be exported to the United States in the reasonably foreseeable future.<sup>6</sup> This factor depends in turn on the extent to which the industry in the subject country relies on exports to market its production of the subject product; *i.e.*, the overall “export-orientation” of the subject country. In this review, record evidence indicates that it is highly unlikely that, if the order were revoked, the Brazilian SSWR industry would export significant quantities of SSWR to any destination, let alone the United States.

Information provided to the Commission by the smaller of the two current Brazilian producers of SSWR (Villares Metals SA) indicates that, during the review period, not only did Villares \*\*\*, but its total exports did not exceed \*\*\* percent of total shipments in any year.<sup>7</sup> The larger producer, Gerda Acominas SA, although it did not submit a full questionnaire response, did indicate to the Commission that \*\*\*. Thus, there is no evidence of current export orientation on the part of Brazilian producers. In fact, the record indicates that not only is the Brazilian industry not export-oriented, it is extremely import-

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<sup>3</sup> (...continued)

projecting import volumes into the future with precision.” S. Rep. 103-412 at 51. This suggests that the Commission should be extremely cautious in basing any “no discernible adverse impact” determination solely on predictions of likely import volume.

<sup>4</sup> Usinor Industeel, S.A. v. United States, 27 CIT \_\_\_, Slip Op. 03-118 at 6 (Sept. 8, 2003) (citations omitted).

<sup>5</sup> Neenah Foundry v. United States, 155 F. Supp.2d 766, 776 (CIT 2001).

<sup>6</sup> See, *e.g.*, Titanium Sponge from Japan, Kazakhstan, Russia, and Ukraine, Inv. Nos. 751-TA-17-20, USITC Pub. 3119 at 9 (August 1998); *aff'd*, Titanium Metals Corp. v. United States, 155 F. Supp. 2d 750 (Ct. Int'l Trade 2001).

<sup>7</sup> CR, PR at table IV-6.

oriented. Publicly-available data show that during the period examined in this review, Brazilian imports of SSWR exceeded Brazilian exports of SSWR by considerable volumes, in some years by a factor of over 100.<sup>8</sup>

Further, this lack of export orientation on the part of the Brazilian industry is not a recent development. In the first review, which covered the years 1997 through 1999, the Commission noted that all shipments of SSWR by Brazilian producers were made to the home market, with the exception of 1999 when a mere 4 short tons were exported.<sup>9</sup> By contrast, in the original investigation, which covered the period 1989 through interim 1993, the Brazilian industry was at least moderately export-oriented, with the ratio of exports to total shipments increasing consistently throughout the period of investigation for one of the two reporting producers.<sup>10</sup> The record in this review does not indicate exactly when the industry's shift away from exports and towards reliance on imports occurred, but at a minimum we know that the shift occurred sometime during the period between 1993 and 1997, and was substantially complete by 1997. Hence, because the Brazilian industry is currently so heavily dependent on imports, and has been so for at least the last nine years, it is difficult to accept the theory that the industry will shift its focus to exporting, either to the United States or to other export markets, in the reasonably foreseeable future.

In examining the degree of export orientation of the Brazilian industry, I focus on the concept that, given the current import-dependent state of the Brazilian industry, there would likely be no discernible effect of revocation of the order on the U.S. SSWR industry, whether in terms of impact on domestic prices, financial performance, or market share. In other words, given the fact that Brazil must import SSWR, whether the United States maintains an order on Brazilian SSWR is completely irrelevant to the Brazilian industry. To be sure, this likely lack of effect results from the likelihood of continued zero exports from Brazil to the United States, but this does not imply that I have examined only likely volume in making my determination. Put another way, because I find it extremely unlikely that the Brazilian industry will become export-oriented in the reasonably foreseeable future, I cannot find it likely that the activities of the Brazilian producers will have any effect on the U.S. industry in that time frame, and thus I determine that any imports from Brazil would have no discernible adverse impact on the U.S. industry in the event the order on SSWR from Brazil is revoked.

### **C. Conclusion**

Accordingly, I conclude that, in the event the antidumping order on imports of SSWR from Brazil is revoked, imports of SSWR from Brazil are likely to have no discernible adverse impact on the domestic industry producing SSWR. Therefore, I decline to cumulate imports from Brazil in making my determination in this review, and I concur with the views of the Commission majority in concluding that material injury to the U.S. SSWR industry would not continue or recur if the antidumping order on imports from Brazil were revoked.

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<sup>8</sup> CR at IV-12, PR at IV-9. For example, in 2001, imports into Brazil of SSWR were 3,888 short tons, and exports were a mere 29 tons. A more recent comparison in 2004 shows imports of SSWR at 5,715 short tons, and exports a paltry 14 tons.

<sup>9</sup> Stainless Steel Wire Rod from Brazil, France, India, and Spain, Investigation Nos. 701-TA-178 (Review) and 731-TA-636-638 (Review), USITC Publication 3321, July 2000 at IV-4.

<sup>10</sup> See Memorandum INV-Q-182 (Nov. 9, 1993) at I-38-42.



# ADDITIONAL AND DISSENTING VIEWS OF COMMISSIONER STEPHEN KOPLAN

## Introduction

Based on the record in these five-year reviews, I determine under section 751(c) of the Tariff Act of 1930, as amended, that revocation of the antidumping duty order covering imports of stainless steel wire rod (SSWR) from Brazil and India would be likely to lead to continuation or recurrence of material injury in the United States within a reasonably foreseeable time. I further determine that revocation of the antidumping duty order covering imports of SSWR from France would not be likely to lead to continuation or recurrence of material injury in the United States within a reasonably foreseeable time. Therefore, I respectfully dissent from the Commission's determination with respect to SSWR imports from Brazil. Furthermore, I exercise my discretion and cumulate subject imports from Brazil and India. Except as noted in the majority opinion, I join the Commission's determinations with respect to background, market background, domestic like product and industry, cumulation with respect to likely overlap of competition, legal standards, and conditions of competition. I write separately to explain my findings with regard to the likelihood of no discernible adverse impact on the domestic industry of SSWR imports from India and Brazil if the orders are revoked, as well as the likelihood of the continuation or recurrence of material injury to the domestic industry, given my determination on cumulation.<sup>1</sup>

## I. CUMULATION

### A. Legal Framework

Section 752(a) of the Act provides that:

the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.<sup>2</sup>

Thus, the statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry. As noted above, I have examined the Commission's traditional competition factors regarding cumulation and concur with their findings regarding reasonable overlap of competition. My analysis of no discernible adverse impact and other considerations in the context of cumulation of SSWR imports from Brazil and India are below.

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<sup>1</sup> Although I concur with the Commission's determination with respect to SSWR imports from India, the Commission's Views did not address the question of no discernible adverse impact. Because of my decision to cumulate, I am compelled to do so here.

<sup>2</sup> 19 U.S.C. 1675a(a)(7).

## **B. Likelihood of No Discernible Adverse Impact**

In the first five-year reviews, the Commission did not find that subject imports from either Brazil or India were likely to have no discernible adverse impact on the domestic industry if the orders were revoked. The Commission found little basis in the record to make such a finding, and noted that, as here, no party had argued that subject imports from either Brazil or India were likely to have no discernible adverse impact on the domestic industry.<sup>3</sup> As in the first five-year reviews, I do not find that subject imports from either Brazil or India are likely to have no discernible adverse impact on the domestic industry if the orders are revoked.

### **1. Brazil**

In light of the fact that the Commission received limited responses from Brazilian respondent interested parties in these reviews, the analysis of no discernible adverse impact must be based on the best information in the record.<sup>4</sup> While it is true that the Commission received more information from Brazilian respondents and other data sources in the current reviews than in the first reviews, these new data, particularly regarding production, capacity, capacity utilization, and comparative pricing data in export markets, leads me to conclude that it is not likely that SSWR imports from Brazil would have no discernible adverse impact on the domestic industry, absent the antidumping duty order.

Although subject imports from Brazil have been largely absent from the U.S. market during the current review period,<sup>5</sup> the two known producers of SSWR from Brazil, Gerdau and Villares, reported that they produced \*\*\* short tons of SSWR in 2005, which is nearly \*\*\* percent of U.S. production and nearly \*\*\* percent of U.S. apparent domestic consumption in that year.<sup>6</sup> According to \*\*\* have a combined total capacity of \*\*\* short tons, and therefore have annual \*\*\* capacity totaling \*\*\* short tons.<sup>7</sup> This unused capacity is equivalent to nearly \*\*\* percent of apparent U.S. consumption in 2005. Moreover, the domestic interested parties argue that expanding production capacity is relatively easy for producers from each of the subject countries, including Brazil, because they can easily switch from producing other stainless long products to SSWR, using the same inputs, the same manufacturing equipment, and incurring no additional costs.<sup>8</sup>

The only Brazilian producer that provided questionnaire data from which to calculate capacity utilization was Villares. In 2004 and 2005, its utilization rate was \*\*\* percent and \*\*\* percent, respectively. These rates are similar to the \*\*\* utilization rates calculated by \*\*\* and provided by the domestic interested parties.<sup>9</sup> Capacity utilization rates this low provide evidence of an industry with significant capacity to expand shipments to both domestic and export markets. In addition, the domestic

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<sup>3</sup> First Review Determinations at 13-14.

<sup>4</sup> The Brazilian producers/importers were not represented by counsel in these reviews and did not attend the hearing. Only the smaller of the two Brazilian producers (Villares) responded to the Commission's questionnaire. The other Brazilian producer, Gerdau Acominas SA (Gerdau), provided limited data to the Commission, including overall capacity for subject and non-subject products and estimates on annual production of subject merchandise. CR at IV-9, nn. 4 and 5, PR at IV-8, nn. 4 and 5.

<sup>5</sup> Imports from Brazil totaled 7 short tons in 2004; no other subject merchandise from Brazil was imported during the review period (2000-05). CR/PR at Table IV-1.

<sup>6</sup> CR/PR at Table I-5, Table III-1, Table IV-6, and CR at IV-9, n.5; PR IV-8, n. 5.

<sup>7</sup> Domestic Interested Parties' Posthearing Brief, Ex. 3.

<sup>8</sup> Domestic Interested Parties' Posthearing Brief, Ex. 1, pp. 9-10, and Tr. at 113.

<sup>9</sup> The 2004 and 2005 capacity utilization rates for Brazil, as calculated by \*\*\*, were \*\*\* percent and \*\*\* percent, respectively. Domestic Interested Parties' Posthearing Brief at 8 and Ex. 3.

interested parties supplied information concerning recent capacity expansions at both Gerdau and Villares.<sup>10</sup> No evidence on the record contradicts these data.

The record in these reviews indicates that currently the industry in Brazil is not particularly export-oriented. Data from The World Trade Atlas show that total exports of SSWR from Brazil were only 236 short tons during the years examined in the current review period (2000-05). Brazil's major export market was France.<sup>11</sup> The domestic interested parties, in their analysis of the relative pricing of SSWR in the U.S. and European markets, argue that intense price competition in Europe would give the French producer, Ugitech, a strong incentive to divert product to the United States.<sup>12</sup> None of the responding producers or importers responded to the question, and purchasers that responded gave a mixed picture of relative pricing in U.S. and European markets.<sup>13</sup> Based on the limited record, I find that incentives exist for Brazilian SSWR exports to shift from European to U.S. markets absent the antidumping duty order.

I have taken into account other factors discussed in further detail below, including the substitutability of SSWR from different sources and underselling in the original investigations, which I find likely to recur if the orders were revoked. I determine that imports of SSWR from Brazil are unlikely to have no discernible adverse impact on the domestic industry if the order is revoked.

## **2. India**

For the reasons indicated in the following sections of my dissent on the likely volume, price effects, and impact of subject imports if the orders are revoked, I do not find that subject imports from India are likely to have no discernible adverse impact on the domestic industry. I note that because of the lack of any participation by Indian respondents in the current review, the analysis of no discernible adverse impact must be based on the best information in the record. Among the factors I have taken into account are large SSWR production by Indian producers, significant capacity, the export orientation of the Indian industry, substitutability of Indian SSWR with SSWR produced in the United States, and the significant underselling by Indian subject imports in the original investigations and the first review.

### **C. Other Considerations**

In determining whether to exercise my discretion to cumulate subject imports from Brazil and India, I assess whether the imports from both countries are likely to compete under similar or different conditions of competition in the U.S. market.

The Commission cumulated imports of SSWR from Brazil and India in making its original determinations with respect to these countries. In the first reviews, the Commission found no evidence indicating differences in the conditions of competition between subject merchandise from Brazil and India, and therefore cumulated subject imports from both countries.<sup>14</sup> In the current reviews, all of the conditions of competition present five years ago still exist. In the first reviews, the Commission found that subject imports from Brazil and India were unable to maintain a consistent presence in the U.S.

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<sup>10</sup> Domestic Interested Parties' Posthearing Brief at 2-3 and Exhibits 2 and 4.

<sup>11</sup> CR at IV-12, PR at IV-9.

<sup>12</sup> Domestic Interested Parties' Posthearing Brief at 8. In its discussion of the attractiveness of the U.S. market, I note that Ugitech does not discuss the relative prices of SSWR in the European and U.S. markets. French Respondents' Posthearing Brief at 13.

<sup>13</sup> CR at IV-20, PR at IV-17.

<sup>14</sup> First Review Determination at 16-17.

market.<sup>15</sup> This is still the case. During the current reviews, SSWR imports from Brazil were only present in one year of the period (2004), and SSWR imports from India declined rapidly over the period, from 7,815 short tons in 2000 to \*\*\* short tons in 2005.<sup>16</sup> As noted earlier, Brazilian and Indian subject imports were substitutable for domestically produced SSWR in the first reviews, and they remain substitutable in the current reviews.

At the time of the first review of SSWR imports from Brazil, the Commission noted that the Brazilian industry had no major export markets other than the United States during the original investigations and did not appear to have developed major export markets since the order was put into place. This is still true for Brazilian exports today. But the lack of major export markets for the Brazilian industry outside of the United States did not cause the Commission to find that Brazil and India face different competition conditions in the first review, and I do not do so in the current review under similar competitive conditions. As noted above, both Brazil and India exported subject merchandise during the current review period, even though Indian producers are certainly more export-oriented.

Lastly, both Brazil and India face antidumping duty orders in the United States on a primary downstream product, stainless steel bar.<sup>17</sup> Stainless steel capacity can be used to produce either bar or SSWR. Although there is at least some information on the record indicating that stainless steel bar is currently more profitable than SSWR,<sup>18</sup> the current orders in place on bar are likely to cause shifting of Brazilian and Indian stainless steel capacity into the production of subject merchandise if the current orders are revoked. Because of my finding regarding no discernible adverse impact, and the fact that I find no new information on the record which would compel me to find that the subject imports from Brazil and India are likely to compete under different conditions in the U.S. market, I exercise my discretion to cumulate the subject imports from those two countries, as I did in the first reviews.

## **II. REVOCATION OF THE ORDERS ON SUBJECT IMPORTS FROM BRAZIL AND INDIA IS LIKELY TO LEAD TO CONTINUATION OR RECURRENCE OF MATERIAL INJURY WITHIN A REASONABLY FORESEEABLE TIME**

### **A. Introduction**

Although I concur with the Commission's findings regarding the likely volume and price effects, as well as the likely impact, of SSWR imports from India if the antidumping duty order on that country is revoked, my finding concerning cumulation of SSWR imports from Brazil and India requires an analysis of likely continuation or recurrence of material injury to the domestic industry for aggregated subject imports from both countries. The analysis follows.

### **B. Likely Volume of the Cumulated Subject Imports from Brazil and India**

In evaluating the likely volume of subject imports of SSWR if the current orders are revoked, the Commission is directed to consider whether it would be significant either in absolute terms or relative to production or consumption in the United States.<sup>19</sup> The Commission must consider all relevant economic

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<sup>15</sup> First Review Determination at 16.

<sup>16</sup> CR/PR at Table C-2. Consistent with the analysis in the Commission's Views, I have not included certain exports by the Viraj Group as subject imports.

<sup>17</sup> CR at I-10 to I-11, PR at I-9-10. See also Stainless Steel Bar from Brazil, India, Japan, and Spain, Invs. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995).

<sup>18</sup> French Respondents' Posthearing Brief at 12.

<sup>19</sup> 19 U.S.C. 1675a(a)(2).

factors, including four enumerated ones: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) 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.<sup>20</sup>

In the original investigations, the record showed that the market share of cumulated SSWR imports from Brazil and India was increasing while the domestic producers' market share was declining.<sup>21</sup> The domestic producers' market share fell from 79.4 percent in 1990 to 68.0 percent in 1992 in terms of quantity.<sup>22</sup> Subject imports from Brazil and India rose from 2,154 short tons in 1990 to 7,712 short tons in 1992.<sup>23</sup> In 1990, SSWR imports from these two countries accounted for 1.8 percent of apparent consumption, but by 1992, that percentage had risen to 5.9 percent.<sup>24</sup> Evidence from the original investigations indicated that significant capacity existed in Brazil.<sup>25</sup>

As noted in the Commission's Views above, we conducted a cumulated analysis of the volume of subject imports from Brazil and India in the first reviews and found that the likely volume from those two countries would be significant.<sup>26</sup> There was limited evidence in the record during those reviews regarding the Brazilian SSWR industry as no Brazilian producers supplied information. The Commission observed that information received from four of five producers in India indicated that capacity had increased by \*\*\* percent from 1997 to 1999, and in 1999, unused capacity in India was equivalent to \*\*\* percent of U.S. production and \*\*\* percent of U.S. apparent consumption.<sup>27</sup> Indian exports of SSWR to the United States accelerated from 1997 to 1999.<sup>28</sup> Brazil's largest producer of SSWR, Gerdau, increased its overall exports of stainless steel products from 200,000 metric tons (220,460 short tons) in 1998 to over 750,000 metric tons (826,725 short tons) in 1999, although it is unclear how much of these exports were SSWR.<sup>29</sup> The Commission indicated that the United States was a particularly attractive market as U.S. prices were higher here than anywhere else in the world.<sup>30</sup>

Cumulated subject imports from Brazil and India maintained a presence in the U.S. market throughout the current period of review, although nearly all of the imports were from India.<sup>31</sup> Information on the Brazilian and Indian SSWR industries is limited because none of the 16 producers in India and only the smaller of the two known Brazilian producers, Villares, responded to the Commission's questionnaires.<sup>32</sup> But information from Villares and other sources indicates that the production of SSWR in Brazil and India grew significantly over the current review period, from \*\*\* short tons in 2000 to \*\*\*

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<sup>20</sup> 19 U.S.C. 1675a(a)(2)(A-D).

<sup>21</sup> CR/PR at Table I-1.

<sup>22</sup> CR/PR at Table I-1.

<sup>23</sup> CR/PR at Table I-1.

<sup>24</sup> CR/PR at Table I-1.

<sup>25</sup> First Review Determinations at 19, n. 98.

<sup>26</sup> USITC Pub. 3321 at 16.

<sup>27</sup> First Review Determinations at 20.

<sup>28</sup> First Review Determinations at 20.

<sup>29</sup> First Review Determinations at 20.

<sup>30</sup> First Review Determinations at 21.

<sup>31</sup> Imports of subject merchandise from India totaled \*\*\* short tons over the current review period, 2000-05, while imports from Brazil totaled only 7 short tons. CR/PR at Table C-2.

<sup>32</sup> CR at IV-16, PR IV-10.

short tons in 2005.<sup>33</sup> Cumulated exports of subject merchandise increased during the current review period by over 17,000 short tons, or an increase of nearly 75 percent.<sup>34</sup>

Data on capacity utilization and excess capacity for Indian SSWR producers are unavailable. But information from the first reviews indicated that the Indian producers operated at \*\*\* percent capacity utilization in 1999 and had \*\*\* short tons of excess capacity.<sup>35</sup> Information on the record from various sources provides significantly different capacity data for the Brazilian SSWR industry. The staff report indicates that the smaller of the two known Brazilian producers, Villares, reported annual capacity for subject merchandise to be \*\*\* short tons in 2005.<sup>36</sup> The larger producer, Gerdau, reported SSWR production to be \*\*\* per year but failed to provide breakout capacity data for subject merchandise.<sup>37</sup> Assuming that Gerdau's production in 2005 used \*\*\* of the company's allocated capacity, and its capacity utilization rate was \*\*\* percent, total capacity for the Brazilian SSWR would be over \*\*\* short tons.<sup>38</sup> Alternative data provided by the domestic interested parties from \*\*\* shows that \*\*\* have a combined total capacity of \*\*\* short tons. It follows that the Brazilian industry has annual \*\*\* totaling \*\*\* short tons. Applying either of these reported data sources, I find Brazil's SSWR production and capacity to be significant.<sup>39</sup>

Information from public sources indicates that both Brazilian producers have made announcements to expand their capacity to produce stainless steel products, including SSWR.<sup>40</sup> Information from public sources also indicate that Indian producers expanded their production capacity since the last review from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>41</sup> No other data on the record refutes these announcements, and any capacity expansions by Brazilian and Indian producers provide additional incentives for these producers to find markets for SSWR both in their home market and in export markets such as the United States. The available capacity provides a means for subject producers to increase their exports to the U.S. market by increasing their production levels.

Given the increase in production and capacity in Brazil and India, as well as the documented unused capacity for both countries, I find that both countries have significant excess capacity available to increase production of SSWR. The magnitude of the Department of Commerce's dumping margins in place has likely discouraged higher levels of SSWR imports from Brazil and India during the current

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<sup>33</sup> Of this total, Brazilian production in 2005 was only \*\*\* short tons. But both Brazil and India increased production over the current review period. CR at IV-10, IV-12 and IV-16; PR at IV-8, IV-8-9, and IV-10. I have excluded the Viraj Group from this calculation, consistent with the analysis in the Commission's Views.

<sup>34</sup> CR at IV-12 and 17, PR at IV-9 and 11.

<sup>35</sup> Memorandum INV-X-133, Table IV-4.

<sup>36</sup> CR/PR at Table IV-6.

<sup>37</sup> Gerdau reported total capacity for all subject and non-subject products to be \*\*\* metric tons (551,150 short tons) annually. I consider this overall capacity figure to be significant. CR at IV-9, n. 5, PR at IV-8, n. 5.

<sup>38</sup> According to \*\*\* have a combined total capacity of \*\*\* short tons, and therefore annual \*\*\* totaling \*\*\* short tons.

<sup>39</sup> I note that in these five-year reviews, information on the record indicates that SSWR capacity for the Brazilian industry may have declined. But there has always been, and continues to be, a question as to whether SSWR capacity for both domestic and foreign producers is underreported when product shifting is possible on the same productive capacity.

<sup>40</sup> Villares will initially expand its capacity to produce long products, including SSWR, by 12,000 metric tons (13,228 short tons), starting in October 2006. Domestic Interested Parties' Prehearing Brief at Exhibit 4 (*Metal Bulletin*, March 9, 2006). Gerdau will complete a 200,000 metric ton (220,460 short ton) expansion by the end of 2007. Domestic Interested Parties' Prehearing Brief at Exhibit 4 (Forbes, Sept. 8, 2003).

<sup>41</sup> Domestic Interested Parties' Posthearing Brief at Exhibit 3.

review period.<sup>42</sup> There are no orders on SSWR from Brazil and India in other countries,<sup>43</sup> but the United States has had antidumping duty orders on stainless steel bar from Brazil and India since 1995.<sup>44</sup> I find that, if the antidumping duty orders on imports of Brazilian and Indian SSWR are revoked, such capacity will be used to direct significant volumes of SSWR to the U.S. market.

Given the significant production and excess capacity in Brazil and India, the shipments of SSWR from India during the current review period, and the rapid increase in subject imports from both Brazil and India during the original investigation, I find that the likely volume of subject imports from Brazil and India, both in absolute terms and relative to production and consumption in the United States, would be significant absent the restraining effects of the antidumping orders.

### **C. Likely Price Effects of the Cumulated Subject Imports from Brazil and India**

In evaluating the likely price effects of cumulated subject imports if the orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of the domestic like product.<sup>45</sup>

In the original investigations, the Commission noted that prices for the five products for which the Commission made comparisons trended downward, despite an increase in domestic consumption of 11.5 percent between 1990 and 1992.<sup>46</sup> Prices for imports from Brazil declined by more than 15 percent; prices for imports from Brazil declined steadily throughout the period and were consistently below prices for the domestic like products.<sup>47</sup>

The record in the first reviews indicated that subject imports of SSWR from Brazil and India were substitutable for domestic SSWR, and purchasers reported that purchasing decisions were usually based on price.<sup>48</sup> The Commission found that demand was relatively inelastic while the domestic elasticity of supply was high in the U.S. market. Prices for three of the domestic like products for which data were gathered generally declined, while domestic prices for the other two products were relatively flat.<sup>49</sup> The Commission made a finding that, based upon the likely significant volume of imports, the substitutability of the subject imports from Brazil and India for domestic SSWR, the observed underselling during the first review period, even with the orders in place, and the consistent underselling by the imports in the original investigations, SSWR from Brazil and India likely would be priced aggressively and have significant depressing and suppressing effects on the prices of the domestic like products, in the absence of the orders.

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<sup>42</sup> See CR at I-18 and I-19, PR at I-17 for a full list of the cash deposit rates under Commerce's administrative reviews. I also note that Commerce has determined that revocation of the antidumping duty orders on SSWR from Brazil and India would likely lead to continuation or recurrence of dumping at the following weighted-average percentage margins: for Brazil, the likely margins are 26.50 percent for Acos Finos Piratini and Acos Villares SA, 24.63 percent for Electrometal - Metais Especiais SA, and 25.88 percent for all other manufacturers/exporters; for India, the likely margin is 48.80 percent.

<sup>43</sup> CR/PR at IV-4.

<sup>44</sup> Stainless Steel Bar From Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995).

<sup>45</sup> 19 U.S.C. 1675a(a)(3).

<sup>46</sup> USITC Pub. 2704 at I-18.

<sup>47</sup> USITC Pub. 2704 at I-18 and I-19.

<sup>48</sup> First Review Determinations at 22.

<sup>49</sup> First Review Determinations at 23.

Given that no importers of SSWR from Brazil and India responded to the Commission's questionnaires, traditional price comparisons for the current review period are not possible. In lieu of these data, the record provides average unit values for SSWR imports from India in each year of the review period and similar data for Brazil in 2003, the only year Brazilian SSWR entered the United States over the period reviewed. Although such data mask any price differences due to product mix or quality variances, the average unit values of Brazilian and Indian imports were consistently below average unit values of U.S. shipments from domestic producers.<sup>50 51</sup> In the first review period, the subject imports from India undersold domestic SSWR in 5 of 7 comparisons,<sup>52</sup> and in the original investigations, Brazilian and Indian SSWR undersold the domestic like products in nearly all comparisons.<sup>53</sup>

The record in the current reviews indicates that price remains an important consideration in purchasing decisions, along with product consistency, whether quality meets industry standards, reliability of supply, and delivery time.<sup>54</sup> The record also indicates that there is a moderate to high degree of substitutability between SSWR produced in the United States and Brazil, and a low to moderate degree of substitutability between the domestic like products and SSWR from India.<sup>55</sup>

Given the likely significant volume of subject imports, evidence in the original investigation and the first review of significant underselling, the importance of price, among other factors, for U.S. purchasers in making purchasing decisions, the substitutability between subject imports and the domestic like products, and indications of relatively low average unit values for SSWR imports from Brazil and India in the current period of review, I find that in the absence of the subject orders, SSWR from Brazil and India would likely significantly undersell the domestic like products in order to gain market share.

The domestic industry faced rising costs during the period of review, particularly for \*\*\*.<sup>56</sup> Absent the orders, likely underselling by the subject imports from Brazil and India would suppress any price increases and depress domestic prices to a significant degree, causing the domestic industry continued difficulty in recovering these rising costs. Therefore, on the basis of the record compiled in these current reviews, I find that revocation of the antidumping duty orders on imports of SSWR from Brazil and India would be likely to lead to significant underselling by the subject imports and significant price depression or suppression within a reasonably foreseeable time.

#### **D. Likely Impact of the Cumulated Subject Imports from Brazil and India**

In evaluating the likely impact on the domestic industry of cumulated subject imports if the orders are revoked, the Commission is directed to consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise

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<sup>50</sup> CR/PR at Table I-1; CR/PR at Table C-2.

<sup>51</sup> In their Posthearing Brief, the domestic interested parties argued that pricing trends in the Brazilian stainless steel long products market are depressed due to the appreciation of the local currency and the increased presence of low-priced imports from Asia. Domestic Interested Parties' Posthearing Brief at 9-10. If this is indeed true for the SSWR subsector, it would indicate that Brazilian producers have an incentive to ship subject merchandise to export markets such as the United States and the European Union. I give this argument less weight than those listed above because the information is not specific to SSWR and does not provide a comparison between Brazilian and U.S. SSWR prices.

<sup>52</sup> CR/PR at Table V-1.

<sup>53</sup> USITC Pub. 3321 at 18 n.115.

<sup>54</sup> CR/PR at Table II-4.

<sup>55</sup> CR at II-12, PR at II-8, and CR/PR Table II-6.

<sup>56</sup> CR at III-12, n. 14 and n.15, and at III-15, n.16; PR at III-5, n.14 and n.15, and at III-5.

capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product. The Commission is further directed to evaluate all relevant economic factors within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.<sup>57</sup> As instructed by the statute, I have considered the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.

I find that the domestic industry is vulnerable to material injury if the orders on subject imports of SSWR from Brazil and India are revoked. The domestic industry reported operating losses in four of the six years of the current review period and suffered a significant operating loss in the final year of the period, 2005.<sup>58</sup> The industry's capacity utilization not only fell during the period but never rose above \*\*\* percent during 2000-05. Low capacity utilization rates were compounded by the fact that the domestic industry increased its capacity over the period, due primarily to new entrants Charter and NAS.<sup>59</sup> Domestic production shifted up and down over the current review period but was no greater in 2005 than in 2000.<sup>60</sup> The domestic industry's commercial sales increased over the period, but its total net sales fell slightly due to declining internal consumption of SSWR.<sup>61</sup> The industry's cost of goods sold as a ratio to net sales rose from \*\*\* percent in 2000 to \*\*\* percent in 2005, primarily as a result of rising raw material and energy costs and factory maintenance.<sup>62</sup> Employment fell from \*\*\* workers in 2000 to \*\*\* workers in 2005.<sup>63</sup>

Revocation of the orders likely would lead to a significant increase in the volume and market share of the subject imports from Brazil and India, thus suppressing or depressing prices at a time when the domestic industry has already been found to be vulnerable. I find that this would be likely to have a significant adverse impact on the production, shipments, sales, market share, profits, and employment of the domestic industry. The likely reduction in the industry's production, shipments, sales, market share, and revenues would result in erosion of the industry's profitability, its ability to raise capital, and make and maintain necessary capital investments.

### III. CONCLUSION

In light of the foregoing reasons, I determine that revocation of the antidumping duty orders on imports of SSWR from Brazil and India is likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

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<sup>57</sup> 19 U.S.C. 1675a(a)(4).

<sup>58</sup> The industry's operating income to sales ratio was \*\*\* percent in 2000, \*\*\* percent in 2001, \*\*\* percent in 2002, \*\*\* percent in 2003, \*\*\* percent in 2004, and \*\*\* percent in 2005. CR/PR at Table III-7.

<sup>59</sup> The domestic industry increased capacity to \*\*\* short tons in 2000, \*\*\* short tons in 2002, and \*\*\* in 2003, before falling slightly to \*\*\* in 2005. CR/PR at III-2 and Table III-1.

<sup>60</sup> Domestic production was \*\*\* short tons in 2000, declined to \*\*\* short tons in 2001 and increased to \*\*\* short tons in 2002. CR/PR at Table III-1. Production increased to \*\*\* short tons in 2004, and then fell to \*\*\* short tons in 2005. *Id.*

<sup>61</sup> CR/PR at Table III-7. Total net sales were \*\*\* short tons in 2000 and \*\*\* short tons in 2005. U.S. commercial sales rose from \*\*\* short tons in 2000 to \*\*\* short tons in 2005. *Id.*

<sup>62</sup> CR at III-12 n. 14 and n.15; at III-15 n.16; PR at III-5 n.14 and n.15, and at III-5 n.16; and CR/PR Table I-1.

<sup>63</sup> CR/PR at Table III-6.



# SEPARATE AND DISSENTING VIEWS OF COMMISSIONER CHARLOTTE R. LANE

## I. INTRODUCTION

Based on the record in these second five-year reviews, I determine under section 751(c) of the Tariff Act of 1930, as amended (“the Act”), that revocation of the antidumping duty order covering imports of stainless steel wire rod (“SSWR”) from Brazil, France, and India would be likely to lead to continuation or recurrence of material injury in the United States within a reasonably foreseeable time. Therefore, I respectfully dissent from the Commission’s negative determination with regard to SSWR imports from Brazil and France. Furthermore, my evaluation of the record in these second reviews leads me to cumulate subject imports from Brazil, France, and India. I join my colleagues’ discussion with respect to background, market background, domestic like product and domestic industry, cumulation with respect to likely overlap of competition, and legal standards. I write separately to explain my findings with regard to the likelihood of no discernable adverse impact on the domestic industry if the orders are revoked and to provide my analysis of the statutory factors.

## II. CUMULATION

### A. Likelihood of No Discernable Adverse Impact

In the first five-year reviews, the Commission did not find that subject imports from Brazil, France, or India were likely to have no discernable adverse impact on the domestic industry if those orders were revoked. The Commission found insufficient basis in the record to make such a finding, and noted that, as here, neither Brazil nor India argued that they were likely to have no discernable adverse impact on the domestic industry. In these reviews, as in the first reviews, French respondents argue that subject imports from France would likely have no discernable adverse impact if the order on SSWR from France is revoked.

#### 1. Brazil

In light of the fact that the Commission received limited responses from Brazilian respondent interested parties in these second reviews, my analysis of no discernable adverse impact is based on the best information available in the record. Brazilian producers and importers were not represented by counsel in these second reviews and did not attend the hearing. Only Villares, the smaller of the two Brazilian producers, responded to the Commission’s producer questionnaire, while Gerdau Acominas SA (“Gerdau”) provided limited data to the Commission. Gerdau submitted overall capacity for subject and non-subject products and estimates on annual production of subject merchandise.

Although subject imports from Brazil have been largely absent from the United States market throughout the second review period, the record indicates that Brazilian SSWR producers maintain more than enough excess capacity to ship significant volumes of subject product to the United States market if the orders are revoked. Villares noted that its capacity utilization rate was \*\*\* percent in 2004 and \*\*\* percent in 2005.<sup>1</sup> These low capacity utilization rates provide evidence of an industry with significant capacity to expand shipments to both domestic and export markets. Furthermore, the domestic

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<sup>1</sup> CR/PR at Table IV-6.

interested parties supplied the Commission with uncontradicted information regarding recent capacity expansions at both Gerdau and Villares.<sup>2</sup>

I have taken into account other factors discussed in further detail below, including the substitutability of SSWR from different sources, and underselling in the original investigations, which I find likely to recur if the order is revoked. Based on the foregoing, I determine that imports of SSWR from Brazil are not likely to have no discernable adverse impact if the order is revoked.

## **2. France**

Ugitech SA (“Ugitech”) is currently the sole French producer of SSWR. Ugitech produces a range of stainless and alloy products and acknowledged that they have the ability to shift from bar production to SSWR production. The record indicates that Ugitech maintained a consistent presence in the United States market and was export oriented throughout the second review period.<sup>3</sup> Ugitech’s hot-rolling production capacity totaled \*\*\* short tons in 2005.<sup>4</sup> If the order on SSWR is revoked, Ugitech would be able to shift production from bar to SSWR in order to send increasing quantities of SSWR to the United States market. Furthermore, French SSWR production remained significant over the period of review, going from \*\*\* short tons in 2000, to \*\*\* short tons in 2002, and \*\*\* short tons in 2005.<sup>5</sup>

I have taken into account other factors listed below, including the substitutability of SSWR from different sources, declining prices in the original investigations and underselling in the first reviews, which I find likely to recur if the order is revoked. Based on the foregoing, I determine that imports of SSWR from France are not likely to have no discernable adverse impact on the domestic industry if the order is revoked.

## **3. India**

In light of the fact that the Commission received no participation from Indian respondent parties in this second review, my analysis of no discernable adverse impact is based on the best information in the record. The record indicates that subject imports from India maintained a presence in the United States market over the period of review. As discussed in more detail below, the Indian SSWR industry’s capacity, production volume, and exports all increased significantly over the period of review. The record also indicates that Indian SSWR producers are export oriented and have the ability to shift production from other stainless long products to SSWR if the order is revoked.

I have taken into account other factors listed below, including the substitutability of SSWR from different sources, and underselling in both the original investigations and the first reviews, which I find likely to recur if the order on SSWR from India is revoked. I determine that imports of SSWR from India are not likely to have no discernable adverse impact on the domestic industry if the order is revoked.

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<sup>2</sup> Domestic Interested Parties’ post-hearing brief at 2-3 and Exhibits 2 and 4.

<sup>3</sup> CR/PR at Table IV-7.

<sup>4</sup> CR/PR at Table IV-8.

<sup>5</sup> CR/PR at Table IV-7.

### III. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING ORDERS ARE REVOKED

#### A. Conditions of Competition

The record in these investigations shows that SSWR is produced in a wide variety of grades, shapes, diameters and sizes in accordance with specific customer requirements.<sup>6</sup> The majority of SSWR sold on the open market is drawn into wire, and a smaller portion is converted into bar.<sup>7</sup> Overall demand for SSWR primarily depends upon the demand for a variety of end-use applications in the automotive, medical instruments and general manufacturing industries.<sup>8</sup> Overall demand does not respond significantly to price as there are few substitutes for SSWR and the potential for substitution is often limited by the end use.<sup>9</sup>

Five United States firms produced SSWR over the period of review and a sixth firm provided raw materials under a tolling agreement. Many of these firms either resumed or began producing SSWR over the review period. Carpenter Technology Corporation, a publicly owned company headquartered in Wyomissing, PA, was the largest domestic SSWR producer in 2005, accounting for \*\*\* percent of domestic production.<sup>10</sup> North American Stainless began producing SSWR in 2003 and accounted for \*\*\* percent of domestic production in 2005.<sup>11</sup> Dunkirk Specialty Steel and Charter Manufacturing also began producing SSWR during the period of review.

In the original investigations the Commission found that United States consumption had increased 11.5 percent between 1990 and 1992.<sup>12</sup> In the first reviews, the Commission found that demand for SSWR in the United States increased about 5 to 7 percent annually. During the most recent period of review demand for SSWR declined sharply, by \*\*\* percent, from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>13</sup>

While domestic SSWR producers' capacity declined during the original investigation, capacity increased during the first five-year review.<sup>14</sup> Domestic industry capacity also increased over the period of review in these investigations, by \*\*\* percent, from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>15</sup> The data clearly demonstrate that domestic SSWR producers currently have more than adequate capacity to meet U.S. demand.<sup>16</sup>

Capacity utilization rates declined over the first five-year reviews. Capacity utilization rates also declined between 2000 and 2005, due to a slight decline in production volume and an increase in capacity.<sup>17</sup>

The cost of producing SSWR increased significantly over the period of review as a result of increased raw material and energy costs. The unit value of raw materials rose from \*\*\* per short ton in

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<sup>6</sup> CR at II-1, PR at II-1.

<sup>7</sup> CR at I-23, PR at I-19.

<sup>8</sup> CR at II-8, PR at II-5.

<sup>9</sup> CR at II-10, PR at II -7.

<sup>10</sup> CR/PR at Table I-2.

<sup>11</sup> *Id.*

<sup>12</sup> USITC Pub. 2721 at I-13, USITC Pub. 2704 at I-12.

<sup>13</sup> CR/PR at Table C-2.

<sup>14</sup> CR/PR at Table I-1.

<sup>15</sup> *Id.*

<sup>16</sup> CR/PR at Table C-2.

<sup>17</sup> *Id.*

2000, to \*\*\* per short ton in 2004, and to \*\*\* per short ton in 2005.<sup>18</sup> The cost of nickel, chromium, and molybdenum, the three major inputs in SSWR, all increased substantially over the review period, with chromium increasing by over 60 percent.<sup>19</sup> The price of nickel increased by over 200 percent between late 2001 and early 2006.<sup>20</sup>

Other factory costs also increased substantially over the review period due to rising energy costs. Unit factory overhead costs rose from \*\*\* per short ton in 2000, to \*\*\* per short ton in 2002, and \*\*\* per short ton in 2005.<sup>21</sup> The data show that the rates of both natural gas and electricity were higher in 2005 than in any other year during the period of review. United States natural gas prices increased substantially, rising from \$4.45 per thousand cubic feet in 2000, to \$6.41 per thousand cubic feet in 2004, and \$8.56 per thousand cubic feet in 2005.<sup>22</sup> Furthermore, the cost of electricity increased over the review period, rising from 4.64 cents per kilowatt-hour in 2000 to 5.57 cents per kilowatt-hour in 2005.<sup>23</sup>

The record indicates that domestically produced SSWR and subject imports are typically used interchangeably and that if subject imports meet basic quality requirements they can increase market share and sales volumes in the United States with aggressive pricing. Generally, producers, importers, and purchasers reported that SSWR from the United States and from other countries are always or frequently interchangeable.<sup>24</sup> When asked to identify the three major factors considered by their firm in deciding from whom to purchase SSWR, purchasers most often cited price and quality. Six of the eighteen responding purchasers named price as the number one factor generally considered when purchasing SSWR.<sup>25</sup>

Non-subject imports have maintained a consistent presence in the United States SSWR market. In quantity terms, nonsubject imports accounted for approximately \*\*\* of the United States market in the last two years of the first reviews, in 2002, and in the last two years of the current reviews.<sup>26</sup>

I find that the foregoing conditions of competition are likely to prevail for the reasonably foreseeable future and thus provide an adequate basis by which to assess the likely effects of revocation within the reasonably foreseeable future.

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<sup>18</sup> CR/PR at Table III-9.

<sup>19</sup> CR/PR at Figure V-1.

<sup>20</sup> *Id.*

<sup>21</sup> CR/PR at Table III-9.

<sup>22</sup> CR at V-1, PR at V-1.

<sup>23</sup> *Id.*

<sup>24</sup> CR/PR at Table II-6.

<sup>25</sup> CR/PR at Table II-3.

<sup>26</sup> CR/PR at Table I-1 and C-2.

**B. Revocation of the Orders on Subject Imports from Brazil, France and India is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time**

**1. Likely Volume of Subject Imports**

In the original investigations, the Commission observed that the market share of cumulated subject imports was increasing while domestic producers' market share was declining.<sup>27</sup> Domestic producers' market share fell from 79.4 percent in 1990 to 68.0 percent in 1992 in quantity terms, and from 79.6 percent in 1990 to 73.1 percent in 1992 in value terms.<sup>28</sup>

In the first five-year reviews, the Commission found limited evidence in the record concerning the Brazilian SSWR industry.<sup>29</sup> The Commission noted that evidence from the original investigations indicated that significant capacity existed in Brazil, and that no evidence indicated that Brazilian capacity had declined. The Commission found that Brazil's production of SSWR increased by 16 percent from 1997 to 1999, and rose even further in the first quarter of 2000.<sup>30</sup> In the first reviews the Commission also noted that Brazilian manufacturers had no major export markets other than the United States at the time of the original investigations.<sup>31</sup>

In the first five-year reviews the Commission found that Indian manufacturers rapidly increased their presence in the United States market between 1990 and 1992. Evidence in the first review indicated that India's unused capacity was equivalent to \*\*\* percent of United States production and \*\*\* percent of United States apparent consumption in 1999.<sup>32</sup> The Commission also noted that India's exports of SSWR to the United States accelerated from 1997 to 1999, while Indian producers' inventories of SSWR increased \*\*\* between 1997 and 1999 and \*\*\* in the first quarter of 2000.<sup>33</sup>

Subject imports from France increased over the review period in the first five-year reviews, despite the existence of the orders. In the first reviews, the Commission found that U-SI, the sole French producer of SSWR, was a subsidiary of Usinor, the world's third largest steel producer. The Commission found that U-SI had significant excess capacity it could direct to the United States market, and that U-SI planned to \*\*\* in 2000 and 2001.<sup>34</sup> The Commission also noted that several other sources of SSWR were under antidumping orders and that U-SI would have an advantage in the United States market in the absence of the order. The Commission observed that U-SI had affiliated companies in the United States which provided a natural customer base.<sup>35</sup>

Although the volume of subject imports declined substantially following the imposition of the orders, the record indicates that cumulated subject imports maintained a presence in the United States market during the period of review and have substantial SSWR production capacity. Despite the fact that subject imports from Brazil totaled just 7 short tons over the second review period, the two known Brazilian producers of SSWR reported that they produced \*\*\* short tons of subject product in 2005, which is nearly \*\*\* percent of U.S. production and \*\*\* percent of United States apparent consumption in

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<sup>27</sup> USITC Pub. 2721 at I-21; USITC Pub. 2704 at I-17 to I-18.

<sup>28</sup> CR/PR at Table I-1.

<sup>29</sup> USITC Pub. 3321 at 16.

<sup>30</sup> *Id.*

<sup>31</sup> *Id.*

<sup>32</sup> Confidential Views, First Review, at 20.

<sup>33</sup> Confidential Views, First Review, at 20-21.

<sup>34</sup> Confidential Views, First Review, at 30.

<sup>35</sup> Confidential Views, First Review, at 30-31.

that year.<sup>3637</sup> According to \*\*\* have a combined total capacity of \*\*\* short tons, which leaves Brazilian producers with unused capacity equivalent to approximately \*\*\* percent of United States apparent consumption in 2005.<sup>38</sup> Moreover, subject import producers in Brazil can switch from producing other stainless long products to SSWR, using the same inputs and the same manufacturing equipment and incurring no additional costs.

The record indicates that the French SSWR producer, Ugitech, is export oriented and could divert increased shipments of SSWR to the United States if the orders are revoked. Ugitech exported \*\*\* short tons of SSWR in 2000, \*\*\* short tons in 2002, and \*\*\* short tons in 2005.<sup>39</sup> Therefore, Ugitech could ship significant volumes of SSWR to the United States simply by diverting shipments from other export markets.

Indian SSWR producers increased their production significantly over the period of review from \*\*\* short tons in 2000, to \*\*\* short tons in 2003, \*\*\* short tons in 2004, and \*\*\* short tons in 2005.<sup>40</sup> The Indian industry also increased production capacity over the review period from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>4142</sup> India's major export markets are the United States, China, Taiwan, United Arab Emirates, and Hong Kong and the Indian industry's exports increased during the period to over 40,000 short tons of SSWR in 2003 and 2004.<sup>43</sup> Given the substantial increase in India's production and capacity, their export orientation, and the significant excess capacity noted in the first reviews, India would be able to greatly increase exports of SSWR to the United States if the orders are revoked.

Subject producers have the ability to shift production between steel long products and therefore have the flexibility to respond to changes in market conditions. SSWR is an intermediate product used in the production of stainless steel bar and stainless steel wire, and subject SSWR producers manufacture other stainless steel products in the same facilities where they produce SSWR. If the orders on subject imports of SSWR are revoked subject import producers would be encouraged to shift production from other stainless steel products to SSWR, which in turn would lead to increased volumes of SSWR entering the United States market.

For these reasons I conclude, based on the record in these reviews, that the volume of cumulated subject SSWR imports from Brazil, France and India likely would be significant in the reasonably foreseeable future if the orders were revoked.

## 2. Likely Price of Subject Imports

In the original investigations, the Commission noted that prices for the five products for which the Commission made comparisons trended downward, despite an increase in domestic consumption of 11.5 percent between 1990 and 1992.<sup>44</sup> The record in the original investigations indicated that subject imports from Brazil and India undersold domestic SSWR in almost all available price comparisons. The

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<sup>36</sup> CR/PR at Table IV-1.

<sup>37</sup> CR/PR at Table I-5, Table III-1, Table IV-6, CR at IV-12, PR at IV-10.

<sup>38</sup> Domestic Interested Parties' Post-hearing Brief, Ex. 3.

<sup>39</sup> CR/PR at Table IV-7.

<sup>40</sup> CR at IV-16, PR at IV-10.

<sup>41</sup> Domestic Industry's Posthearing Brief at Exhibit 3.

<sup>42</sup> I note that these data refer to the entire industry in India. Excluding Viraj Group, however, still results in substantial growth in production and capacity from 2000 to 2005, as production increased by \*\*\* tons and capacity by \*\*\* tons. *Id.*

<sup>43</sup> CR at IV-17, PR at IV-10.

<sup>44</sup> USITC Pub. 3321 at 23.

Commission found that the domestic price of the most common grade of SSWR declined by nearly 15 percent, and prices of French imports declined by an even greater percentage.

In the first five-year reviews the Commission found that subject imports are highly substitutable for domestic SSWR and the majority of purchasers reported that their purchasing decisions were usually based mainly on price. The Commission noted that the volume of domestic production entering the merchant market was substantial enough to be affected by subject imports. The Commission also observed that, despite the orders, French SSWR continued to undersell domestic SSWR in some instances, but that overselling was not necessarily probative of likely price behavior absent the order.<sup>45</sup> Finally, the Commission found that, if the orders were revoked, cumulated subject imports from the first review would be priced aggressively and have significant depressing and suppressing effects on the prices of the domestic like product.

The current record indicates that the domestic industry could not increase sales prices commensurate with increased cost of goods sold, and experienced a cost price squeeze over the period of review, despite the effects of the orders. Domestic industry raw material and energy costs increased substantially between 2000 and 2005, and unit cost of goods sold increased by \*\*\* percent over the review period, rising from \*\*\* in 2000 to \*\*\* in 2005.<sup>46</sup> The cost of goods sold, as ratio to net sales, increased from \*\*\* percent in 2000, to \*\*\* percent in 2003, and \*\*\* percent in 2005.<sup>47</sup>

As discussed above, the current record indicates that subject imports are highly substitutable for domestic SSWR and purchasers reported that price was one of the most important factors affecting their purchasing decisions.<sup>48</sup> Therefore, the domestic industry's inability to raise sales prices commensurate with increased costs highlights domestic producers' struggles. Subject imports undersold domestic prices in the original investigations, and would likely do so if the orders are revoked. Any negative price effects experienced by the domestic industry if the orders are revoked would be enhanced by the cost price squeeze experienced with the orders in place. Therefore, foreign producers' behavior in the original investigations, the importance of price in the sale of SSWR, and the aforementioned cost price squeeze all indicate that if the current orders are revoked the domestic industry will be injured.

I find that, given the likely significant volumes of imports, the substitutability of the subject imports from Brazil, France and India, the downward price trends found in both the original investigations and the first five-year reviews, and the cost price squeeze experienced by the domestic industry in the current review, in the absence of the orders, SSWR from cumulated subject countries would be priced aggressively and have significant suppressing effects on the prices of the domestic like product.

### **3. Likely Impact of Subject Imports**

In the original investigations, the Commission noted declining production by United States SSWR producers, despite increases in apparent consumption, as well as capacity utilization rates below 50 percent.<sup>49</sup> Domestic SSWR producers reported significant losses in 1992 and their capital expenditures declined significantly towards the end of the period of investigation.<sup>50</sup> The Commission found that the lower prices of the subject imports enabled them to increase market share in an expanding

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<sup>45</sup> USITC Pub. 2231 at 23.

<sup>46</sup> CR/PR at Table III-9.

<sup>47</sup> CR/PR at Table III-7.

<sup>48</sup> CR/PR at Table II-3.

<sup>49</sup> USITC Pub. 2704 at I-12; USITC Pub. 2721 at I-13.

<sup>50</sup> USITC Pub. 2704 at I-13; USITC Pub. 2721 at I-15.

market at the expense of the domestic producers, leading to declines in domestic prices, domestic market share, production, shipments, and profitability.

In the first five-year reviews, the Commission observed that the condition of the domestic industry, including its financial performance, was moderately improved from the original investigations. The Commission noted that demand for SSWR was expanding, but that similar circumstances in the original investigation did not prevent French subject imports from capturing market share at the expense of the domestic industry. The Commission also noted that the domestic industry underwent some consolidation between the original investigations and the first reviews, but that despite the consolidation, the ratio of operating income to sales declined from \*\*\* percent in 1997 to \*\*\* percent in 1999.<sup>51</sup> Domestic inventories also declined over the period of review. The Commission concluded that the volume and price effects of subject imports would likely have had a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry if the orders were revoked.

The domestic industry's trade and financial indicators were generally poor over the current period of review. The domestic industry's operating income as a ratio to net sales remained poor throughout the review period, going from \*\*\* percent in 2000, to negative \*\*\* percent in 2001, negative \*\*\* percent in 2002, negative \*\*\* percent in 2003, \*\*\* percent in 2004, and \*\*\* percent in 2005.<sup>52</sup> Domestic industry return on investment was also \*\*\* over the review period, going from \*\*\* percent in 2000, to negative \*\*\* percent in 2001, negative \*\*\* percent in 2002, negative \*\*\* percent in 2003, \*\*\* percent in 2004, and negative \*\*\* percent in 2005.<sup>53</sup> The number of production related workers declined by \*\*\* percent over the period of review, falling from \*\*\* workers in 2000 to \*\*\* workers in 2005.<sup>54</sup> Hours worked by domestic industry employees declined over the review period by \*\*\* percent, going from \*\*\* in 2000 to \*\*\* in 2005.<sup>55</sup> The domestic industry's declining production and employment indicators and its weak operating performance during much of the 2000-2005 review period supports a finding that the industry is vulnerable at the present.

While the domestic industry managed to increase capacity over the review period, domestic industry production actually declined, going from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>56</sup> United States shipments of domestic production declined by \*\*\* percent over the period of review, falling from \*\*\* short tons in 2000, to \*\*\* short tons in 2003, and \*\*\* short tons in 2005.<sup>57</sup> Furthermore, the quantity of net sales by domestic SSWR producers declined by \*\*\* percent over the period of review, going from \*\*\* short tons in 2000 to \*\*\* short tons in 2005.<sup>58</sup>

As previously noted, domestic industry raw material and energy costs increased substantially over the review period, and were higher in 2005 than in any previous year throughout the period of review. These increased raw material and energy costs coincide with decreased capacity utilization, production, net sales and domestic sales of domestic production. The domestic industry experienced a cost price squeeze over the period of review, despite the remedial effects of the orders. These increased costs had a

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<sup>51</sup> Confidential Views, First Reviews, at 24.

<sup>52</sup> CR/PR at Table III-7.

<sup>53</sup> CR/PR at Table III-13.

<sup>54</sup> CR/PR at Table III-6.

<sup>55</sup> *Id.*

<sup>56</sup> CR/PR at Table III-1.

<sup>57</sup> CR/PR at Table I-1.

<sup>58</sup> *Id.*

negative effect on the domestic industry's research and development expenditure, which declined from \*\*\* in 2000, to \*\*\* in 2003, and \*\*\* in 2005.<sup>59</sup>

As discussed above, I conclude that revocation of the antidumping duty orders on SSWR from Brazil, France and India likely would lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly depress U.S. prices. I also find that the volume and price effects of the subject imports likely would have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. This reduction in the industry's production, shipments, sales, market share, and revenues would adversely impact the industry's profitability and ability to raise capital and maintain necessary capital investments. I therefore find that revocation of the antidumping duty orders on SSWR imports from Brazil, France and India is likely to lead to continuation or recurrence of material injury to the U.S. SSWR industry within a reasonably foreseeable time.

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<sup>59</sup> CR/PR at Table III-11.



## PART I: INTRODUCTION AND OVERVIEW

### BACKGROUND

On July 1, 2005, the U.S. International Trade Commission (“Commission” or “USITC”) gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping duty orders on stainless steel wire rod (“SSWR”) from Brazil, France, and India would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective October 4, 2005, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the following tabulation.<sup>1</sup>

Effective date	Action
December 1, 1993	U.S. Department of Commerce’s (“Commerce”) antidumping duty order on India (58 FR 63335)
January 28, 1994	Commerce’s antidumping duty orders on Brazil and France (59 FR 4021/4022)
July 1, 1999	Commission’s institution of first review (64 FR 35697)
July 21, 2000	Commission determinations in first reviews (65 FR 45409)
July 1, 2005	Commission’s institution of second reviews (70 FR 38207)
July 13, 2005	Commerce’s determination to revoke order on India in part (Viraj Alloys, Ltd., and VSL Wires, Ltd.) (70 FR 40318)
October 4, 2005	Commission’s decision to conduct full reviews (70 FR 60109, October 14, 2005)
November 7, 2005	Commerce’s final results of expedited reviews (70 FR 67447)
January 3, 2006	Commission’s scheduling of the reviews (71 FR 3541, January 23, 2006)
May 18, 2006	Commission’s hearing <sup>1</sup>
June 29, 2006	Commission’s vote
July 19, 2006	Commission’s determination transmitted to Commerce

<sup>1</sup> App. B lists those witnesses that appeared at the hearing.

### The Original Investigations

On December 30, 1992, petitions were filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of SSWR from Brazil, France, and India.<sup>2</sup> On October 13, 1993, Commerce made a final affirmative dumping determination for

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<sup>1</sup> The Commission’s notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission’s web site (internet address [www.usitc.gov](http://www.usitc.gov)). Commissioners’ votes on whether to conduct an expedited or full review may also be found at the web site.

<sup>2</sup> The petitions were filed by AL Tech Specialty Steel Corp., Armco Stainless & Alloy Products, Inc., Carpenter Technology Corp., Republic Engineered Steels, Inc., Talley Metals Technology, Inc., and the United Steelworkers of (continued...)

India.<sup>3</sup> Commerce resorted to best information available for India and the all-inclusive dumping margin was 48.80 percent. The Commission notified Commerce of its final injury determination on November 23, 1993, and Commerce issued an antidumping duty order on December 1, 1993.

On December 22, 1993, Commerce made final affirmative dumping determinations for Brazil and France. For Brazil, Commerce found a margin of 24.63 percent for Electrometal, 26.50 percent for Acos Finos and Acos Villares, and 25.88 percent for all other producers/exporters. For France, Commerce found a margin of 24.39 percent<sup>4</sup> for Imphy, Ugine-Savoie, and all other producers/exporters. The Commission notified Commerce of its final affirmative injury determinations on January 21, 1994, and Commerce issued antidumping duty orders on January 28, 1994.

### **The First Reviews**

During 1999-2000, the Commission conducted five-year reviews of the 1983 transition countervailing duty order on SSWR from Spain (see the discussion in *Related Title VII Investigations*) and the 1993-94 transition antidumping duty orders on SSWR from Brazil, France, and India.<sup>5</sup> The Commission made affirmative determinations with respect to SSWR from Brazil, France, and India and a unanimous negative determination with respect to SSWR from Spain.<sup>6 7</sup>

### **Summary Data**

Table I-1 presents a summary of data from the original investigations, the first reviews, and from these second reviews; and figure I-1 presents a summary of imports during the same periods.

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<sup>2</sup> (...continued)  
America, AFL-CIO/CLC.

<sup>3</sup> Commerce postponed its final determinations for Brazil and France from October 11, 1993, to December 20, 1993, at the request of respondents.

<sup>4</sup> Commerce amended the margin to 24.51 percent at the same time it issued the antidumping order (59 FR 4022, January 28, 1994).

<sup>5</sup> *Stainless Steel Wire Rod from Brazil, France, India, and Spain, Investigation Nos. 701-TA-178 and 731-TA-636-638 (Review)*, USITC Publication 3321, July 2000.

<sup>6</sup> Commissioners Koplan and Okun dissenting with respect to SSWR from France, and Commissioner Askey dissenting with respect to SSWR from Brazil, France, and India.

<sup>7</sup> The French respondent interested parties appealed the Commission's determination with respect to France in the first five-year reviews of the subject orders. Judge Richard Goldberg of the U.S. Court of International Trade affirmed the Commission's determinations with respect to likely volume, price, and impact and Commissioner Bragg's determination to cumulate the subject imports. *See Ugine-Savoie Imphy v. United States*, 248 F. Supp.2d 1208 (Ct. Int'l Trade 2002).

Table I-1

## SSWR: Summary data from the original investigations, the first reviews, and the current reviews, 1990-92, 1997-99, and 2000-05

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1990	1991	1992	1997	1998	1999	2000	2001	2002	2003	2004	2005
U.S. consumption quantity: Amount	117,926	123,855	131,521	***	***	***	***	***	***	***	***	***
Producers' share <sup>1</sup>	79.4	78.8	68.0	***	***	***	***	***	***	***	***	***
Importers' share:												
Brazil <sup>1</sup>	1.7	1.3	2.6	***	***	***	***	***	***	***	***	***
France <sup>1</sup>	3.9	4.5	8.5	***	***	***	***	***	***	***	***	***
India <sup>1</sup>	0.1	1.4	3.3	***	***	***	***	***	***	***	***	***
Subtotal <sup>1</sup>	5.7	7.2	14.3	***	***	***	***	***	***	***	***	***
All other countries <sup>1</sup>	15.0	13.9	17.7	***	***	***	***	***	***	***	***	***
Total imports <sup>1</sup>	20.6	21.2	32.0	***	***	***	***	***	***	***	***	***
U.S. consumption value: Amount	342,727	361,792	351,775	***	***	***	***	***	***	***	***	***
Producers' share <sup>1</sup>	79.6	81.5	73.1	***	***	***	***	***	***	***	***	***
Importers' share:												
Brazil <sup>1</sup>	1.3	1.0	1.8	***	***	***	***	***	***	***	***	***
France <sup>1</sup>	4.5	5.0	8.5	***	***	***	***	***	***	***	***	***
India <sup>1</sup>	0.1	1.0	2.3	***	***	***	***	***	***	***	***	***
Subtotal <sup>1</sup>	5.9	6.9	12.6	***	***	***	***	***	***	***	***	***
All other countries <sup>1</sup>	14.5	11.5	14.3	***	***	***	***	***	***	***	***	***
Total imports <sup>1</sup>	20.4	18.5	26.9	***	***	***	***	***	***	***	***	***

Table continued on next page.

**Table I-1--Continued**

**SSWR: Summary data from the original investigations, the first reviews, and the current reviews, 1990-92, 1997-99, and 2000-05**

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1990	1991	1992	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>U.S. imports from- Brazil:</b>												
Quantity	2,057	1,671	3,368	0	0	0	0	0	0	0	7	0
Value	4,467	3,599	6,434	0	0	0	0	0	0	0	16	0
Unit value	\$2,172	\$2,154	\$1,910	( <sup>3</sup> )	\$2,072	( <sup>3</sup> )						
<b>France:</b>												
Quantity	4,547	5,564	11,137	3,153	5,372	6,643	5,546	8,314	6,288	3,720	1,569	1,749
Value	15,467	18,034	29,972	9,041	14,971	16,365	16,001	19,259	16,788	7,771	6,000	8,658
Unit value	\$3,402	\$3,241	\$2,691	\$2,867	\$2,787	\$2,464	\$2,885	\$2,317	\$2,670	\$2,089	\$3,823	\$4,950
<b>India:</b>												
Quantity	97	1,731	4,344	253	24	634	7,815	3,004	4,388	2,232	1,297	278
Value	206	3,490	7,961	542	51	879	13,086	4,886	6,436	3,377	2,745	783
Unit value	\$2,124	\$2,016	\$1,833	\$2,145	\$2,106	\$1,386	\$1,674	\$1,626	\$1,467	\$1,513	\$2,117	\$2,814
<b>Subtotal:</b>												
Quantity	6,701	8,966	18,849	3,406	5,396	7,277	13,362	11,318	10,676	5,952	2,874	2,027
Value	20,140	25,123	44,367	9,583	15,022	17,244	29,088	24,146	23,224	11,148	8,761	9,441
Unit value	\$3,006	\$2,802	\$2,354	\$2,814	\$2,784	\$2,370	\$2,177	\$2,133	\$2,175	\$1,873	\$3,049	\$4,657
<b>All other countries:</b>												
Quantity	17,642	17,265	23,251	77,429	56,722	58,722	68,882	50,969	47,618	29,533	44,734	39,503
Value	49,791	41,642	50,171	160,477	114,321	96,514	127,792	88,258	76,754	52,654	102,959	107,064
Unit value	\$2,822	\$2,412	\$2,158	\$2,073	\$2,015	\$1,644	\$1,855	\$1,732	\$1,612	\$1,783	\$2,302	\$2,710

Table continued on next page.

Table I-1--Continued

SSWR: Summary data from the original investigations, the first reviews, and the current reviews, 1990-92, 1997-99, and 2000-05

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1990	1991	1992	1997	1998	1999	2000	2001	2002	2003	2004	2005
<b>All countries:</b>												
Quantity	24,343	26,231	42,100	80,835	62,118	65,999	82,243	62,287	58,294	35,485	47,608	41,531
Value	69,931	66,765	94,538	170,060	129,343	113,758	156,879	112,403	99,978	63,802	111,720	116,505
Unit value	\$2,873	\$2,545	\$2,246	\$2,104	\$2,082	\$1,724	\$1,908	\$1,805	\$1,715	\$1,798	\$2,347	\$2,805
U.S. producers'--												
Capacity quantity	251,718	251,696	249,894	***	***	***	***	***	***	***	***	***
Production quantity	91,292	89,499	89,574	***	***	***	***	***	***	***	***	***
Capacity utilization	36.3	35.6	35.8	***	***	***	***	***	***	***	***	***
U.S. shipments:												
Quantity	93,583	97,624	89,421	***	***	***	***	***	***	***	***	***
Value	272,796	295,027	257,237	***	***	***	***	***	***	***	***	***
Unit value	\$2,915	\$3,022	\$2,877	***	***	***	***	***	***	***	***	***
U.S. export shipments:												
Quantity	168	61	43	***	***	***	***	***	***	***	***	***
Value	613	191	133	***	***	***	***	***	***	***	***	***
Unit value	\$3,649	\$3,131	\$3,093	***	***	***	***	***	***	***	***	***
Ending inventory quantity	7,582	3,047	3,158	***	***	***	***	***	***	***	***	***
Inventories/total shipments <sup>1</sup>	8.1	3.1	3.5	***	***	***	***	***	***	***	***	***
Production workers	1,257	1,296	1,378	***	***	***	***	***	***	***	***	***
Hours worked (1,000 hours)	2,606	2,604	2,726	***	***	***	***	***	***	***	***	***

Table continued on next page.

**Table I-1--Continued**

**SSWR: Summary data from the original investigations, the first reviews, and the current reviews, 1990-92, 1997-99, and 2000-05**

(Quantity=short tons; value=1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton)

Item	1990	1991	1992	1997	1998	1999	2000	2001	2002	2003	2004	2005
Wages paid (1,000 dollars)	61,294	64,691	69,653	***	***	***	***	***	***	***	***	***
Hourly wages	\$23.52	\$24.84	\$25.55	***	***	***	***	***	***	***	***	***
Productivity (tons per hour)	35.0	34.4	32.9	***	***	***	***	***	***	***	***	***
Unit labor costs	\$671	\$723	\$778	***	***	***	***	***	***	***	***	***
Net sales:												
Quantity	74,080	79,398	81,298	***	***	***	***	***	***	***	***	***
Value	250,215	264,903	252,014	***	***	***	***	***	***	***	***	***
Unit value	\$3,378	\$3,336	\$3,100	***	***	***	***	***	***	***	***	***
Cost of goods sold	218,759	237,099	246,815	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	31,456	27,804	5,199	***	***	***	***	***	***	***	***	***
SG&A expenses	19,172	18,671	20,239	***	***	***	***	***	***	***	***	***
Operating income or (loss)	12,284	9,133	(15,040)	***	***	***	***	***	***	***	***	***
Capital expenditures	15,463	16,988	10,087	***	***	***	***	***	***	***	***	***
Unit cost of goods sold	\$2,953	\$2,986	\$3,036	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	\$259	\$235	\$249	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	\$166	\$115	(\$185)	***	***	***	***	***	***	***	***	***
Cost of goods sold/sales <sup>1</sup>	87.4	89.5	97.9	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales <sup>2</sup>	4.9	3.4	(6.0)	***	***	***	***	***	***	***	***	***

<sup>1</sup> In percent.

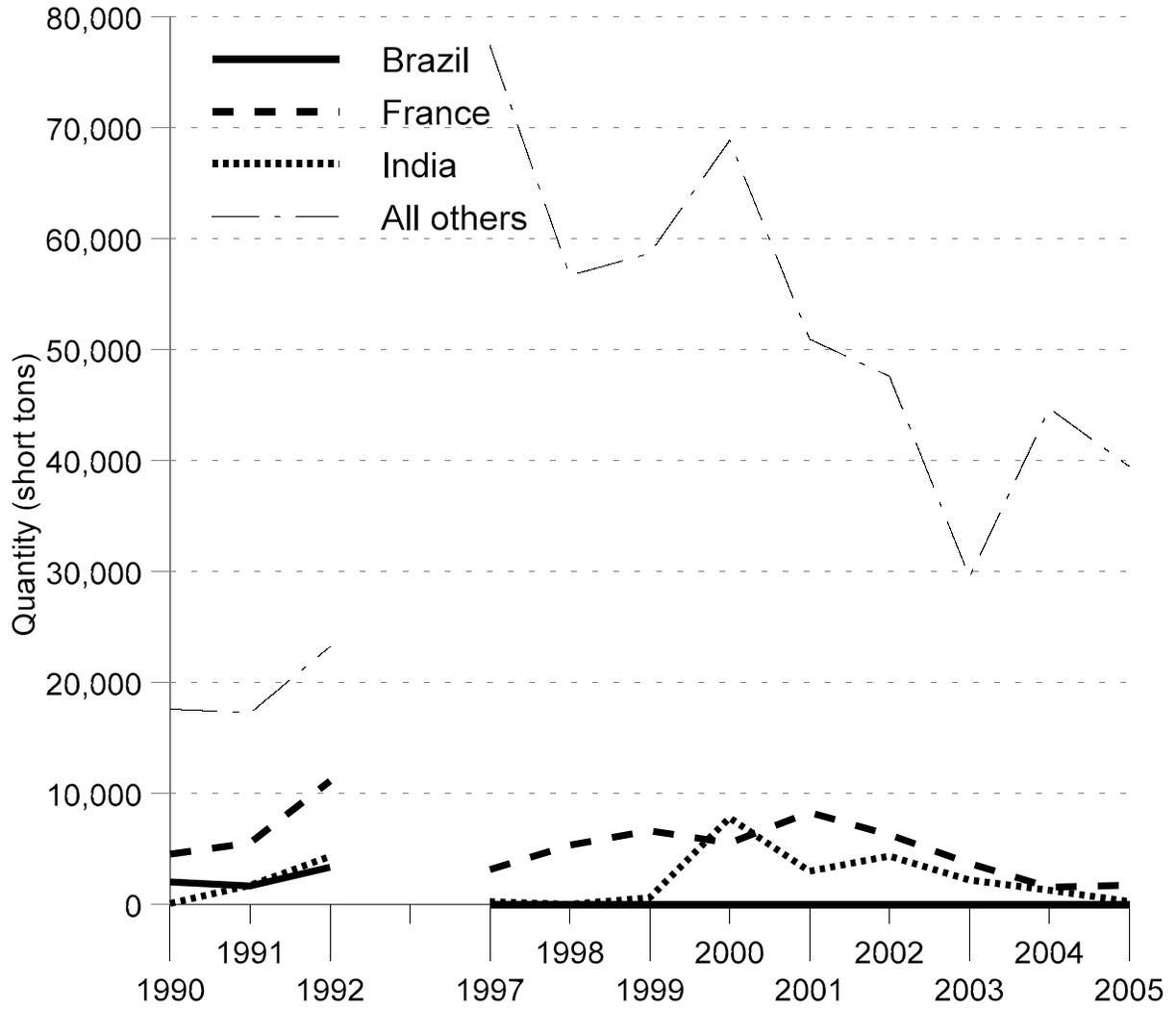
<sup>2</sup> Less than 0.05 percent.

<sup>3</sup> Not applicable.

Note.—Because of rounding, figures may not add to the totals shown. Official Commerce statistics report imports from Brazil of 2,683 short tons with an average unit value of \$418 per short ton in 2000, however, there were no reported duties applied to entries from Brazil in 2000 according to \*\*\* and official Brazilian statistics show no exports to the United States. As discussed in the section of this report entitled "Commerce's Reviews," Commerce revoked the antidumping duty order on SSWR manufactured and exported by the Viraj Group and terminated suspension of liquidation for entries on or after December 1, 2003. Data treating the Viraj Groups' import entries for this period as nonsubject imports are presented in table C-2.

Source: Compiled from the confidential report in the first reviews (memorandum INV-X-133, June 16, 2000), from data submitted in response to Commission questionnaires, and from official Commerce statistics, and from proprietary data from \*\*\*.

**Figure I-1**  
**SSWR: U.S. imports from Brazil, France, India, and all other sources, 1990-92, 1997-99, and 2000-05**



Source: Table I-1.

## Related Title VII Investigations

### Stainless Steel Wire Rod

On February 17, 1982, a petition was filed with Commerce alleging that producers, manufacturers, or exporters of SSWR in Spain received, directly or indirectly, bounties or grants.<sup>8</sup> As Spain was not at that time a “country under the Agreement” there was no requirement for the Commission to conduct a material injury investigation. On April 14, 1982, however, USTR announced that Spain had become a “country under the Agreement.” Accordingly, effective April 26, 1982, the Commission instituted a countervailing duty investigation. On November 8, 1982, Commerce made a final affirmative subsidy determination, with margins as follows: S.A. Echevarria had a net subsidy of 15.43 percent; Roldan, SA, had a net subsidy of 3.19 percent; Olarra, SA, had a net subsidy of 0 percent; and all other producer/exporters received a rate of 15.43 percent. The Commission notified Commerce of its final affirmative injury determination on December 22, 1982, and Commerce issued a countervailing duty order on January 3, 1983. In its first review of this order, however, the Commission determined that revocation of the countervailing duty order on SSWR from Spain would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.<sup>9</sup>

On July 30, 1997, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of subsidized imports of SSWR from Italy and less-than-fair-value (“LTFV”) imports of SSWR from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan.<sup>10</sup> On July 29, 1998, Commerce made a final affirmative subsidy determination on imports from Italy and final affirmative dumping determinations for Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan. On September 1, 1998, the Commission made final affirmative determinations with respect to subject imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan, and a final negative determination with respect to subject imports from Germany.<sup>11</sup> These determinations were transmitted to Commerce on September 8, 1998. Commerce issued a countervailing duty order on imports from Italy and antidumping duty orders on imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan on September 15, 1998,<sup>12</sup> but subsequently revoked the

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<sup>8</sup> The petition was filed by AL Tech Specialty Steel Corp., Armco Stainless Steel Division, Carpenter Technology Corp., Colt Industries, Inc., Cyclops Corp., Guterl Special Steel Corp., Joslyn Stainless Steels, and Republic Steel Corp.

<sup>9</sup> *Stainless Steel Wire Rod from Brazil, France, India, and Spain, Investigation Nos. 701-TA-178 (Review) and 731-TA-636-638 (Review)*, USITC Publication 3321, July 2000.

<sup>10</sup> The petition was filed by Al Tech Specialty Steel Corp., Dunkirk, NY; Carpenter Technology Corp., Reading, PA; Republic Engineered Steels, Inc., Massillon, OH; Talley Metals Technology, Inc., Hartsville, SC; and the United Steelworkers of America, AFL-CIO/CLC.

<sup>11</sup> Commissioners Bragg, Miller, and Koplán made affirmative determinations with respect to subject imports from Italy, Japan, Korea, Spain, Sweden, and Taiwan, with Commissioners Crawford and Askey dissenting and Commissioner Hillman not participating. Commissioners Miller, Koplán, and Askey made negative threat determinations with respect to subject imports from Germany, while Commissioner Crawford determined such imports to be negligible, Commissioner Bragg made an affirmative determination, and Commissioner Hillman did not participate.

<sup>12</sup> The Commission’s determination with respect to subject imports from Germany was appealed by the petitioning coalition. After due deliberations, Judge Delissa A. Ridgeway of the U.S. Court of International Trade denied the motion for judgement on the agency record, sustained the Commission’s determination with respect to subject imports from Germany, and dismissed the action. *AL-Tech Specialty Steel Corp., et. al. v. United States*, Court No. 98-10-03062, Slip Opinion 03-164 (December 16, 2003).

countervailing duty order.<sup>13</sup> Effective July 22, 2004, the Commission determined that revocation of the subject orders on SSWR from Italy, Japan, Korea, Spain, Sweden, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>14 15</sup>

## **Stainless Steel Bar**

On December 30, 1993, a petition was filed with Commerce and the Commission alleging that an industry in the United States was materially injured by reason of dumped imports of stainless steel bar from Brazil, India, Italy, Japan, and Spain.<sup>16</sup> On December 28, 1994, Commerce made final affirmative dumping determinations with respect to imports from Brazil, India, Japan, and Spain, and a final negative dumping determination with respect to Italy.<sup>17</sup> The Commission transmitted its final affirmative injury determinations to Commerce on February 14, 1995.<sup>18</sup> On February 21, 1995, Commerce issued antidumping duty orders for Brazil, India, and Japan, and on March 2, 1995, for Spain.<sup>19</sup> The Commission previously conducted countervailing duty investigations on imports of stainless steel bar from Brazil and Spain. In 1983, the Commission made an affirmative determination with respect to imports from Brazil.<sup>20</sup> In 1982, the Commission made a negative determination with respect to imports from Spain.<sup>21</sup>

On December 30, 1999, the Commission instituted five-year (sunset) reviews concerning the antidumping duty orders on imports of stainless steel bar from Brazil, India, Japan, and Spain,<sup>22</sup> and on April 6, 2000, the Commission determined to conduct full five-year reviews.<sup>23</sup> The Commission determined that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan,

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<sup>13</sup> 69 FR 40351 (July 2, 2004).

<sup>14</sup> Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissenting with respect to stainless steel wire rod from Italy, Korea, Spain, and Sweden. *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan, Investigation Nos. 731-TA-770-775 (Review)*, USITC Publication 3707, July 2004.

<sup>15</sup> The Italian respondents appealed the Commission decision to cumulate subject imports from Italy. Judge Jane Restani of the U.S. Court of International Trade affirmed the Commission's decision to cumulate subject imports from Italy with those from the other five subject countries. *See Cogne Acciai Speciali S.P.A. v. United States*, Slip Opinion 05-122 (Ct. Int'l Trade 2005).

<sup>16</sup> The petition was filed by AL Tech Specialty Steel Corp., Carpenter, Crucible, Electralloy, Republic Engineered Steels, Inc., Slater, Talley Metal Technology, Inc., and the United Steelworkers of America (AFL-CIO/CLC).

<sup>17</sup> The Commission terminated its investigation (Inv. No. 731-TA-680 (Final)) concerning imports of stainless steel bar from Italy on January 23, 1995. 60 FR 6291, February 1, 1995.

<sup>18</sup> 60 FR 9396, February 17, 1995. *See also Stainless Steel Bar from Brazil, India, Japan, and Spain, Investigation Nos. 731-TA-678, 679, 681, and 682 (Final)*, USITC Publication 2856 (February 1995).

<sup>19</sup> 60 FR 9661, February 21, 1995, and 60 FR 11656, March 2, 1995.

<sup>20</sup> *Hot Rolled Stainless Steel Bar, Cold Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Brazil, Investigation Nos. 701-TA-179-181 (Final)*, USITC Publication 1398 (June 1983).

<sup>21</sup> *Hot Rolled Stainless Steel Bar, Cold Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Investigation Nos. 701-TA-179-181 (Final)*, USITC Publication 1333 (December 1982).

<sup>22</sup> *Institution of five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain, Investigations Nos. 731-TA-678, 679, 681, and 682 (Review)*, 64 FR 73579 (December 30, 1999).

<sup>23</sup> *Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain, Investigations Nos. 731-TA-678, 679, 681, and 682 (Reviews)*, 65 FR 20834 (April 18, 2000).

and Spain would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.<sup>24</sup> A second review was instituted in March 2006.

On December 28, 2000, a petition was filed with Commerce and the Commission by Carpenter Technology Corp. (Wyomissing, PA); Crucible Specialty Metals (Syracuse, NY); Electralloy Corp. (Oil City, PA); Empire Specialty Steel, Inc. (Dunkirk, NY); Slater Steels Corp., Specialty Alloys Division (Fort Wayne, IN); and the United Steelworkers of America, AFL-CIO/CLC (Pittsburgh, PA), alleging that an industry in the United States is materially injured and threatened with material injury by reason of imports of stainless steel bar from France, Germany, Italy, Korea, Taiwan, and the United Kingdom, that are alleged to be sold in the United States at less than fair value (LTFV), and by reason of imports of stainless steel bar from Italy that are alleged to be subsidized by the Government of Italy. The Commission transmitted its final affirmative injury determinations to Commerce on March 4, 2002.<sup>25</sup> Reviews of these orders are scheduled to begin in February 2007.

### **Stainless Steel Wire**

On November 16, 1998, the Commission instituted investigation nos. 731-TA-781-786 following receipt of a petition filed with the Commission and the Department of Commerce by ACS Industries, Inc., Woonsocket, RI; Al Tech Specialty Steel Corp., Dunkirk, NY; Branford Wire & Manufacturing Co., Mountain Home, NC; Carpenter Technology Corp., Reading, PA; Handy & Harman Specialty Wire Group, Cockeysville, MD; Industrial Alloys, Inc., Pomona, CA; Loos & Co., Inc., Pomfret, CT; Sandvik Steel Co., Clarks Summit, PA; Sumiden Wire Products Corp., Dickson, TN; and Techalloy Co., Inc., Mahwah, NJ. In May 1999, the Commission unanimously determined that an industry in the United States was not materially injured or threatened with material injury, and the establishment of an industry in the United States was not materially retarded, by reason of imports from Canada, India, Japan, Korea, Spain, and Taiwan of stainless steel round wire that had been found by Commerce to be sold in the United States at LTFV.<sup>26</sup>

### **Related Safeguard Investigation**

Following receipt of a request from the Office of the United States Trade Representative (“USTR”) on June 22, 2001, the Commission instituted investigation No. TA-201-73, *Steel*, under section 202 of the Trade Act of 1974<sup>27</sup> to determine whether certain steel products, including stainless steel long products (such as rod, bar, and wire), were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industries producing articles like or directly competitive with the imported article.<sup>28</sup> On July 26, 2001, the Commission received a resolution adopted by the Committee on Finance of the U.S. Senate (“Senate Finance Committee” or “Committee”) requesting that the Commission investigate certain steel imports

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<sup>24</sup> *Determinations, Investigations Nos. 731-TA-678-679 and 681-682 (Review)*, 66 FR 17928 (April 4, 2001).

<sup>25</sup> *Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Investigations Nos. 701-TA-413 and 731-TA-913-916 and 918 (Final)*, 67 FR 10756 (March 8, 2002). Investigation No. 731-TA-917 (Final), concerning stainless steel bar from Taiwan, was terminated effective January 23, 2002, 67 FR 4745 (January 31, 2002), following Commerce's final negative LTFV determination with respect to Taiwan, 67 FR 3152 (January 23, 2002).

<sup>26</sup> *Stainless Steel Round Wire from Canada, India, Japan, Korea, Spain, and Taiwan, Investigations Nos. 731-TA-781-786 (Final)*, 64 FR 28510 (May 26, 1999).

<sup>27</sup> 19 U.S.C. § 2252.

<sup>28</sup> *Institution and Scheduling of an Investigation under Section 202 of the Trade Act of 1974 (19 U.S.C. 2252) (the Act)*, 66 FR 35267 (July 3, 2001).

under section 201 of the Trade Act of 1974.<sup>29</sup> Consistent with the Senate Finance Committee's resolution, the Commission consolidated the investigation requested by the Committee with the Commission's previously instituted investigation No. TA-201-73.<sup>30</sup> On December 20, 2001, the Commission issued its determinations and remedy recommendations. The Commission reached an affirmative determination with respect to stainless steel rod.<sup>31</sup>

On March 5, 2002, following determinations regarding serious injury or threat of serious injury by the Commission under section 202 of the Trade Act of 1974, the President announced the safeguard measures that he planned to implement to facilitate efforts by various domestic steel industries and their workers to make a positive adjustment to import competition with respect to certain steel products. The safeguard measures encompassed 10 different product categories for which the Commission made affirmative determinations (such as stainless steel rod and stainless steel bar) or was evenly divided (such as stainless steel wire). Presidential Proclamation 7529 implemented the safeguard measures, principally in the form of tariffs and tariff-rate quotas, effective March 20, 2002, for a period of three years and one day. Import relief relating to stainless steel rod consisted of an additional tariff of 15 percent *ad valorem* on imports in the first year, 12 percent in the second year, and 9 percent in the third year.<sup>32 33</sup> The President also instructed the Secretary of the Treasury and the Secretary of Commerce to establish a system of import licensing to facilitate the monitoring of imports of certain steel products.<sup>34</sup>

The safeguard measures applied to imports of subject steel products from all countries except Canada, Israel, Jordan, and Mexico, which had entered into free trade agreements with the United States, and most developing countries that were members of the World Trade Organization.<sup>35</sup> The President's initial proclamation also excluded numerous specific products from the measures, and was followed by subsequent additional exclusions.

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<sup>29</sup> 19 U.S.C. § 2251.

<sup>30</sup> *Consolidation of Senate Finance Committee Resolution Requesting a Section 201 Investigation with the Investigation Requested by the United States Trade Representative on June 22, 2001*, 66 FR 44158 (August 22, 2001).

<sup>31</sup> *Steel; Import Investigations*, 66 FR 67304 (December 28, 2001). The Commission also reached an affirmative determination with respect to stainless steel bar, and was evenly divided with respect to stainless steel wire. *Ibid.*

<sup>32</sup> *Presidential Proclamation 7529 of March 5, 2002, To Facilitate Positive Adjustment to Competition From Imports of Certain Steel Products*, 67 FR 10553 (March 7, 2002). Similar increased duties applied to stainless steel bar, while import relief relating to stainless steel wire consisted of an additional tariff of 8 percent *ad valorem* on imports in the first year, 7 percent in the second year, and 6 percent in the third year. *Ibid.*

<sup>33</sup> The increased duties on stainless steel rod were reduced from 15 percent to 12 percent on March 20, 2003, as were the increased duties on stainless steel bar, while the increased duties on stainless steel wire were reduced from 8 percent to 7 percent.

<sup>34</sup> The Department of Commerce published regulations establishing such a system on December 31, 2002.

<sup>35</sup> Safeguard measures were not applied to imports from the following countries: Albania, Angola, Antigua and Barbuda, Argentina, Bahrain, Bangladesh, Barbados, Belize, Benin, Bolivia, Botswana, Bulgaria, Burkina Faso, Burundi, Cameroon, Central African Republic, Chad, Chile, Colombia, Congo (Brazzaville), Congo (Kinshasa), Costa Rica, Cote d'Ivoire, Croatia, Czech Republic, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Fiji, Gabon, the Gambia, Georgia, Ghana, Grenada, Guatemala, Guinea, Guinea Bissau, Guyana, Haiti, Honduras, Hungary, Indonesia, Jamaica, Jordan, Kenya, Kyrgyzstan, Latvia, Lesotho, Lithuania, Macedonia, Madagascar, Malawi, Mali, Mauritania, Mauritius, Mongolia, Morocco, Mozambique, Namibia, Niger, Nigeria, Oman, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Sierra Leone, Slovakia, Solomon Islands, South Africa, Sri Lanka, Suriname, Swaziland, Tanzania, Togo, Trinidad and Tobago, Tunisia, Uganda, Uruguay, Zambia, and Zimbabwe.

In addition, safeguard measures were applied to certain products, but not stainless steel rod (nor bar nor wire), from the following countries: Brazil, India, Moldova, Romania, Thailand, Turkey, and Venezuela.

On September 19, 2003, the Commission submitted a mid-term report to the President and the Congress on the results of its monitoring of developments in the steel industry, as required by section 204(a)(2) of the Trade Act of 1974.<sup>36</sup> The Commission's monitoring report observed that, in the first year of import relief, demand for stainless rod declined. Overall imports (and particularly imports from covered sources) decreased, although the Commission specifically noted that imports from India (a noncovered source) increased. The U.S. industry producing stainless steel rod increased its market share in the first year of import relief, as output-related indicators increased. Despite falling prices for domestically produced stainless steel rod, the domestic industry's financial performance improved as well, though not to the point of profitability, as unit cost declines outpaced unit revenue declines.<sup>37</sup>

On December 4, 2003, President Bush terminated the U.S. measure with respect to increased tariffs, following receipt of the Commission's mid-point monitoring report in September 2003, and after seeking information from the U.S. Secretary of Commerce and U.S. Secretary of Labor, having determined that the effectiveness of the action taken had been impaired by changed circumstances.<sup>38</sup> Import licensing, however, remained in place through March 21, 2005, and continues in modified form at this time.<sup>39</sup>

On March 21, 2005, the Commission instituted an investigation under section 204(d) of the Trade Act of 1974 for the purpose of evaluating the effectiveness of the relief action imposed by the President on imports of certain steel products. The Commission's report on the evaluation was transmitted to the President and the Congress on September 19, 2005.<sup>40</sup>

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<sup>36</sup> *Steel: Monitoring Developments in the Domestic Industry, Investigation No. TA-204-9*, USITC Publication 3632, September 2003.

<sup>37</sup> *Steel: Monitoring Developments in the Domestic Industry, Investigation No. TA-204-9*, Volume I, USITC Publication 3632, September 2003, p. xx.

<sup>38</sup> *Presidential Proclamation 7741 of December 4, 2003, To Provide for the Termination of Action Taken With Regard to Imports of Certain Steel Products*, 68 FR 68483 (December 8, 2003).

<sup>39</sup> Proclamation 7741 terminated the tariff-rate quota and the increased import duties on certain steel products, but directed the Secretary of Commerce to continue the monitoring system until the earlier of March 21, 2005, or such time as the Secretary establishes a replacement program. On March 11, 2005, Commerce published an interim final rule to implement a replacement program for the period beyond March 21, 2005. 70 FR 12133 (March 11, 2005). On December 5, 2005, Commerce published its final rule. 70 FR 72373 (December 5, 2005).

<sup>40</sup> *Steel: Evaluation of the Effectiveness of Import Relief, Investigation No. TA-204-12*, USITC Publication 3797, September 2005, p. OVERVIEW-I-1.

## STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

### Statutory Criteria

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation “would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury.”

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

*(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*

*(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*

*(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*

*(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*

*(D) in an antidumping proceeding . . . , (Commerce’s findings) regarding duty absorption . . .*

*(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*

*(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*

*(B) existing inventories of the subject merchandise, or likely increases in inventories,*

*(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*

*(D) 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.*

*(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*

*(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

*(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.*

*(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--*

*(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,*

*(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and*

*(C) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like product.*

*The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.*

Section 752(a)(6) of the Act states further that in making its determination, “the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement.”

### **Organization of the Report**

Information obtained during these reviews that relates to the above factors is presented throughout this report. A summary of data collected in these reviews is presented in appendix C. U.S. industry data are based on information provided by five U.S. firms that produce SSWR and a sixth that provides raw materials under a tolling arrangement: Allvac, Monroe, NC (tolling for Outokumpu, Richburg, SC); Carpenter, Reading, PA; Charter, Fond du Lac, WI; NAS, Ghent, KY; and Universal, Dunkirk, NY. These firms accounted for all domestic production and sales of SSWR during 2005. U.S. import data are based on official Commerce statistics.<sup>41</sup> Responses by U.S. producers, importers, and purchasers, and producers of subject SSWR to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of their revocation are presented in appendix D.

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<sup>41</sup> Importers' questionnaire responses accounted for all imports of SSWR from France and 21.1 percent of nonsubject countries in 2005; there were no imports from Brazil and 278 short tons from India in 2005.

## COMMERCE'S REVIEWS

### Administrative Reviews

#### Brazil

Commerce has not conducted any administrative reviews of the antidumping duty order with regard to SSWR from Brazil.

#### France

Commerce has conducted three administrative reviews of the antidumping duty order on SSWR from France and published the final results of the reviews as shown in the following tabulation.

Period of review	Date results published	Margin (percent)
08/05/93 - 12/31/94	September 11, 1996 (61 FR 478774) <sup>1</sup>	Imphy/Ugine-Savoie . . . . . 14.15 All Others . . . . . 24.51
01/01/95 - 12/31/95	February 18, 1997 (62 FR 7206) <sup>2</sup>	Imphy/Ugine-Savoie . . . . . 7.29 All Others . . . . . 24.51
01/01/96 - 12/31-96	June 3, 1998 (63 FR 30185) <sup>3</sup>	Imphy/Ugine-Savoie . . . . . 7.19 All Others . . . . . 24.51
<sup>1</sup> As amended by 61 FR 58523, November 15, 1996. <sup>2</sup> As amended by 62 FR 25915, May 12, 1997. <sup>3</sup> As amended by 63 FR 45998, August 28, 1998, and 64 FR 47169, August 30, 1999.		

#### India

Commerce has conducted seven administrative reviews of the antidumping duty order on SSWR from India since the imposition of the order and published the final results of the reviews as shown in the following tabulation. Commerce is currently conducting an administrative review of the antidumping order on SSWR from India for the period December 1, 2004 through November 30, 2005.<sup>42</sup>

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<sup>42</sup> Commerce intends to rescind this review with respect to Viraj Alloys, Ltd., Viraj Forgings, Ltd., Viraj Impoexpo, Ltd., Viraj Smelting, Viraj Profiles, and VSL Wires, Ltd., and Mukand Limited after concluding that there were no entries of merchandise subject to the order during the period of review (71 FR 29124 May 19, 2006).

Period of review	Date results published	Margin (percent)
01/01/96 - 06/30/96	July 21, 1997 (62 FR 38976)	Isibars <sup>1</sup> ..... 0.00 Mukand, Sunstar Metals, and Grand Foundry <sup>2</sup> .. 48.80 All Others ..... 48.80
12/01/96 - 11/30/97	January 6, 1999 (64 FR 856)	Viraj and Panchamah <sup>1</sup> ..... 0.00 Mukand ..... 0.00 Isibars <sup>2</sup> ..... 0.00 Sunstar Metals, and Grand Foundry <sup>2</sup> ..... 48.80 All Others ..... 48.80
12/01/97 - 11/30/98	May 17, 2000 (65 FR 31302)	Viraj Impoexpo ..... 11.88 Isibars, Mukand, and Panchamah <sup>2 3</sup> ..... 0.00 Sunstar Metals, and Grand Foundry <sup>2</sup> ..... 48.80 All Others ..... 48.80
12/01/99 - 11/30/2000	May 29, 2002 (67 FR 37391)	Viraj Group ..... 0.73
12/01/00 - 11/30/01	May 15, 2003 (68 FR 26288 and 68 FR 38301)	Viraj Group ..... 3.25 Mukand ..... 26.38 Panchamah <sup>1</sup> ..... 48.80 Isibars ..... 0.00 Sunstar Metals and Grand Foundry ..... 48.80 All Others ..... 48.80
12/01/01 - 11/30/02	May 26, 2004 (69 FR 29923)	Viraj Group ..... 0.00 Mukand ..... 18.67 Panchamah <sup>1</sup> ..... 48.80
12/01/02 - 11/30/03	July 13, 2005 (70 FR 40318)	Chandan Steel ..... 2.10 Isibars, Zenstar Impex, Shaktiman ..... 27.20 Viraj Group <sup>4</sup> ..... 0.00

<sup>1</sup> Firms examined in a new shipper review.  
<sup>2</sup> The named firms were not specifically referenced in the review; all previously examined firms retain their company-specific rates published for the most recent period.  
<sup>3</sup> The review was rescinded with respect to Mukand and Panchmahal pursuant to timely requests for withdrawal of their review requests.  
<sup>4</sup> In its notice Commerce stated, "Based on our examination of the sales data submitted by Viraj, we determine that it sold the subject merchandise in the United States in commercial quantities in each of the consecutive years cited by Viraj to support its request for revocation. Thus, we find that Viraj had zero or de minimis dumping margins for its last three administrative reviews and sold in commercial quantities in each of these years. Additionally, we find that the continued application of the antidumping duty order is not otherwise necessary to offset dumping. Therefore, we determine that Viraj qualifies for revocation of the order on SSWR pursuant to 19 CFR 351.222(b)(2) and that the order with respect to merchandise produced and exported by Viraj should be revoked. In accordance with 19 CFR 351.222(f)(3), we are terminating the suspension of liquidation for any of the merchandise in question that is entered, or withdrawn from warehouse, for consumption on or after December 1, 2003, and will instruct U.S. Customs and Border Protection (CBP) to refund any cash deposits for such entries."

### Expedited Five-Year Reviews<sup>43</sup>

On November 7, 2005, Commerce determined that revocation of the antidumping duty orders on SSWR from Brazil, France, and India would likely lead to continuation or recurrence of dumping at the following weighted-average percentage margins: for Brazil the likely margins are 26.50 percent for Acos

<sup>43</sup> Commerce's notices are presented in app. A.

Finos Piratini and Acos Villares SA, 24.63 percent for Electrometal - Metals Especiais S.A, and 25.88 percent for all other manufacturers/exporters; for France the likely margins are 24.51 percent for Imphy, Ugine-Savoie, and all other manufacturers/exporters; and for India the likely margins are 48.80 percent for Mukand Ltd., Sunstar Metals Ltd., Grand Foundry Ltd., and all other manufacturers/exporters including the USL/VAL entities. Commerce has not made any duty-absorption findings with respect to SSWR from Brazil, France, or India.

**DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY  
OFFSET FUNDS TO AFFECTED DOMESTIC PRODUCERS**

The Continued Dumping and Subsidy Offset Act of 2000 (“CDSOA”) (also known as the Byrd Amendment) provides that assessed duties received pursuant to antidumping or countervailing duty orders must be distributed to affected domestic producers for certain qualifying expenditures that these producers incur after the issuance of such orders.<sup>44</sup> During the period for which data were collected in these reviews, qualified U.S. producers of SSWR were eligible to receive disbursements from U.S. Customs and Border Protection (“Customs”) under CDSOA relating to the antidumping duty orders on the subject product.<sup>45</sup> The following tabulation shows the disbursements and claims for fiscal years 2001-05:

Item	2001	2002	2003	2004	2005
<b>Disbursements<sup>1</sup> (\$1,000)</b>					
<b>By import source:</b>					
<b>Total Brazil</b>	0	0	0	(2)	0
<b>Total France</b>	756	0	1,073	1,086	541
<b>Total India</b>	0	19	8	435	222
<b>Total all</b>	756	19	1,081	1,521	763
<b>Amount claimed<sup>2</sup> (\$1,000)</b>					
<b>U.S. producers' claims:</b>					
<b>Brazil</b>	540,166	453,096	808,586	(2)	1,111,110
<b>France</b>	540,166	740,454	808,018	160,279	939,095
<b>India</b>	545,761	749,177	816,167	102,403	1,120,613
<b>Total</b>	1,626,093	1,942,727	2,432,771	262,682	3,170,818
<sup>1</sup> As presented in Section I of Customs' CDSOA <i>Annual Reports</i> . <sup>2</sup> None reported.					
Source: U.S. Customs and Border Protection's CDSOA <i>Annual Reports</i> .					

<sup>44</sup> Section 754 of the Tariff Act of 1930, as amended (19 U.S.C. § 1675(c)).

<sup>45</sup> Carpenter and Universal were the only active U.S. producers to receive disbursements during the period of the second reviews. Between fiscal years 2001 and 2005, Carpenter received \$3.4 million and Universal received \$535,000; Talley received \$191,000 in 2001.

## THE SUBJECT MERCHANDISE

### Commerce's Scope<sup>46</sup>

Imports covered by these orders are certain SSWR from Brazil, France, and India. SSWR are products which are hot-rolled or hot-rolled annealed and/or pickled rounds, squares, octagons, hexagons, or other shapes, in coils. SSWR are made of alloy steels containing, by weight 1.2 percent or less of carbon and 10.5 percent of chromium, with or without other elements. These products are only manufactured by hot-rolling and normally sold in coiled form, and are solid in cross-section. The majority of SSWR sold in the United States are round in cross-section shape, annealed, and pickled. The most common size is 5.5 millimeters in diameter.<sup>47</sup>

### Tariff Treatment

The merchandise subject to these orders is currently classifiable under heading 7221.00.00 (statistical reporting numbers 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075) of the Harmonized Tariff Schedule of the United States (HTS).<sup>48 49</sup> The column 1- general (most-favored-nation) rate of duty for this heading, applicable to imports from the countries subject to review, is free.

## THE DOMESTIC LIKE PRODUCT

In its 1993 and 1994 views in the original investigations, the Commission found that the appropriate product "like" the subject imported SSWR was all SSWR (including both "commodity" and "specialty" SSWR), and that the domestic like product did not include stainless steel bar.<sup>50 51</sup> In 2000, the Commission found no evidence in its first reviews suggesting that the original findings should be revisited, and therefore affirmed its original domestic like product findings.<sup>52</sup>

### General

Stainless steels are alloys of iron containing at least 10.5 percent by weight of chromium. In comparison to carbon steel and other alloy steels, stainless steels offer superior resistance to corrosion or

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<sup>46</sup> 70 FR 67447 (November 7, 2005).

<sup>47</sup> *Stainless Steel Wire Rods from Brazil, France, and India; Notice of Final Results of Five-year (Sunset) Reviews of Antidumping Duty Orders* 70 FR 67447 (November 7, 2005).

<sup>48</sup> The imported merchandise subject to these orders was originally reported under all of the following HTS statistical reporting numbers: 7221.00.0005, 7221.00.0015, 7221.00.0020, 7221.00.0030, 7221.00.0040, 7221.00.0045, 7221.00.0060, 7221.00.0075, and 7221.00.0080. Statistical reporting numbers 7221.00.0020, 7221.00.0040, 7221.00.0060, and 7221.00.0080 are no longer contained in the HTS.

<sup>49</sup> The HTS subheadings are provided for convenience and customs purposes. The written description remains dispositive.

<sup>50</sup> *Stainless Steel Wire Rod from India, Investigation No. 731-TA-638 (Final)*, USITC Publication 2704, November 1993, pp. I-5-8 and *Stainless Steel Wire Rod from Brazil and France, Investigation Nos. 731-TA-636 and 637 (Final)*, USITC Publication 2721, January 1994, pp. I-5-8.

<sup>51</sup> *See also Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Investigation Nos. 701-TA-176-178 (Final)*, USITC Publication 1333, December 1982, p. 6.

<sup>52</sup> *Stainless Steel Wire Rod from Brazil, France, India, and Spain, Investigation Nos. 701-TA-178 and 731-TA-636-638 (Review)*, USITC Publication 3321, July 2000, p. I-12.

oxidation at ambient or elevated temperatures. There are five classes of stainless steel, each having different chemical compositions and physical properties: austenitic, martensitic, ferritic, duplex (austenitic combined with ferritic), and precipitation hardenable stainless steel alloys. Austenitic (200- and 300-series) alloys are nonmagnetic, chromium-nickel alloys, such as grades 304 and 316. These alloys are nonhardenable by heat treatment, but can be substantially hardened by cold working. Martensitic (400-series) alloys are magnetic, chromium alloys such as grade 410, which are hardenable by heat treatment. Ferritic (also 400-series) alloys are magnetic, chromium alloys such as grade 430, and are nonhardenable by heat treatment. Duplex stainless steels, such as 2205, are magnetic, and nonhardenable by heat treatment. Precipitation hardenable (PH) alloys, such as 17-7 PH, are chromium nickel alloys that can be hardened by an aging treatment. The essential characteristics imparted by physical structures and chemical compositions influence how the steel is melted, as well as its ladle treatment, hot-rolling, and heat treatment.<sup>53</sup>

The Commission collected data on the leading grades of SSWR by type of shipment.<sup>54</sup> U.S. producers, importers, and foreign producers were requested to report their top three grades for each type of SSWR by type of shipment. Predominant grades of SSWR shipped by U.S. producers during 2005 were 302, 303, 304, 304L, 310, 316, 316L, 410, 416, 420, 430, 430L, and 440. Predominant grades of SSWR imported into the United States for commercial sale during 2005 were 302, 302HQ, 303, 304, 305, 316, 409, 410, 416, 420, 430, and 430L. Predominant grades of SSWR imported into the United States for internal consumption or transfer to related firms were 303, 304, 316, 410, 416, 430L, and 431. One foreign producer (\*\*\*) provided information on grades of SSWR exported to the United States during 2005. Predominant grades exported were \*\*\*.

### **Physical Characteristics and Uses**

SSWR is an intermediate stainless steel product that is produced in a wide variety of sizes and grades, usually in accordance with specific customer requirements. It is used as an input for the production of stainless steel wire and stainless steel bar. The primary end users of subject SSWR are wire redrawers, who produce stainless steel wire. A smaller proportion of larger diameter subject wire rod is converted into small-diameter stainless steel bar. Finally, some forgers and fabricators machine subject SSWR into various downstream products, including, but not limited to, industrial fasteners, springs, medical and dental instruments, automotive parts, and welding electrodes. Although SSWR is produced in sizes as large as 32 mm (1.259 inch) diameter, the most common size SSWR is 5.5 mm (0.217 inch) diameter, circular cross-section, which is the smallest size normally produced on a hot-rolling mill and is the size that is most commonly used for wire drawing.<sup>55</sup>

### **Manufacturing Facilities and Production Employees**

There are three basic steps in SSWR production, regardless of grade or final cross section: (1) the melting of steel and production of billets, (2) hot-rolling the billets and coiling the wire rod, and (3) finishing, which includes annealing and pickling. Inspection, packaging, and shipment follow these

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<sup>53</sup> *Stainless Steel Wire Rod from Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Investigation Nos. 701-TA-373 (Final) and 731-TA-769-775 (Final)*, USITC Publication 3126, September 1998, pp. I-4, and *Stainless Steels*, ASM International, Materials Park, OH, 1994.

<sup>54</sup> U.S. producers, importers, and foreign producers were requested to report their top three grades for each type of SSWR by type of shipment. All grades cited in this section are subject SSWR.

<sup>55</sup> *Stainless Steel Wire Rod from Italy, Japan, Korea, Spain, Sweden, and Taiwan, Investigation Nos. 731-TA-770-775 (Review)*, USITC Publication 3707, July 2004, p. I-13.

three stages of production. The production process employed domestically and by foreign producers is generally the same.<sup>56</sup>

In the first stage, molten stainless steel is produced by melting stainless steel scrap and various alloying agents (including chromium, nickel, and molybdenum) in an electric arc furnace. Molten stainless steel is typically passed through a ladle metallurgy station, where its chemistry is refined to produce steel with specific properties according to end-use applications. It is then cast into billets, which are semifinished long products with a square cross section.

In the second stage, the stainless steel billet may be fed directly into the hot-rolling mill, or it may be subjected to one or more conditioning operations (such as heating, annealing, or grinding) in preparation for hot-rolling. In the hot-rolling mill, the billet passes through a series of continuous heating and rolling operations until it has been reduced to a specific diameter and shape, at which point it has the dimensions of wire rod. The wire rod is coiled in irregularly-wound coils and is subject to either blown air cooling or direct water-quench cooling. The weight of a single, continuous (non-welded) coil is a function of the size of the billet used to produce it.<sup>57</sup>

In the finishing stage, the coils may be annealed (heat treated) and mechanically descaled (shot-blasted) and/or pickled (dipped in a series of acid baths) to improve surface quality. The coils of wire rod may also be coated with a lubricant containing copper, lime, or oxalate, a process which facilitates the drawing process.

Some SSWR may be further subjected to a cold-drawing process to produce “sized” or “shaved” rod. In this process, the wire rod is straightened and cold-drawn after the initial hot-rolling, annealing, and pickling, and is then recoiled. This process imparts tighter dimensional tolerances and minimizes surface imperfections.<sup>58</sup>

## **U.S. MARKET PARTICIPANTS**

### **U.S. Producers**

During the period for which data were collected, five U.S. firms produced SSWR and a sixth provided raw materials under a tolling arrangement. Each of these companies provided at least part partial information in their questionnaires. The firms, with their plant locations, shares of 2005 production, and positions with respect to the orders, are shown in table I-2.

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<sup>56</sup> Ibid., p. I-14.

<sup>57</sup> Presently, domestic and foreign producers regularly supply SSWR in coils weighing as much as 4,000 pounds.

<sup>58</sup> This product is also referred to as being “peeled and shaved.” Domestic interested parties’ prehearing brief, p. 2, notes that Commerce has determined that “peeled and shaved” rod is outside the scope of these orders.

**Table I-2**

**SSWR: U.S. producers, positions on continuation, production locations, affiliations, and shares of 2005 production**

Producer	Position on continuation of orders	U.S. production location(s)	Related and/or affiliated firms	Share of reported SSWR production in 2005 (percent)
Allvac <sup>1</sup>	***	Monroe, NC	***	***
Carpenter	***	Reading, PA & Hartsville, SC	Owner of Talley Metals, Hartsville, SC	***
Charter	***	Fond du Lac, WI	Division of Charter Manufacturing	***
NAS	***	Ghent, KY	Owned by Acerinox, SA	***
Outokumpu <sup>1</sup>	***	Richburg, SC	Owned by Outokumpu Stainless Steel Oyj	( <sup>2</sup> )
Universal	***	Dunkirk, NY	Owned by Universal Stainless & Alloy Products, Inc.	***

<sup>1</sup> Allvac is the toll producer for Outokumpu.

<sup>2</sup> Allvac produces SSWR for Outokumpu. Outokumpu does not produce SSWR itself, rather, it remanufactures Allvac's production into bar.

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

Carpenter Technology Corporation (Carpenter) is a publicly owned company headquartered in Wyomissing, PA. Charter Specialty Steel (Charter), a division of Charter Manufacturing, a privately owned holding company headquartered in Mequon, WI, began producing SSWR in 2001. Dunkirk Specialty Steel, LLC (Universal), a division of Universal Stainless & Alloy Products, Inc., a publicly owned company headquartered in Bridgeville, PA, began producing SSWR in 2002.<sup>59</sup> North American Stainless (NAS), a division of Acerinox SA, a publicly owned company headquartered in Madrid, Spain, began producing SSWR in 2003. Outokumpu Stainless Bar, Inc. (Outokumpu) of Richburg, SC, is owned by Outokumpu Stainless Steel Oyj, a publicly owned company headquartered in Espoo, Finland. Allvac, in Monroe, NC, is the toll producer of SSWR for Outokumpu. Outokumpu supplies Allvac with billets and internally consumes the SSWR that Allvac produces. Allvac is a division of Allegheny Technologies Incorporated, a publicly owned company headquartered in Pittsburgh, PA.

**U.S. Importers**

Questionnaire responses with data were received from four firms, accounting for more than 25 percent of total imports of SSWR in 2005. Ugine Stainless and Techalloy accounted for \*\*\* of the SSWR imported from France during 2000-05. None of the responding importers reported imports of SSWR from Brazil or India. U.S. importers, their sources of imports, U.S. locations, and shares of reported U.S. imports in 2005, are shown in table I-3.

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<sup>59</sup> Universal purchased the assets of the former Empire Specialty Steel, Inc. (shut down since June 2001) in February 2002, and the plant became operational in March 2002. The plant is supplied with billets produced in Bridgeville, PA, by its parent company, Universal Stainless & Alloy Products, Inc. <http://www.univstainless.com/>.

**Table I-3**

**SSWR: U.S. importers, source of imports, office locations, shares of reported 2005 subject imports, and shares of reported 2005 nonsubject imports**

<b>Firm</b>	<b>Source of imports</b>	<b>U.S. office location(s)</b>	<b>Share of 2005 reported subject imports (percent)</b>	<b>Share of 2005 reported nonsubject imports (percent)</b>
Comprador Inoxible, Inc.	***	Petaluma, CA	***	***
Outokumpu Stainless Bar, Inc. <sup>1</sup>	***	Richburg, SC	***	***
Techalloy, Inc. <sup>2</sup>	***	Mahwah, NJ	***	***
Ugine Stainless & Alloys, Inc. <sup>3</sup>	***	Doylestown, PA	***	***
<b>Total</b>			100.0	100.0
<sup>1</sup> ***. <sup>2</sup> ***. <sup>3</sup> ***.				
Source: Compiled from data submitted in response to Commission questionnaires.				

**U.S. Purchasers**

In response to purchaser questionnaires issued by the Commission to 27 firms, 19 purchasers supplied usable data<sup>60</sup> and one reported that it had not purchased the subject product during the period for which data were collected. U.S. purchasers, their sources, U.S. locations, and type of firm, are shown in table I-4.

**APPARENT U.S. CONSUMPTION AND MARKET SHARES**

Table I-5 presents U.S. producers' U.S. shipments of SSWR, U.S. imports, and apparent U.S. consumption for the period 2000-05. Table I-6 presents apparent U.S. consumption and market shares of SSWR for the same period.

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<sup>60</sup> \*\*\*.

**Table I-4**

**SSWR: U.S. purchasers, their sources of purchases, U.S. locations, and types of firms**

Firm	Source of purchases	U.S. office location	Type of firm
Bar Stock Specialties	***	Houston, TX	Wire drawer and distributor
Brookfield Wire Co. <sup>1</sup>	***	Brookfield, MA	Wire drawer
Fall River Manufacturing Co.	***	Fall River, MA	End user (fasteners)
Fort Wayne Metals Research Products Corp.	***	Fort Wayne, IN	Wire drawer (medical devices)
Gerard Daniel <sup>2</sup>	***	Fontana, CA	Wire drawer
Handy & Harman Specialty Wire & Cable Group <sup>3</sup>	***	Cockeysville, MD	Wire drawer (braided hose, springs, belts, antennas, lashing wire, strand and cable, oil production products, medical devices)
Heckethorn Manufacturing Co. <sup>4</sup>	***	Dyersburg, TN	End user (exhaust hangers)
Industrial Alloys <sup>5</sup>	***	Pomona, CA	Wire drawer (wire and cold-drawn bar)
Industrial Steel & Wire Co.	***	Chicago, IL	Distributor of wire (tolled by converters)
Loos & Co.	***	Pomfret, CT	Wire drawer (wire rope)
National Standard LLC <sup>6</sup>	***	Niles, MI	Wire drawer (weld wire, springs)
Nelson Studwelding <sup>7</sup>	***	Elyria, OH	End user (cold-form studs)
Precision Metal Services Inc.	***	Montgomeryville, PA	Distributor
Sandvik Material Technology <sup>8</sup>	***	Scranton, PA	Wire drawer (weld and spring wire manufacturer)
Sumiden Wire Products Corp. <sup>9</sup>	***	Dickson, TN	Wire drawer (spring wire)
Techalloy Co. <sup>10</sup>	***	Mahwah, NJ	Wire drawer (forming, weaving, spring, fasteners, welding)
Tri Star Metals	***	Carol Stream, IL	End user (wire and bars)
Ulbrich Shaped Wire <sup>11</sup>	***	North Haven, CT	Wire drawer
Zapp Precision Wire <sup>12</sup>	***	Summerville, SC	Wire drawer (food and furnace belts, cable armoring, wiper blades)

- 1 \*\*\*
- 2 \*\*\*
- 3 \*\*\*
- 4 \*\*\*
- 5 \*\*\*
- 6 \*\*\*
- 7 \*\*\*
- 8 \*\*\*
- 9 \*\*\*
- 10 \*\*\*
- 11 \*\*\*
- 12 \*\*\*

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

**Table I-5**  
**SSWR: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,**  
**2000-05**

Item	2000	2001	2002	2003	2004	2005
<b>Quantity (short tons)</b>						
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from--						
Brazil	0	0	0	0	7	0
France	5,546	8,314	6,288	3,720	1,569	1,749
India	7,815	3,004	4,388	2,232	1,297	278
Subtotal	13,362	11,318	10,676	5,952	2,874	2,027
Other sources	68,882	50,969	47,618	29,533	44,734	39,503
Total imports	82,243	62,287	58,294	35,485	47,608	41,531
Apparent U.S. consumption	***	***	***	***	***	***
<b>Value (1,000 dollars)</b>						
U.S. producers' U.S. shipments	***	***	***	***	***	***
U.S. imports from--						
Brazil	0	0	0	0	16	0
France	16,001	19,259	16,788	7,771	6,000	8,658
India	13,086	4,886	6,436	3,377	2,745	783
Subtotal	29,088	24,146	23,224	11,148	8,761	9,441
Other sources	127,792	88,258	76,754	52,654	102,959	107,064
Total imports	156,879	112,403	99,978	63,802	111,720	116,505
Apparent U.S. consumption	***	***	***	***	***	***
<p>Note.--Official Commerce statistics report imports from Brazil of 2,683 short tons with an average unit value of \$418 per short ton in 2000, however, there were no reported duties applied to entries from Brazil in 2000 according to *** and official Brazilian statistics show no exports to the United States. As discussed in the section of this report entitled "Commerce's Reviews," Commerce revoked the antidumping duty order on SSWR manufactured and exported by the Viraj Group and terminated suspension of liquidation for entries on or after December 1, 2003. Data treating the Viraj Groups' import entries for this period as nonsubject imports are presented in table C-2.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires, from official Commerce statistics, and from proprietary data from ***.</p>						

**Table I-6**  
**SSWR: U.S. market shares, 2000-05**

\* \* \* \* \*

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

### **U.S. MARKET CHARACTERISTICS**

SSWR is generally an intermediate product that is produced in a wide variety of grades, shapes, diameters, and sizes in accordance with specific customer requirements. Most SSWR sold on the commercial market is sold to firms that draw the rod into stainless wire.<sup>1</sup> In addition, SSWR is sold to end users, such as forgers and fabricators, for the manufacture of various products including fasteners, springs, automotive and medical products, and welding electrodes. Smaller quantities are sold to distributors and bar manufacturers.

### **U.S. CHANNELS OF DISTRIBUTION**

U.S. producers shipped the \*\*\* majority of SSWR to end users, with smaller quantities going to distributors in 2000 through 2005 (see table II-1).<sup>2</sup> Importers from the subject countries shipped \*\*\* of their SSWR to end users between 2000 and 2005, and importers from nonsubject countries reported shipping \*\*\* percent of their SSWR to end users during the period.

All four U.S. producers and two of the three responding importers<sup>3</sup> reported nationwide sales, while one importer \*\*\* reported serving markets in the Northeast and Midwest.

None of the responding producers or importers reported SSWR sales using the internet, but one purchaser, \*\*\*, reported buying SSWR using the internet in times when product is needed as a “fill in.”

### **SUPPLY AND DEMAND CONSIDERATIONS**

#### **U.S. Supply**

Several responding producers, importers, and purchasers reported that NAS and Charter, who began operations during the review period, affected the availability of SSWR since 2000. Other producers and purchasers reported that increased raw material, energy, and transportation costs; improved technology; strong demand; and the increased presence of China in the market have affected SSWR supply since 2000.

Producers and importers reported that, generally, there have been no significant changes in the product range, product mix, or marketing of SSWR since 2000. NAS reported that \*\*\*. UGINE reported that after the sale of Techalloy in 2005 and the \*\*\* to that company, it has concentrated on selling \*\*\*.<sup>4</sup> All of the responding producers and importers reported anticipating no changes in the product range, product mix, or marketing in the future.

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<sup>1</sup> A substantial proportion of domestic SSWR is consumed internally by producers who also maintain cold-finishing operations.

<sup>2</sup> The reported shares are based on commercial shipments and do not include internal consumption.

<sup>3</sup> Of the four importers who responded to Commission questionnaires, only \*\*\* imported from one of the subject countries between 2000 and 2005, but \*\*\* consumed all of its SSWR internally and did not answer importer questions referenced in this part of the report.

<sup>4</sup> Since the sale, Techalloy has made inquiries to buy SSWR from UGINE, and UGINE treats it like any other customer. Hearing transcript, p. 226 (O'Donnell).

**Table II-1**

**SSWR: Channels of distribution for domestic product and imports sold in the U.S. market (as a percent of total), by year and by source, 2000-05<sup>1</sup>**

Item	2000	2001	2002	2003	2004	2005
<b>Share of quantity (percent)</b>						
<b>Domestic industry:</b>						
Shipments to distributors	***	***	***	***	***	***
Shipments to end users	***	***	***	***	***	***
<b>Imports from France:</b>						
Shipments to distributors	***	***	***	***	***	***
Shipments to end users	***	***	***	***	***	***
<b>Nonsubject imports:</b>						
Shipments to distributors	***	***	***	***	***	***
Shipments to end users	***	***	***	***	***	***
<p><sup>1</sup> No data were reported for imports from Brazil or India. In the original investigations, about *** the imports from France and *** percent of the imports from Brazil were transferred to or directly imported by Techalloy for its manufacture into wire. The rest of imports from subject countries were imported by independent steel service centers. In the first reviews, the Commission found that the majority of shipments from U.S. producers and imports from subject countries were shipped the end users; specifically, U.S. producers shipped between *** percent of their SSWR to end users.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires and from <i>Stainless Steel Wire Rod from Brazil, France, and India</i>, Invs. Nos. 731-TA-636-638 (Final), USITC Publication 2721, January 1994 and <i>Stainless Steel Wire Rod from Brazil, France, India, and Spain</i>, Invs. Nos. 701-TA-178 (Review) and 731-TA-636-638 (Review), USITC Publication 3321, July 2000.</p>						

## Domestic Production

Three responding producers and one of the three responding importers reported that they anticipate an increase in the availability of U.S.-produced SSWR in the U.S. market in the future, with \*\*\* citing increases in capacity. One producer and one importer reported that they expect no change in availability in the U.S. market, and one importer reported expecting a decrease in availability due to NAS' dominance of pricing in the market.

Purchasers were asked to identify and discuss any improvements or changes in the U.S. SSWR industry since 2000 and whether they anticipate any improvements or changes in the future. Three purchasers responded. \*\*\* reported that the arrival of NAS as a U.S. producer has lowered its costs for raw materials in the common grades of SSWR and that Carpenter and Universal have had opportunities to capture more business in the grades of SSWR that NAS does not produce. \*\*\* reported that NAS has added over 40,000 tons of capacity to the U.S. industry and filled the void of SSWR at competitive prices.<sup>5</sup> \*\*\* reported that too many U.S. mills are going out of business and that NAS is the only melt source left in the United States.

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<sup>5</sup> \*\*\* also reported that Charter has authorized capital expenditures for future capacity expansions in melting and rolling SSWR and that Outokumpu has a joint venture with Allvac for rolling SSWR to 5.5 mm; both to begin later in 2006.

Based on available information, U.S. producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of U.S.-produced SSWR to the U.S. market. The main contributing factors to the moderate degree of responsiveness of supply are the availability of unused capacity, few export shipments, low levels of inventories, and some production alternatives.

### *Industry capacity*

U.S. producers reported excess capacity throughout the period for which data were collected in these reviews. U.S. producers' capacity utilization for SSWR fluctuated from \*\*\* percent in 2000 to \*\*\* percent in 2005, peaking at \*\*\* percent in 2004 (see table III-1).<sup>6</sup>

### *Alternative markets*

U.S. producers' export shipments, as a percent of total shipments, increased from \*\*\* percent in 2000 to \*\*\* percent in 2005 (see table III-3).<sup>7</sup> This \*\*\* level of exports during the period indicates that domestic producers \*\*\* in their ability to shift shipments between the United States and other markets in response to price changes. Indeed, three of the four responding producers reported that they are unable or limited in their ability to shift sales of SSWR between the U.S. market and alternative country markets.<sup>8</sup> \*\*\* reported that its exports of SSWR are subject to tariff or non-tariff barriers in other countries but did not specify the barrier or the country.

### *Inventory levels*

Inventories tend to be low in the SSWR industry since most rod is manufactured to customer specifications. U.S. producers' inventories, as a share of total shipments, increased from \*\*\* percent in 2000 to \*\*\* percent in 2005, peaking at \*\*\* percent in 2002 (see table III-5). During the review period, \*\*\*.

### *Production alternatives*

Other products, particularly stainless steel bar, can be produced using the same equipment and workers as SSWR by some U.S. firms. Specifically, the melting, casting, and rolling stages of production are common to both SSWR and stainless steel bar.<sup>9</sup>

Two of the four responding producers reported that they produce other products, such as cold-drawn bar and angles, on the same equipment and machinery used in the production of SSWR. Two producers also reported that they are able to switch production to these other products in response to relative price changes.<sup>10</sup> \*\*\* reported that the decision to switch production is based on sales mix

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<sup>6</sup> Low capacity utilization in 2004 and 2005 has been partially attributed to Charter's inability to purchase stainless steel billets. Hearing transcript, p. 32 (Mellowes) and domestic producers' posthearing brief, exhibit 1, p. 14.

<sup>7</sup> The increase in exports during the review period was primarily due to \*\*\*. Domestic producers' posthearing brief, exhibit 1, pp. 4-5.

<sup>8</sup> \*\*\*.

<sup>9</sup> The production process is discussed in part I of this report. Carpenter reported that production can be switched from SSWR to stainless steel bar immediately and at no additional costs. Hearing transcript, pp. 112-113 (Brugger).

<sup>10</sup> \*\*\* reported that it has produced other products using the same machinery and production workers, with the product mix based on demand, but that it cannot switch production in response to relative price changes.

decisions and scheduling,<sup>11</sup> and \*\*\* reported that it can switch production at the melting and rolling stages but not at the annealing and cleaning stages.

### **Subject Imports**

From March 2002 through December 2003, stainless steel rod, stainless steel bar, and stainless steel wire were subject to safeguard measures.<sup>12</sup> In the Commission's September 19, 2003 mid-term report to the President and the Congress on the results of its monitoring of developments in the steel industry, the report observed that overall imports of stainless steel rod (and particularly imports from covered sources) decreased, although the Commission specifically noted that imports from India (a noncovered source) increased.

The sensitivity of supply of subject imported SSWR to changes in price depends upon such factors as the existence of excess capacity, the level of inventories, and the existence of export markets. Relevant information for Brazil and France follows, but there was not enough information from questionnaire responses for producers from India.

Based on available, though somewhat limited, information, Brazilian producers are likely to respond to changes in demand with small to moderate changes in the quantity of shipments of SSWR to the U.S. market. The main contributing factors to the low to moderate degree of responsiveness of supply are \*\*\* export shipments and moderate levels of inventories. Based on available information, French producers are likely to respond to changes in demand with moderate changes in the quantity of shipments of SSWR to the U.S. market.<sup>13</sup> The main contributing factors to the moderate degree of responsiveness of supply are the existence of alternate markets, high capacity utilization, low levels of inventories, and some production alternatives.

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<sup>11</sup> Carpenter is reportedly withdrawing from high-volume, low-margin products, such as SSWR and stainless bar, in favor of higher-value, higher-technology products partly in response to competition from both other domestic and foreign firms. "Carpenter's focus on high-value items yields productivity gains," American Metal Market, February 21, 2006. Carpenter is not withdrawing altogether from the SSWR market, however, and continues to produce the entire subject product line. Hearing transcript, pp. 18-19 (Brugger).

<sup>12</sup> See part I of this report for detailed information.

<sup>13</sup> Ugitech reported that it reduced the volume of SSWR it allocated to the U.S. market in order to focus on the European market and on higher value-added products. In addition, it reported that this decision also resulted from an increase in demand in Europe and a decrease in European hot-rolling capacity. Ugitech's response to the notice of institution, p. 2. In addition, the vast majority of Ugitech's sales in 2005 were made to \*\*\* customers, all of which have been customers for over a decade. Hearing transcript, pp. 175 and 200 (O'Donnell) and respondent interested parties' posthearing brief, p. 3 and exhibit 1, pp. 10-11.

### ***Industry capacity***

The responding Brazilian producer's capacity utilization for SSWR decreased from \*\*\* percent in 2000 to \*\*\* percent in 2005 (see table IV-6).<sup>14</sup> French producer Ugitech's capacity utilization increased from \*\*\* percent in 2000 to \*\*\* percent in 2005 (see table IV-7).<sup>15</sup>

### ***Alternative markets***

Villares' export shipments, as a percent of total shipments, decreased from \*\*\* percent in 2000 to \*\*\* percent in 2005 (see table IV-6). \*\*\*.

\*\*\*. French export shipments, as a percent of total shipments, also decreased, declining from \*\*\* percent in 2000 to \*\*\* percent in 2005 (see table IV-7). \*\*\*.<sup>16</sup>

### ***Inventory levels***

Villares' inventories, as a share of total shipments, increased irregularly from \*\*\* percent in 2000 to \*\*\* percent in 2005 (see table IV-6), and Ugitech's inventories, as a share of total shipments, decreased irregularly from \*\*\* percent in 2000 to \*\*\* percent in 2005 (see table IV-7).

### ***Production alternatives***

As with U.S. producers, some producers of SSWR in the subject countries can produce other products, such as stainless steel bar, using the same equipment and workers that produce SSWR. \*\*\*.<sup>17</sup>

### ***Nonsubject Imports***

Imports of SSWR from nonsubject countries decreased from 68,882 short tons in 2000 to 39,503 short tons in 2005. One producer and all three responding importers reported that the availability of nonsubject SSWR has changed since 2000. Two importers reported that China has increased its presence in the SSWR market, and \*\*\* reported that SSWR from Germany and the United Kingdom has become more available. \*\*\* reported that SSWR from the United Kingdom increased in 2004 \*\*\* but that in 2006, those imports returned to pre-2004 levels.

## **U.S. Demand**

### **Demand Characteristics**

The overall demand for SSWR primarily depends upon the demand for a variety of end-use applications. When asked if the SSWR market is subject to business cycles or conditions of competition distinctive to SSWR, 4 of the 17 responding purchasers reported that it is, with \*\*\* reporting that there are cycles of 6 to 8 years in length with 1 to 2 years of high demand, and \*\*\* reporting that customers in

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<sup>14</sup> \*\*\*. See part IV of this report for more information.

<sup>15</sup> These data have changed since the prehearing report. Ugitech reported that it is operating at full or nearly full capacity. Hearing transcript, p. 171 (Crandall), p. 176 (O'Donnell), and pp. 182-183 (Valentin).

<sup>16</sup> Europe is Ugitech's primary export market and consumes more than \*\*\* percent of the SSWR that Ugitech produces. Respondent interested parties' posthearing brief, p. 12.

<sup>17</sup> Ugitech reported that profitability margins on stainless steel bar are much higher than on SSWR. Respondent interested parties' posthearing brief, p. 12 and exhibit 1, p. 8.

the automotive industry have down months in July, November, and December.<sup>18</sup> Five purchasers reported that the emergence of new markets for SSWR since 2000 has affected the business cycle or conditions of competition distinctive to SSWR, citing increased demand in China and a new market for security fencing products, which use SSWR.

Producers, importers, and purchasers were asked to list the end uses of SSWR. The most commonly reported uses were for various types of wire, bars, screens, antennas, fasteners, wiper blades, medical devices, and certain types of belts. When asked if there had been any changes in the end uses of SSWR since 2000, \*\*\* reported that SSWR is increasingly used in electronics, and \*\*\* reported that SSWR is increasingly getting consideration for use in reinforcement bars for concrete construction, such as in bridge decks. None of the responding producers, importers, or purchasers reported expecting changes in the end uses of SSWR in the future.

Ten of the 18 responding purchasers reported that SSWR specifications vary depending on the end-use application. Specifications and end uses reported included the importance of chemistry for aircraft manufacturers, different specifications for automobile manufacturers, and different standards and grades for commercial versus aircraft rope wire and knitting wire.

Purchasers who distribute or resell SSWR listed wire drawers, distributors, bar producers, and fastener manufacturers as consumers of their SSWR.

Apparent U.S. consumption of SSWR fluctuated with a generally downward trend from 2000 through 2005, decreasing from \*\*\* short tons in 2000 to \*\*\* short tons in 2005. Two producers, one importer, and eight purchasers reported that demand decreased between 2000 and 2005, while one producer and four purchasers reported that demand increased.<sup>19</sup> Of those reporting that demand decreased, factors cited included end-use customers moving overseas, the substitution of wire for SSWR, and increased imports of wire and finished products. Of those reporting that demand increased, factors cited included increased demand from aerospace, power generation, and certain automotive markets; general economic growth; and an increase in security-related measures.

When asked if they anticipate future changes in SSWR demand in the United States and the rest of the world, one producer reported expecting further demand decreases in the United States, and one importer reported expecting consumption to increase in 2006 and resume 3 to 4 percent annual market growth. Seven purchasers reported that they expect future demand changes, with most saying demand for SSWR will continue to decrease in the U.S. market but increase in the rest of the world.<sup>20</sup>

Purchasers were asked whether their purchasing patterns for SSWR from domestic, subject, and nonsubject sources had changed since 1994. Two purchasers reported that the relative share of their total purchases of SSWR from domestic producers increased, four reported decreased purchases from the subject countries, and one reported increased purchases from nonsubject countries. Two stated that there had been no significant change in their purchasing patterns. Nine of the 19 responding purchasers reported purchasing SSWR from at least one of the subject countries prior to 1994. Five reported that

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<sup>18</sup> Domestic producers reported that demand for SSWR has tracked trends in the overall U.S. economy, with a significant downturn from 2000 to 2003, especially in the aerospace, automotive, industrial, and consumer sectors, and a recovery beginning in 2004. In addition, domestic producers also reported that the demand for SSWR is a derived demand, dependent on the demand in end-use industries, including automotive, medical, marine, and general manufacturing. Domestic producers' response to the notice of institution, p. 13.

<sup>19</sup> \*\*\* reported that demand fluctuated during the period, with a decline in 2001-02 and an increase since then.

<sup>20</sup> Domestic producers reported that they expect world demand for SSWR to increase during the period at approximately 4 percent annually and U.S. demand for SSWR to decrease through 2007 and then increase in 2008 and 2009 at approximately 4 percent annually. Hearing transcript, p. 37 (Blot).

they reduced or discontinued their purchases from subject countries because of the orders; two reported that their purchasing patterns changed for reasons other than the orders; one reported that its purchasing pattern has been essentially unchanged since 1994; and one did not answer the question.

Six purchasers changed their purchasing pattern from nonsubject countries for reasons other than the orders; six increased their purchases from nonsubject countries because of the orders; four reported that their purchasing pattern from nonsubject sources was essentially unchanged since 1994; and two did not purchase from nonsubject sources before or after the order.

## **Substitute Products**

While there are reported substitutes for SSWR, the potential for substitution is often limited by the end use. Stainless steel wire<sup>21</sup> and bar, carbon steel wire rod, corrosion-resistant steel, chromium-plated carbon steel, tubular products, titanium, aluminum, and plastics were listed as substitutes for SSWR in certain applications. Five purchasers reported that there are no substitutes for SSWR, and \*\*\* reported that substitution is often limited by design requirements and commercial feasibility and that substitution usually takes place not between SSWR and other materials but between different grades of SSWR. When asked if there have been any changes in the number or type of products that can be substituted for SSWR, one purchaser reported that the high price of nickel has caused the price of SSWR to increase relative to carbon steel wire rod. The other purchasers, as well as all of the producers and importers, reported that there have been no changes in the number or type of substitutes, and only two purchasers expect any changes in the future. \*\*\* reported that low-end nickel-based alloys could be substituted for SSWR, and \*\*\* reported that the medical device industry is innovative and that technology may lead to new substitutes for SSWR.

Two producers reported that prices of stainless steel wire have a direct effect on demand for SSWR, and one importer, \*\*\*, reported that the price of substitutes is a factor in keeping the price of SSWR too low. Three purchasers reported that prices for the substitute products have increased relative to SSWR, one purchaser reported that prices of the substitutes have decreased, and one purchaser reported that the price differential has remained the same. Three of the purchasers reported using some of the substitute products, and two reported not using any substitute products.

## **Cost Share**

SSWR often accounts for a relatively large percentage of the total cost of end-use products, although the cost share does vary widely, depending on the end use. Purchasers reported that SSWR accounts for between 8 and 90 percent of the total cost of the end products in which SSWR is used. In wire production, SSWR represents 29 to 90 percent of the total cost of the end product,<sup>22</sup> whereas in the production of fasteners, SSWR represents 50 to 70 percent. According to purchasers, SSWR represents 8 percent of the total cost of springs, 45 percent of the total cost of rod hangers, 75 percent of the total cost of cut-to-length bars, 82 percent of the total cost of cable armoring, and 82 percent of the total cost of wiper blades.

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<sup>21</sup> \*\*\* reported that companies are importing wire rather than buying SSWR to draw wire, and \*\*\* reported that when wire is priced similarly to SSWR, customers would rather buy the wire.

<sup>22</sup> Purchasers reported that SSWR accounts for 29 to 45 percent of the total cost of custom wire, 35 percent of the total cost of wire rope, 60 percent of the total cost of fine diameter wire, 75 to 80 percent of the cost of spring wire, and 70 to 90 percent of the cost of welding wire.

## Demand Outside the United States

Producers, importers, and purchasers also were asked how demand for SSWR outside the United States has changed between 2000 and 2005.<sup>23</sup> Nine purchasers and one importer reported that demand outside of the United States has increased, citing growth in China, tightening steel availability in Europe, shortages of raw materials, and the flight of end-use customers from the U.S. market as factors for the increase. One importer reported that demand outside of the United States was mixed, with decreases in Europe and increases in Asia; two purchasers reported that demand outside the United States was unchanged; and one purchaser reported that demand outside the United States decreased in 2001-02 but has picked up since then.

## SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported products depends upon such factors as relative prices, quality, 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 may be some differences between domestic and imported SSWR, but overall, there is a moderate to high degree of substitution between SSWR produced in the United States and Brazil, France, and nonsubject import sources, and a low to moderate degree of substitution between SSWR produced in the United States and India.<sup>24</sup>

This section is based primarily on the responses of 19 purchasers that accounted for approximately 44.1 percent of total consumption of SSWR in 2005. Twelve purchasers described themselves as wire drawers,<sup>25</sup> four as end users,<sup>26</sup> and three as distributors. Purchasers tended to purchase primarily from U.S. and nonsubject sources, with none reporting purchases from Brazil (see table II-2).

Purchasers reported buying SSWR from both France and India in each of the years during the review period. Purchasers of SSWR tend to buy frequently, and many have changed suppliers since 2000. Seven of the 17 responding purchasers reported that they purchase daily or weekly, with eight purchasing monthly and two on a quarterly basis. Two purchasers reported that they expect this purchasing pattern to change in the next two years as a result of increasing prices and the increased use of long-term agreements. Twelve of the 17 responding purchasers reported changing suppliers since

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<sup>23</sup> Ugitech reported that there has been a resurgence in global demand for SSWR due, in part, to China, tightening steel availability, and shortages in some of the raw materials required to produce steel. Respondent interested parties' response to the notice of institution, p. 6.

<sup>24</sup> Although there is limited information on the record on the SSWR produced in India, questionnaire responses have indicated that Indian SSWR is generally of a lower quality than the SSWR produced in the United States and the other subject countries. Three purchasers reported that Indian producers had failed to certify their product because of quality reasons, six purchasers reported that the U.S. and Indian products are only sometimes interchangeable, and \*\*\* reported that Indian SSWR generally has poor quality. In addition, Ugine reported that French imports of SSWR do not compete in the U.S. market with Indian imports because the Indian SSWR is generally of lower quality. Hearing transcript, p. 179 (O'Donnell).

<sup>25</sup> Purchasers who described themselves as wire drawers reported using SSWR to make wires, bars, springs, medical devices, wiper blades, fasteners, belts, and antennas. \*\*\* also described itself as a distributor since it is going out of business, and \*\*\* also described itself as an end user.

<sup>26</sup> Purchasers who described themselves as end users reported that they use SSWR to manufacture such items as cold form studs, fasteners, and exhaust hangers.

**Table II-2****SSWR: Purchased quantities in short tons, by country and by year, 2000-05**

Country	2000	2001	2002	2003	2004	2005
United States	19,669	13,707	24,469	26,730	35,333	24,247
Brazil	--	--	--	--	--	--
France	***	***	***	***	***	***
India	***	***	***	***	***	***
Nonsubject	56,772	37,049	36,239	21,577	31,207	28,541

Note.--Not all purchasers reported data for each year.

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

2000; eight of the changes resulted from NAS beginning production in 2003, and some purchasers cited NAS and other U.S. producers as low-cost suppliers. \*\*\* reported that it had not changed suppliers since 2000 but that the company may not place orders with some producers for a period of time if they do not earn its business.

### Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase SSWR (table II-3). Price and quality were the most commonly cited factors overall. Nine of the 18 responding purchasers reported that quality was the most important factor, and six reported that price was the most important factor. The next most commonly cited factors were availability and delivery/service.

**Table II-3****SSWR: Most important factors in selecting a supplier, as reported by purchasers**

Factor	First	Second	Third
Quality	9	5	2
Price	6	5	5
Availability	1	3	3
Delivery/service	0	3	2
Other	2	1	6

Note.--Other category includes traditional supplier (one purchaser reported it was the most important factor), lead time consistency (one purchaser reported it was the most important factor), breadth of supply, industry/product experience, past performance, competitive advantage, pre-arranged contracts, and technical support.

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

Purchasers were asked what factors determined the quality of SSWR. Factors cited included surface finish, chemical and physical properties, coil condition, formability, grain size, performance for the firm and its customers, and consistency. Some purchasers cited the necessity of meeting the firm's

specifications or meeting ASTM, ISO, or another of the various industry standards. Sixteen of the 18 responding purchasers reported that they require suppliers to become certified or prequalified and that these requirements apply to all of their SSWR purchases. Most of the requirements consist of standards set by independent organizations, such as the ASTM or ISO. Other purchasers perform audits or require samples, mill visits, and trial runs.

Purchasers were asked if they always, usually, sometimes, or rarely or never purchased the lowest-priced SSWR. Nine of the 18 responding purchasers reported usually purchasing the lowest-priced product and seven sometimes purchased the lowest-priced SSWR. No purchaser reported always buying the lowest-priced product, and two purchasers rarely or never purchase the lowest-priced SSWR.

Purchasers also were asked if they purchased SSWR from one country in particular. Thirteen purchasers responded, reporting reasons why they purchased from one country in particular. Reasons provided included “Buy American” requirements or preferences, government work that requires a domestic supplier, and customers who specify a specific supplier. \*\*\* reported that Fagersta produces SSWR that is second only to Nippon in quality; \*\*\* reported that Yieh Hsing is known for good heading quality; and \*\*\* reported that France was its number one source for years because of the quality, competitive price, and service. Six purchasers reported that certain grades, types, or sizes of SSWR are available only from a single source; with three reporting that certain grades are available only from domestic mills, one reporting that certain products are only available from suppliers outside the United States, one reporting that some mills are not able to make certain grades, and one not explaining its answer.<sup>27</sup>

Purchasers also were asked if they purchased SSWR from one source although a comparable product was available from another source at a lower price. Fourteen purchasers responded, reporting reasons why they purchased from a source that might be more expensive. Reasons provided included quality, delivery, availability, product performance, chemistry, shorter lead times, critical specifications, and order quantity.

In rating the importance of 16 factors in their purchasing decisions (table II-4), 17 of the 18 responding purchasers rated product consistency and quality meets industry standards as very important; 16 reported that price and reliability of supply were very important, 15 reported that delivery time was very important, and 13 reported that availability was very important.

Purchasers were asked for a country-by-country comparison of the same 16 factors. Four purchasers completed this comparison for the United States and France and three for the United States and India (table II-5). The majority of purchasers stated that the domestic product was superior to the French subject product for delivery time, lower price, reliability of supply, and technical support/service. The majority of purchasers reported that the domestic product was superior to the Indian product for availability, coil size, delivery time, minimum quantity requirements, packaging, product consistency, product range, quality meets industry standards, quality exceeds industry standards, reliability of supply, and technical support/service. Two of the three responding purchasers reported that the Indian product was superior to the U.S. product with regard to lower price. Eleven purchasers completed the comparison for the United States and one or more nonsubject countries, and the majority of these purchasers reported that the U.S. product is superior to the product from nonsubject countries with regard to delivery time and technical support/service and that the U.S. product and the product from nonsubject countries are generally comparable in the remaining categories.

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<sup>27</sup> \*\*\* reported that Carpenter produces some alloys that cannot be found elsewhere; \*\*\* reported that Carpenter was the only source for AISI grade 409 SSWR until NAS began producing it in 2006; \*\*\* reported that Universal is the only source for 17-7 PH condition A SSWR; and \*\*\* reported that AISI grade 416 SSWR is only available from China and Korea and not from U.S. sources.

**Table II-4****SSWR: Importance of purchase factors, as reported by purchasers**

Factor	Very important	Somewhat important	Not important
	<i>Number of firms responding</i>		
Product consistency	17	1	0
Quality meets industry standards	17	1	0
Price	16	2	0
Reliability of supply	16	2	0
Delivery time	15	3	0
Availability	13	5	0
Quality exceeds industry standards	10	7	1
Extension of credit	8	9	1
Technical support/service	7	11	0
Delivery terms	7	10	1
Discounts offered	6	12	0
Coil size	5	12	1
U.S. transportation costs	5	12	1
Minimum quantity requirements	5	11	2
Product range	4	14	0
Packaging	4	13	1

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

Sixteen purchasers reported the factors that they considered in qualifying a new supplier. Factors considered included quality, price, availability, reliability, delivery time, financial condition and competitive advantage of the supplier, and the ability to meet specifications or standards. The time required to qualify a new supplier was reported by eight purchasers and ranged from a couple of weeks to two years.

**Table II-5**  
**SSWR: Comparisons of product by source country, as reported by purchasers<sup>1</sup>**

Factor	U.S. vs France			U.S. vs India			U.S. vs all others <sup>2</sup>		
	S	C	I	S	C	I	S	C	I
Availability	1	3	0	2	1	0	10	10	1
Coil size	1	3	0	2	1	0	5	15	1
Delivery terms	1	3	0	1	2	0	8	11	2
Delivery time	4	0	0	3	0	0	13	6	2
Discounts offered	1	3	0	1	1	1	7	12	2
Extension of credit	0	4	0	0	3	0	3	16	2
Price <sup>3</sup>	3	0	1	0	1	2	8	9	4
Minimum quantity requirements	1	3	0	2	1	0	7	10	4
Packaging	1	3	0	2	1	0	4	14	3
Product consistency	0	4	0	3	0	0	2	14	5
Product range	0	4	0	2	1	0	6	12	3
Quality meets industry standards	1	3	0	2	1	0	4	16	1
Quality exceeds industry standards	0	4	0	2	1	0	7	10	4
Reliability of supply	3	1	0	2	1	0	6	12	3
Technical support/service	3	1	0	2	1	0	12	9	0
U.S. transportation costs <sup>3</sup>	1	2	0	0	2	0	3	16	0

<sup>1</sup> No purchaser completed the comparison for the United States and Brazil, and 9 purchasers completed the comparison for the United States and one or more nonsubject countries. Several purchasers also completed comparisons between various nonsubject countries, but those comparisons are not included in this table.

<sup>2</sup> Other countries includes China, Germany, Italy, Korea, Sweden, Taiwan, and the United Kingdom.

<sup>3</sup> A rating of "S" on price and U.S. transportation costs indicates that this country has lower prices/costs than the other country.

Note.--S=first-listed country's product is superior; C=both countries' products are comparable; I=first-listed country's product is inferior.

Note.--Not all purchasers responded for every factor.

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

Purchasers were asked if any suppliers had failed to qualify their product or lost their approved status. Eight of the 18 responding firms reported that suppliers had failed to qualify. Three purchasers cited Indian producers as failing to certify their SSWR, with one of the purchasers adding that Chinese

producers also have failed to certify their product due to problems with the limited grades that they produce. One purchaser reported that Russian mills have failed to qualify because of poor quality and another purchaser reported that Valbruna of Italy failed because of quality issues. One purchaser reported that Metalworks failed to qualify because it is not ISO certified, and another purchaser reported that Criterion Metals and Summit Steel failed because of poor quality, Al Tech failed because of coil sizes, and Kanthal failed for unspecified reasons. The other purchaser did not specify what domestic or foreign producers failed to certify their products.

Purchasers were asked how often they and their customers make purchasing decisions involving SSWR based on the producer of the product they purchase and based on the country of origin of the SSWR they purchase. Their responses are summarized in the following tabulation:

Factor	Always	Usually	Sometimes	Rarely or never
Firm purchases based on producer?	3	6	6	3
Customers purchase based on producer?	1	1	7	8
Firm purchases based on country of origin?	1	2	8	7
Customers purchase based on country of origin?	0	1	7	9

When asked why country of origin or producer information is important, purchasers reported that such things as quality, delivery, lead times, consistency, performance, technical support, and price may vary by supplier. Other purchasers reported that they or their customers have “Buy American” requirements or require a domestic supplier for government or defense-related contracts.<sup>28</sup>

Purchasers were asked if buying a product that is produced in the United States is an important factor in their purchases of SSWR. Twelve of the 18 responding purchasers reported that it was, with most saying that purchases of the domestic product are either required by law or regulation or required by customers, and this generally involved a range from 5 to 50 percent<sup>29</sup> of their purchases of SSWR for requirements by law or regulation and a range of 10 to 50 percent of their purchases of SSWR for requirements by customers. Three purchasers reported that buying a product produced in the United States is important for other reasons, citing a preference for domestic SSWR if the quality, delivery, and price are comparable to other sources.

Purchasers also were asked how often domestically produced, subject imports, and nonsubject imports of SSWR meet minimum quality specifications. Their responses are summarized in the following tabulation:

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<sup>28</sup> Domestic producers reported that “Buy American” requirements have accounted for a small fraction of overall U.S. consumption. Domestic producers’ posthearing brief, exhibit 1, pp. 7-9.

<sup>29</sup> One purchaser, \*\*\*, reported that 95 percent of its purchases of SSWR were required by law or regulation.

Source	Always	Usually	Sometimes	Never
Domestically produced	6	10	2	0
Subject imports	8	6	1	1
Nonsubject imports - Taiwan	2	5	0	0
Nonsubject imports - the United Kingdom	2	3	0	0
Nonsubject imports - Korea	2	2	0	0
Nonsubject imports - Italy	1	4	0	0
Nonsubject imports - Sweden	3	0	0	0
Nonsubject imports - China	1	2	0	0

Of the 12 purchasers who reported being aware of new suppliers in the market since 2000, all 12 cited new domestic mills that entered the market, with three adding that there have been new entrants from China, India, and other emerging market countries. All 12 have purchased from at least one of the cited new suppliers. Only 3 of the 15 responding purchasers expect new SSWR suppliers to enter the market in the future, with two reporting that Outokumpu is expected to begin production at a plant in South Carolina in 2006 and one reporting that it expects new entrants from China.

**Lead Times**

All four responding producers reported selling at least 80 percent of their SSWR produced to order, with lead times ranging from 3 to 10 weeks. Three producers reported selling 20 percent or less of their SSWR from inventory, with lead times from two days to three weeks. Both responding importers reported selling \*\*\* of their SSWR produced to order, with lead times ranging from \*\*\*. \*\*\* reported selling \*\*\* of its SSWR from inventory, with lead times of \*\*\*.

**Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports**

Producers, importers, and purchasers were asked to assess how interchangeable SSWR from the United States is with SSWR from both subject and nonsubject countries. Their answers are summarized in table II-6. Generally, producers, importers, and purchasers reported that SSWR from the United States and from other countries are always or frequently interchangeable,<sup>30</sup> but among the comparisons between the United States and the subject countries, the majority of purchasers reported that SSWR from the United States and India is only sometimes interchangeable. For those firms that reported that SSWR is sometimes or never used interchangeably, they were asked to explain the factors that preclude interchangeable use. \*\*\* reported that quality issues sometimes restrict interchangeability between Indian SSWR and that from other sources, and \*\*\* reported that Ugitech sells products that are not readily available in the U.S. market. Among purchasers, five reported that SSWR from India is not of the same quality as SSWR from other sources, and two purchasers reported that quality precludes interchangeability but did not specify the source of the lower quality SSWR. One purchaser reported that the only time SSWR from different sources is not interchangeable is when the customer requires product from a U.S. source.

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<sup>30</sup> The large majority of purchasers, however, reported no familiarity with SSWR from Brazil.

**Table II-6**

**SSWR: U.S. producers', importers', and purchasers' perceived degree of interchangeability of products produced in the United States and in other countries<sup>1</sup>**

Country comparison	U.S. producers					U.S. importers					U.S. purchasers				
	A	F	S	N	0	A	F	S	N	0	A	F	S	N	0
U.S. vs. Brazil	2	0	0	0	1	0	2	0	0	1	2	1	2	0	11
U.S. vs. France	2	1	0	0	0	1	1	1	0	0	6	3	1	0	6
U.S. vs. India	2	1	0	0	0	0	1	1	0	1	2	0	6	1	7
U.S. vs. other countries	2	0	0	0	0	0	1	0	0	1	2	6	2	0	2
Brazil vs. France	2	1	0	0	0	0	1	0	0	2	1	1	2	0	11
Brazil vs. India	2	1	0	0	0	0	1	0	0	2	2	0	2	0	11
Brazil vs. other countries	2	0	0	0	0	0	0	0	0	2	3	0	1	0	7
France vs. India	2	1	0	0	0	0	1	0	0	2	2	0	4	0	9
France vs. other countries	2	0	0	0	0	0	0	0	0	2	1	3	2	0	5
India vs. other countries	2	0	0	0	0	0	0	0	0	2	2	0	4	0	5

<sup>1</sup> Producers, importers, and purchasers were asked if SSWR produced in the United States and in other countries is used interchangeably.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

Producers and importers were asked to assess how often differences other than price were significant in sales of SSWR from the United States, subject countries, and nonsubject countries (table II-7). Generally, producers said differences other than price were never significant, while importers said differences other than price could be significant in some cases. For those firms that reported that factors other than price are always or frequently a significant factor in their sales of SSWR, they were asked to explain the advantages or disadvantages imparted by such factors. \*\*\* reported that Indian prices are usually very aggressive, and \*\*\* reported that Ugitech sells products that are not readily available in the United States.

**Table II-7****SSWR: U.S. producers' and importers' perceived importance of factors other than price in sales of product produced in the United States and in other countries<sup>1</sup>**

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. Brazil	0	0	0	2	1	0	0	1	1	1
U.S. vs. France	0	0	0	3	0	1	0	1	1	0
U.S. vs. India	0	0	0	3	0	1	1	0	0	1
U.S. vs. other countries	0	0	0	2	0	0	0	1	0	1
Brazil vs. France	0	0	0	3	0	0	0	0	1	2
Brazil vs. India	0	0	0	3	0	1	0	0	0	2
Brazil vs. other countries	0	0	0	2	0	0	0	0	0	2
France vs. India	0	0	0	3	0	1	0	0	0	2
France vs. other countries	0	0	0	2	0	0	0	0	0	2
India vs. other countries	0	0	0	2	0	0	0	0	0	2

<sup>1</sup> Producers and importers were asked if differences other than price between SSWR produced in the United States and in other countries are a significant factor in their sales of the products.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

**ELASTICITY ESTIMATES<sup>31</sup>****U.S. Supply Elasticity**

The domestic supply elasticity for SSWR measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of SSWR. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter capacity, producers' ability to shift to and from production of other products, the existence of inventories, and the availability of alternate markets for U.S.-produced SSWR. Earlier analysis of these factors indicates that the U.S. industry has a moderate ability to increase or decrease shipments to the U.S. market; an estimate in the range of 3 to 6 is suggested.

**U.S. Demand Elasticity**

The U.S. demand elasticity for SSWR measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of SSWR. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of SSWR in the production of any downstream products. Based on the available information, the aggregate demand elasticity for SSWR is likely to be in a range of -0.5 to -0.9.

<sup>31</sup> Parties were requested to provide comments; no comments were received in the posthearing briefs.

## **Substitution Elasticity**

The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products.<sup>32</sup> Product differentiation, in turn, depends upon such factors as quality and conditions of sale. Based on available information concerning product range, quality, availability, and degree of substitution, the elasticity of substitution is likely to be in the range of 3 to 5 between domestic and Brazilian and French SSWR and in the range of 1 to 3 between domestic and Indian SSWR.<sup>33</sup>

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<sup>32</sup> The substitution elasticity measures the responsiveness of the relative U.S. consumption levels of the subject imports and the domestic like products to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change.

<sup>33</sup> Substitutability issues are summarized on p. II-8. Domestic producers reported that U.S. and Indian SSWR are substitutable and that Indian SSWR competes directly with the U.S. product and SSWR from the other subject countries in the vast majority of applications. Domestic producers' prehearing brief, pp. 10-11.



## PART III: CONDITION OF THE U.S. INDUSTRY

Except as noted, information in this part is based upon questionnaire responses from one tollee and five producing firms that accounted for all domestic production and shipments of SSWR in 2005.<sup>1 2</sup>

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

As noted in part I of this report, Charter began SSWR production in 2001, Universal resumed SSWR production at its Dunkirk facility in 2002, and NAS began SSWR production in 2003.<sup>3</sup> During the hearing, a Charter official stated that during 2004, its SSWR production capacity had been temporarily limited due to a supply shortage of billets, but that it was in the process of adding stainless steel melt capability at its Cleveland, OH plant.<sup>4</sup>

U.S. producers were asked if their firm anticipates any changes in the character of their operations or organization relating to the production of SSWR in the future. NAS and Universal stated \*\*\*. Carpenter stated \*\*\*. Charter stated \*\*\*. Outokumpu stated in its questionnaire response that it has \*\*\*.

As shown in table III-1, average production capacity increased from 2000 to 2003 while production and capacity utilization fluctuated in a downward trend. The increase in capacity is the result of the start-up of Charter and NAS in 2001 and 2003, respectively. Although production peaked in 2004, capacity declined in 2004 and increased in 2005.<sup>5</sup>

**Table III-1**  
**SSWR: U.S. producers' capacity, production, and capacity utilization, 2000-05**

\* \* \* \* \*

---

<sup>1</sup> Domestic industry data are considered business proprietary information. Carpenter alone accounted for \*\*\* throughout the review period. Even in 2005, as NAS ramped up production, Carpenter accounted for more than \*\*\* of U.S. production of SSWR. Carpenter and NAS together accounted for \*\*\* percent of U.S. production of SSWR and \*\*\* of other reported data.

<sup>2</sup> Staff tried to obtain additional information from Outokumpu/Allvac, which only reported production and internal consumption, but was not successful. As such, table III-1 includes Outokumpu in production but not capacity or in the calculation of capacity utilization. Additionally, table III-2 does not include production by Allvac for Outokumpu because the company did not report its production of other products on same equipment/machinery or with same production and related workers used to produce SSWR.

<sup>3</sup> Universal contends that it would likely not have acquired and restarted Dunkirk if these SSWR orders and the Section 201 safeguard order on SSWR had not been in place. Hearing transcript, p. 25 (Gugino).

<sup>4</sup> Hearing transcript, p. 32 (Mellowes).

<sup>5</sup> \*\*\* reported producing stainless steel products other than SSWR using the same equipment and machinery used in the production of SSWR and the same production and related workers employed to produce SSWR. These other products include bar and other alloys. The company's production capacity is constrained by \*\*\* for all phases of production.

\*\*\* and \*\*\* reported no production of products other than SSWR using the same equipment and machinery used in the production of SSWR and the same production and related workers employed to produce SSWR. They also reported that they cannot switch production between SSWR and other products. \*\*\*.

\*\*\* reported that it does not produce products other than SSWR using the same equipment and machinery used in the production of SSWR and the same production and related workers employed to produce SSWR. It also reported that \*\*\*.

Additional U.S. production of stainless steel billets also may affect future capacity and production of SSWR in the United States. Currently, \*\*\* generally produce their own billets for SSWR production. \*\*\*, however, purchases billets from \*\*\*, while billets used in the production of SSWR for \*\*\* are supplied by \*\*\*.<sup>6</sup> NAS currently \*\*\*, while Charter \*\*\*.<sup>7</sup>

Table III-2 presents data on U.S. producers' production of other products on the same equipment and machinery used in the production of SSWR and/or using the same production and related workers employed to produce stainless steel wire rod for the review period. The increase in 2005 is attributable to \*\*\*. Annealing production capacity figures are substantially higher than melting or hot-rolling capacity because certain stainless long products may require annealing at several points in the production process, in some cases even 3 or 4 times.<sup>8</sup>

**Table III-2**  
**SSWR: Production of other products on same equipment/machinery or with same production and related workers used to produce SSWR, 2000-05**

\* \* \* \* \*

The tabulation below presents data on U.S. producers' production of products that use SSWR as an input during 2005 (in *short tons*); \*\*\*.

Stainless steel round wire	Stainless steel bar	Other	Total
***	***	***	***

**U.S. PRODUCERS' U.S. SHIPMENTS AND EXPORT SHIPMENTS**

As shown in table III-3, U.S. producers' U.S. shipments fluctuated during the review period. Producers' export shipments accounted for less than \*\*\* percent of total shipments in 2005. Principal export markets reported were Canada, Europe, and Mexico. The decline in U.S. shipments in 2000 is consistent with the slowing of the U.S. economy beginning in the summer of 2000 and continuing into 2001.<sup>9 10</sup>

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<sup>6</sup> Telephone interview with \*\*\*, Georgetown Economic Services, April 4, 2006. *See also* "Universal irons out Dunkirk glitch as it retools to provide better service," American Metal Market, April 26, 2006, found at [http://www.amm.com/News-2006-04-26\\_12-43-43.html](http://www.amm.com/News-2006-04-26_12-43-43.html) and retrieved on April 27, 2006; and staff telephone interview with \*\*\*, April 5, 2006.

<sup>7</sup> Questionnaire responses of NAS and Charter.

<sup>8</sup> The number and duration of anneals also depends on the grade of stainless steel being processed. In addition, certain products must be quickly annealed during the production process, requiring significant annealing capacity to be available at a moment's notice. Annealing requirements therefore affect not only annealing capacity but also annealing production figures, which may reflect that certain products were annealed more than once. E-mail from \*\*\*, petitioners' counsel, June 12, 2006.

<sup>9</sup> *Economic Report of the President*, transmitted to the Congress February 2002, pp. 42-43.

<sup>10</sup> *Economic Report of the President*, transmitted to the Congress February 2003, p. 27.

**Table III-3**  
**SSWR: U.S. producers' shipments, by types, 2000-05**

\* \* \* \* \*

As shown in table III-4, the majority of U.S. producers' U.S. shipments in 2005 (both commercial shipments and internal consumption) was austenitic grade SSWR. The majority of ferritic and martensitic grades reported were for internal consumption.

**Table III-4**  
**SSWR: U.S. producers' U.S. shipments, by type and by product grade, 2005**

\* \* \* \* \*

### **U.S. PRODUCERS' INVENTORIES**

U.S. producers' inventories increased from 2000 to 2005, as shown in table III-5. Starting in 2002 \*\*\*.

**Table III-5**  
**SSWR: U.S. producers' end-of-period inventories, 2000-05**

\* \* \* \* \*

### **U.S. PRODUCERS' IMPORTS AND PURCHASES**

Other than \*\*\*, no U.S. producers imported or purchased SSWR between 2000 and 2005.

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

From 2000 to 2004, the average number of production and related workers (PRWs), hours worked, and total wages decreased and then rose in 2005, as shown in table III-6. During this period, productivity increased while hourly wages were relatively flat until 2005, resulting in an overall decrease in unit labor costs.

**Table III-6**  
**SSWR: Average number of production and related workers (PRWs), hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 2000-05**

\* \* \* \* \*

## FINANCIAL EXPERIENCE OF U.S. PRODUCERS

### Background

Four producers of SSWR provided financial data.<sup>11</sup> A substantial share of production of SSWR was internally consumed (\*\*\*) percent) and/or transferred to related companies (\*\*\*) percent) for production of downstream products.<sup>12</sup> Responding U.S. producers are believed to account for \*\*\* percent of 2005 production.<sup>13</sup>

Sales of SSWR account for a small portion of the net sales of the domestic producers. Carpenter reported in its questionnaire response that sales of SSWR account for approximately \*\*\* percent of total sales; other products include high temperature products (\*\*\*) percent), other stainless products (\*\*\*) percent), electronic products (\*\*\*) percent), and tool steel and other alloy products (\*\*\*) percent each). Carpenter noted, however, that SSWR accounted for \*\*\* percent of net sales when taking into account internal consumption. NAS reported that its SSWR represents \*\*\* percent of all business.

### Operations on SSWR

The results of the responding U.S. producers' SSWR operations are presented in table III-7. Net sales quantity, value, and operating income fluctuated between 2000 and 2005, though all three indicia increased noticeably from 2003 to 2004. Between 2004 and 2005, while sales quantity decreased, sales value increased somewhat for the same period, due mainly to a substantial increase in per-short-ton selling price (from \$\*\*\*). However, operating income reported in 2004 changed to an operating loss in 2005 and per-unit profitability decreased substantially for the same period, due primarily to a substantial increase in per-short-ton total cost. The ratio of the domestic industry's operating income to net sales in 2004 was \*\*\* percent, while its operating loss ratio in 2005 was \*\*\* percent. Per-short-ton net sales values increased in 2005 (by \$\*\*\*) from 2004, while per-unit total costs increased by \$\*\*\*, resulting in an operating loss of \$\*\*\* per short ton in 2005 compared to an operating income of \$\*\*\* in 2004, a net decrease of \$\*\*\* per short ton. Overall, responding U.S. producers reported operating losses in four of six fiscal years between 2000 and 2005, specifically in 2001-03 and 2005.

**Table III-7**  
**SSWR: Results of operations of U.S. producers, fiscal years 2000-05**

\* \* \* \* \*

The results of operations by firm are presented in table III-8. \*\*\* incurred operating losses between 2001 and 2003, while \*\*\* generated operating income in 2004. All producers' operating income

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<sup>11</sup> The only producer with a fiscal year end other than December 31 is Carpenter (June 30). \*\*\*. Talley Metals is a wholly owned subsidiary of Carpenter and its data were reflected in Carpenter's data. Outokumpu does not have its own production facilities; its SSWR is produced in a toll agreement with Allvac and all such SSWR has been internally consumed. Neither Allvac nor Outokumpu provided financial data to the Commission.

<sup>12</sup> \*\*\* reported internal consumption. \*\*\* reported transfers to related companies.

<sup>13</sup> Charter began its production of SSWR in July 2001. Universal purchased the assets of Empire Specialty Steel in February 2002 and ramped up production in March 2002. NAS started production of SSWR in the last half of 2003.

margins decreased from 2004 to 2005, although \*\*\*. \*\*\*.<sup>14</sup> Charter's sales quantities and values \*\*\* from 2004 to 2005, while its 2004 operating income \*\*\* in 2005.<sup>15</sup>

**Table III-8**  
**SSWR: Results of operations of U.S. producers (by firm), fiscal years 2000-05**

\* \* \* \* \*

Selected cost data of the producers on their operations for the subject products are presented in table III-9. Total unit costs increased continuously between 2002 and 2005, with substantial increases between 2003 and 2005, due primarily to a substantial increase of raw material costs. Unit direct labor cost and factory overhead and unit SG&A expenses increased considerably from 2004 and 2005.<sup>16</sup>

**Table III-9**  
**SSWR: Operating costs of U.S. producers, fiscal years 2000-05**

\* \* \* \* \*

A variance analysis showing the effects of prices and volume on the producers' net trade sales of SSWR, and of costs and volume on their total cost, is shown in table III-10. The analysis is summarized at the bottom of the table. Operating income decreased by \$\*\*\* between 2000 and 2005. The decrease in operating income between 2000 and 2005 resulted mainly from increased costs/expenses (\$\*\*\*) which was partially offset by the positive effect of higher selling prices (\$\*\*\*).

**Table III-10**  
**SSWR: Variance analysis of operations of U.S. producers between fiscal years 2000 and 2005**

\* \* \* \* \*

### Capital Expenditures and Research and Development Expenses

The U.S. producers' capital expenditures and research and development (R&D) expenses are presented in table III-11. Capital expenditures increased noticeably in 2003 because of NAS's start-up in the last half of 2003, then stabilized at much lower levels thereafter.<sup>17</sup> R&D expenses decreased continuously over the period except for a minor increase in 2002 compared to 2001. Capital expenditures by individual firms are presented in table III-12.<sup>18</sup>

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<sup>14</sup> Based on Carpenter's Form 10-K submitted to the Securities and Exchange Commission (SEC) for 12 months ended June 30, 2005, Carpenter's consolidated operating income increased substantially between 2003 and 2005. In response to the Commission staff's questions regarding its \*\*\*.

<sup>15</sup> Charter explained in its supplemental response to respond to the Commission staff's questions for its 2005 operations result that \*\*\*.

<sup>16</sup> Carpenter explained in its questionnaire response that \*\*\*.

<sup>17</sup> NAS contends it would not have made certain capital investments if these SSWR orders had not been in place. Hearing transcript, p. 28 (Romans).

<sup>18</sup> Carpenter explained in its supplemental response that it \*\*\*.

**Table III-11**

**SSWR: Capital expenditures and R&D expenses by U.S. producers, fiscal years 2000-05**

\* \* \* \* \*

**Table III-12**

**SSWR: Capital expenditures by U.S. producers, by firm, fiscal years 2000-05**

\* \* \* \* \*

**Assets and Return on Investment**

U.S. producers were requested to provide data on their assets used in the production and sales of SSWR during the period for which data were collected to assess their return on investments (“ROI”). Although ROI can be computed in different ways, a commonly used method is income earned during the period divided by the total assets utilized for the operations. Therefore, staff calculated ROI as operating income divided by total assets used in the production and sale of SSWR. Data on the U.S. producers’ total assets and their ROI are presented in table III-13.

**Table III-13**

**SSWR: Value of assets and return on investment of U.S. producers, fiscal years 2000-05**

\* \* \* \* \*

Total assets utilized by the U.S. producers in their operations generally increased between 2000 and 2003, due mainly to new start-ups, and then decreased thereafter. Since the U.S. producers’ operating loss increased considerably from 2004 to 2005, their ROI deteriorated from an income ratio of \*\*\* percent in 2004 to a negative ratio of \*\*\* percent in 2005.

## PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

### U.S. IMPORTS

The Commission issued 32 importers' questionnaires to companies believed to account for all imports of SSWR. Questionnaires were also sent to all U.S. producers. Four companies returned usable questionnaire responses and three responded that they did not import SSWR during the period of review.<sup>1</sup> Usable responses accounted for all imports from France and \*\*\* percent of all nonsubject imports (\*\*\*) in 2005.

Imports of SSWR are provided for under HTS subheading 7221.00.00.<sup>2</sup> This subheading is almost identical to the scope of these reviews; therefore, the data regarding the quantity and value of U.S. imports for consumption of SSWR are based on Commerce statistics. Table IV-1 presents data on U.S. imports, by sources, during 2000-05. The data show that the quantity of imports from subject countries decreased by 84.8 percent between 2000 and 2005, and the quantity of nonsubject imports decreased by 42.7 percent. The value of SSWR imports from subject countries decreased by 67.5 percent between 2000 and 2005, while the value of nonsubject imports declined during 2000-05 by 16.2 percent. The unit values of subject SSWR imports increased by \$2,480 per short ton from 2000 to 2005 and the unit values of nonsubject imports increased by \$855. Nonsubject imports accounted for 82-84 percent of total imports during 2000-03, then increased to 94-95 percent in 2004-05.<sup>3</sup> The decline in nonsubject imports in 2003 and subsequent rise in 2004-05 is attributed to U.S. imports from Taiwan, which decreased by 8,856 short tons in 2003 and then rose by 7,772 short tons in 2004. No responding importer reported imports or arrangements for importation of SSWR from any subject country for delivery after December 31, 2005.

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<sup>1</sup> The subject imports not covered by questionnaire response (India) were sought but to no avail. Moreover, firms that provided data regarding imports from other sources in the 2004 reviews have not responded to direct mail or to staff follow-up by telephone.

<sup>2</sup> Official Commerce statistics report imports from Brazil of 2,683 short tons with an average unit value of \$418 per short ton in 2000, however, there were no reported duties applied to entries from Brazil in 2000 according to \*\*\* and official Brazilian statistics show no exports to the United States.

<sup>3</sup> Nearly all nonsubject imports were from China, Germany, Italy, Korea, Sweden, Taiwan, and the UK; 95 percent of total imports were from these countries in 2005.

**Table IV-1**  
**SSWR: U.S. imports, by sources, 2000-05**

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
<b>Quantity (short tons)</b>						
Brazil	0	0	0	0	7	0
France	5,546	8,314	6,288	3,720	1,569	1,749
India	7,815	3,004	4,388	2,232	1,297	278
Subtotal	13,362	11,318	10,676	5,952	2,874	2,027
Other sources	68,882	50,969	47,618	29,533	44,734	39,503
Total	82,243	62,287	58,294	35,485	47,608	41,531
<b>Value (1,000 dollars)<sup>1</sup></b>						
Brazil	0	0	0	0	16	0
France	16,001	19,259	16,788	7,771	6,000	8,658
India	13,086	4,886	6,436	3,377	2,745	783
Subtotal	29,088	24,146	23,224	11,148	8,761	9,441
Other sources	127,792	88,258	76,754	52,654	102,959	107,064
Total	156,879	112,403	99,978	63,802	111,720	116,505
<b>Unit value (per short ton)<sup>1</sup></b>						
Brazil	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	( <sup>2</sup> )	\$2,072	( <sup>2</sup> )
France	\$2,885	\$2,317	\$2,670	\$2,089	3,823	\$4,950
India	1,674	1,626	1,467	1,513	2,117	2,814
Average	2,177	2,133	2,175	1,873	3,049	4,657
Other sources	1,855	1,732	1,612	1,783	2,302	2,710
Average	1,908	1,805	1,715	1,798	2,347	2,805
<b>Share of quantity (in percent)</b>						
Brazil	0.0	0.0	0.0	0.0	( <sup>3</sup> )	0.0
France	6.7	13.3	10.8	10.5	3.3	4.2
India	9.5	4.8	7.5	6.3	2.7	0.7
Subtotal	16.2	18.2	18.3	16.8	6.0	4.9
Other sources	83.8	81.8	81.7	83.2	94.0	95.1
Total	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

**Table IV-1--Continued**  
**SSWR: U.S. imports, by sources, 2000-05**

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
<b>Share of value (in percent)<sup>1</sup></b>						
Brazil	0.0	0.0	0.0	0.0	( <sup>3</sup> )	0.0
France	10.2	17.1	16.8	12.2	5.4	7.4
India	8.3	4.3	6.4	5.3	2.5	0.7
Subtotal	18.5	21.5	23.2	17.5	7.8	8.1
Other sources	81.5	78.5	76.8	82.5	92.2	91.9
Total	100.0	100.0	100.0	100.0	100.0	100.0
<b>Ratio of import quantity to U.S. production (in percent)</b>						
Brazil	***	***	***	***	***	***
France	***	***	***	***	***	***
India	***	***	***	***	***	***
Average	***	***	***	***	***	***
Other sources	***	***	***	***	***	***
Average	***	***	***	***	***	***
<sup>1</sup> Landed, duty-paid. <sup>2</sup> Not applicable. <sup>3</sup> Less than 0.05 percent.						
<p>Note.--Official Commerce statistics report imports from Brazil of 2,683 short tons with an average unit value of \$418 per short ton in 2000, however, there were no reported duties applied to entries from Brazil in 2000 according to *** and official Brazilian statistics show no exports to the United States. As discussed in the section of this report entitled "Commerce's Reviews," Commerce revoked the antidumping duty order on SSWR manufactured and exported by the Viraj Group and terminated suspension of liquidation for entries on or after December 1, 2003. Data treating the Viraj Groups' import entries for this period as nonsubject imports are presented in table C-2.</p>						
Source: Compiled from official Commerce statistics, and from proprietary data from ***.						

The following tabulation shows reported imports by types in 2005.

Item	Austenitic	Ferritic	Martensitic	All other types
<b>U.S. shipments (in short tons)</b>				
Imports from France	***	***	***	***
Imports from ***	***	***	***	***
Total	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.				

## U.S. IMPORTERS' INVENTORIES

The only inventories of imports from subject countries reported by responding firms were from \*\*\* (table IV-2).

### Table IV-2

**SSWR: U.S. importers' end-of-period inventories of imports, by source, 2000-05**

\* \* \* \* \*

## DUMPING IN THIRD-COUNTRY MARKETS

In responses to Commission questionnaires no known outstanding antidumping duty orders or ongoing investigations concerning SSWR from Brazil, France, or India were reported.

## CUMULATION CONSIDERATIONS

In assessing whether subject imports are likely to compete with each other and with the domestic like product with respect to cumulation, the Commission considers the following four factors: (1) the degree of fungibility, including specific customer requirements and other quality-related questions; (2) presence of sales or offers to sell in the same geographic markets; (3) common channels of distribution; and (4) simultaneous presence in the market. Channels of distribution and fungibility (interchangeability) are discussed in Part II of this report. Additional information concerning geographic markets and simultaneous presence in the market is presented below.

### Geographic Markets

Table IV-3 and table IV-4 present the ports of entry for subject imports of SSWR over the period under review. Imports from Brazil entered in Philadelphia, PA in 2004. In 2000 the majority of imports from France entered through New York, NY; Savannah, GA; Norfolk, VA; and Philadelphia, PA. In 2005 the majority came through Savannah, GA; New York, NY; Los Angeles, CA; and Chicago, IL. The majority of imports from India entered through Boston, MA; Chicago, IL; Philadelphia, PA; and Baltimore, MD in 2000. In 2005 the primary ports of entry for SSWR from India were New York, NY; Chicago, IL; Houston-Galveston, TX; Baltimore, MD; and Los Angeles, CA.

### Presence in the Market

Table IV-5 presents information on the monthly presence of subject imports. Consistent with the quantities of imports discussed previously, entries of SSWR from Brazil were infrequent, while imports of SSWR from France and India entered in nearly every month of the period for which data were collected.

**Table IV-3**  
**SSWR: U.S. imports from subject countries, by Customs district, 2000-05**

Customs district	Calendar year					
	2000	2001	2002	2003	2004	2005
<b>Quantity (short tons)</b>						
New York, NY	3,299	6,511	3,860	1,136	1,009	486
Savannah, GA	1,059	1,462	1,237	2,074	305	420
Chicago, IL	1,792	737	1,428	954	830	340
Los Angeles, CA	100	36	152	10	117	294
Norfolk, VA	694	257	213	354	281	285
Baltimore, MD	1,229	104	55	136	63	78
Houston-Galveston, TX	371	265	39	153	123	59
Washington, DC	0	0	405	0	0	55
Charleston, SC	724	559	215	177	101	5
Buffalo, NY	0	0	0	0	0	3
Detroit, MI	0	0	0	0	5	1
Laredo, TX	0	15	12	42	0	1
Boston, MA	1,906	231	1,780	504	0	0
Cleveland, OH	18	0	0	0	0	0
Dallas-Fort Worth, TX	0	0	18	19	0	0
New Orleans, LA	0	0	10	0	0	0
Nogales, AZ	0	1	0	0	0	0
Ogdensburg, NY	0	20	106	145	2	0
Philadelphia, PA	2,171	1,122	993	138	7	0
St. Albans, VT	0	0	151	109	29	0
Total	13,363	11,320	10,674	5,951	2,872	2,027
Note.--Because of rounding figures may not add to totals shown.						
Source: Compiled from official Commerce statistics.						

**Table IV-4**  
**SSWR: U.S. imports from subject countries, by country of origin and Customs district, 2000-05**

Customs district	Calendar year					
	2000	2001	2002	2003	2004	2005
<b>Quantity (short tons)</b>						
<b>Brazil:</b>						
Philadelphia, PA	0	0	0	0	7	0
Total	0	0	0	0	7	0
<b>France:</b>						
Savannah, GA	1,016	1,325	1,237	2,055	305	420
New York, NY	2,655	5,821	3,628	721	450	403
Norfolk, VA	694	257	213	354	281	285
Los Angeles, CA	18	0	0	10	99	274
Chicago, IL	0	44	310	147	297	263
Washington, DC	0	0	405	0	0	55
Baltimore, MD	107	38	0	117	0	38
Charleston, SC	388	520	215	21	101	5
Buffalo, NY	0	0	0	0	0	3
Detroit, MI	0	0	0	0	5	1
Laredo, TX	0	15	12	42	0	1
St. Albans, VT	0	0	151	109	29	0
Ogdensburg, NY	0	20	106	145	2	0
Houston-Galveston, TX	0	0	0	0	1	0
New Orleans, LA	0	0	9	0	0	0
Philadelphia, PA	668	273	0	0	0	0
Nogales, AZ	0	1	0	0	0	0
Total	5,546	8,314	6,288	3,720	1,569	1,749
<b>India:</b>						
New York, NY	644	690	232	415	560	83
Chicago, IL	1,791	693	1,118	807	534	77
Houston-Galveston, TX	371	265	39	153	122	59
Baltimore, MD	1,122	66	55	19	63	40
Los Angeles, CA	82	36	152	0	18	20
Boston, MA	1,906	231	1,780	504	0	0
Charleston, SC	336	39	0	156	0	0
Philadelphia, PA	1,503	848	993	138	0	0
Dallas-Fort Worth, TX	0	0	18	19	0	0
Savannah, GA	43	137	0	19	0	0
New Orleans, LA	0	0	1	0	0	0
Cleveland, OH	18	0	0	0	0	0
Total	7,815	3,004	4,388	2,232	1,297	278
Total for all	13,362	11,318	10,676	5,952	2,874	2,027
Note.--Because of rounding figures may not add to totals shown in table IV-3.						
Source: Compiled from official Commerce statistics.						

**Table IV-5**  
**SSWR: U.S. imports, monthly entries into the United States, by source, 2000-05**

Source	Month												Total number of months
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	
<b>2000</b>													
Brazil													0
France													12
India													12
<b>2001</b>													
Brazil													0
France													12
India													11
<b>2002</b>													
Brazil													0
France													12
India													11
<b>2003</b>													
Brazil													0
France													12
India													12
<b>2004</b>													
Brazil													1
France													12
India													12
<b>2005</b>													
Brazil													0
France													12
India													8
<p>Note--Shaded squares indicate that more than zero short tons of SSWR entered into the United States in the indicated month. Official Commerce statistics report imports from Brazil of 2,683 short tons with an average unit value of \$418 per short ton in 2000, however, there were no reported duties applied to entries from Brazil in 2000 according to *** and official Brazilian statistics show no exports to the United States.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires, from official Commerce statistics, and from proprietary data from ***.</p>													

## SUBJECT COUNTRY PRODUCERS

Only the French producer/importers that responded to the Commission’s notice of institution are represented by counsel; these firms provided responses to the Commission’s questionnaires. However, Brazilian producer Villares Metals also provided information in response to the Commission’s questionnaires.<sup>4</sup>

### BRAZIL’S CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES

As in the first review there are currently two known producers of SSWR in Brazil, Gerdau Acominas SA<sup>5</sup> and Villares Metals SA.<sup>6</sup> Although Gerdau is Brazil’s largest producer of steel, with almost 8 million tons of annual raw steel capacity, its only stainless products are SSWR, bar, and cold finished bar.<sup>7</sup> Villares is a minimill producer of carbon, stainless, and alloy steels, with an annual raw steel capacity of 110,000 tons.<sup>8</sup> In 2004, Villares was purchased by Böhler-Uddeholm AG, a publicly held specialty steel producer headquartered in Vienna, Austria. Brazilian producers are not represented by counsel in these five-year reviews; however, data for production, shipments, and exports submitted by Villares Metals are presented in table IV-6.

**Table IV-6**  
**SSWR: Villares' production capacity, production, shipments, and inventories, 2000-05**

\* \* \* \* \*

Villares estimated in its questionnaire response that the Brazilian home market demand is \*\*\*. Gerdau’s annual production of SSWR (in *short tons*) is presented in the following tabulation:<sup>9</sup>

2000	2001	2002	2003	2004	2005
***	***	***	***	***	***

In 2004 Brazil’s major sources of SSWR imports were Italy, Sweden, Spain, France, and Taiwan. The following tabulation from *World Trade Atlas* shows Brazilian SSWR imports (in *short tons*).

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<sup>4</sup> Brazilian producer Gerdau Acominas SA did not responded to the Commission’s questionnaire. No Indian producer responded that they produced SSWR, although Ambica Steels, Limited did respond saying they did not produce SSWR.

<sup>5</sup> In an e-mail dated June 7, 2006, \*\*\* of Gerdau stated the following: “\*\*\*.”

<sup>6</sup> *Iron and Steel Works of the World*, 16th edition (2004).

<sup>7</sup> It is not possible to estimate SSWR production capacity from the information available.

<sup>8</sup> Villares characterizes itself as a “high alloy steel producer.” E-mail from \*\*\*, May 8, 2006.

<sup>9</sup> \*\*\*.

2000	2001	2002	2003	2004	2005
2,878	3,888	2,615	4,465	5,715	( <sup>1</sup> )
<sup>1</sup> Not available.					

In 2000-05 Brazil's major export market for SSWR was France. The following tabulation from *World Trade Atlas* shows Brazilian SSWR exports (in *short tons*).

2000	2001	2002	2003	2004	2005
65	29	41	86	14	1

### FRANCE'S CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES

During the original investigations, there were two French producers, Ugine-Savoie and Imphy. Both firms were owned by Usinor, a publicly held company, and were combined in 1998 to form Ugine-Savoie Imphy.<sup>10</sup> In 2002, Usinor merged with Aceralia Corporacion Siderurgica S.A. and Acieries Réunies de Burbach-Eich-Dudelange (Arbed) to form Arcelor, a publicly held company headquartered in Luxembourg, which produces SSWR in its subsidiary Ugitech.<sup>11</sup> Arcelor has recently announced plans to sell Ugitech to specialty steel producer and distributor Schmolz & Bickenbach KG, of Dusseldorf, Germany.<sup>12</sup> The French producer/exporter (Ugitech) and the U.S. importers are represented by counsel in these sunset reviews. Ugitech, which produces a range of stainless and alloy products, has an annual raw steel capacity of \*\*\* tons.<sup>13</sup> Ugitech's data for production, shipments, and exports are presented in table IV-7.

**Table IV-7**  
**SSWR: Ugitech's production capacity, production, shipments, and inventories, 2000-05**

\* \* \* \* \*

Table IV-8 presents data on Ugitech's production of other products on the same equipment and machinery used in the production of stainless steel wire rod and/or using the same production and related workers employed to produce SSWR for the review period.

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<sup>10</sup> On December 26, 1998, Ugine-Savoie merged with the Long Products/Alloy Department of Imphy, with retroactive effect to January 1, 1998. The merger allowed Imphy to merge its sales and back-end operations with those of Ugine-Savoie. The merger did not change the operations or organization relating to the production of SSWR.

<sup>11</sup> <http://www.arcelor.com>, March 28, 2006.

<sup>12</sup> Hearing transcript, p. 48 (Lasoff). Arcelor, in turn, is reportedly the object of interest by Mittal Steel Co. NV, of Rotterdam, the Netherlands. See "With Mittal proposal in hand, Arcelor is seeking answers," *American Metal Market*, June 7, 2006.

<sup>13</sup> During the first reviews Ugitech's predecessor firm stated that its SSWR capacity was constrained by its \*\*\*. *Stainless Steel Wire Rod from Brazil, France, and India, Investigation Nos. 701-TA-178 (Review) and 731-TA-636-638 (Review)*, USITC Publication 3321, July 2000, p. 5. Currently Ugitech's only constraint on production of SSWR is its hot-rolling capacity. Hearing transcript p. 184 (Valentin).

**Table IV-8**

**SSWR: Ugitech’s production of other products on same equipment/machinery or with same production and related workers used to produce SSWR, 2000-05**

\* \* \* \* \*

The following tabulation presents data on Ugitech’s production of products that used SSWR as an input during 2005 (in *short tons*).

Stainless steel round wire	Stainless steel bar	Other	Total
***	***	***	***

As shown in table IV-9, Ugitech’s 2005 shipments to related firms were all grades of SSWR and commercial shipments were \*\*\* grades.

**Table IV-9**

**SSWR: Ugitech’s shipments, by type and by product grade, 2005**

\* \* \* \* \*

**THE INDUSTRY IN INDIA**

During the period of the original investigations, Mukand was the only firm in India that provided information. There are currently 16 known producers of SSWR in India -Ambica Steels, Bhansali Bright Bars, BP Steel Industries, Chandan Steel, D. H. Exports, GL Engineering Industries, Grand Foundry, Isibars, Mohan Steels, Mukand, Panchmahal Steel, Raajratna Metal Industries, Sunflag Iron and Steel, Sunstar Metals, Venus Wire Industries, and Viraj Alloys.<sup>14</sup> None of the Indian producers are represented by counsel, nor have any of these firms provided responses to the Commission’s questionnaires. The following tabulation shows Indian production (in *short tons*) of SSWR during the period of review.<sup>15</sup>

2000	2001	2002	2003	2004	2005
***	***	***	***	***	***

In 2004 India’s major export markets were the United States, China, Taiwan, United Arab Emirates, and Hong Kong. The following tabulation from *World Trade Atlas* shows SSWR exports from India (in *short tons*).

2000	2001	2002	2003	2004	2005
23,302	21,727	29,524	41,818	40,818	( <sup>1</sup> )
<sup>1</sup> Not available.					

<sup>14</sup> *Iron and Steel Works of the World*, 16<sup>th</sup> edition (2004).

<sup>15</sup> \*\*\*.

## GLOBAL MARKETS

Although SSWR is consumed throughout the world, there are three major producing regions - Asia, Europe, and the United States. Asia is estimated to produce somewhat more than one-third of all SSWR, while Europe is estimated to produce somewhat less than one-third. The United States produces approximately one-third of all SSWR.<sup>16</sup> The following tabulation from *United Nations Statistics Division* shows global exports of SSWR for selected years.

2002	2003	2004	2005
\$812,817,828	\$984,156,602	\$1,487,088,207	\$744,649,133

The major exporters of SSWR during 2002-05 were Italy, France, Korea, and Japan, accounting for 31.8 percent, 17.8 percent, 14.9 percent, and 12.7 percent, respectively, of global SSWR exports.<sup>17</sup> The following tabulation from *United Nations Statistics Division* shows global imports of SSWR for selected years.

2002	2003	2004	2005
\$724,852,304	\$908,355,871	\$1,353,824,515	\$919,694,817

The major importers of SSWR during 2002-05, were Italy, Switzerland, Germany, the United States, and Korea, accounting for 38.7 percent, 23.0 percent, 10.7 percent, 9.8 percent, and 9.5 percent, respectively, of global SSWR imports.<sup>18</sup>

### Europe

Ten countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia) joined the European Union (EU) on May 1, 2004.<sup>19</sup> Before that time, the EU consisted of 15 members (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom). Among the 10 new members, the Czech Republic and Poland each have one known producer of SSWR for the external

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<sup>16</sup> Telephone interview with Specialty Steel Industry of North America industry official on April 11, 2006.

<sup>17</sup> United Nations Statistics Division - Commodity Trade Statistics Database (COMTRADE).

<sup>18</sup> Ibid.

<sup>19</sup> As a customs union, the European Union (or EU) maintains a common external tariff, has abolished customs duties between Member States, and since 1993, has removed internal border restrictions. The EU has expanded gradually, increasing from six Member States to 15 between 1958 and 1995. The "EU Enlargement" in May 2004 added ten new Member States, increasing population in the EU by nearly 20 percent and increasing GDP by almost 5 percent. "The Customs Policy of the European Union" at [www.europa.eu.int/comm/publications/booklets/move/19/txt\\_en.htm](http://www.europa.eu.int/comm/publications/booklets/move/19/txt_en.htm) (retrieved April 26, 2006).

Twelve of the 15 Member States of the EU as it existed prior to May 1, 2004, have adopted a common currency, the *euro*. The *euro* has been accepted in these Member States as an accounting unit since 1999 and as common currency since 2002. At this time, Denmark, Sweden, and the United Kingdom have not adopted the *euro*, nor have the ten newest Member States. See "The Euro: Our Currency" at [www.europa.eu.int/comm/economy\\_finance/euro/faqs/faqs\\_19\\_en.htm](http://www.europa.eu.int/comm/economy_finance/euro/faqs/faqs_19_en.htm) (retrieved April 26, 2006).

market.<sup>20</sup> Slovenia has one known producer of stainless steel ingots, bar, and cold finished bar.<sup>21</sup> Within the original 15 EU members (in addition to France, which is subject to orders in the instant reviews), there is one known producer of SSWR in Austria, two in Finland, four in Germany, four in Italy, two in Spain, one in Sweden, and one in the United Kingdom.<sup>22</sup> Table IV-10 presents production of SSWR for France and for all countries in Europe.

**Table IV-10**  
**SSWR: Production by France, and by all other countries in Europe, 2000-05**

\* \* \* \* \*

**Asia**

In addition to the SSWR producers in India (subject to orders in the instant reviews), there are five known producers of SSWR in China, six in Japan, two in Korea, one in Singapore, one in Taiwan, and one in Thailand.<sup>23</sup> Table IV-11 presents production of SSWR for selected regions in Asia.

**Table IV-11**  
**SSWR: Production by selected regions in Asia, 2000-05**

\* \* \* \* \*

**South America**

The Brazilian firms, Gerdau and Villares, are the only producers of SSWR in South America.<sup>24</sup> Information on Villares' capacity, production, and shipments was presented in table IV-6. Information on Gerdau's annual production of SSWR was presented in the section discussing Brazil.

**Prices**

Producers, importers, and purchasers were asked to compare market prices of SSWR in the United States and non-U.S. markets. None of the responding producers or importers responded to the question, but several purchasers commented. \*\*\* reported that pricing is comparable in different markets; \*\*\* reported that prices in China are slightly below prices quoted by NAS for a certain SSWR product; \*\*\* reported that U.S. producers have a five percent advantage for grades 303, 304, and 316; \*\*\* reported that Canadian and other foreign users have lower costs due to not having to pay the U.S. duties; and \*\*\* reported that India and other Asian producers are lower-cost but that NAS and Carpenter are comparable to European suppliers, with Universal more expensive than European suppliers.

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<sup>20</sup> *Iron and Steel Works of the World*, 16<sup>th</sup> edition (2004), pp. 43, 157.

<sup>21</sup> *Iron and Steel Works of the World*, 16<sup>th</sup> edition (2004), p. 176. In addition to the products listed above, this firm produces stainless steel billets, and certain other stainless products.

<sup>22</sup> *Iron and Steel Works of the World*, 16<sup>th</sup> edition (2004), pp. 294-295.

<sup>23</sup> *Iron and Steel Works of the World*, 16<sup>th</sup> edition (2004), pp. 36, 38-41, 112, 113, 117, 118, 120, 124, 125, 174, 197, 200.

<sup>24</sup> *Iron and Steel Works of the World*, 16<sup>th</sup> edition (2004), pp. 20-23, 27.

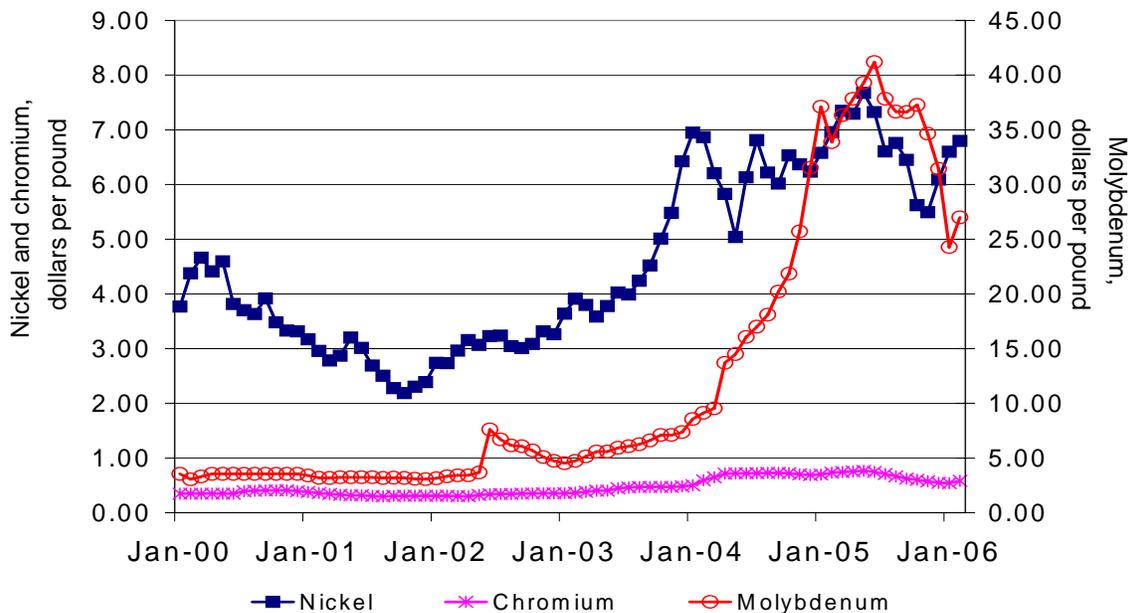
## PART V: PRICING AND RELATED INFORMATION

### FACTORS AFFECTING PRICES

#### Raw Materials

Raw material costs are an important component of the total cost of producing SSWR. Nickel, chromium, and molybdenum constitute a substantial portion of the raw material costs for producing SSWR (see part I). Public data show that prices of all three raw materials rose over the January 2000 to February 2006 period (figure V-1). During that period, the price of chromium increased by more than 60 percent, while the price of nickel decreased between 2000 and 2001 and then increased by more than 200 percent between late 2001 and early 2006. The price of molybdenum began a sharp increase in 2004 before reaching a peak in mid-2005 and then decreasing from those record-high prices.<sup>1</sup>

**Figure V-1**  
**Raw material costs: Monthly prices of nickel, chromium, and molybdenum, January 2000-February 2006**



Source: London Metal Exchange and American Metal Market, March 28, 2006.

<sup>1</sup> The dramatic increase in molybdenum prices has been attributed to growing demand in end-use products, such as stainless steel, as well as limited roasting capacity, a deficient supply of molybdenum, an increase in the price of substitutes for molybdenum, reduced exports from China, and mine closures. "High demand and limited roasting capacity causes record high molybdenum prices," Roskill Metals and Minerals Reports, January 3, 2006, found at <http://www.roskill.com/reports/molybdenum>, and "Different elements causing fluctuations in stainless alloy surcharges," MEPS, May 6, 2004, found at <http://www.meps.co.uk/editorial4-04.html>, retrieved March 28, 2006.

Energy costs are another important factor in the production of SSWR. Both natural gas prices and electricity prices were higher in 2005 than in any of the years between 2000 and 2004, as shown in the following tabulation:

Item	2000	2001	2002	2003	2004	2005
U.S. natural gas (industrial price) <sup>1</sup>	\$4.45	\$5.24	\$4.02	\$5.81	\$6.41	\$8.56
Electricity (industrial price) <sup>2</sup>	4.64	5.04	4.88	5.13	5.11	5.57
<sup>1</sup> In dollars per thousand cubic feet. <sup>2</sup> In cents per kilowatt-hour. Sources: U.S. Energy Information Administration, <a href="http://www.eia.doe.gov">http://www.eia.doe.gov</a> , April 3, 2006.						

All four responding domestic producers reported using alloy surcharges. \*\*\* reported that its surcharges are based on tables that reflect the composition of the different alloys in the stainless steel, adjusted for yield loss, and \*\*\* reported that its surcharge formula has not changed since 2002. All four domestic producers reported including nickel, chromium, and molybdenum in their surcharge formulas.<sup>2</sup> U.S. producers reported using sources such as the London Metal Exchange, Platt’s Metal Week, and Ryan’s Notes for the prices of the various alloys included in the surcharge formulas. In addition, \*\*\* reported using surcharges for titanium, manganese, iron scrap, and natural gas; \*\*\* reported using surcharges for manganese, iron scrap, and natural gas; \*\*\* reported using surcharges for titanium and iron scrap; and \*\*\* reported adding an iron scrap surcharge in April 2004. All U.S. producers reported reviewing and/or adjusting the surcharges on a monthly basis.<sup>3</sup>

Producers and importers were asked to what extent changes in the prices of raw materials have affected the selling price of SSWR since 2000. All four responding producers reported that raw material price increases have caused increases in the selling price of SSWR since 2000. \*\*\* reported that increases in raw material prices have raised surcharges to above 50 percent of the base price of SSWR, and \*\*\* reported that raw material price increases are covered by increases in the various surcharges. All three responding importers reported that raw material price increases have caused selling prices of SSWR to increase since 2000. \*\*\* reported that raw material prices have been especially volatile since the fourth quarter of 2003, and \*\*\* reported that raw material surcharges are used to pass on the full increase in raw material prices and that surcharges for the first few months of 2006 were slightly lower than the levels in 2005.

### Transportation Costs to the United States

Transportation costs for shipping SSWR to the United States (excluding U.S. inland costs) from the three subject countries are estimated for 2005 in the tabulation that follows.<sup>4</sup> These estimates are derived from official import data for the HTS statistical reporting numbers covering the subject

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<sup>2</sup> Published reports show that NAS’ April 2006 stainless steel flat products’ surcharge was 55.8 cents per pound for grade 304 and 64.3 cents per pound for grade 321. “Energy drop fails to quash stainless flat surcharge hikes for April.” American Metal Market, March 8, 2006.

<sup>3</sup> \*\*\* was the only importer to discuss surcharges in its questionnaire response and reported that it includes the full raw material surcharge in its base pricing for all sales. The surcharge is derived based on the amount of the different alloys in each grade and is adjusted monthly.

<sup>4</sup> Transportation costs for shipping SSWR to the United States from the subject countries were higher in 2005 than during the first reviews.

merchandise in 2005 and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with a customs value basis.<sup>5</sup>

Country	Estimated shipping cost in 2005 (in percent)
Brazil	13.02
France	4.39
India	3.08

### U.S. Inland Transportation Costs

U.S. inland transportation costs for delivery of SSWR vary between U.S. producers and importers. Three responding producers estimated that U.S. inland transportation costs ranged from 2 to 5 percent of their costs of SSWR,<sup>6</sup> while all three responding importers reported that U.S. inland transportation costs were 2 percent of their costs of SSWR. Fourteen of the 16 responding purchasers reported that inland transportation costs were not a major factor in consideration of which suppliers to source their SSWR requirements. Purchasers also reported that inland transportation costs generally range from less than 1 percent to 4 percent of the total cost of SSWR purchased.<sup>7</sup>

All four responding producers reported that they arranged delivery, and three shipped the majority of their SSWR between 101 and 1,000 miles.<sup>8</sup> \*\*\* reported shipping almost three-quarters of its SSWR over 1,000 miles. Among importers, all three responding firms reported that they arranged delivery, with \*\*\* shipping the majority of its SSWR over 1,000 miles and \*\*\* shipping the vast majority of its SSWR between 101 and 1,000 miles.

### Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Brazilian real depreciated during the period, but the real value appreciated relative to the U.S. dollar during the review period (figure V-2). The real and nominal values of the euro (France) first depreciated and then appreciated relative to the U.S. dollar.<sup>9</sup> Both the nominal and real values of the Indian rupee remained relatively constant during the period.

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<sup>5</sup> These estimates are based on a weighted average of HTS statistical reporting numbers 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, and 7221.00.0075. Data from 2004 were used for Brazil because of a lack of data in 2005.

<sup>6</sup> \*\*\* reported that inland transportation costs were 0 percent of its costs of SSWR.

<sup>7</sup> \*\*\* reported that inland transportation costs represent 10 percent of the total cost when sourcing from \*\*\*.

<sup>8</sup> \*\*\* reported that both it and the purchaser arranges for delivery.

<sup>9</sup> Respondent interested parties reported that the U.S. market has been, and will continue to be, unattractive to French exports due to the value of the dollar vis-a-vis the euro. Hearing transcript, pp. 163-164 (Crandall), p. 177 (O'Donnell), and respondent interested parties' prehearing brief, pp. 7-8 and exhibit 1, pp. 17-18.

**Figure V-2**  
**Exchange rates: Indices of the nominal and real exchange rates of the Brazilian, French, and Indian currencies relative to the U.S. dollar, by quarters, January 2000-December 2005**

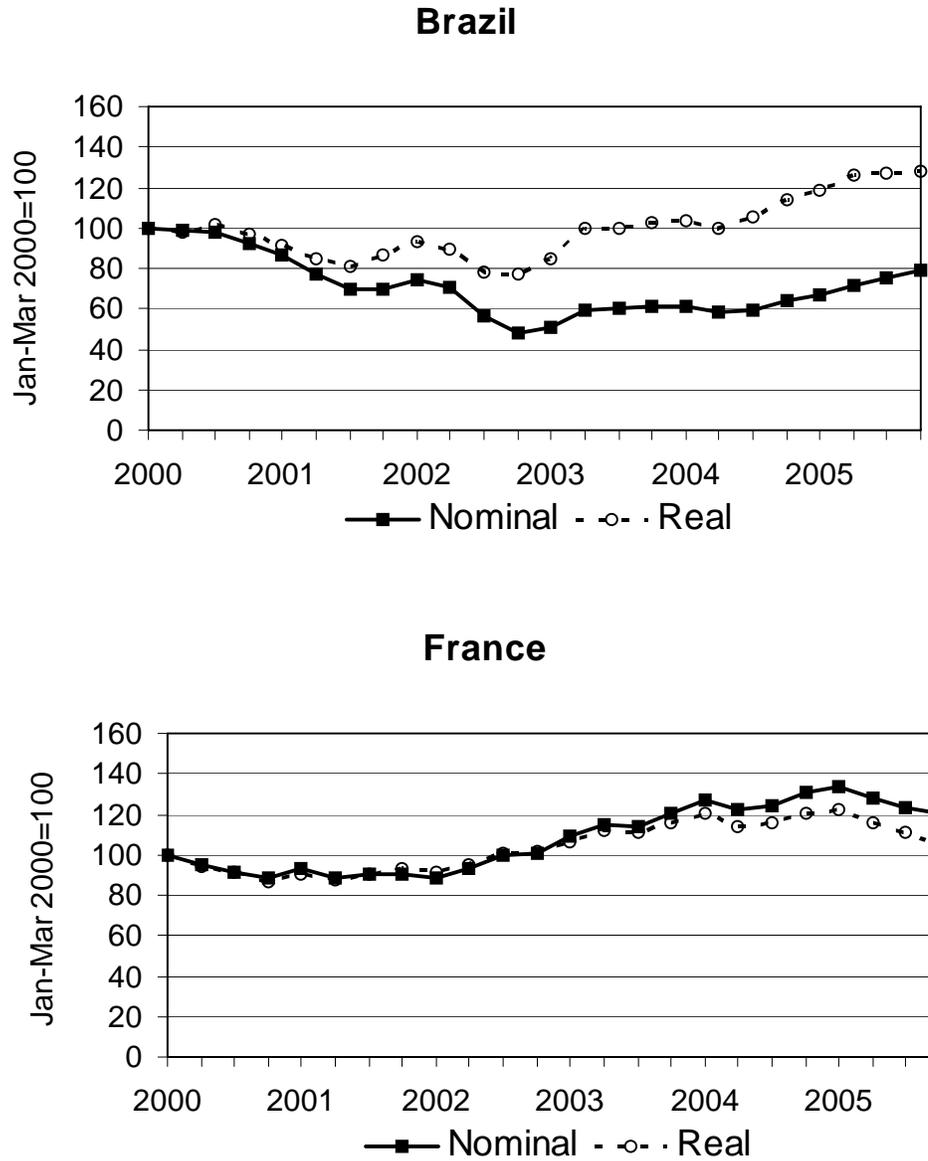
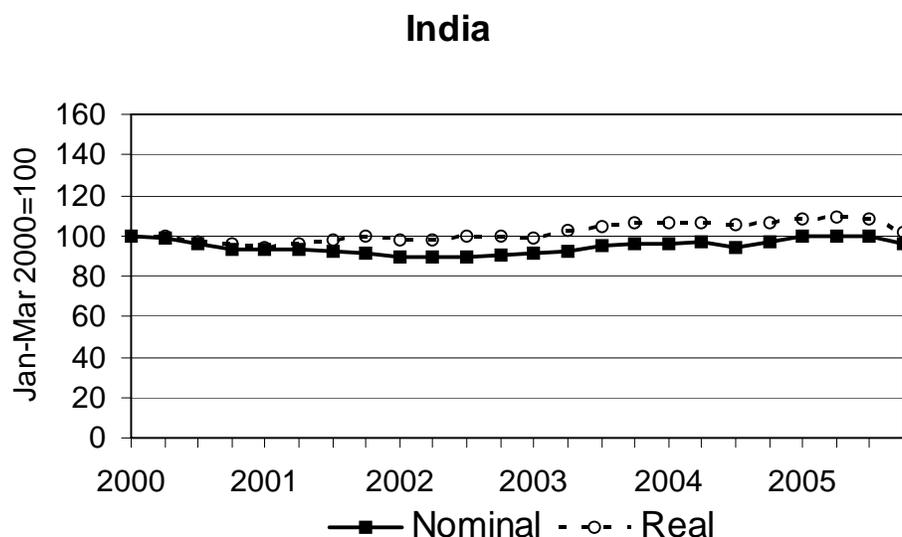


Figure continued on next page.

**Figure V-2--Continued**

**Exchange rates: Indices of the nominal and real exchange rates of the Brazilian, French, and Indian currencies relative to the U.S. dollar, by quarters, January 2000-December 2005**



Source: International Monetary Fund, *International Financial Statistics*, retrieved from <http://ifs.apdi.net/imf/about.asp> on May 22, 2006.

## PRICING PRACTICES

### Pricing Methods

All four U.S. producers generally reported determining prices on a transaction-by-transaction basis, with \*\*\* reporting some quarterly negotiations of contracts by volume and \*\*\* reporting some quarterly and longer-term price arrangements, which are not considered contracts. Importers also reported determining prices on a transaction-by-transaction basis, with \*\*\* also using price lists.

Most purchasers reported contacting between one and four suppliers before making a purchase.<sup>10</sup> Fourteen of the 18 responding purchasers reported that purchases of SSWR usually involve negotiations between supplier and purchaser, with some explaining that availability, delivery, price, and quantity are part of the negotiations.<sup>11</sup> \*\*\* reported giving target prices for suppliers to meet or beat, and \*\*\* reported getting price quotes from other suppliers in order to negotiate with its preferred supplier. Eight purchasers reported varying their purchases from a given supplier based on the price offered for a specified period, with the time period generally being quarterly or annually.

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<sup>10</sup> \*\*\* reported that it contacts one supplier for U.S. purchases and six suppliers for non-U.S. purchases.

<sup>11</sup> Only one of the four responding producers reported that purchases of SSWR usually involve negotiations between supplier and purchaser. \*\*\* reported that it usually quotes price and delivery, and if the order is not placed on that quote, it engages in follow-up discussions.

NAS was named by nine purchasers and all three importers as influencing the U.S. wholesale market price of SSWR since 2000, with some citing its large capacity and shorter lead times.<sup>12</sup> \*\*\* reported that Carpenter influenced the wholesale price of SSWR because it successfully lobbied for duties on SSWR imports.

### **Sales Terms and Discounts**

Three producers and one importer reported that they normally quote f.o.b. prices, one producer reported quoting both f.o.b. and delivered, one importer reported quoting delivered prices, and one importer reported quoting prices at port of entry. Producers' and importers' sales terms are generally net 30 days, and none of the responding producers or importers reported having a discount policy.

Two of four producers reported that all of their sales are on a spot basis, with one reporting that half of its sales are on a spot basis and half a short-term contract basis, and one reporting that \*\*\* percent of its sales are on a short-term contract basis. Among importers, one reported that all of its sales are on a short-term contract basis, one reported that \*\*\* percent of its sales are on a spot basis, and one did not respond to the question.

Producers generally reported that short-term contracts are for three months, with both price and quantity fixed, no renegotiations, and no meet-or-release provisions. One importer reported that short-term contracts are for three months and one reported that short-term contracts are for one year. Generally, importers reported that short-term contracts have both price and quantity fixed and no renegotiations.

### **PRICE DATA**

The Commission requested U.S. producers and importers of SSWR to provide quarterly data for the total quantity and f.o.b. value of SSWR that was shipped to unrelated customers in the U.S. market. Data were requested for the period January 2000 to December 2005. The products for which pricing data were requested are as follows:<sup>13</sup>

***Product 1.*—Grade AISI 302 spring wire rod, 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled;**

***Product 2.*—Grade AISI 304L wire rod (not greater than 8.5 percent nickel), 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled;**

***Product 3.*—Grade AISI 316L wire rod (not greater than 11 percent nickel), 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled;**

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<sup>12</sup> NAS reported that, faced with import pricing pressure and raw material cost increases, it has worked to reduce other costs and to increase efficiency and that during the last year, it raised prices for SSWR in response to increased prices of SSWR imports. Hearing transcript, p. 30 (Romans) and domestic producers' posthearing brief, p. 14.

<sup>13</sup> Domestic producers reported that there are no standard industry definitions for commodity and specialty grades of SSWR, with the primary differences between commodity and specialty grades relating to the chemical and physical specifications for particular grades. Domestic producers' posthearing brief, exhibit 1, pp. 27-28. According to the list of major commodity grades noted in the domestic producers' posthearing brief, only product 7 would be considered a specialty grade. Ugitech reported that it classifies its products as commodity, technical, and specialty grades based on the number of producers that have either the know-how or tools (or both) to make the product and cited product 8 as a technical grade based on this classification system. \*\*\*. Respondent interested parties' posthearing brief, pp. 14-15 and exhibit 1, pp. 6 and 8-9.

**Product 4.–Grade AISI 302 HQ wire rod, 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled;**

**Product 5.–Grade AISI 308L wire rod, 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled;**

**Product 6.–Grade AISI 430 wire rod, 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled;**

**Product 7.–Grade 631 (17-7PH) wire rod, 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled; and**

**Product 8.–Grade AISI 410 wire rod, 5.5 mm (0.217 inch), hot-rolled, annealed, and pickled.**

Four U.S. producers and one importer provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters.<sup>14</sup> Pricing data reported by these firms, shown in tables V-2 to V-9 and figures V-3 to V-10, accounted for \*\*\* percent of U.S. producers' U.S. shipments of SSWR and \*\*\* percent of U.S. imports from France in 2005. Importers of SSWR from Brazil and India did not respond to Commission questionnaires.

### Price Trends

Among Commission pricing products, U.S. prices of SSWR generally showed slight declines from 2000 through 2001, with the exceptions of product 7, for which no data were reported, and product 8, for which the reported quantities were quite small. Price increases for all products except products 6 and 8 generally began in late 2003 or early 2004 with some leveling off or small decreases in mid-to-late 2005. Prices of imports of products 2 through 8 from France, where reported, followed the general trend.

Purchasers were asked how often the price of SSWR changes. Seven purchasers reported that the price of SSWR changes quarterly, six reported monthly, one reported daily, one reported weekly, and one reported annually. Two purchasers cited raw material surcharges as the reason for price changes.

Purchasers were asked if there had been a change in the price of SSWR since 2000 and, if so, how the price of domestic SSWR changed relative to the price of SSWR produced in the various subject countries. Six purchasers reported that prices have changed by the same amount. The responses for how U.S. prices reportedly changed relative to the subject countries is reported in the following tabulation:

<b>Country</b>	<b>Price of U.S. product is now relatively higher than price of subject country product</b>	<b>Price of U.S. product is now relatively lower than price of subject country product</b>
Brazil	0	2
France	1	5
India	1	4

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<sup>14</sup> \*\*\*.

## Price Comparisons

Table V-1 summarizes price comparisons between U.S.-produced and French SSWR across all products. As in the original investigations and the first reviews, the data exhibit a closely divided mix of overselling and underselling. No comparisons for SSWR from Brazil or India were available in these second reviews.

There were no reported data for imports of product 1 from France. U.S. products 2, 3, 6, and 7 generally undersold the products imported from France, with margins ranging from 5.4 to 84.0 percent (tables V-3, V-4, V-7, and V-8). Imports from France of products 2, 3, 6, and 7 undersold the U.S. products in 9 of 60 quarters where comparisons were possible, with margins of underselling ranging from 0.6 to 11.2 percent.

Imports of product 4 from France undersold the U.S. product in 14 of 18 quarters where comparisons were possible, with margins ranging from 0.1 to 35.9 percent (table V-5). In the other quarters where the U.S. product undersold the imports from France, the margin ranged from 3.9 to 39.5 percent.

Imports of product 5 from France undersold the U.S. product in 19 of 22 quarters where comparisons were possible, with margins of underselling ranging from 0.9 to 34.6 percent (table V-6). In the three quarters of overselling, the margins ranged from 2.2 to 19.5 percent.

Imports of product 8 from France undersold the U.S. product in 19 of 23 quarters where comparisons were possible, with margins of underselling ranging from 2.2 to 30.4 percent (table V-9). In the four quarters of overselling by the imports from France, the margins ranged from 1.0 to 10.4 percent.

**Table V-1**  
**SSWR: Instances of underselling/(overselling) and the range and average of margins for products 2-8, by sources, January 2000-December 2005**

\* \* \* \* \*

**Table V-2**  
**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers of product 1, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Table V-3**  
**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 2, and margins of underselling/(overselling), by quarters, January 2000-December 2005**

\* \* \* \* \*

**Table V-4**  
**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 3, and margins of underselling/(overselling), by quarters, January 2000-December 2005**

\* \* \* \* \*

**Table V-5**

**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 4, and margins of underselling/(overselling), by quarters, January 2000-December 2005**

\* \* \* \* \*

**Table V-6**

**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 5, and margins of underselling/(overselling), by quarters, January 2000-December 2005**

\* \* \* \* \*

**Table V-7**

**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 6, and margins of underselling/(overselling), by quarters, January 2000-December 2005**

\* \* \* \* \*

**Table V-8**

**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 7, and margins of underselling/(overselling), by quarters, January 2000-December 2005**

\* \* \* \* \*

**Table V-9**

**SSWR: Weighted-average f.o.b. selling prices and quantities as reported by U.S. producers and importers of product 8, and margins of underselling/(overselling), by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-3**

**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers of product 1, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-4**

**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers and importers of product 2, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-5**  
**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers and importers of product 3, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-6**  
**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers and importers of product 4, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-7**  
**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers and importers of product 5, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-8**  
**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers and importers of product 6, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-9**  
**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers and importers of product 7, by quarters, January 2000-December 2005**

\* \* \* \* \*

**Figure V-10**  
**SSWR: Weighted-average f.o.b. selling prices per short ton as reported by U.S. producers and importers of product 8, by quarters, January 2000-December 2005**

\* \* \* \* \*

**APPENDIX A**

***FEDERAL REGISTER* NOTICES AND STATEMENT ON ADEQUACY**



**INTERNATIONAL TRADE  
COMMISSION**

[Investigation Nos. 731-TA-636-638  
(Second Review)]

**Stainless Steel Wire Rod From Brazil,  
France, and India**

**AGENCY:** United States International  
Trade Commission.

**ACTION:** Institution of five-year reviews  
concerning the antidumping duty orders  
on stainless steel wire rod from Brazil,  
France, and India.

**SUMMARY:** The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on stainless steel wire rod from Brazil, France, and India would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;<sup>1</sup> to be assured of consideration, the deadline for responses is August 22, 2005. Comments on the adequacy of responses may be filed with the Commission by September 13, 2005. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** July 1, 2005.

**FOR FURTHER INFORMATION CONTACT:** Mary Messer (202-205-3193), 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://>

<sup>1</sup> No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117-0016/USITC No. 05-5-135, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

*www.usitc.gov*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

**Background.**—On December 1, 1993, the Department of Commerce issued an antidumping duty order on imports of stainless steel wire rod from India (58 FR 63335). On January 28, 1994, the Department of Commerce issued antidumping duty orders on imports of stainless steel wire rod from Brazil and France (59 FR 4021, 4022). Following five-year reviews by Commerce and the Commission, effective August 2, 2000, Commerce issued a continuation of the antidumping duty orders on imports of stainless steel wire rod from Brazil, France, and India (65 FR 47403). The Commission is now conducting second reviews to determine whether revocation of the order would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

**Definitions.**—The following definitions apply to these reviews:

(1) *Subject Merchandise* is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The *Subject Countries* in these reviews are Brazil, France, and India.

(3) The *Domestic Like Product* is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the *Subject Merchandise*. In its original determinations and its full five-year review determinations, the Commission defined the *Domestic Like Product* as stainless steel wire rod.

(4) The *Domestic Industry* is the U.S. producers as a whole of the *Domestic Like Product*, or those producers whose collective output of the *Domestic Like Product* constitutes a major proportion of the total domestic production of the product. In its original determinations and its full five-year review determinations, the Commission defined the *Domestic Industry* as domestic producers of stainless steel wire rod.

(5) An *Importer* is any person or firm engaged, either directly or through a

parent company or subsidiary, in importing the *Subject Merchandise* into the United States from a foreign manufacturer or through its selling agent.

**Participation in the reviews and public service list.**—Persons, including industrial users of the *Subject Merchandise* and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the "same particular matter" as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was "personal and substantial." However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202-205-3088.

**Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list.**—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

**Certification.**—Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

**Written submissions.**—Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is August 22, 2005. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is September 13, 2005. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

**Inability to provide requested information.**—Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide

equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

*Information to be Provided in Response to This Notice of Institution:* If you are a domestic producer, union/worker group, or trade/business association; import/export *Subject Merchandise* from more than one *Subject Country*; or produce *Subject Merchandise* in more than one *Subject Country*, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent *Subject Country*. As used below, the term "firm" includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the *Domestic Like Product*, a U.S. union or worker group, a U.S. importer of the *Subject Merchandise*, a foreign producer or exporter of the *Subject Merchandise*, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on the *Domestic Industry* in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of *Subject Merchandise* on the *Domestic Industry*.

(5) A list of all known and currently operating U.S. producers of the *Domestic Like Product*. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the *Subject Merchandise* and producers of the

*Subject Merchandise* in the *Subject Countries* that currently export or have exported *Subject Merchandise* to the United States or other countries after 1999.

(7) If you are a U.S. producer of the *Domestic Like Product*, provide the following information on your firm's operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the *Domestic Like Product* accounted for by your firm's(s') production;

(b) The quantity and value of U.S. commercial shipments of the *Domestic Like Product* produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of the *Domestic Like Product* produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the *Subject Merchandise* from the *Subject Countries*, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of *Subject Merchandise* from the *Subject Countries* accounted for by your firm's(s,) imports;

(b) The quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of *Subject Merchandise* imported from the *Subject Countries*; and

(c) The quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of *Subject Merchandise* imported from the *Subject Countries*.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the *Subject Merchandise* in the *Subject Countries*, provide the following information on your firm's(s') operations on that product during calendar year 2004 (report quantity data in short tons and value data in U.S. dollars, landed and

duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of *Subject Merchandise* in the *Subject Countries* accounted for by your firm's(s') production; and

(b) The quantity and value of your firm's(s') exports to the United States of *Subject Merchandise* and, if known, an estimate of the percentage of total exports to the United States of *Subject Merchandise* from the *Subject Countries* accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the *Domestic Like Product* that have occurred in the United States or in the market for the *Subject Merchandise* in the *Subject Countries* after 1999, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the *Domestic Like Product* produced in the United States, *Subject Merchandise* produced in the *Subject Countries*, and such merchandise from other countries.

(11) (OPTIONAL) A statement of whether you agree with the above definitions of the *Domestic Like Product* and *Domestic Industry*; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

**Authority:** These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

By order of the Commission.

Issued: June 22, 2005.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-13161 Filed 6-30-05; 8:45 am]

BILLING CODE 7020-02-P



reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** October 4, 2005.

**FOR FURTHER INFORMATION CONTACT:**

Mary Messer (202-205-3193), 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 reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:** On October 4, 2005, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (70 FR 38207, July 1, 2005) was adequate, and that the respondent interested party group response with respect to France was adequate, but found that the respondent interested party group responses with respect to Brazil and India were inadequate. However, the Commission determined to conduct full reviews concerning subject imports from Brazil and India to promote administrative efficiency in light of its decision to conduct a full review with respect to subject imports from France. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

**Authority:** These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: October 11, 2005.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. 05-20620 Filed 10-13-05; 8:45 am]

**BILLING CODE 7020-02-P**

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**INTERNATIONAL TRADE  
COMMISSION**

[Investigation Nos. 731-TA-636-638  
(Second Review)]

**Stainless Steel Wire Rod From Brazil,  
France, and India**

**AGENCY:** United States International Trade Commission.

**ACTION:** Notice of Commission determination to conduct full five-year reviews concerning the antidumping duty orders on stainless steel wire rod from Brazil, France, and India.

**SUMMARY:** The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on stainless steel wire rod from Brazil, France, and India would be likely to lead to continuation or recurrence of material injury within a



**DEPARTMENT OF COMMERCE****International Trade Administration**

(A-351-819, A-427-811, A-533-808)

**Stainless Steel Wire Rods from Brazil, France, and India; Notice of Final Results of Five-year (Sunset) Reviews of Antidumping Duty Orders**

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

**SUMMARY:** On July 1, 2005, the Department of Commerce (the Department) initiated the second sunset reviews of the antidumping duty orders on stainless steel wire rods from Brazil, France and India, pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). On the basis of notices of intent to participate and adequate substantive responses filed on behalf of the domestic interested parties and inadequate response from respondent interested parties, the Department has conducted expedited sunset reviews of these antidumping duty orders. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the level indicated in the "Final Results of Reviews" section of this notice.

**EFFECTIVE DATE:** November 7, 2005.

**FOR INFORMATION CONTACT:** Jacqueline Arrowsmith or Dana Mermelstein, Antidumping/Countervailing Duty Operations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC, 20230; telephone: (202) 482-5255 or (202) 482-1391, respectively.

**SUPPLEMENTARY INFORMATION:****Background**

On December 1, 1993, the Department published the *Antidumping Duty Order: Certain Stainless Steel Wire Rods from India*, 58 FR 63335 (December 1, 1993). On January 28, 1994, the Department published the *Antidumping Duty Order: Certain Stainless Steel Wire Rods from Brazil*, 59 FR 4021 and the *Amended Final Determination and Antidumping Duty Order: Certain Stainless Steel Wire Rods from France*, 59 FR 4022. On August 2, 2000, the Department published the *Continuation of Antidumping Duty Orders: Stainless Steel Wire Rod from Brazil, France, and India*, 65 FR 47403.

On July 1, 2005, the Department initiated the second sunset reviews of the antidumping duty orders on

stainless steel wire rods from Brazil, France and India, pursuant to section 751(c) of the Act. See *Initiation of Five-year ("Sunset") Reviews*, 70 FR 38101 (July 1, 2005). The Department received a notice of intent to participate from Carpenter Technology Corporation, Charter Specialty Steel, and Universal & Alloy Products, Inc. (collectively, the domestic interested parties), within the deadline specified in 19 CFR 351.218(d)(1)(i). The domestic interested parties claimed interested party status under section 771(9)(C) of the Act as U.S. producers of the domestic like product.

We received a complete substantive response to the notice of initiation from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). We received no responses from respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department conducted expedited sunset reviews of these orders.

**Scope of the Orders**

Imports covered by these orders are certain stainless steel wire rods (SSWR) from Brazil, France and India. SSWR are products which are hot-rolled or hot-rolled annealed and/or pickled rounds, squares, octagons, hexagons, or other shapes, in coils. SSWR are made of alloy steels containing, by weight 1.2 percent or less of carbon and 10.5 percent of chromium, with or without other elements. These products are only manufactured by hot-rolling and normally sold in coiled form, and are solid cross-section. The majority of SSWR sold in the United States are round in cross-section shape, annealed and pickled. The most common size is 5.5 millimeters in diameter.

The merchandise subject to these orders is currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0030, 7221.00.0045, 7221.00.0075 of the Harmonized Tariff Schedule of the United States (HTSUS).<sup>1</sup> The HTSUS subheadings are provided for convenience and customs purposes. The written description remains dispositive.

**Analysis of Comments Received**

All issues raised in these reviews are addressed in the Issues and Decision

<sup>1</sup> The merchandise subject to the scope of these orders was originally classifiable under all of the following HTS subheadings: 7221.00.0005, 7221.00.0015, 7221.00.0020, 7221.00.0030, 7221.00.0040, 7221.00.0045, 7221.00.0060, 7221.00.0075, and 7221.00.0080. HTSUS subheadings 7221.00.0020, 7221.00.0040, 7221.00.0060, 7221.00.0080 are no longer contained in the HTSUS.

Memorandum for the Expedited Sunset Reviews of the Antidumping Duty Orders on Stainless Steel Wire Rods from Brazil, France, and India; Final Results, from Stephen J. Claeys, Deputy Assistant Secretary for AD/CVD Operations to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated October 31, 2005 (Decision Memo), which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the orders were revoked. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendations in this public memo, which is on file in room B-099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at <http://ia.ita.doc.gov/frn/>. The paper copy and electronic version of the Decision Memo are identical in content.

**Final Results of Reviews**

We determine that revocation of the antidumping duty order on stainless steel wire rods from Brazil would likely lead to continuation or recurrence of dumping at the following weighted-average percentage margins.

Manufacturers/Exporters/Producers	Weighted-Average Margins
Acos Finos Piratini SA ..	26.50 percent
Acos Villares SA .....	26.50 percent
Electrometal - Metals Especiais S.A. ....	24.63 percent
All Others .....	25.88 percent

We determine that revocation of the antidumping duty order on stainless steel wire rods from France would likely lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-Average Margins
Imphy .....	24.51 percent
Ugine-Savoie .....	24.51 percent
All Others .....	24.51 percent

We determine that revocation of the antidumping duty order on stainless steel wire rods from India would likely lead to continuation or recurrence of dumping at the following weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted-Average Margins
Mukand Ltd. ....	48.80 percent

Manufacturers/Exporters/Producers	Weighted-Average Margins
Sunstar Metals Ltd. ....	48.80 percent
Grand Foundry Ltd. ....	48.80 percent
All Others .....	48.80 percent

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: October 31, 2005.

**Joseph A. Spetrini,**  
*Acting Assistant Secretary for Import Administration.*

[FR Doc. 05-22140 Filed 11-4-05; 8:45 am]

**BILLING CODE 3510-DS-S**

orders on stainless steel wire rod from Brazil, France, and India would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B). For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

**EFFECTIVE DATE:** January 3, 2006.

**FOR FURTHER INFORMATION CONTACT:** Fred Ruggles (202-205-3187 or [fred.ruggles@usitc.gov](mailto:fred.ruggles@usitc.gov)), 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 reviews may be viewed on the Commission's electronic docket (EDIS) at <http://edis.usitc.gov>.

**SUPPLEMENTARY INFORMATION:**

*Background.*—On July 1, 2005, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (70 FR 38207, July 1, 2005). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

*Participation in the reviews and public service list.*—Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance.

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**INTERNATIONAL TRADE COMMISSION**

[Investigation Nos. 731-TA-636-638  
(Second Review)]

**Stainless Steel Wire Rod From Brazil, France, and India**

**AGENCY:** United States International Trade Commission.

**ACTION:** Scheduling of full five-year reviews concerning the antidumping duty orders on stainless steel wire rod from Brazil, France, and India.

**SUMMARY:** The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty

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

The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

*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 reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

*Staff report.*—The prehearing staff report in the reviews will be placed in the nonpublic record on April 28, 2006, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

*Hearing.*—The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on May 18, 2006, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before May 12, 2006. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on May 15, 2006, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony *in camera* no later than 7 business days prior to the date of the hearing.

*Written submissions.*—Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is May 9, 2006. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's

rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is May 26, 2006; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before May 26, 2006. On June 20, 2006, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before June 22, 2006, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means, 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).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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 reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

By order of the Commission.

Issued: January 17, 2006.

**Marilyn R. Abbott,**

*Secretary to the Commission.*

[FR Doc. E6-723 Filed 1-20-06; 8:45 am]

**BILLING CODE 7020-02-P**

## **EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY**

in

*Stainless Steel Wire Rod from Brazil, France, and India,  
Inv. Nos. 731-TA-636-638 (Second Review)*

On October 4, 2005, the Commission unanimously determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).

With regard to each of the reviews, the Commission determined that the domestic interested party group response to the notice of institution was adequate. The Commission received an adequate joint response with company specific data on behalf of three domestic producers: Carpenter Technology Corp., Charter Specialty Steel, and Universal Stainless & Alloy Products, Inc. Because the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

In the review concerning subject imports from France, the Commission received an adequate response from the only producer of the subject merchandise in France, UGITECH, S.A. The Commission also received a response from Ugine Stainless & Alloys, Inc., an importer of the subject merchandise from France. Because the Commission received an adequate response representing a substantial percentage of the production of stainless steel wire rod in France, the Commission determined that the respondent interested party group response for France was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Wire Rod from France*.

The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Brazil or India and therefore determined that the respondent interested party group response was not adequate. However, the Commission determined to conduct full reviews to promote administrative efficiency in light of its decision to conduct a full review with respect to *Stainless Steel Wire Rod from France*. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (<http://www.usitc.gov>).



**APPENDIX B**  
**HEARING WITNESSES**



**CALENDAR OF PUBLIC HEARING**

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

**Subject:** Stainless Steel Wire Rod from Brazil, France, and India  
**Inv. Nos.:** 731-TA-636-638 (Second Review)  
**Date and Time:** May 18, 2006 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

**In Support of the Continuation of the Antidumping Duty Orders:**

Kelley Drye Collier Shannon  
Washington, D.C.  
on behalf of

**Toni M. Brugger**, Vice President, Wire Business Group, Carpenter Technology Corp.

**Jim Gugino**, Product Manager, Wire and Rod, Dunkirk Specialty Steel, Inc.

**Brian Romans**, Long Products Sales Manager, North American Stainless

**Charles Mellowes**, Vice President *and* General Manager, Charter Specialty Steel

**Ed Blot**, President, Ed Blot and Associates

**Brad Hudgens**, Economist, Georgetown Economic Consulting Services, LLC

**David A. Hartquist** )  
**Laurence J. Lasoff** )  
**Mary T. Staley** ) - OF COUNSEL  
**Grace W. Kim** )

**In Opposition to the Continuation of the Antidumping Duty Orders:**

Shearman & Sterling LLP  
Washington, D.C.  
on behalf of

**Robert Crandall**, Economist, The Brookings Institution

**Daniel O'Donnell**, President, Ugine Stainless & Alloys, Inc.

**Francoise Valentin**, Wire Rod Sales Manager, UGITECH S.A.

**David Monti**, Vice President, Fall River Manufacturing Company, Inc.

**Brian Dauble**, General Manager, Ugine Stainless & Alloys, Inc.

**Robert S. LaRussa** )  
**Ryan A. T. Trapani** )  
**Lisa Raisner** ) - OF COUNSEL  
**Karen Kim** )

**APPENDIX C**  
**SUMMARY DATA**



**Table C-1**  
**SSWR: Summary data concerning the U.S. market, 2000-05**

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

Item	Reported data						Period changes					
	2000	2001	2002	2003	2004	2005	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05
<b>U.S. consumption quantity:</b>												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
Brazil	***	***	***	***	***	***	***	***	***	***	***	***
France	***	***	***	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. consumption value:</b>												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
Importers' share (1):												
Brazil	***	***	***	***	***	***	***	***	***	***	***	***
France	***	***	***	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. imports from:</b>												
<b>Brazil:</b>												
Quantity	0	0	0	0	7	0	(2)	(2)	(2)	(2)	(2)	-100.0
Value	0	0	0	0	16	0	(2)	(2)	(2)	(2)	(2)	-100.0
Unit value	(2)	(2)	(2)	(2)	\$2,072.14	(2)	(2)	(2)	(2)	(2)	(2)	-100.0
Ending inventory quantity	***	***	***	***	***	***	(2)	(2)	(2)	(2)	(2)	(2)
<b>France:</b>												
Quantity	5,546	8,314	6,288	3,720	1,569	1,749	-68.5	49.9	-24.4	-40.8	-57.8	11.5
Value	16,001	19,259	16,788	7,771	6,000	8,658	-45.9	20.4	-12.8	-53.7	-22.8	44.3
Unit value	\$2,885.04	\$2,316.51	\$2,669.88	\$2,088.74	\$3,823.23	\$4,950.02	71.6	-19.7	15.3	-21.8	83.0	29.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>India:</b>												
Quantity	7,815	3,004	4,388	2,232	1,297	278	-96.4	-61.6	46.1	-49.1	-41.9	-78.5
Value	13,086	4,886	6,436	3,377	2,745	783	-94.0	-62.7	31.7	-47.5	-18.7	-71.5
Unit value	\$1,674.43	\$1,626.44	\$1,466.85	\$1,512.97	\$2,116.93	\$2,813.59	68.0	-2.9	-9.8	3.1	39.9	32.9
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Subtotal:</b>												
Quantity	13,362	11,318	10,676	5,952	2,874	2,027	-84.8	-15.3	-5.7	-44.2	-51.7	-29.5
Value	29,088	24,146	23,224	11,148	8,761	9,441	-67.5	-17.0	-3.8	-52.0	-21.4	7.8
Unit value	\$2,176.93	\$2,133.44	\$2,175.42	\$1,872.83	\$3,048.62	\$4,656.82	113.9	-2.0	2.0	-13.9	62.8	52.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>All other sources:</b>												
Quantity	68,882	50,969	47,618	29,533	44,734	39,503	-42.7	-26.0	-6.6	-38.0	51.5	-11.7
Value	127,792	88,258	76,754	52,654	102,959	107,064	-16.2	-30.9	-13.0	-31.4	95.5	4.0
Unit value	\$1,855.24	\$1,731.61	\$1,611.85	\$1,782.89	\$2,301.59	\$2,710.27	46.1	-6.7	-6.9	10.6	29.1	17.8
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>All sources:</b>												
Quantity	82,243	62,287	58,294	35,485	47,608	41,531	-49.5	-24.3	-6.4	-39.1	34.2	-12.8
Value	156,879	112,403	99,978	63,802	111,720	116,505	-25.7	-28.4	-11.1	-36.2	75.1	4.3
Unit value	\$1,907.50	\$1,804.61	\$1,715.06	\$1,797.98	\$2,346.69	\$2,805.29	47.1	-5.4	-5.0	4.8	30.5	19.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. producers:</b>												
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. shipments:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
<b>Export shipments:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***
Production workers	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***
<b>Net sales:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***

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

Note.—Financial data are reported 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. Official Commerce statistics report imports from Brazil of 2,683 short tons with an average unit value of \$418 per short ton in 2000, however, there were no reported duties applied to entries from Brazil in 2000 according to \*\*\* and official Brazilian statistics no exports to the United States. As discussed in the section of this report entitled "Commerce's Reviews," Commerce revoked the antidumping duty order on SSWR manufactured and exported by the Viraj Group and terminated suspension of liquidation for entries on or after December 1, 2003. Data treating the Viraj Groups' import entries for this period as nonsubject imports are presented in table C-2.

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

**Table C-2**  
**SSWR: Summary data concerning the U.S. market, 2000-05 (treating entries by the Viraj Group on or after December 1, 2003, as nonsubject imports)**

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

Item	Reported data						Period changes					
	2000	2001	2002	2003	2004	2005	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05
<b>U.S. consumption quantity:</b>												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
<b>Importers' share (1):</b>												
Brazil	***	***	***	***	***	***	***	***	***	***	***	***
France	***	***	***	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. consumption value:</b>												
Amount	***	***	***	***	***	***	***	***	***	***	***	***
Producers' share (1)	***	***	***	***	***	***	***	***	***	***	***	***
<b>Importers' share (1):</b>												
Brazil	***	***	***	***	***	***	***	***	***	***	***	***
France	***	***	***	***	***	***	***	***	***	***	***	***
India	***	***	***	***	***	***	***	***	***	***	***	***
Subtotal	***	***	***	***	***	***	***	***	***	***	***	***
All other sources	***	***	***	***	***	***	***	***	***	***	***	***
Total imports	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. imports from:</b>												
<b>Brazil:</b>												
Quantity	0	0	0	0	7	0	(2)	(2)	(2)	(2)	(2)	-100.0
Value	0	0	0	0	16	0	(2)	(2)	(2)	(2)	(2)	-100.0
Unit value	(2)	(2)	(2)	(2)	\$2,072.14	(2)	(2)	(2)	(2)	(2)	(2)	-100.0
Ending inventory quantity	***	***	***	***	***	***	(2)	(2)	(2)	(2)	(2)	(2)
<b>France:</b>												
Quantity	5,546	8,314	6,288	3,720	1,569	1,749	-68.5	49.9	-24.4	-40.8	-57.8	11.5
Value	16,001	19,259	16,788	7,771	6,000	8,658	-45.9	20.4	-12.8	-53.7	-22.8	44.3
Unit value	\$2,885.04	\$2,316.51	\$2,669.88	\$2,088.74	\$3,823.23	\$4,950.02	71.6	-19.7	15.3	-21.8	83.0	29.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>India:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Subtotal:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>All other sources:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>All sources:</b>												
Quantity	82,243	62,287	58,294	35,485	47,608	41,531	-49.5	-24.3	-6.4	-39.1	34.2	-12.8
Value	156,879	112,403	99,978	63,617	111,720	116,505	-25.7	-28.4	-11.1	-36.4	75.6	4.3
Unit value	\$1,907.50	\$1,804.61	\$1,715.06	\$1,792.76	\$2,346.69	\$2,805.29	47.1	-5.4	-5.0	4.5	30.9	19.5
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. producers:</b>												
Average capacity quantity	***	***	***	***	***	***	***	***	***	***	***	***
Production quantity	***	***	***	***	***	***	***	***	***	***	***	***
Capacity utilization (1)	***	***	***	***	***	***	***	***	***	***	***	***
<b>U.S. shipments:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
Inventories/total shipments (1)	***	***	***	***	***	***	***	***	***	***	***	***
<b>Export shipments:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
Ending inventory quantity	***	***	***	***	***	***	***	***	***	***	***	***
<b>Production workers:</b>												
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid (\$1,000s)	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***
<b>Net sales:</b>												
Quantity	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***
<b>Cost of goods sold (COGS):</b>												
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***

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

Note.--Financial data are reported 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. Official Commerce statistics report imports from Brazil of 2,683 short tons with an average unit value of \$418 per short ton in 2000, however, there were no reported duties applied to entries from Brazil in 2000 according to \*\*\* and official Brazilian statistics show no exports to the United States.

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

## **APPENDIX D**

### **RESPONSES OF U.S. PRODUCERS, U.S. IMPORTERS, U.S. PURCHASERS, AND FOREIGN PRODUCERS CONCERNING THE SIGNIFICANCE OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**



**U.S. PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested U.S. producers to describe the significance of the existing antidumping orders covering imports of stainless steel wire rod from Brazil, France, and India in terms of its effect on their firm's production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-16.) The following are quotations from the responses of producers.**

**Carpenter Technology Corp.**

\*\*\*

**Charter Manufacturing Company, Inc.**

\*\*\*

**NAS**

\*\*\*

**Outokumpu Stainless Bar, Inc.**

\*\*\*

**Universal/Dunkirk**

\*\*\*

**The Commission requested U.S. producers to describe any anticipated changes to the character of their operations or organization relating to the production of stainless steel wire rod in the future if the antidumping orders on stainless steel wire rod from Brazil, France, and India were to be revoked. (Question II-4.) The following are quotations from the responses of producers.**

**Carpenter Technology Corp.**

\*\*\*

**Charter Manufacturing Company, Inc.**

\*\*\*

**NAS**

\*\*\*

**Outokumpu Stainless Bar, Inc.**

\*\*\*

**Universal/Dunkirk**

\*\*\*

**The Commission requested U.S. producers to describe any anticipated changes in their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values relating to the production of SSWR in the future if the existing antidumping duty orders were revoked. (Question II-17.) The following are quotations from the responses of producers.**

**Carpenter Technology Corp.**

\*\*\*

**Charter Manufacturing Company, Inc.**

\*\*\*

**NAS**

\*\*\*

**Outokumpu Stainless Bar, Inc.**

\*\*\*

**Universal/Dunkirk**

\*\*\*

**U.S. IMPORTERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested importers to describe the significance of the existing antidumping duty orders covering imports of SSWR from Brazil, France, or India in terms of their effect on their imports, U.S. shipments of imports, and inventories. (Question II-9.) The following are quotations from the responses of importers.**

**Comprador Inoxidable, Inc.**

\*\*\*

**Outokumpu Stainless Bar, Inc.**

\*\*\*

**Techalloy Co., Inc.**

\*\*\*

**Ugine Stainless & Alloys, Inc. (USA)**

\*\*\*

**The Commission requested importers to describe any anticipated changes to the character of their operations or organization relating to the importation of SSWR in the future if the antidumping duty order covering imports of SSWR from Brazil, France, or India were revoked. (Question II-4.) The following are quotations from the responses of importers.**

**Comprador Inoxidable, Inc.**

\*\*\*

**Outokumpu Stainless Bar, Inc.**

\*\*\*

**Techalloy Co., Inc.**

\*\*\*

**Ugine Stainless & Alloys, Inc. (USA)**

\*\*\*

**The Commission requested importers to describe any anticipated changes in their imports, U.S. shipments of imports, or inventories of SSWR in the future if the existing antidumping duty orders were revoked. (Question II-10.) The following are quotations from the responses of importers.**

**Comprador Inoxidable, Inc.**

\*\*\*

**Outokumpu Stainless Bar, Inc.**

\*\*\*

**Techalloy Co., Inc.**

\*\*\*

**Ugine Stainless & Alloys, Inc. (USA)**

\*\*\*

**U.S. PURCHASERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION**

The Commission requested U.S. purchasers to describe any potential effects on (1) the future activities of your firm and (2) the U.S. market as a whole if the antidumping duty orders covering imports of SSWR from Brazil, France, or India were revoked. (Question III-35). The following are quotations from the responses of purchasers.

**Bar Stock Specialties, Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Brookfield Wire Co. Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Fall River Manufacturing Co. Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Fort Wayne Metals Research Products Corp.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Gerard Daniel Worldwide**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Handy & Harman Specialty Wire & Cable Group**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Heckethorn Manufacturing Co.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Industrial Alloys**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Industrial Steel & Wire Co.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Loos & Co. Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**National Standard LLC**

- (1) Activities of your firm: \*\*\*
- (2) Entire U.S. market: \*\*\*

**Nelson Studwelding, Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Precision Metal Services, Inc.**

- (1) Activities of your firm: \*\*\*
- (2) Entire U.S. market: \*\*\*

**Sandvik Material Technology**

- (1) Activities of your firm: \*\*\*
- (2) Entire U.S. market: \*\*\*

**Sumiden Wire Products Corp.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Techalloy Co., Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**TriStar Metals, Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Ulbrich Shaped Wire**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**Zapp Precision Wire, Inc.**

- (1) *Activities of your firm:* \*\*\*
- (2) *Entire U.S. market:* \*\*\*

**FOREIGN PRODUCERS' COMMENTS REGARDING THE SIGNIFICANCE OF THE  
ANTIDUMPING DUTY ORDER AND THE LIKELY EFFECTS OF REVOCATION**

**The Commission requested foreign producers to describe any anticipated changes to the character of their operations or organization relating to the production of SSWR in the future if the antidumping orders covering imports of SSWR from Brazil, France, or India were revoked. (Question II-3). \*\*\*.**

