CARBON STEEL WIRE ROD FROM SPAIN

Determination of the Commission in Investigation No. 701-TA-209 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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Note.--Information which would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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
Washington, D.C.

Investigation No. 701-TA-209 (Final)

Carbon Steel Wire Rod from Spain

Determination

On the basis of the record 1/ developed in investigation No. 701-TA-209 (Final), the Commission determines, 2/ pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is materially injured by reason of imports of carbon steel wire rod from Spain, provided for in item 607.17 of the Tariff Schedules of the United States (TSUS), which have been found by the Department of Commerce (Commerce) to be subsidized by the Government of Spain.

Counsel for petitioners alleged that imports of carbon steel wire rod from Spain present "critical circumstances." Commerce examined such imports and determined under section 705(a)(2) of the Act that there were massive imports of the merchandise subject to the investigation over a relatively short period benefitting from a subsidy inconsistent with the subsidies code. Because Commerce has made this affirmative critical circumstances determination, the Commission is required to determine whether there is material injury which will be difficult to repair and whether the material injury was by reason of such massive imports. Pursuant to section 705(b)(4)(A), the Commission determines 3/ that there is no material injury by reason of such massive imports of the subsidized merchandise over a short period of time, which will be difficult to repair. Accordingly, critical circumstances do not exist.

Background

The Commission instituted this final investigation following a preliminary determination by the Department of Commerce that subsidies were

1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 U.S.C. § 207.2(i)).
2/ Commissioner Haggart not participating.
3/ Chairman Eckes dissenting.

being provided to the manufacturers, producers, or exporters of carbon steel wire rod in Spain. Commerce's preliminary subsidy determination was published in the Federal Register on February 24, 1984 (49 F.R. 6962).

Notice of the institution of the Commission's final investigation and scheduling of the public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, and by publishing the notice in the Federal Register on March 21, 1984 (49 F.R. 10586). On May 8, 1984, Commerce published in the Federal Register (49 F.R. 19551) its affirmative final countervailing duty determination with respect to carbon steel wire rod from Spain. The Commission's hearing was held in Washington, D.C. on May 7, 1984, and all persons who requested the opportunity were permitted to appear in person or through counsel.

VIEWS OF THE COMMISSION

On the basis of the record in investigation No. 701-TA-209 (Final), we determine that an industry in the United States is materially injured by reason of imports of carbon steel wire rod from Spain, which have been found by the Department of Commerce (Commerce) to be subsidized by the Government of Spain. We also determine that certain imports of the subject products, which Commerce found were "massive," did not cause material injury that is difficult to repair. 1/

Domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as the "domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ Section 771(10) defines "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 . . . ." 3/

Both the imported and the domestic products covered by this investigation are carbon steel wire rod, a hot-rolled, semifinished, coiled product of solid, round cross section, not under 0.20 inch nor over 0.74 inch in diameter. It is produced in a variety of different grades, sizes, and qualities. Carbon steel wire rod can be differentiated on the basis of carbon content, i.e., low, medium-high, and high carbon steel wire rod.

1/ Commissioner Eckes dissents from this finding. See Views of Commissioner Eckes at 15.

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

The imported products from Spain are approximately evenly divided between low carbon and high carbon wire rod. 4/ Domestic producers make low, medium-high, and high carbon wire rod. 5/ As we have determined in previous investigations on carbon steel wire rod, we conclude that low, medium-high, and high carbon steel wire rod have separate and distinct characteristics and uses, and therefore are separate like products. 6/

Carbon steel wire rod (hereinafter "wire rod") can also be differentiated based on the process of manufacturing. "Rimmed" wire rod is produced by the ingot method, whereas "cast" wire rod is produced by the continuous casting method. However, we do not find that cast and rimmed wire rod are separate like products. Within the low carbon category, cast and rimmed wire rod can be distinguished to a certain degree on the basis of characteristics and uses. However, cast wire rod is substitutable for rimmed rod in all but a very small percentage of end-use applications. 7/ Further, cast rod is more likely to be substituted for rimmed wire rod if the price of the cast rod is sufficiently low to outweigh the perceived advantages of using rimmed rod for certain applications. Conversely, if rimmed rod is priced lower than cast rod, there is an incentive to purchase rimmed rod in lieu of cast rod. 8/ As the Commission has determined in previous investigations, we conclude that

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4/ Report of the Commission (Report) at A-7.

5/ Id.

6/ For a full discussion of this issue, see discussion on "like" products in Carbon Steel Wire Rod From Venezuela, inv. No. 731-TA-88 (Final), USITC Pub. 1338 (1983), and Carbon Steel Wire Rod From Brazil and Trinidad and Tobago, invs. Nos. 731-TA-113 and 114 (Final), USITC Pub. 1444 (1983).

7/ Report at A-5. See also testimony of Thomas N. Tyrrell, transcript of hearing in Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, inv. Nos. 731-TA-113 and 114 (Final) at 103-05 and testimony of John Mueller, id. at 176, 211-12.

8/ See testimony of Thomas Tyrrell, id. at 26.

cast rod is like rimmed rod, and domestic producers of both products should be considered part of the same domestic industry. 9/

Although we have found three like products, domestic producers were not able to break out their data on profitability, employment, and other factors on the basis of low, medium-high, and high carbon steel wire rod. 10/ Since available data do not permit the identification of separate like products on the basis of carbon content, the effect of the imports under investigation is assessed under section 771(4)(D) of the Act by examination of the domestic production of the narrowest group which includes the like products for which the necessary information can be provided. The narrowest group of products which includes the like products is all carbon steel wire rod. Thus, the domestic industry consists of the producers of all carbon steel wire rod.

9/ In this investigation, counsel for Union de Siderurgicas (UNESID) argued that Spanish rimmed wire rod should be considered a separate like product because: (1) most imports from Spain are concentrated in the West Coast market and are rimmed wire rod; (2) many Western State end users require rimmed rod for the manufacture of stucco wire mesh, a product which accounts for approximately 22 percent of wire rod consumption in this market; and (3) domestic wire rod producers allegedly have not been willing or able to satisfy the demand for rimmed wire rod. Domestic producers, on the other hand, argue that they are able to satisfy these requirements, but have not been able to meet the low prices of imported rimmed wire rod. On a national basis, rimmed wire rod and cast wire rod are substitutable for the vast majority of end uses. Report at A-5. Furthermore, rimmed and cast wire rod are substitutable for most of the end use requirements in the Western States area. Tr. at 78. Therefore, we do not find that rimmed and cast wire rod warrant separate like product treatment. Rather, we shall address these issues in our causality analysis. See pp. 11-13, infra.

10/ Report at A-11-13. The only data that are available by grade are that for production and shipments. Id. See also discussion of this issue in Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, supra n. 6, at 8, n. 10.

Condition of the domestic industry 11/

The domestic industry's financial performance, production, shipments, capacity utilization, and employment levels all declined generally during 1980-82. 12/ Although these indicators improved in 1983 and during the first quarter of 1984, the industry as a whole continues to experience financial difficulties, and the other indicators, while improving, generally have not returned to 1981 levels.

Aggregate production declined from 4.2 million short tons ("tons") in 1981 to 3 million tons in 1982, then increased to 3.5 million tons in 1983. Production for the most recent period--January-March 1984--increased to 1 million tons as compared with 800,000 tons in the corresponding period of 1983. 13/ Commercial shipments fell from 2.7 million tons in 1981 to 2.1

11/ Respondents have argued that the integrated producers should be analyzed separately from the nonintegrated producers, that this analysis will show that only the integrated producers of rimmed rod are materially injured, and that such injury is attributable to competition from nonintegrated producers (generally referred to as "mini-mills"), not to imports. See West Coast Ad Hoc Steel Wire Producers Committee Brief at 4. The record in this investigation indicates that the nonintegrated producers are gaining market share at the expense of the integrated producers, and that the nonintegrated producers' aggregate economic and financial performance is substantially better than that of integrated producers. Nevertheless, in an unfair import investigation, we are asked to find whether the imports are causing material injury as defined by the statute, not whether they are the primary cause, or even the greater cause of such injury. Therefore, even assuming that competition from the non-integrated producers is a significant cause of the integrated producers' problems, this does not warrant exclusion of the integrated producers from our analysis of the condition of the domestic industry. Thus, we base our findings regarding the condition of the industry on analysis of aggregate industry data. We also note that imports from Spain have materially injured both integrated and nonintegrated producers by materially contributing to the price depression and/or price suppression experienced by both. See discussion at 9-11, infra.

12/ Our analysis of the domestic industry is based upon questionnaire responses of domestic producers that accounted for approximately 95 percent of total U.S. capacity in 1983. Report at A-11.

13/ Id. at Table 4.

million tons in 1982, and then increased to 2.6 million tons in 1983. In January-March 1984, commercial shipments increased to 815,000 tons as compared with 551,000 tons in January-March 1983. 14/ Capacity utilization declined from 69.8 percent in 1981 to 52.3 percent in 1982, and then increased to 61.2 percent in 1983. In January-March 1984, capacity utilization increased to 72.5 percent as compared with 52.2 percent in January-March 1983. 15/

Employment and hours worked both declined substantially during the 1981-83 period. These indicators increased from 1982 to 1983, but remained at levels far below those of 1981. 16/ The trend for total hours worked is similar to that for total employment. 17/

Despite some encouraging recent developments in terms of production, shipments and capacity utilization, the financial data for the domestic industry demonstrate continued unfavorable operating results. The domestic industry's carbon steel wire rod operations were not profitable over the entire period 1981-83. It suffered operating losses of $25.3 million in 1981, $94.5 million in 1982, and $62.9 million in 1983. In January-March 1984 the industry experienced a modest operating profit of $1.5 million as compared

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14/ Id. at Table 6.
15/ Id. at Table 4.
16/ The average number of production and related workers employed in the production of carbon steel wire rod dropped substantially from 6,863 workers in 1981 to 4,148 workers in 1982, and then increased slightly to 4,479 workers in 1983, and to 4,947 workers in January-March 1984, as compared with 4,190 workers in the corresponding period of 1983. Id. at Table 10.
17/ At the same time, labor productivity continued an upward trend from 0.31 short ton per hour in 1981 to 0.39 short ton per hour in 1983, and further increased to 0.41 short ton per hour in January-March 1984 as compared with 0.38 ton per hour in January-March 1983. Id. at A-22. Although this increase in productivity accounts for some of the decline in the number of workers employed in the production of carbon steel wire rod, it cannot account for the substantial decline experienced in employment in 1981 and 1982.

with an operating loss of $18.2 million in January-March 1983. 18/ Thus, the industry is continuing to experience problems, particularly in terms of financial performance.

Material injury by reason of imports from Spain

The statute defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant." 19/ The Commission considers the following factors, among others, in making this determination: (1) the volume of the subject imports; (2) the effect of the subject imports on prices of like products in the United States; and (3) the impact of such imports on the affected industry. 20/ We determine that subsidized imports from Spain have caused material injury to the domestic carbon steel wire rod industry. 21/ Our decision is based primarily on a significant increase in imports from Spain, evidence of significant underselling, and indications of price depression and suppression due to competition from Spanish imports.

18/ Id. at Table 12.
19/ 19 U.S.C. § 1677(7)(A).
20/ 19 U.S.C. § 1677(7).
21/ Commissioners Eckes, Lodwick, and Rohr made their determinations based upon an analysis of imports from Spain alone. Commissioners Eckes and Rohr point out that these products are highly fungible and price sensitive, and that imports from Spain are among the lowest priced imports in the market, see, e.g., Tr. at 27 and 51B-52. Thus, the price of imports from Spain have had an injurious impact greater than what the import penetration ratios alone might suggest. Chairwoman Stern has based her determination upon a cumulative analysis of imports from Spain with imports from Trinidad and Tobago, which have also been found to be subsidized. 49 Fed. Reg. 480 (1984). The information on the record indicates that imports from both Spain and Trinidad and Tobago compete with domestically-produced wire rod nationally, and in the Western States area. See Report at Table 9; Prehearing Brief of the Iron and Steel Company of Trinidad and Tobago in Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, supra n. 6, at 23 and Exhibit 9.

Volume of imports

As U.S. open market consumption of wire rod decreased by 14.9 percent from 1981 to 1982, U.S. producers' share of this market fell from 78.1 percent to 71.8 percent. Subsequently, consumption increased by 25.8 percent from 1982 to 1983. However, U.S. producers' share remained flat at 71.4 percent in 1983. In January-March 1984, consumption increased by 45.1 percent compared with the comparable period of 1983. However, U.S. producers' share increased by only one percentage point. In contrast, the imports from Spain have steadily gained market share. Imports from Spain increased as a share of U.S. open market consumption from 0.2 percent in 1982 to 2.2 percent in 1983. In January-March 1984, this figure again increased to 4.6 percent as compared with 2.6 percent in January-March 1983. 22/

Imports of wire rod from Spain increased from 1,657 tons in 1981 to 6,689 tons in 1982, and then increased to 82,385 tons in 1983. In January-March 1984, imports from Spain continued to increase, reaching 54,652 tons, as compared with 21,465 tons in January-March 1983. 23/

Effect of imports from Spain on prices

As in previous steel cases, certain conditions of trade with regard to carbon steel wire rod are critical in establishing the framework for our analysis of the impact of these imports. One fundamental characteristic of carbon steel wire rod is its basic fungibility and price sensitivity within each of the three carbon categories. Although quality may be a factor in some purchasers' decisions to purchase low carbon steel wire rod, once the minimum

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22/ Report at Table 17. The ratio for 1981 was less than 0.05 percent.
23/ Id. at Table 16.

quality requirements of the purchaser are satisfied, price then becomes a major factor in the decision to purchase. 24/

Domestic prices of wire rod declined steadily from mid-1980 through 1983, and have only shown improvement in the most recent months. Average f.o.b. prices paid by purchasers of wire rod from integrated producers fell by 19 percent from $346 per short ton in April-June 1981 to a low of $282 per short ton in July-September 1983. 25/ Prices of wire rod from Spain declined irregularly by 22 percent from $277 per short ton in October-December 1983 to a low of $215 per short ton in July-September 1983, before increasing to $227 and $240 per short ton in October-December 1983 and January-March 1984, respectively. For all but one of the quarters for which data on prices of wire rod from Spain are available, the Spanish product undersold that of both integrated and nonintegrated producers by margins of up to 18.6 percent. 26/

In addition, purchasers have confirmed that imports from Spain compete with the domestically-produced products, and at prices lower than that of the domestic product. 27/ In addition, some purchasers have confirmed that

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24/ Id. at A-35-37, n. 4. Transcript of hearing in Carbon Steel Wire Rod from Brazil and Trinidad and Tobaco at 195-97. Both imported and domestic carbon steel wire rod are sold to the same end users. In the carbon steel wire rod market, an offer from an importer of carbon steel wire rod at a lower price will force domestic producers to lower their prices to meet the prices of the imported products. See invoices submitted by Raritan in record of Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, supra n. 6.

25/ Id. at Table 19. Non-integrated producers' f.o.b. prices were consistently lower than integrated producers' prices, but followed a similar trend. Id.

26/ Id. at Table 19 and A-33. Data for imports cover the period October 1981-March 1984. Id. During the one period referred to, imports from Spain undersold the price of the integrated producers, but was equal to that of the nonintegrated producers.

27/ Id. at A-35-37, Purchasers 1, 3, 7, 10, 13, and 14.

because of the price advantage, they purchased wire rod from Spain in lieu of the domestic product. 28/

The "Western States area" issue

Respondents argue that since many domestic producers located outside the area allegedly fail to meet the requirements of some end users in Western States, 29/ this market is not materially injured by imports from Spain. Furthermore, respondents argue that since much of the wire rod imported from Spain is consumed in the Western States area, the Commission should disregard Spanish imports consumed in this area in analyzing whether imports from Spain are causing material injury on a national basis. 30/ Petitioners, on the other hand, argue that they are ready and willing to sell into the Western States area, but not at the low prices demanded by Western area customers in light of the prices at which they can obtain imported wire rod, including rod imported from Spain. 31/

Imports in general, and imports from Spain in particular, account for a significant amount of consumption in the Western States area. 32/ Some purchasers in the Western States area have indicated that they have experienced problems obtaining the domestic products. 33/ However, domestic producers or industry representatives have testified that they have been ready

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28/ Id., Purchasers 1, 13, and 14.
29/ The "Western States" area includes Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming. See id. at Table 8.
30/ Tr. at 73-75.
31/ Tr. at 21-23.
32/ In 1983, U.S. producers' shipments to Western States declined by more than half due in part to the closing of certain operations located within the Western States area. Thus, between 1982 and 1983, the ratio of total imports to consumption more than doubled. In 1983, approximately 50 percent of imports from Spain entered directly through Western State ports.
33/ See, e.g., Report at A-35-37, Purchasers 3, 5, 7, and 12.

and willing to sell to Western State customers, but could not offer prices competitive with imports from Spain. 34/

The factual evidence in the record weighs in favor of the petitioners' position. Although there may be some instances in which purchasers have been unable to purchase the domestic product, the information developed in the course of this investigation indicates that the importers of the Spanish product do not enjoy a significant transportation cost advantage over domestic producers located outside the area. Second, many domestic producers, particularly producers of rimmed wire rod (that is apparently preferred by some Western States area end users), are not operating at capacity. Finally, the price data and the growing market share of Spanish imports within the Western States region strongly suggest that price competition from Spanish imports has been a material cause of the decline in domestic market share within the Western States area. For these reasons, we do not find that respondents' argument warrants a negative determination.

Critical circumstances

We further determine under section 705(b)(4)(A) that there is no material injury by reason of such massive imports of the subsidized merchandise over a short period of time which will be difficult to repair. Section 705(b)(4)(A) states:

> If the finding of the administering authority under subsection (a)(2) is affirmative, then the final determination of the Commission shall include findings as to whether--
>
> (i) there is material injury which will be difficult to repair, and

34/ See Tr. at 21, 23, 65-66; April 26, 1984, letter to the USITC from Armco, reprinted in Petitioners' Post-Hearing Brief, App. C.

(ii) the material injury was by reason of such massive imports of the subsidized merchandise over a relatively short period.

In order to make a determination as to whether an affirmative critical circumstances determination is justified, we have examined the effect of the volume of imports entering the U.S. market during the relevant time period.

In making our determination, we have examined the period December 1983-February 1984. 35/ During this period, 55,451 short tons of carbon steel wire rod from Spain were imported into the United States, more than double the amount imported in the comparable period December 1982-February 1983. However, when viewed in light of historical data, the volume of imports and the patterns of importation do not justify the retroactive assessment of countervailing duties. The volume of imports of carbon steel wire rod from Spain were continuously increasing, and this pattern of importation fluctuated widely on a month-to-month basis during the entire 1981-83 period. Moreover, there is nothing to suggest that imports have created a situation in the domestic market which will be difficult to repair outside the usual nonretroactive imposition of countervailing duties which will be imposed as a result of our findings under Section 705(b)(1). Therefore, we conclude that the increased volume of imports in December 1983-February 1984 have not satisfied the criteria of section 705(b)(4)(A) and do not warrant an affirmative determination with respect to critical circumstances.

35/ If the Commission had made an affirmative determination, the Commerce Department would have applied countervailing duties retroactively from the date of its preliminary determination, February 24, 1984, to November 24, 1983, the date which is 90 days prior to that determination.

Additional Views of Commissioner Eckes

In its final determination, the administering authority found that "critical circumstances" existed with respect to imports of wire rod from Spain. This finding, under 19 U.S.C. sec. 1671d(a)(2), is a finding that these imports benefit from a subsidy inconsistent with the subsidies agreement implemented by the Trade Agreements Act of 1979 and that there have been massive imports over a relatively short period. Given this finding and the Commission's affirmative determination of material injury, the Commission is required by 19 U.S.C. sec. 1671d(b)(4)(A) to make an additional finding as to whether there is material injury which will be difficult to repair and whether the material injury was by reason of the massive imports over a relatively short period.

Unlike my colleagues, my own determination with regard to the additional finding in this investigation is in the affirmative. The only available legislative guidance with regard to the interpretation of this statutory determination is contained in the Report of the Committee on Ways and Means. The discussion in that report pertains to a companion provision addressing critical circumstances determinations in antidumping investigations. The House Report states:

> The provision is designed to provide prompt relief to domestic industries suffering from large volumes of, or a surge over a short period of, imports and to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by the Authority. 1/

1/ H. Rep. No. 96-317, 96th Cong., 1st Sess. 63 (1979).

Reference to this discussion is warranted in that the effect of both provisions addressing critical circumstances is the same, namely the retroactive application of duties to 90 days prior to the date of the administering authorities affirmative determination. Thus, according to the legislative history, there are two reasons for the additional assessment of duties: (1) "to provide prompt relief to domestic industries suffering from large volumes of, or a surge over a short period of, imports" and (2) "to deter exporters whose merchandise is subject to an investigation from circumventing the intent of the law by increasing their exports to the United States during the period between initiation of an investigation and a preliminary determination by the Authority." It is clear that in making this additional determination the Commission is to consider both the volume and the trend evidenced by import data for the purpose of providing additional relief and deterring circumvention of the antidumping laws.

There is virtually no legislative guidance as to the interpretation of the first of the required statutory findings, that "there is material injury which will be difficult to repair . . . ." In the absence of legislative guidance, it is reasonable to assume in most investigations that injury which the Commission has found to be "not inconsequential, immaterial, or unimportant" will necessarily be difficult to repair.

The remaining finding concerns the question of whether the material injury was by reason of such massive imports of the subsidized merchandise over a relatively short period. The administering authority initiated its preliminary countervailing duty investigation on December 13, 1983, and then issued its preliminary affirmative determination on February 23, 1984. Therefore, pursuant to the legislative history, the relevant period for examination of the critical circumstances issue in this investigation is from December 1983 through February 1984.

In the relevant period, the concentration of imports demonstrates a significant increase over historical import levels. During this period, 55,451 short tons of carbon steel wire rod from Spain were imported into the United States. These imports were equal to almost 60 percent of imports for all of 1982 from Spain, and are two and one-half times any consecutive three-month period in 1982. In the month of February alone, the final month during which imports could enter free of any additional duty, imports were in excess of 30,000 short tons, more than twice the level of any single month of imports from Spain since it started exporting to the United States in mid-1981. Finally, imports from Spain dropped to 7,416 short tons in March 1984, just after the preliminary affirmative determination, suggesting that once the target date had passed, imports would return to more historical levels. In terms of market penetration, imports from Spain during this time frame were a significant factor in the marketplace, accounting for 4.6 percent of open market consumption of rod for the period January-March 1984. It is evident that this pattern of import volume and trends points to the anticipation of the administering authority's preliminary affirmative determination and an attempt to circumvent the imposition of countervailing duties on a significant quantity of merchandise.

Accordingly, in view of the import trends and the timing of entries of wire rod from Spain, I have determined that the circumstances are appropriate for the retroactive imposition of duties in this investigation.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On November 23, 1983, a petition was filed with the United States International Trade Commission and the Department of Commerce by counsel on behalf of Atlantic Steel Co., Continental Steel Co., Georgetown Steel Corp., North Star Steel Co.-Texas, and Raritan River Steel Co., alleging that producers, manufacturers, or exporters of carbon steel wire rod in Spain received, directly or indirectly, subsidies from the Spanish Government and that imports of this product are materially injuring, or threatening to materially injure, a U.S. industry. Accordingly, effective November 23, 1983, the Commission instituted countervailing duty investigation No. 701-TA-209 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of carbon steel wire rod, provided for in item 607.17 of the Tariff Schedules of the United States (TSUS), which are allegedly subsidized.

On January 9, 1984, the Commission determined that there was a reasonable indication that an industry in the United States is materially injured by reason of imports from Spain of the subject commodity which is alleged to be subsidized by the Government of Spain. Commerce, therefore, continued its investigation into the question of alleged subsidized imports and published its preliminary determination in the Federal Register of February 24, 1984 (49 F.R. 6962). 1/ Commerce preliminarily determined that certain benefits which constitute subsidies within the meaning of the Tariff Act of 1930 are being provided to manufacturers, producers, or exporters in Spain of carbon steel wire rod. Commerce also preliminarily determined that critical circumstances exist with respect to imports of carbon steel wire rod from Spain. On the basis of Commerce's preliminary determination, the Commission instituted a final countervailing duty investigation on February 24, 1984. On May 1, 1984, Commerce issued affirmative final determinations with respect to subsidies and critical circumstances. 2/

1/ In conjunction with their petition for countervailing duty relief for imports of carbon steel wire rod from Spain, the petitioners filed petitions for such relief for imports from Czechoslovakia and Poland and also for antidumping relief for imports of this product from Spain, Argentina, Mexico, and Poland. The Commission instituted and conducted antidumping investigations for Spain, Argentina, Mexico, and Poland concurrently with the countervailing duty investigation for Spain and issued affirmative preliminary determinations on January 9, 1984. (Czechoslovakia and Poland are not entitled to an injury determination by the Commission for countervailing duty purposes because they are not signatories to the subsidies code of the General Agreement on Tariffs and Trade (GATT)). On May 1, 1984, Commerce issued affirmative preliminary LTFV determinations for Spain, Argentina, and Poland, and a negative preliminary determination for Mexico. (At the same time, Commerce issued negative preliminary subsidy determinations for Czechoslovakia and Poland).

2/ A copy of Commerce's notice of its final determination is shown in app. A.

Notice of the institution of the Commission's investigation and of the 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, D.C., and by publishing the notice in the Federal Register on March 21, 1984 (49 F.R 10586). 1/ The public hearing was held on May 7, 1984, 2/ and the briefing and vote was held on June 12, 1984. The Commission is scheduled to notify Commerce of its final determination by June 22, 1984.

Previous Investigations

On February 8, 1982, following the filing of a petition by domestic producers of carbon steel wire rod, the Commission instituted three preliminary countervailing duty investigations on carbon steel wire rod from Belgium (No. 701-TA-148 (Preliminary)), Brazil (No. 701-TA-149 (Preliminary)), and France (No. 701-TA-150 (Preliminary)). 3/ The Commission made affirmative determinations that there was a reasonable indication of injury or the threat of injury in all three cases. Final investigations were instituted by the Commission in all three cases following preliminary affirmative subsidy determinations by Commerce. On October 1, 1982, the Commission suspended investigation No. 701-TA-149 (Final) (Brazil) following an agreement with Brazil to offset the amount of the subsidy with an export tax. Investigations Nos. 701-TA-148 (Final) (Belgium), and 701-TA-150 (Final) (France) were terminated on October 21, 1982, when the U.S. producers withdrew their petitions in response to an arrangement whereby the European Coal and Steel Community (ECSC) agreed to limit its exports of certain steel products (47 F.R. 49059, October 29, 1982). Under the arrangement, ECSC exports of wire rod to the United States are limited annually to 4.29 percent of apparent U.S. consumption, which is projected on a quarterly basis. The arrangement is effective through December 31, 1985.

1/ A copy of the Commission's notice of institution of final investigation is presented in app. A.

2/ A list of those appearing in support of and in opposition to the petition is shown in app. B.

3/ Imports from Argentina and the Republic of South Africa were also included in these petitions. Because Argentina and the Republic of South Africa are not signatories to the GATT Subsidies Code, they are not entitled to injury findings by the Commission. The Department of Commerce issued affirmative preliminary determinations for Argentina and the Republic of South Africa on July 8, 1982 (47 F.R. 30539). A suspension agreement was entered into by Argentina, premised on the elimination of the subsidies found to be bestowed on the production, manufacture, and export of wire rod (47 F.R. 42393, Sept. 27, 1982). Commerce issued a final affirmative determination for South Africa on Sept. 27, 1982 (47 F.R. 42396).

On February 8, 1982, following the filing of a petition by domestic producers, the Commission instituted a preliminary antidumping investigation on carbon steel wire rod imports from Venezuela (investigation No. 731-TA-88 (Preliminary)). The Commission made an affirmative determination on March 25, 1982, that there was a reasonable indication that an industry in the United States was being materially injured or threatened with material injury by reason of the subject imports. Following an affirmative LTFV determination by Commerce, the Commission made a final negative injury determination on February 14, 1983 (Carbon Steel Wire Rod from Venezuela . . ., USITC Publication 1338) (48 F.R. 7821; February 24, 1983).

On May 16, 1982, the U.S. Department of Commerce initiated a countervailing duty investigation concerning carbon steel wire rod imports from Trinidad and Tobago upon receipt of a petition from domestic producers. Since Trinidad and Tobago is not a "country under the Agreement," the Commission was not required to make an injury determination. Commerce, on December 27, 1983, determined that subsidies equivalent to 6.74 percent had been granted on exports of carbon steel wire rod from Trinidad; Commerce's notice of its final determination of countervailable subsidies was published in the Federal Register of January 4, 1984 (49 F.R. 480).

On October 1, 1982, following the filing of a petition by domestic producers, the Commission instituted two preliminary antidumping investigations on carbon steel wire rod from Brazil (investigation No. 731-TA-113 (Preliminary)), and Trinidad and Tobago (investigation No. 731-TA-114 (Preliminary)). The Commission determined that there was a reasonable indication that an industry in the United States was materially injured by reason of such imports. Following affirmative LTFV determinations by Commerce, the Commission made final affirmative injury determinations (Carbon Steel Wire Rod from Brazil and Trinidad and Tobago . . . , USITC Publication 1444, October 1983) (48 F.R. 51178; November 7, 1983). The Commission's record of all the previous investigations cited above have been placed in the official record of this proceeding. 1/

The Product

Description and uses

The product which is the subject of the petitioners' complaint is carbon steel wire rod, a hot-rolled, semifinished, coiled product of solid, approximately round, cross section, not under 0.20 inch nor over 0.74 inch in diameter, which has not been tempered, treated, or partly manufactured. Carbon steel wire rod can be differentiated by its chemistry, diameter, and the process by which it is manufactured. The American Iron & Steel Institute (AISI) categorizes carbon steel wire rod into 3 series: 1000, 1100, and 1200. The 1000 series, which includes most carbon steel wire rod consumed in the United States, can be further subdivided according to carbon content. Low-carbon rod, which encompasses grades 1006 through 1022, has a maximum carbon content of 0.23 percent; medium-high carbon rod, which encompasses

1/ Staff memorandum to the record, December 8, 1983.

grades 1023 through 1040, has a carbon content of 0.24 to 0.44 percent; and high-carbon rod, which encompasses grades 1041 through 1095, has a carbon content which exceeds 0.44 percent. The 1100 series refers to resulfurized carbon steel grades, and the 1200 series includes both rephosphorized and resulfurized carbon steel grades.

In testimony at the public hearing, counsel for the Spanish wire rod producers argued that 1100 and 1200 series wire rod were not competitive with 1000 series and should be the subject of a separate determination by the Commission. 1/ Counsel for petitioners noted that although 1100 and 1200 series wire rod was not specifically identified in their petitions, it was intended that the petitions cover all grades of wire rod imported under TSUS item 607.17. U.S. firms produce both of these grades and have included grade 12L14 wire rod among their lost sales allegations. According to petitioners, series 1100 wire rod is used in the production of nuts and bolts and is known as scrapless steel. When the center of the nut is punched out, the ejected piece of steel is later manufactured into a bolt, thereby the term "scrapless." Series 1200 rod is used in applications where the customer requires material which is easily machinable. Producers of crankshafts and camshafts, for example, use grade 12L14 wire rod. The lead content of this rod permits faster processing. Prices for 1100 and 1200 series wire rod are generally 75 percent to 100 percent higher than prices for 1000 series.

The traditional method of making wire rod is the ingot method. In this process, pig iron and/or scrap steel are charged into basic oxygen, open hearth, or electric furnaces. The resultant molten steel is poured into ladles which transport the liquid steel to ingot molds (typically 3 or 4 feet square by 6 feet deep) into which the steel is poured and allowed to solidify. When solid, the ingots are removed from the molds and placed in soaking pits for uniform heating. From the soaking pits the ingot is gradually reduced (rolled) into billets and then transferred to the rod mill. Wire rod produced by this ingot method is known as rimmed wire rod.

Continuous casting is a newer method of converting raw steel into billets. Continuous casting is more efficient than the ingot method of billet making, as it forms the billet directly from molten steel, bypassing the need to form, reheat, and reduce ingots. Molten steel is transferred in preheated ladles to the continuous-casting facilities by overhead cranes. Here the molten steel is poured into a receiving basin (known as a tundish), which channels the molten steel into spigots. Wire rod produced from the continuous-casting process is referred to as cast wire rod.

At this stage the steel is "killed" 2/ with silicon or aluminum, so that the molten steel is able to flow evenly through the spigots and into the

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1/ Transcript of the hearing, pp. 87 through 91.

2/ "Killed" is an expression used to describe steel to which deoxidizing agents, such as aluminum or silicon, have been added in order to stop the evolution of gases during cooling. The process also causes residual impurities to be more evenly distributed throughout the billet.

continuous-casting molds. In the molds, the steel is cooled by water sprays and partially solidified into a moving continuous strand of steel 4 or 5 inches square. This strand proceeds to the end of the billet preparation line and is cut into lengths of 40 to 50 feet. These billets are normally cooled and stored before being rolled into wire rod.

Billets produced by both processes are then converted into wire rod by a hot-rolling process. The first step is the heating of the billet in the reheat furnace to uniform temperatures of 2,200° F to 2,400° F. Billets are then moved into the roughing, intermediate, and finishing stands which reduce them, at exiting speeds of up to 15,000 feet per minute, to predetermined diameters. A typical billet will produce about 4.5 miles of 7/32-inch diameter wire rod.

After exiting from the last finishing stand, the rod is coiled into concentric loops on a conveyor, which moves the hot wire rod along while it cools. The speed at which the wire rod is cooled affects the formation of its metallurgical structure, which may be varied according to the rod's intended end use. The loops of wire rod are fed into various devices, depending on the particular plant, and collect into coils which are compacted, tied, and readied for shipment. The timespan from the exiting of the billet from the reheat furnace to the loading of a finished coil may be as little as 10 minutes.

The two methods of billet making produce different types of steel, which may be preferred, or even specified, by consumers of wire rod, depending on the wire rod's intended end use and the wire fabricators' wire-drawing facilities. Wire rod produced by the ingot process may be either killed to stop the evolution of gases and segregation of residuals, or "rimmed," in which gas evolution and residual segregation are allowed to occur; cast steel is, of necessity, always killed. 1/

Since the amount of oxygen dissolved in molten steel varies inversely with its carbon content, ingot or cast steel intended for use in the production of high-carbon wire rod can be readily killed or semikilled (in the case of ingots) by the introduction of deoxidation agents, principally silicon or aluminum. Besides increasing the cost of the steel, the presence of the deoxidizing agents results in a product higher in nonmetallic inclusions (residuals), which make the resultant billet less ductile. Since the killing process also prevents segregation of these residuals, a killed steel will be inherently less ductile than a rimmed steel of the same carbon content, and conversely, will possess a higher tensile strength. 2/ Thus, wire rod produced from continuous-cast billets, although more economical to produce, is sometimes not preferred by customers for end uses where ductility is required or desired. Rimmed wire rod, although it may sell for a premium over cast

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1/ Cast steel must be killed to prevent solidification of the molten steel in the tundish as it is slowly being poured into the strand caster.

2/ Raw steel may also contain higher residuals if it is the product of an electric arc furnace, which utilizes scrap as a raw material instead of pig iron produced in the blast-furnace process. The nonintegrated producers of wire rod use the electric arc furnace exclusively.

rod, 1/ can provide a greater yield and normally results in less die wear for the wire drawer. 2/

The differences between cast and rimmed wire rod and the end uses for which the rimmed rod is preferred or required were discussed extensively at the hearing in investigations Nos. 701-TA-148 and 150 (Final) on carbon steel wire rod from Belgium and France and in interested party submissions in the same investigations. Data from these and other industry sources contacted by the Commission indicate a consumer preference for rimmed wire rod in applications where ductility is important. Such customers will weigh the price advantage of the cast product against the workability and greater yield of the rimmed product in making purchasing decisions. However, aside from consumer preference, there exist only limited end uses of wire rod that require the rimmed product. These include very fine wire which is used to make such products as door and window screens, certain chemistries of welding-quality wire where control of residuals (especially copper) is critical, and aluminum-killed wire, which is used for some industrial fasteners. These applications represent less than 5 percent of the total market for wire rod, according to industry sources.

Carbon steel wire rod is distinguished by its chemical composition as well as its method of manufacture. In all phases of production, various practices are employed which determine the characteristics and quality of the finished product. The internal structure, surface quality, and physical properties of wire rod are affected by the method of casting the steel from which the rod is made and by altering the chemical composition of the steel. Some common qualities of carbon steel wire rod and their end uses are discussed below.

Low-carbon steel wire rod is used where malleability is required. The low-carbon steel wire rod is typically drawn into wire for wire mesh, home appliance shelving, shopping carts, nails, screws and bolts, baling wire, and chain link fences. Standard industrial quality rod and fine wire quality rod are low-carbon wire rod. Some cold-heading quality, welding-quality, and cold-finishing-quality rod may also be low-carbon rod. Low-carbon steel wire rod accounts for about 70 percent of the U.S. market for carbon steel wire rod, with standard industrial quality rod as the industry's mainstay. Standard industrial quality steel wire rod is used primarily in the production of wire mesh, clothes hangers, and chain link fences, where the tolerances required of the product are relatively low. Thus, because product differentiation is less significant, standard industrial-quality rod is a fungible product, and the market for this product is highly competitive.

1/ The premium charge for rimmed wire rod has been estimated to be $25 to $30 per ton under normal market conditions. The premium decreases or is eliminated in times of slack demand.

2/ Producers of both rimmed and cast wire rod assert that through scrap selection, enrichment of the charge with direct-reduced-iron (DRI) pellets, and other practices, cast wire rod producers can make a substitute for rimmed steel with ductility approaching that of the rimmed product. However, such practices increase the cost of cast rod, which lessens its cost advantage vis-a-vis that of the rimmed product. Transcript of the hearing in investigations Nos. 701-TA-148 and 150 (Final), Carbon Steel Wire Rod from Belgium and France, pp. 126-130.

Medium-high carbon steel wire rod is used in applications where greater strength and hardness is desired. Major end uses include bolts and screws, snap-tie wire, bicycle spokes, and high-tensile bale wire.

High-carbon steel wire rod is used where even greater strength is desired. Typical uses include mechanical springs, upholstery springs, tire bead, tire cord wire, and bridge cables. Traditionally, high-carbon steel wire rod is sold at higher prices than is medium-high carbon or low-carbon steel wire rod, and is sold to different end users.

U.S.-produced carbon steel wire rod (both ingot and cast) is available in all grades and qualities. Data received from U.S. producers show that 1000 series wire rod accounts for more than 99 percent of U.S. production of carbon steel wire rod and consisted of about 73 percent carbon, 3 percent medium-high carbon, and 24 percent high carbon in 1983. Domestic production of cast and rimmed rod was approximately equivalent. At least 98 percent of the imports of wire rod from Spain have been 1000 series and approximately evenly split between low-carbon and high-carbon. About 75 percent of imports from Spain were cast. The remainder were rimmed.

U.S. tariff treatment

Carbon steel wire rod is classified under items 607.14 and 607.17 of the TSUS. TSUS item 607.14 provides for wire rod of iron or steel, other than alloy iron and steel, not tempered, not treated, and not partly manufactured, and valued at not over 4 cents per pound. However, because there have been no imports under this tariff item from Spain, it was not included in the petitioners' complaint and is not a part of this investigation. Item 607.17 provides for wire rod of iron or steel, other than alloy iron or steel, not tempered, not treated, and not partly manufactured, and valued over 4 cents per pound. As of January 1, 1982, the column 1 (most-favored-nation (MFN)) rate of duty for item 607.17 was converted from a specific rate of duty to an ad valorem rate of duty of 2 percent. 1/ As a result of a concession granted in the Tokyo round of Multilateral Trade Negotiations (MTN), this rate will be reduced on January 1, 1985, to 1.9 percent ad valorem; no further reductions are scheduled.

Nature and Extent of Subsidies

There are three known firms in Spain which produce and export carbon steel wire rod to the United States: Empresa Nacional Siderurgica, S.A. (ENSIDESA), Nueva Montana Quijano, S.A. (Nueva Montana), and Forjas Alavesas, S.A. (Forjas). These firms accounted for over 95 percent of carbon steel wire rod exported to the United States from Spain during 1982, the period for which Commerce measured subsidization. The benefits which Commerce determined to constitute subsidies to manufacturers, producers, and exporters in Spain of

1/ In 1981, the col. 1 rate of duty for item 607.17 was 0.25 cent per pound. The col. 1 rates are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

carbon steel wire rod include preferential loans, capital infusions, and rebates. The net subsidy rate for duty deposit purposes for each firm is as follows:

	Ad Valorem Rate (Percent)
ENSIDESA	29.94
Nueva Montana	17.13
Forjas	16.03
All other Manufacturers/Producers/Exporters	16.95

Channels of Distribution 1/

Most carbon steel wire rod manufactured by U.S. producers is sold to wire drawers, i.e, firms which draw the rod into wire. Wire drawers either use the wire in the manufacture of wire products or sell it for such a purpose to other firms. What U.S. producers do not sell to wire drawers, they convert into wire themselves for use in the production of their own wire products. Thus, wire rod producers which own wire fabricating facilities frequently compete with wire drawers for sales of wire products to customers. In 1983 U.S. producers captively consumed approximately 27 percent of their wire rod production in this fashion; however, captive consumption has declined as a share of production since 1981.

Carbon steel wire rod manufactured by Spanish producers is sold to unrelated importers in the United States, which in turn sell it to wire drawers. The importers are steel trading companies.

U.S. Producers

There are currently 14 firms operating a total of 15 U.S. plants in which carbon steel wire rod is produced. Another U.S. producer--Jones & Laughlin Steel Corp--closed its wire rod production facility in October 1981. The U.S. producers' wire rod plants are scattered throughout the United States but are concentrated in the Great Lakes area and in Pennsylvania. Of the 14 firms, four are fully integrated. The integrated producers, which manufacture raw steel and produce a wide variety of steel products, include U.S. Steel Corp., Armco Steel Corp., Bethlehem Steel Corp., and CF&I Corp. The remaining producers, which produce a narrower range of products, include the petitioners. Table 1 lists all known U.S. carbon steel wire rod producers, by types of producers, their plant locations, each firm's carbon steel wire rod production capacity in 1983, and whether the firms produce rimmed wire rod (R) or cast wire rod (C). All of the firms produce several types of steel products in addition to carbon steel wire rod.

1/ A more detailed description of marketing practices is presented in the pricing section of this report.

Table 1.--Carbon steel wire rod: U.S. producers, plant locations, capacity, and types of wire rod produced, 1983

Item	Location(s)	Capacity	Share of total	Types of wire rod produced 1/
		1,000 short tons	Percent	
Nonintegrated producers:				
Petitioners:				
North Star Steel Corp.--Texas 2/	Beaumont, Tex.	***	***	C
Georgetown Steel Corp.	Georgetown, S.C.	***	***	C
Raritan River Steel Co	Perth Amboy, N.J.	***	***	RC 3/
Continental Steel	Kokomo, Ind.	***	***	R
Atlantic Steel Co	Atlanta, Ga.	***	***	C
Subtotal, petitioners	-	***	***	-
Others:				
Northwestern Steel & Wire 4/	Sterling, Ill.	***	***	C
Ameron Steel 5/	Etiwanda, Calif.	***	***	C
Keystone Consolidated Industries, Inc.	Peoria, Ill.	***	***	C
Laclede Steel Co.	Alton, Ill.	***	***	R
Charter Rolling	Saukville, Wis.	***	***	RC 6/
Subtotal, others	-	***	***	-
Total, nonintegrated producers	-	***	***	-
Integrated producers:				
U.S. Steel Corp 7/	Cuyahoga, Ohio	***	***	R
	Fairless Hills, Pa.			
	Joliet, Ill.			
Armco Steel Corp	Kansas City, Mo.	***	***	RC 8/
Bethlehem Steel Corp	Johnstown, Pa.	***	***	R
	Sparrows Point, Md.			

See footnotes at end of table.

Table 1.--Carbon steel wire rod: U.S. producers, plant locations, capacity, and types of wire rod produced, 1983--Continued

Item	Location(s)	Capacity	Share of total	Types of wire rod produced 1/
		1,000 short tons	Percent	
Integrated producers:				
CF&I Corp	Pueblo, Colo.	***	***	C
Subtotal, integrated producers 9/	-	***	***	-
Grand total	-	***	***	-

1/ R=rimmed steel; C=cast steel.

2/ Formerly Georgetown Texas Steel Corp. On August 25, 1983, Cargill, Inc., Minn., purchased this firm from Korf Industries, which owns Georgetown Steel Corp., and renamed it North Star Steel Corp.--Texas.

3/ Raritan River's production in 1983 was estimated to be * * * percent cast and * * * percent rimmed rod.

4/ Northwestern's plant ceased production on June 3, 1983. The capacity shown is for the entire year. Northwestern opened a new plant at the same location in April 1984 with an annual capacity of * * * tons.

5/ On Feb. 28, 1983, Ameron sold a 50-percent interest in its rod rolling mill to Tamco. Ameron had joined with Mitsui Ltd. and Tokyo Steel in 1977 to form Tamco, which produced billets.

6/ Charter Rolling reported its 1983 production to be * * * percent cast and * * * percent rimmed wire rod.

7/ On April 1, 1984, U.S. Steel closed its rod mills at Cuyahoga and Fairless Hills.

8/ Armco's sales in 1983 were estimated to be * * * percent cast and *** percent rimmed.

9/ Jones & Laughlin Steel Corp. ceased production of carbon steel wire rod in October 1981. Prior to its shutdown, Jones & Laughlin had an annual steel production capacity of * * * short tons at its Aliquippa, Pa., plant. Republic Steel Corp., with a capacity of * * * short tons, produces small quantities of wire rod for captive consumption.

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

U.S. Importers

According to the U.S. Customs Service's net import file, at least 17 firms in the United States imported carbon steel wire rod from Spain in 1982-83. Two firms, however, accounted for over 85 percent of the reported imports: * * * All of the major importers are steel trading companies and are unrelated to the Spanish producers. No value is added to the imported product by the importers.

U.S. Imports

Canada and Japan have been the dominant sources of imports of carbon steel wire rod in recent periods, together accounting for more than 40 percent of imports in 1983 (table 2). Spain, which accounted for nearly 8 percent of U.S. imports in 1983, was the fourth largest exporter to the United States in that year. Imports from Spain increased nearly 50 fold from 1,657 short tons, valued at $834,000, in 1981 to 82,385 short tons, valued at $21.8 million, in 1983. From January-March 1983 to January-March 1984, imports from Spain increased by 155 percent.

Imports from Spain by month are shown in table 3. From December 1983, the month in which Commerce initiated its preliminary countervailing duty investigation 1/ to February 1984, the month in which Commerce issued its preliminary determination, 2/ 55,451 tons of Spanish-produced carbon steel wire rod were imported into the United States, or 200 percent more than were imported during the corresponding period of the previous year.

Consideration of Alleged Material Injury

The data in the following sections do not include the operations of * * * The reported data account for about 95 percent of U.S. production of carbon steel wire rod.

U.S. production, capacity, and capacity utilization

In the aggregate U.S. production of carbon steel wire rod declined by 27.5 percent from 1981 to 1982 and then increased by 16.3 percent from 1982 to 1983, but still remained 15.6 percent below its level in 1981 (table 4). The trends for nonintegrated and integrated producers differ considerably. While production by nonintegrated producers increased by 3.1 percent in this period, production by integrated producers fell by 35.5 percent. From January-March 1983 to January-March 1984, nonintegrated and integrated producers' production increased by 27.9 percent and 33.9 percent respectively. With one exception, U.S. producers reported no unusual circumstances, such as employment related problems, temporary equipment-related problems, sourcing problems, power shortages, or transitions, which resulted in a loss of production * * * None of the U.S. producers' declines reflects a reallocation of resources to any foreign subsidiaries.

U.S. producers' production of low, medium-high, and high carbon steel wire rod as a share of their total production is shown in table 5. The data represent over 83 percent of U.S. production. For other than production and shipments, U.S. producers do not maintain separate data by grade. Because U.S. producers consider low, medium-high, and high carbon steel wire rod to be interdependent products, they do not treat them as separate profit

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1/ December 13, 1983.
2/ February 24, 1984.

Table 2.--Carbon steel wire rod: U.S. imports for consumption, by principal sources, 1981-83, January-March 1983, and January-March 1984

Source	1981	1982	1983	January-March-- 1983	January-March-- 1984
	Quantity (short tons)				
Canada	314,599	279,987	272,653	49,237	75,319
Japan	167,390	141,930	175,279	36,605	66,528
Mexico	0	30,401	102,635	7,889	59,326
Spain	1,657	6,689	82,385	21,465	54,652
Brazil	32,579	111,025	76,649	63,992	14
France	101,921	105,068	68,868	20,954	28,663
Argentina	21,167	12,238	68,335	8,551	44,252
Trinidad and Tobago	6,010	56,338	63,961	16,221	17,418
All other	115,411	86,128	149,878	49,949	37,571
Total	760,734	829,804	1,060,643	274,862	383,743
	Percent of total quantity 1/				
Canada	41.4	33.7	25.7	17.9	19.6
Japan	22.0	17.1	16.5	13.3	17.3
Mexico	-	3.7	9.7	2.9	15.5
Spain	0.2	0.8	7.8	7.8	14.2
Brazil	4.3	13.4	7.2	23.3	2/
France	13.4	12.7	6.5	7.6	7.5
Argentina	2.8	1.5	6.4	3.1	11.5
Trinidad and Tobago	0.8	6.8	6.0	5.9	4.5
All other	15.2	10.4	14.1	18.2	9.8
Total	100.0	100.0	100.0	100.0	100.0
	Value (1,000 dollars)				
Canada	102,351	91,192	84,332	15,537	24,054
Japan	67,668	55,237	62,371	13,026	23,971
Mexico	0	7,050	21,411	1,649	12,590
Spain	834	2,899	21,765	5,593	13,229
Brazil	10,553	32,151	16,353	13,732	3
France	33,357	32,886	21,064	5,918	8,367
Argentina	7,063	2,931	13,847	1,896	9,447
Trinidad and Tobago	1,806	14,824	15,015	4,119	3,869
All other	39,932	26,438	35,925	12,012	10,749
Total	263,564	265,608	292,083	73,482	106,279

1/ Figures may not add to 100.0 percent because of rounding.
2/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce.

Table 3.--Carbon steel wire rod: U.S. imports for consumption from Spain, by months, January 1981-March 1984

(short tons)

Month	1981	1982	1983	1984
January	0	0	4,780	15,739
February	0	110	13,339	31,497
March	0	1,800	3,345	7,416
April	0	48	2,037	1/
May	0	33	11,858	1/
June	0	1,140	5,868	1/
July	465	827	8,791	1/
August	0	107	2,846	1/
September	0	491	8,055	1/
October	474	1,043	10,826	1/
November	0	965	2,423	1/
December	718	127	8,215	1/

1/ Not available.

Source: Compiled from official statistics of the U.S. Department of Commerce.

centers. Resource allocation and marketing decisions which affect one will affect the others. They are produced with the same labor and equipment, and their relative shares of production are frequently adjusted in response to the market so that their total contribution to the income of the firm is maximized.

For both nonintegrated and integrated producers, the capacity to produce carbon steel wire rod remained relatively constant throughout the period. The 9.7 percent drop in integrated producers' capacity from 1981 to 1982 reflects the closing of Jones & Laughlin's 300,000 ton capacity mill in 1981. The 12.7 percent drop in nonintegrated producers' capacity from January-March 1983 to January-March 1984 reflects the closing of Northwestern's 400,000 ton capacity mill in June 1983. Northwestern opened a new mill at the same site with a * * * ton annual capacity in April 1984. At the same time North Star opened a new facility which increased its wire rod capacity by * * * tons.

After falling from 69.8 percent in 1981 to 52.3 percent in 1982, capacity utilization for the production of carbon steel wire rod increased to 61.2 percent in 1983. Integrated producers, as shown in table 4, accounted for most of the decline. From January-March 1983 to January-March 1984, capacity utilization increased from 52.2 percent to 72.5 percent.

U.S. producers' shipments and exports

The trend for U.S. producers' shipments, including captive shipments, parallels that for production (table 6). Total U.S. producers' shipments declined by 26.4 percent from 1981 to 1982, and then increased by 16.9 percent from 1982 to 1983. Shipments in 1983, however, remained 14.0 percent lower

Table 4.--Carbon steel wire rod: U.S. production, practical capacity, and capacity utilization, by types of producers, 1981-83, January-March 1983, and January-March 1984 1/

Item and producer	1981	1982	1983	January-March--	
				1983	1984
Production:					
Nonintegrated---short tons--	2,164,347	1,929,602	2,231,747	510,091	652,195
Integrated----------do----	2,041,052	1,120,233	1,316,097	290,068	388,502
Total----------do----	4,205,399	3,049,835	3,547,844	800,159	1,040,697
Practical capacity:					
Nonintegrated---short tons--	2,885,000	2,996,000	2,966,000	777,230	678,850
Integrated----------do----	3,137,000	2,832,000	2,832,000	756,583	756,583
Total----------do----	6,022,000	5,828,000	5,798,000	1,533,813	1,435,433
Ratio of production to capacity:					
Nonintegrated------percent--	75.0	64.4	75.2	65.6	96.1
Integrated----------do----	65.1	39.6	46.5	38.3	51.3
Average----------do----	69.8	52.3	61.2	52.2	72.5

1/ The data do not include * * *

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

Table 5.--Carbon steel wire rod: U.S. production of low, medium-high, and high carbon grades as a share of total U.S. production, by types of producers, 1981-83, January-March 1983, and January-March 1984 1/

(percent)

Producer and Item	1981	1982	1983	January-March-- 1983	January-March-- 1984
Nonintegrated: 2/					
Low carbon	77.8	77.6	79.7	78.8	81.1
Medium-high carbon	2.7	2.2	2.4	2.2	2.2
High carbon	19.6	20.2	17.9	19.1	16.6
Total	100.0	100.0	100.0	100.0	100.0
Integrated: 3/					
Low carbon	56.3	54.2	54.8	55.7	57.4
Medium-high carbon	2.6	2.5	2.7	2.8	2.9
High carbon	41.1	43.3	42.5	41.6	39.8
Total	100.0	100.0	100.0	100.0	100.0
Average:					
Low carbon	71.3	71.8	73.1	73.0	74.6
Medium-high carbon	2.6	2.3	2.5	2.3	2.4
High carbon	26.0	26.0	24.4	24.7	23.0
Total	100.0	100.0	100.0	100.0	100.0

1/ Figures may not add to 100.0 percent because of rounding.
2/ Does not include * * *
3/ Does not include * * *

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

than in 1981. Captive shipments, which declined by 33.7 percent from 1981 to 1983, accounted for most of the decline in total shipments. As a share of total shipments, captive shipments declined from 34.7 percent in 1981 to 26.7 percent in 1983. From January-March 1983 to January-March 1984, U.S. producers' shipments increased by 35.3 percent.

Nonintegrated producers did not share the overall decline in total shipments with integrated producers between 1981 and 1983. Despite a 19.6 percent decrease in captive shipments, nonintegrated producers' total shipments increased by 6.9 percent from 1981 to 1983. Whereas U.S. open-market shipments for integrated producers declined by 29.0 percent between 1981 and 1983, that for nonintegrated producers increased by 22.2 percent. Nonintegrated producers' share of U.S. open-market shipments increased from 52.5 percent to 65.6 percent in the same period. Nonintegrated producers' share of total shipments increased similarly. U.S. producers' domestic shipments of low, medium-high, and high carbon steel wire rod as a share of total domestic shipments are shown in table 7. The data represent over 85 percent of U.S. producers' domestic shipments.

Exports remained at less than 1.5 percent of total shipments throughout the period. There were no reported exports in January-March 1984.

In testimony at the public hearing, counsel for the West Coast Ad Hoc Steel Wire Producers Committee argued that, because the U.S. producers did not adequately serve certain Western States of the United States, 1/ the Commission should exclude imports from Spain into these States from its determination. 2/ Table 8 shows U.S. producers' shipments into these States, imports, 3/ and apparent consumption for recent periods. From 1981 to 1983, U.S. producers' shipments to these States declined by 76.1 percent, or from * * * percent of consumption to * * * percent of consumption, while imports increased by 137.2 percent, or from * * * percent of consumption to * * * percent of consumption. Imports from Spain did not enter directly into ports of the West Coast until 1983. From January-March 1983 to January-March 1984, imports from Spain into these ports increased nearly 5-fold, as shown in table 8.

Inventories

U.S. producers' end-of-period inventories of carbon steel wire rod declined by 21.3 percent from 1981 to 1982, but increased by 31.2 percent from 1982 to 1983 to a level exceeding that in 1981 (table 9). The level of inventory was 19.3 percent lower at the end of March 1984 than at the end of

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1/ Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

2/ Transcript of the hearing, pp. 68-70.

3/ Includes only imports entered directly into the States identified above, i.e, through ports of the West Coast.

Table 6.--Carbon steel wire rod: U.S. producers' U.S. open-market shipments, captive shipments, and exports of U.S. production, by types of producers, 1981-83, January-March 1983, and January-March 1984 1/

Item and producer	1981	1982	1983	January-March-- 1983	January-March-- 1984
	Quantity (short tons)				
U.S. open-market shipments:					
Nonintegrated	1,417,604	1,415,337	1,732,102	363,926	523,283
Integrated	1,280,926	697,962	909,991	187,012	291,464
Total	2,698,530	2,113,299	2,642,093	550,938	814,747
Captive shipments:					
Nonintegrated	703,426	502,294	565,316	146,910	151,540
Integrated	750,720	432,311	398,856	97,063	109,120
Total	1,454,146	934,605	964,172	243,973	260,660
Exports:					
Nonintegrated	27,263	36,986	63	0	0
Integrated	14,308	1,054	48	11	0
Total	41,571	38,040	111	11	0
Total:					
Nonintegrated	2,148,293	1,954,617	2,297,481	510,836	674,823
Integrated	2,045,954	1,131,327	1,308,895	284,086	400,584
Total	4,194,247	3,085,944	3,606,376	794,922	1,075,407
	Value (1,000 dollars)				
U.S. open-market shipments:					
Nonintegrated	439,225	398,107	467,670	146,910	149,904
Integrated	468,440	295,582	339,072	75,322	112,835
Total	907,665	693,689	806,742	222,232	262,739
Exports:					
Nonintegrated	8,451	7,112	13	-	-
Integrated	6,025	376	28	7	-
Total	14,476	7,488	41	7	-
Total:					
Nonintegrated	447,676	405,219	467,683	146,910	149,904
Integrated	474,465	295,958	339,100	75,329	112,835
Total	922,141	701,177	806,783	222,239	262,739

1/ The data do not include * * *

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

Table 7.--Carbon steel wire rod: Domestic shipments of low, medium-high, and high carbon grades as a share of total domestic shipments, by types of producers, 1981-83, January-March 1983, and January-March 1984 1/

(percent)

Producer and item	1981	1982	1983	January-March-- 1983	January-March-- 1984
Nonintegrated: 2/					
Low carbon	79.3	76.4	80.6	79.1	83.4
Medium-high carbon	3.1	2.6	2.6	2.4	2.2
High carbon	17.7	21.0	16.9	18.4	14.3
Total	100.0	100.0	100.0	100.0	100.0
Integrated: 3/					
Low carbon	64.7	63.5	65.3	61.6	70.2
Medium-high carbon	4.0	3.5	3.2	4.2	3.0
High carbon	31.3	33.0	31.5	34.2	26.8
Total	100.0	100.0	100.0	100.0	100.0
Average:					
Low carbon	75.3	73.6	76.9	75.2	80.1
Medium-high carbon	3.3	2.8	2.7	2.8	2.4
High carbon	21.4	23.6	20.4	22.0	17.5
Total	100.0	100.0	100.0	100.0	100.0

1/ Figures may not add to 100.0 percent because of rounding.
2/ Does not include * * *
3/ Does not include * * *

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

March 1983. As a percent of total shipments during the preceding period, inventories increased from 3.5 percent in 1981 to 4.2 percent in 1983, but declined from 4.1 percent as of March 31, 1983, to 2.4 percent as of March 31, 1984.

Employment

After falling by 39.6 percent from 1981 to 1982, the average number of production and related workers producing carbon steel wire rod increased by 8.0 percent from 1982 to 1983, and by 18.1 percent from January-March 1983 to January-March 1984 (table 10). The level of employment, however, especially for integrated producers, remained below that for 1981. The trend for hours

Table 8.--Carbon steel wire rod: U.S. producers' shipments to certain Western States, 1/ imports into these States, and apparent consumption, 1981-83, January-March 1983, and January-March 1984

Item	1981	1982	1983	January-March--	
				1983	1984
U.S. producers' shipments to certain Western States-------short tons--	***	***	***	2/	2/
Imports into these States 3/					
From Spain-------do----	0	0	38,970	5,654	32,672
From all other countries------do----	128,955	98,690	266,940	42,157	104,908
Total------do----	128,955	98,690	305,910	47,811	137,580
Apparent consumption-do----	***	***	***	2/	2/
Ratio of imports to consumption:					
From Spain----percent--	-	-	***	2/	2/
From all other countries------do----	***	***	***	2/	2/
Total------do----	***	***	***	2/	2/

1/ Arizona, California, Colorado, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.

2/ Not available.

3/ Includes only imports entered directly into these States, i.e., through the ports of the West Coast.

Source: U.S. producers' shipments provided by the American Iron and Steel Institute; all other data compiled from official statistics of the U.S. Department of Commerce.

Table 9.--Carbon steel wire rod: U.S. producers' inventories of U.S. production, by types of producers, as of December 31, 1981-83, and March 31, 1983 and 1984 1/

Item and producer	As of December 31--			As of March 31--	
	1981	1982	1983	1983	1984
Inventories:					
Nonintegrated-----short tons--	93,190	73,292	101,940	81,171	67,729
Integrated----------do----	52,929	41,634	48,836	48,316	36,754
Total----------do----	146,119	114,926	150,776	129,487	104,483
Ratio of inventories to total shipments during the preceding period:					
Nonintegrated--------percent--	4.3	3.8	4.4	2/ 4.0	2/ 2.5
Integrated----------do----	2.6	3.7	3.7	2/ 4.3	2/ 2.3
Average----------do----	3.5	3.7	4.2	2/ 4.1	2/ 2.4

1/ The data do not include * * *
2/ Annualized.

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

worked by production and related workers is similiar to that for average employment, as shown in table 10. The hours worked per worker, however, steadily increased during the period, as did production after 1982. The result was an increase in output from .31 ton per hour in 1981 to .39 ton per hour in 1983, and from .38 ton per hour in January-March 1983 to .41 ton per hour in January-March 1984.

Total compensation paid to production and related workers declined by 34.8 percent from 1981 to 1982, but increased by 11.8 percent from 1982 to 1983, and by 16.1 percent from January-March 1983 to January-March 1984 (table 11). The average hourly compensation paid to these workers increased by 9.7 percent from 1981 to 1983, but declined by 3.2 percent from January-March 1983 to January-March 1984. Unit labor costs declined throughout the period. The average unit labor cost per short ton of carbon steel wire rod produced declined from $59.34 per short ton in 1981 to $51.31 per short ton in 1983, or by 13.5 percent, and continued to decline by 10.7 percent from January-March 1983 to the corresponding period in 1984. Unit labor costs for nonintegrated producers were about half of those for integrated producers throughout the period.

Financial experience of U.S. producers

Operations on carbon steel wire rod.--The 12 firms that furnished profit-and-loss data together accounted for 95 percent of total U.S. production capacity of carbon steel wire rod in 1983. Their net sales of carbon steel wire rod dropped by 23.7 percent, from $1.3 billion in 1981 to $1.0 billion in 1982, but rose by 7.7 percent to $1.1 billion in 1983 (table 12). During January-March 1984, total net sales increased by 42.5 percent to $333.5 million, compared with $234.0 million in the corresponding period of 1983.

The 12 firms' aggregate operations on carbon steel wire rod were not profitable during 1981-83. The integrated producers sustained significant operating losses in every period, losing as much as $82.4 million in 1982. In contrast, nonintegrated producers showed an operating profit during all periods except for 1982, when they posted an aggregate $12.1 million operating loss. Because of profitable operations of nonintegrated producers and a reduction of over 50 percent in the operating losses of integrated producers, the carbon steel wire rod industry recorded an operating profit of $1.5 million, or 0.4 percent of its net sales, in January-March 1984, compared with an operating loss of $18.2 million, or 7.8 percent of its net sales, in the same period of 1983.

The ratio of the cost of goods sold to net sales of integrated producers rose irregularly from 102.9 percent in 1981 to 111.0 percent in 1983, and then fell to 101.9 percent in January-March 1984, indicating that the integrated firms sold carbon steel wire rod at less than their costs during all periods under examination. Such ratios of nonintegrated producers fluctuated between a high of 97.7 percent in 1982 to a low of 91.8 percent in January-March 1984.

As not all producers were able to provide interest expenses relating to their wire rod operations, data on interest expenses and, hence, net profit before taxes are not presented in table 12. Generally, interest expenses are

Table 10.--Average number of production and related workers producing carbon steel wire rod in U.S. establishments, hours worked by such workers, and output, by types of producers, 1981-83, January-March 1983, and January-March 1984 1/

Item and producer	1981	1982	1983	January-March--	
				1983	1984
Average number of production and related workers producing carbon steel wire rod in U.S. establishments:					
Nonintegrated-------number--	2,358	2,192	2,180	2,149	2,116
Integrated----------do----	4,505	1,956	2,299	2,041	2,831
Total---------------do----	6,863	4,148	4,479	4,190	4,947
Hours worked by production and related workers producing carbon steel wire rod in U.S. establishments:					
Nonintegrated--1,000 hours--	5,014	4,563	4,432	1,086	1,141
Integrated----------do----	8,579	4,087	4,603	1,032	1,400
Total---------------do----	13,593	8,650	9,035	2,118	2,541
Output:					
Nonintegrated--short tons per hour--	0.43	.42	.50	.47	.57
Integrated----------do----	.24	.27	.29	.28	.28
Average-------------do----	.31	.35	.39	.38	.41

1/ The data do not include * * *

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

Table 11.--Total compensation paid to production and related workers producing carbon steel wire rod in U.S. establishments, hourly compensation, and unit labor costs, by types of producers, 1981-83, January-March 1983, and January-March 1984 1/

Item and Producer	1981	1982	1983	January-March--	
				1983	1984
Total compensation paid to production and related workers producing carbon steel wire rod:					
Nonintegrated-1,000 dollars	85,437	76,038	81,747	20,174	21,183
Integrated-----do	164,215	86,821	100,283	23,548	29,584
Total-----do	249,652	162,859	182,030	43,722	50,767
Hourly compensation paid to production and related workers producing carbon steel wire rod:					
Nonintegrated-per hour per worker	$17.04	$16.66	$18.44	18.58	18.57
Integrated-----do	19.14	21.24	21.79	22.82	21.13
Average-----do	18.37	18.83	20.15	20.64	19.98
Unit labor cost:					
Nonintegrated-per short ton	$39.47	$39.41	$36.63	$39.55	$32.41
Integrated-----do	80.46	77.50	70.20	81.18	76.15
Average-----do	59.34	53.40	51.31	54.64	48.78

1/ The data do not include * * *

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

Table 12.--Profit-and-loss experience of 12 U.S. producers on their operations producing carbon steel wire rod, by types of producers, accounting years 1981-83, January-March 1983, and January-March 1984 1/

Period and type of producer	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating profit or (loss)	Ratio of operating profit or (loss) to net sales	Ratio of cost of goods sold to net sales
	Million dollars					Percent	
1981:							
Nonintegrated	642.2	605.5	36.7	23.3	13.4	2.1	94.3
Integrated	646.2	665.0	(18.8)	19.9	(38.7)	(6.0)	102.9
Total or average	1,288.4	1,270.5	17.9	43.2	(25.3)	(2.0)	98.6
1982:							
Nonintegrated	558.8	545.9	13.0	25.1	(12.1)	(2.2)	97.7
Integrated	424.3	489.7	(65.4)	17.0	(82.4)	(19.4)	115.4
Total or average	983.2	1,035.6	(52.4)	42.1	(94.5)	(9.6)	105.3
1983:							
Nonintegrated	604.6	572.3	32.3	23.4	8.9	1.5	94.7
Integrated	454.0	503.9	(50.0)	21.9	(71.8)	(15.8)	111.0
Total or average	1,058.6	1,076.2	(17.7)	45.3	(62.9)	(5.9)	101.7
January-March 1983 2/:							
Nonintegrated	131.9	126.1	5.7	5.6	0.1	-	95.6
Integrated	102.1	115.0	(12.9)	5.4	(18.3)	(17.9)	112.6
Total or average	234.0	241.1	(7.1)	11.0	(18.2)	(7.8)	103.0
January-March 1984 2/:							
Nonintegrated	190.8	175.2	15.6	5.9	9.7	5.1	91.8
Integrated	142.6	145.3	(2.6)	5.6	(8.2)	(5.8)	101.9
Total or average	333.5	320.5	13.0	11.5	1.5	0.4	96.1

1/ Profit-and-loss data for U.S. Steel include sales of alloy wire rod accounting for * * * percent of U.S. Steel's net sales of wire rod.

2/ One producer, Northwestern Steel, ceased production of wire rod on June 3, 1983. Hence it had no activities during first quarter of 1984. Further, it did not provide data for January-March 1983.

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

Note.--Because of rounding, figures may not add to the totals shown, and percentages may not compute to the averages shown.

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treated as financing costs rather than operating costs. Further, interest expenses will vary from company to company according to the financing strategy chosen by management in providing resources to their businesses (i.e., debt or equity funding). Accordingly, only data on operating profit or loss are discussed.

Cash flow from operations.--Cash flow generated by integrated producers and nonintegrated producers from their operations producing carbon steel wire rod are shown in table 13. Cash flow from overall wire rod operations ranged from a low of a negative $16.9 million in 1982 to a high of a positive $35 million in 1981. Integrated producers generated negative cash flow throughout the periods under investigation, while nonintegrated producers reported positive cash flow during 1981 to March 1984.

Value of plant, property, and equipment (investment in productive facilities).--Nine firms supplied data relative to the value of their plant, property, and equipment (investment in productive facilities) during 1981-83. The value of the nine firms' productive facilities used in the production of carbon steel wire rod, at cost, increased by 5.7 percent, from $391.5 million in 1981 to $414.0 million in 1983 (table 14). The book value of such facilities increased by 5.8 percent, from $250.3 million in 1981 to $264.8 million in 1983. The relationship of operating profit or loss to the value of productive facilities, whether at original cost or book value, generally followed the same trend as did the ratio of such profits to net sales; the ratios were negative in each instance, with 1982 being the weakest year of the period.

Capital expenditures.--Nine firms supplied data relative to their expenditures for land, buildings, machinery, and equipment used in the production of carbon steel wire rod. As shown in the following tabulation, their aggregate annual capital expenditures fell by 35.7 percent, from $40.1 million in 1981 to $25.7 million in 1983. Such expenditures increased by 251 percent during January-March 1984, compared with the level of January-March 1983. * * *

	Capital expenditures (1,000 dollars)
1981	40,067
1982	25,961
1983	25,749
January-March--	
1983	2,938
1984	10,324

Table 13.--Cash flow for 9 U.S. producers' operations producing carbon steel wire rod, by types of producers, accounting years 1981-83, January-March 1983, and January-March 1984

(In thousands of dollars)

Item	1981	1982	1983	January-March--	
				1983	1984
Nonintegrated producers:					
Operating profit or (loss)	14,361	(8,140)	10,840	712	10,435
Depreciation and amortization	25,905	28,864	27,297	7,356	6,806
Cash flow	40,266	20,724	38,137	8,068	17,241
Integrated producers:					
Operating profit or (loss)	(17,552)	(52,287)	(43,237)	(12,671)	(8,878)
Depreciation and amortization	12,287	14,656	12,681	3,185	3,813
Cash flow or (deficit) 1/	(5,265)	(37,631)	(30,556)	(9,486)	(5,065)
Total cash flow or (deficit)	35,001	(16,907)	7,581	(1,418)	12,176

1/ Negative cash flow is understated to the extent that * * * --did not supply depreciation and amortization data.

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

Table 14.--Value of plant, property, and equipment (investment in productive facilities) by 9 U.S. producers of carbon steel wire rod, as of the end of accounting years 1981-83

Item	1981	1982	1983
Original cost---------1,000 dollars--	391,527	390,250	414,037
Book value----------do----	250,345	254,987	264,815
Operating profit or (loss)----do----	(22,198)	(76,490)	(39,607)
Ratio of operating profit or (loss) to--			
Net sales----------percent--	(2.8)	(12.3)	(5.6)
Original cost----------do----	(5.7)	(19.6)	(9.6)
Book value----------do----	(8.9)	(30.0)	(15.0)

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

Research and development expenses.--Of the 12 firms which reported profit and loss data only 3-- * * * --reportedly incurred research and development expenses with respect to their carbon steel wire rod operations during 1981-March 1984. Data for * * * are shown in the following tabulation:

	Research and development expenses (1,000 dollars)
1981----------	***
1982----------	***
1983----------	***
January-March:	
1983----------	***
1984----------	***

* * * * * * *

Consideration of Alleged Threat of Material Injury

In the examination of the question of threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase of alleged subsidized imports, the capacity of producers in the exporting country to generate exports, the availability of export markets other than the United States, and other factors, such as U.S. importers' inventories. Import trends for carbon steel wire rod are addressed in an earlier section. A discussion of importers' inventories, Spanish capacity to generate exports, and the availability of export markets follows.

Data received from U.S. importers, which account for 98 percent of the imports from Spain, show that end-of-period inventories of Spanish-produced wire rod increased from nil in 1981 to 4,105 tons in 1983, and from 105 tons in March 1983 to 3,335 tons in March 1984.

ENSIDESA, Nueva Montana, and Forjas, the three known firms in Spain which produce and export carbon steel wire rod, accounted for virtually all exports of carbon steel wire rod to the United States in recent periods. Data regarding Spanish capacity, production, and exports of carbon steel wire rod are shown in table 15. From 1981 to 1983, Spanish capacity to produce carbon steel wire rod declined by 15.4 percent, reflecting the shut-down of a plant (Altos Hornos (AHV)) in mid-1982. The capacity figures shown in table 15 are estimates of practical capacity. Spanish producers manufacture concrete reinforcing bars and wire rod with the same equipment. According to counsel for the Spanish producers, Spanish capacity is expected to remain at about * * * short tons, annually for at least the next two years. Under a government restructuring program, commitments were made by Spanish wire rod producers in 1983 to reduce melting capacity through 1985. The reduction in melting capacity will reduce by * * * percent the Spanish industry's ability to manufacture billets for wire rod production. Spanish rolling capacity will * * *. Contrary to capacity, Spanish production increased by 35.3 percent from 1981 to 1983, or from * * * percent of capacity to * * * percent. As a share of its total production, Spain's exports increased from * * * percent to * * * percent in the same period. The United States' share of these exports during this period increased from * * * percent to * * * percent. In January-February 1984 Spain's exports were * * * percent of its total production and the United States' share of these exports was * * * percent.

Table 15.--Carbon steel wire rod: Spanish production and exports, 1981-83

Item	1981	1982	1983	Jan.-Feb. 1984
Capacity----------short tons--	***	***	***	***
Production----------do----	***	***	***	***
Capacity utilization-----percent--	***	***	***	***
Exports to:				
United States-------short tons--	2	7	82	47
All other----------do----	***	***	***	***
Total----------do----	***	***	***	***
Percent of production that is exported----------	***	***	***	***
Percent of total exports to:				
United States----------	***	***	***	***
All other----------	***	***	***	***
Total----------	100.0	100.0	100.0	100.0

Source: Exports to the United States compiled from official statistics of the U.S. Department of Commerce; Spanish production and exports to all other countries provided by counsel for the Spanish producers.

Consideration of the Causal Relationship Between the Subsidized Imports and the Alleged Material Injury or Threat Thereof

U.S. consumption and market penetration of imports

U.S. consumption of carbon steel wire rod declined by 21.1 percent from 1981 to 1982 (table 16). Although consumption increased by 20.4 percent from 1982 to 1983, it remained 5.0 percent below the level in 1981. The decline was consistent with trends in many sectors of the U.S. economy in this period; it did not reflect a market shift from wire and wire products. U.S. consumption increased by 36.5 percent from January-March 1983 to January-March 1984. As a share of consumption, imports from Spain increased from a negligible amount in 1981 to 1.8 percent in 1983, and from 2.0 percent in January-March 1983 to 3.7 percent in January-March 1984. Correspondingly, U.S. producers' share fell from 84.5 percent in 1981 to 77.2 percent in 1983, and from 74.3 percent in January-March 1983 to 73.7 percent in January-March 1984.

U.S. open-market consumption increased by 7.0 percent from 1981 to 1983, after falling by 14.9 percent from 1981 to 1982, and increased by 45.1 percent from January-March 1983 to January-March 1984 (table 17). As a share of open-market consumption, imports from Spain increased from a negligible amount in 1981 to 2.2 percent in 1983, and from 2.6 percent in January-March 1983 to 4.6 percent in January-March 1984. Table 18 shows imports and the ratio of imports to consumption for all countries which have been the subject of antidumping or countervailing duty investigations since 1981.

Prices

Prices of carbon steel wire rod depend on demand and supply conditions for wire and wire products. Such products include fencing, wire reinforcing mesh, welding rod, nails, bolts, springs, and a wide variety of articles used in construction and manufacturing. A decline in demand for these and many other products from mid-1981 through 1982 put downward pressures on sales and prices of these articles and, hence, on carbon steel wire rod sales and prices. Because declining demand increased competition among suppliers in the wire rod market, domestic producers reportedly sold their products far below list prices at all levels of distribution. Producers also reportedly sold wire rod falling within wide ranges of specifications for essentially the same price. Freight equalization allowances--guarantees that the buyer will not pay higher shipping costs for goods from a more distant supplier than it would pay for goods from its closest supplier--also occurred.

Invoices received by the Commission in the prior wire rod investigations 1/ confirmed the freight equalization allowances and other discounts. These invoices show that, for purchasers of low-carbon steel wire rod, some domestic producers granted competitive price adjustments ranging from 14 to 36 percent of the total invoice value and competitive freight allowances ranging from * * * percent. In some instances, freight was absorbed, but no competitive

1/ Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, investigations Nos. 731-TA-113 and 114 (Final).

Table 16.--Carbon steel wire rod: U.S. producers' shipments and captive consumption, imports for consumption, exports of domestic merchandise, and apparent consumption, 1981-83, January-March 1983, and January-March 1984

Period	Producers' shipments and captive consumption	Imports			Producers' exports	Apparent consumption	Ratio of imports to consumption--		
		From Spain	From other countries	Total			From Spain	From other countries	Total
	Short tons						Percent		
1981	4,194,247	1,657	759,077	760,734	41,571	4,913,410	2/	15.5	15.5
1982	3,085,944	6,689	823,115	829,804	38,040	3,877,708	0.2	21.2	21.4
1983	3,606,376	82,385	978,258	1,060,643	111	4,666,908	1.8	21.0	22.8
January-March									
1983	794,922	21,465	253,397	274,862	11	1,069,773	2.0	23.7	25.7
1984	1,075,407	54,652	329,091	383,743	0	1,459,150	3.7	22.6	26.3

1/ The data do not include * * *
2/ Less than 0.05 percent.

Source: Imports compiled from official statistics of the U.S. Department of Commerce. All other data compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 17.--Carbon steel wire rod: U.S. producers' commercial shipments, 1/ imports for consumption, exports of domestic merchandise, and apparent consumption, 1981-83, January-March 1983, and January-March 1984

Period	Producers' shipments 1/	Imports			Producers' exports	Apparent consumption	Ratio of imports to consumption--		
		From Spain	From other countries	Total			From Spain	From other countries	Total
	Short tons						Percent		
1981	2,740,101	1,657	759,077	760,734	41,571	3,459,264	2/	21.9	21.9
1982	2,151,339	6,689	823,115	829,804	38,040	2,943,103	0.2	28.0	28.2
1983	2,642,204	82,385	978,258	1,060,643	111	3,702,736	2.2	26.4	28.6
January-March									
1983	550,949	21,465	253,397	274,862	11	825,800	2.6	30.7	33.3
1984	814,747	54,652	329,091	383,743	0	1,198,490	4.6	27.5	32.1

1/ Domestic shipments and exports. The data do not include * * *
2/ Less than 0.05 percent.

Source: Imports compiled from official statistics of the U.S. Department of Commerce. All other data compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 18.--Carbon steel wire rod: Imports and ratio of imports to consumption, by sources which have been the subject of antidumping or countervailing duty investigations since 1981, 1981-83, January-March 1983, and January-March 1984

Source	1981	1982	1983	January-March-- 1983	January-March-- 1984
	Short tons				
Mexico 1/	0	30,401	102,635	7,889	59,326
Spain 2/	1,657	6,689	82,385	21,465	54,652
Brazil 3/	32,579	111,025	76,649	63,992	14
France 4/	101,921	105,068	68,868	20,954	28,663
Argentina 5/	21,167	12,238	68,335	8,551	44,252
Trinidad and Tobago 6/	6,010	56,338	63,961	16,221	17,418
Poland 7/	0	7,987	25,843	3,141	0
Belgium 8/	21,547	27,567	8,199	5,640	5,964
Venezuela 9/	25,443	0	0	0	303
Czechoslovakia 10/	331	2,245	18,992	6,382	5,574
South Africa 11/	17,991	1,470	9,754	1,165	48
Total	228,646	361,028	525,621	155,399	216,213
	Percent				
Mexico	-	0.8	2.2	0.7	4.1
Spain	12/	.2	1.8	2.0	3.7
Brazil	0.7	2.9	1.6	6.0	12/
France	2.1	2.8	1.5	2.0	2.0
Argentina	.4	.3	1.5	0.8	3.0
Trinidad and Tobago	.1	1.5	1.4	1.5	1.2
Poland	-	.2	.6	.3	-
Belgium	.4	.7	.2	.5	.4
Venezuela	.5	-	-	-	12/
Czechoslovakia	12/	.1	.4	.6	.4
South Africa	.4	12/	.2	.1	12/
Average	4.7	9.3	11.3	14.5	14.8

1/ Affirmative preliminary determination by the Commission on January 9, 1984; negative preliminary LTFV determination by Commerce on May 1, 1984.

2/ Affirmative preliminary determinations by the Commission on January 9, 1984; affirmative preliminary LTFV determination by Commerce on May 1, 1984, and affirmative final subsidy determination by Commerce on May 1, 1984.

3/ Countervailing duty investigation suspended on October 1, 1982, following an agreement with Brazil to offset amount of subsidy with an export tax. Affirmative final LTFV determinations by Commerce and the Commission in October 1983 and antidumping duty in effect.

4/ Countervailing duty investigation terminated on October 21, 1982, following the withdrawal of petitions in response to an export limiting arrangement.

footnotes continued on next page

allowances were granted. Invoices did not indicate the reason for these price adjustments. Although freight equalization allowances were granted to buyers in different areas of the United States, the invoices showed that only * * * such instances occurred for shipments to the West Coast; these sales were made by Georgetown Texas (North Star Steel-Texas). According to the largest importer on the west coast, transportation costs from Spain and from Texas were each about $50 per short ton. All the shipments from Texas were by rail. Spanish material arrived in the west coast via freighter through the ports of Los Angeles, San Francisco, and Seattle. Freight rates from Texas to the West Coast are generally consistent with truck and rail rates throughout the rest of the United States. Freight rates by ocean-going vessel between U.S. ports are usually higher by about $10 per short ton.

Price trends.--The Commission requested f.o.b. mill price data from domestic producers and f.o.b. port-of-entry price data from importers. Usable data were received from 11 producers and from 5 importers of Spanish produced material. Price data for low-carbon steel wire rod, AISI grade 1008, 7/32 inch to 27/64 inch in diameter, are shown in table 19.

Integrated domestic producers' f.o.b. prices rose from $338 per short ton in January-March 1981 to $346 per short ton in April-June 1981, and then fell irregularly to a low of $282 per short ton in July-September 1983, or by 18.5 percent. Integrated producers' prices increased to $314 per short ton in January-March 1984.

Although nonintegrated domestic producers' f.o.b. prices were consistently lower than integrated producers' prices, they followed a similar declining trend. Nonintegrated domestic producers' prices increased by 1.3 percent from January-March 1981 to April-June 1981, but then decreased by 19.4

(Footnotes for table 18--Continued)

5/ Countervailing duty investigation suspended in September 1982 following an agreement to eliminate the countervailable subsidies. Affirmative preliminary determination by the Commission on January 9, 1984; affirmative preliminary LTFV determination by Commerce on May 1, 1984.

6/ Affirmative final subsidy determination by Commerce on December 27, 1983, and countervailing duty in effect. Affirmative final LTFV determinations by Commerce and the Commission in October 1983; antidumping duty in effect.

7/ Affirmative preliminary determination by the Commission on January 9, 1984; affirmative preliminary LTFV determination by Commerce on May 1, 1984. Negative final subsidy determination by Commerce on May 1, 1984.

8/ Countervailing duty investigation terminated on October 21, 1982, following the withdrawal of petitions in response to an export limiting arrangement.

9/ Negative final LTFV determination by the Commission on February 14, 1983.

10/ Negative final subsidy determination by Commerce on May 1, 1984.

11/ Affirmative final subsidy determination by Commerce on September 27, 1982; countervailing duty in effect.

12/ Less than 0.05 percent.

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

Table 19.-Carbon steel wire rod: U.S. producers' and importers' weighted-average prices for low-carbon steel wire rod, AISI grade 1008, 7/32 inch to 27/64 inch in diameter, by quarters, January 1981-March 1984

(Per short ton)

Period	Domestic producers 1/			Importers
	Integrated	Non-integrated	All	
1981:				
Jan.-Mar	$338	$311	$322	2/
Apr.-June	346	315	326	2/
July-Sept	343	313	323	2/
Oct.-Dec	338	299	313	2/
1982:				
Jan.-Mar	330	293	295	2/
Apr.-June	285	284	284	2/
July-Sept	314	277	280	2/
Oct.-Dec	327	274	277	277
1983:				
Jan.-Mar	290	271	275	230
Apr.-June	285	255	265	249
July-Sept	282	254	264	215
Oct.-Dec	283	255	268	227
1984:				
Jan-Mar	314	271	274	240

1/ Domestic producers' prices are f.o.b. mill.
2/ Not available.

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

percent from April-June 1981 to July-September 1983. Prices decreased in every quarter from April-June 1981 to July-September 1983, before rising 0.4 percent in 1983 and 6.3 percent in January-March 1984.

As table 19 indicates, importers' weighted-average prices declined 22.4 percent from October-December 1982 to July-September 1983. By January-March 1984, prices were 11.6 percent higher than in July-September 1983.

Margins of underselling.--In October-December 1982 U.S. producers' and importers' weighted-average prices were equivalent. In every other quarter for which data were received, importers' weighted-average prices were lower than domestic prices. Margins of underselling for Spanish wire rod ranged from 0 to 18.6 percent.

Exchange rates.--Indices of exchange rates for Spanish currency relative to the U.S. dollar are contained in table 20. Between the first quarter of 1981 and the first quarter of 1984, the Spanish peseta depreciated in nominal terms by 45.5 percent.

Table 20.--Indices of the nominal and real exchange rates for the Spanish peseta relative to the U.S. dollar, by quarters, January 1981-March 1984 1/

(January-March 1981=100)

Period	Spanish Peseta	
	Nominal	Real
1981:		
January-March	100	100
April-June	92.3	94.2
July-September	85.8	97.2
October-December	87.5	92.7
1982:		
January-March	83.1	90.6
April-June	79.3	89.2
July-September	75.0	84.8
October-December	70.1	80.5
1983:		
January-March	64.7	79.0
April-June	60.5	75.9
July-September	56.0	72.5
October-December	54.4	2/
1984:		
January-March	54.5	2/

1/ Real-exchange-rate indices were calculated using a relative industrial goods price index. The exchange rates used were the official rates.
2/ Not available.

Source: Compiled from official statistics of the International Monetary Fund.

To account for relative differences in inflation, indices of wholesale prices in the United States and Spain were used to convert the nominal exchange rate indices into real exchange rate indices. These real exchange rate indices are also contained in table 20. Based on real exchange rate indices, between the first quarter of 1981 and the third quarter of 1983, the Spanish peseta depreciated by 27.5 percent.

Lost sales

Domestic producers received questionnaires from the Commission in the final investigation requesting specific allegations of sales lost to imports from Spain. Usable responses were received from 4 producers. The lost sales allegations involved 469,000 tons of Spanish steel wire rod imported between January 1981 and March 84. Total imports of Spanish wire rod in this period were 145,383 tons. Thus alleged lost sales exceeded actual imports by a factor of 3. Most West Coast purchasers of Spanish wire rod cited the lack of available domestic wire rod on the West Coast as a major reason why they purchased Spanish wire rod. Most purchasers also said that the price of Spanish wire rod was below the domestic price. A summary of the lost sales inquiries follows:

Purchaser 1.--

* * * * * * *

Purchaser 2.--

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Purchaser 3.--

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Purchaser 4.--

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Purchaser 5.--

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Purchaser 6.--

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Purchaser 7.--

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Purchaser 8.--

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Purchaser 9.--

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Purchaser 10.--

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Purchaser 11.--

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Purchaser 12.--

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Purchaser 13.--

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Purchaser 14.--

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Purchaser 15.--

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Purchaser 16.--

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Purchaser 17.--

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APPENDIX A

COMMISSION'S NOTICE OF INSTITUTION OF FINAL INVESTIGATION

AND

COMMERCE'S NOTICE OF FINAL DETERMINATION

Exact meeting locations, dates, and times will be published in the **Federal Register** and local newspapers at a later date. The purpose of the workshops will be to inform the public about the study and to identify, through the public's involvement, additional concerns or issues which need to be addressed in the EIS.

The public is also welcome to submit its concerns and issues in written form to the Superintendent of the George Washington Memorial Parkway.

FOR FURTHER INFORMATION CONTACT: Mr. John Byrne, Superintendent, George Washington Memorial Parkway, Turkey Run Headquarters, McLean, Virginia 22101.

Dated: March 14, 1984.

Manus J. Fish,

Regional Director National Capital Region.

[FR Doc. 84-7554 Filed 3-20-84; 8:45 am]

BILLING CODE 4310-70-M

INTERNATIONAL TRADE COMMISSION

[Investigation No. 701-TA-209 (Final)]

Carbon Steel Wire Rod From Spain

AGENCY: International Trade Commission.

ACTION: Institution of final countervailing duty investigation and scheduling of a hearing to be held in connection with the investigation.

EFFECTIVE DATE: February 24, 1984.

SUMMARY: As a result of an affirmative preliminary determination by the U.S. Department of Commerce that there is a reasonable basis to believe or suspect that imports from Spain of carbon steel wire rod, provided for in item 607.17 of the Tariff Schedules of the United States (TSUS), are being subsidized by the Government of Spain within the meaning of section 701 of the Tariff Act of 1930 (19 U.S.C. 1671), the United States International Trade Commission hereby gives notice of the institution of investigation No. 701-TA-209 (Final) under section 705(b) of the act (19 U.S.C. 1671d(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

The Department of Commerce will make its final subsidy determination in this case on or before May 1, 1984, and the Commission will make its final injury determination by June 22, 1984 (19 CFR 207.25).

FOR FURTHER INFORMATION CONTACT: Larry Reavis, (202-523-0296), Office of Investigations, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION:

Background

On January 9, 1984, the Commission determined, on the basis of the information developed during the course of its preliminary investigation, that there was a reasonable indication that an industry in the United States was materially injured by reason of imports of carbon steel wire rod from Spain. The preliminary investigation was instituted in response to a petition filed on November 23, 1983, by Atlantic Steel Co., Continential Steel Co., Georgetown Steel Corp., North Star Steel Co.-Texas, and Raritan River Steel Co.

Participation in the Investigation

Persons wishing to participate in this investigation 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 of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in the **Federal Register**. Any entry of appearance filed after this date will be referred to the Chairman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary will prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation, pursuant to section 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16 (c)).

Staff Reprot

A public version of the staff report containing preliminary findings of fact in the investigation will be placed in the public record on April 20, 1934, pursuant to section 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a public hearing in connection with this investigation beginning at 10:00 a.m. on May 7, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on April 20, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 10:00 a.m. on April 26, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is May 2, 1984.

Testimony at the public hearing is governed by section 207.23 of the Commission's rules (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with section 207.22 (19 CFR 207.22). Posthearing briefs must conform with the provisions of section 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on May 14, 1984.

Written Submissions

As mentioned, parties to this investigation may file prehearing and posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before May 14, 1984. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with section 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be avialable for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of section 201.6 of the Commission rules (19 CFR 201.6).

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and C (19 CFR Part 207).

and part 201, subparts A through E (19 CFR Part 201).

This notice is published pursuant to section 207.20 of the Commission's rules (19 CFR 207.20).

By order of the Commission

Issued: March 12, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-7555 Filed 3-20-84; 8:45 am]

BILLING CODE 7020-02-M

[Investigation No. 731-TA-123 (Final)]

Certain Flat-Rolled Carbon Steel Products From Brazil

Determination

On the basis of the record [1] developed in the subject investigation, the Commission unanimously determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)), that an industry in the United States is materially injured by reason of imports from Brazil of certain flat-rolled carbon steel products, provided for in items 607.66, 607.94, 608.07, and 608.11 of the Tariff Schedules of the United States (TSUS),[2] which are being, or are likely to be, sold in the United States at less than fair value (LTFV). In addition, pursuant to section 735(b)(4)(A) of the act (19 U.S.C. 1673d(b)(4)(A)), the Commission also determines that the material injury found in this case is by reason of massive imports of the subject products over a relatively short period to an extent that, in order to prevent such material injury from recurring, it is necessary to impose the antidumping duty retroactively on these imports.[3]

Background

The Commission instituted this investigation effective September 7, 1983, following a preliminary determination by the Department of Commerce that imports of the subject flat-rolled carbon steel products from Brazil were being, or were likely to be, sold in the United States at LTFV within the meaning of section 731 of the act (19 U.S.C. 1673). Notice of the institution of the Commission's investigation 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, D.C., and by publishing the notice in the **Federal Register** on September 28, 1983 (48 FR 44279).

Commerce was scheduled to make its final determinations in this case by November 14, 1983. However, Commerce extended its investigation and published its final affirmative determination in the **Federal Register** on January 25, 1984 (49 FR 3102). The Commission's hearing was held in Washington, D.C. on January 31, 1984. All persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its report on this investigation to the Secretary of Commerce on March 9, 19894. A public version of the Commission's report, Certain Flat-Rolled Carbon Steel Products from Brazil (investigation No. 731-TA-123 (Final), USITC Publication 1499, March 1984) contains the views of the Commission and information developed during the investigation.

By order of the Commission.

Issued: March 9, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-7558 Filed 3-20-84; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 701-TA-210 and 211 (Preliminary) and 731-TA-167 and 168 (Preliminary)]

Certain Table Wine From France and Italy

Determinations

On the basis of the record [1] developed in the subject investigations, the Commission determines,[2] pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)), that there is no reasonable indication that an industry in the United States is materially injured, or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports from France and Italy of certain table wine,[3] provided for in item 167.30 of the Tariff Schedules of the United States (TSUS), which are allged to be subsidized by the Governments of France (investigation No. 70-TA-210 (Preliminary)) and Italy (investigation No. 701-TA-211 (Preliminary)).

The Commission also determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), that there is no reasoanble indication that an industry in the United States is materially injured, or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports from France (investigation No. 731-TA-167 (Preliminary)) and Italy (investigation No. 731-TA-168 (Preliminary)), of certain table wine,[3] provided for in item 167.30 of the TSUS, which are alleged to be sold in the United States at less than fair value.

Background

On January 27, 1984, petitions were filed with the United States International Trade Commission and the U.S. Department of Commerce by counsel on behalf of the American Grape Growers Alliance for Fair Trade (Alliance), alleging that imports of the subject merchandise are being subsidized, and are being sold in the United States at less than fair value. Accordingly, effective January 27, 1984, the Commission instituted preliminary countervailing and antidumping investigations under sections 703(a) and 733(a), respectively, of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise.

Notice of the institution of the Commission's investigations and of the public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the **Federal Register** on February 6, 1984 (49 FR 4440). The conference was held in Washington, D.C., on February 17, 1984, and all persons who requested the opportunity were permitted to appear in person or by counsel.

The Commission transmitted its report on the investigations to the Secretary of Commerce on March 12, 1984. A public version of the Commission's reprot, Certain Table Wine from France and Italy (investigations Nos. 701-TA-210 and 211 (Preliminary) and 732-TA-167 and 168 (Preliminary), USITC Publication 1502, 1984), contains the

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

[2] The specific products covered by this determination are carbon steel plate in coils or cut-to-length, whether or not not coated or plated with metal (TSUS items 607.66, 608.07, and 608.11); and clad plate (TSUS item 607.94).

[3] The effect of this determination is that, pursuant to section 733(e)(2) of the act (19 U.S.C. 1673b(e)(2)), antidumping duties will be imposed 90 days before the date on which suspension of liquidation was first ordered (Sept. 7, 1983).

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

[2] Commissioner Haggast not participating.

[3] Certain table wine is defined as still wine produced from grapes, containing not over 14 percent of alcohol by volume, other than wines categorized by the appropriate authorities in France or Italy as "Appelation d'Origine Controlee" or "Vins Delimites de Qualite Superieure" or "Denomiazione di Origine Controllata," respectively.

Trobas, the Department erred in failing to adjust foreign market value to reflect physical differences between the grades of merchandise being compared.

Department's Position: This issue is moot with respect to imports by U.H.F.C. because of our shift to U.K. sales. Trobas sales in the U.K. were of identical merchandise to that sold to U.H.F.C.

Comment 3: The petitioner argues that it would be inappropriate to base an adjustment for physical differences solely on raw material costs as proposed by U.H.F.C.

Department's Position: Again, this issue is moot with regard to U.H.F.C. sales.

Final Results of Review

As a result of adjustments made based on comments received, we have revised the margin for Holding Trobas B.V., and we determine that the following margins exist for the period:

Manufacturer/exporter	Margin (percent)
Holding Trobas B.V.	0.13
Wed. P. Smits & Zoon b.v.	0
Third-Country Reseller	
F. Leiner & Co., Ltd. (U.K.)	43.0

No shipments during period.

The Department shall instruct the Customs Service to assess antidumping duties on all appropriate entries. Individual differences between United States price and foreign market value may vary from the percentage stated above.

Further, as provided for by § 353.48(b) of the Commerce Regulations, a cash deposit of estimated antidumping duties based on the above margins shall be required for these firms. Since the weighted-average margin for Holding Trobas B.V. is less than 0.5 percent, and therefore *de minimis* for cash deposit purposes, the Department shall waive the deposit requirement for that firm. For any future shipments from a new exporter not covered in this or prior reviews, whose first shipments occurred after November 30, 1982, and who is unrelated to any covered firm, no cash deposit shall be required. These deposit requirements and waiver shall become effective on the date of publication of these final results and shall remain in effect until publication of the final results of the next administrative reveiw. The Department intends to begin immediately the next administrative review.

The Department encourages interested parties to review the public record and submit applications for protective orders as early as possible after the Department's receipt of the requested information.

This administrative review and notice are in accordance with section 751(a)(1) of the Tariff Act of 1930 (19 U.S.C. 1675(a)(1)) and § 353.53 of the Commerce Regulations (19 CFR 353.53).

Dated: April 30, 1984.

Alan F. Holmer,

Deputy Assistant Secretary for Import Administration.

[FR Doc. 84-12382 Filed 5-7-84; 8:45 am]

BILLING CODE 3510-DS-M

[C-469-009]

Carbon Steel Wire Rod From Spain; Final Affirmative Countervailing Duty Determination

AGENCY: International Trade Administation, Commerce.

ACTION: Notice.

SUMMARY: We determine that certain benefits constituting subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Spain of carbon steel wire rod. The net subsidy for each company is identified in the "Suspension of Liquidation" section of this notice. In addition, we determine that critical circumstances exist with respect to the importation of carbon steel wire rod from Spain. We have notified the United States International Trade Commission (ITC) of our determinations. We also are directing the U.S. Customs Service to continue to suspend liquidation of all entries of carbon steel wire rod from Spain that are entered, or withdrawn from warehouse, for consumption on or after November 28, 1983, and to require a cash deposit or bond on this product in an amount equal to the estimated net subsidy.

EFFECTIVE DATE: May 8, 1984.

FOR FURTHER INFORMATION CONTACT: John M. Davies, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-1784.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we determine that certain benefits constituting subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Spain of carbon steel wire rod. For the purpose of this investigation, the following programs are found to confer subsidies:

- Long-term Noncommercial Loans and Loan Guarantees
- Benefits from Long-term Noncommercial Construction Loans to Related Suppliers
- Short-term Working Capital Loans under the Privileged Circuit Exporter Credits Program
- Excessive Rebates of Indirect Taxes on Exports under the Desgravacion Fiscal a la Exportacion (DFE)
- Government Provision of Equity Capital
- Government Interest-free Loans
- Government Grants

We determine the net subsidy to be the rates specified for each company in the "Suspension of Liquidation" section of this notice.

Case History

On November 23, 1983, we received a petition from Atlantic Steel Company, Continental Steel Company, Georgetown Steel Corporation, North Star Steel Company-Texas, and Raritan River Steel Company filed on behalf of the carbon steel wire rod industry. In compliance with the filing requirements of section 355.26 of our regulations (19 CFR 355.26), petitioners alleged that manufacturers, producers, or exporters in Spain of carbon steel wire rod receive, directly or indirectly, benefits constituting subsidies within the meaning of section 701 of the Act, and that these imports are materially injuring, or threatening to meterially injure, a U.S. industry. Petitioners also alleged that "critical circumstances" exist, as defined in section 703(e) of the Act.

We found that the petition contained sufficient grounds upon which to initiate a countervailing duty investigation, and on December 13, 1983, we initiated an investigation (48 Fed. Reg. 56420). We stated that we expected to issue a preliminary determination by February 16, 1984.

Since Spain is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for this investigation. On January 9, 1984, the ITC determined that there is a reasonable indication that these imports are materially injuring, or threatening to materially injure, a U.S. industry (49 Fed. Reg. 2165).

We presented a questionnaire concerning the allegations to the government of Spain at its embassy in

Washington, D.C. on January 4, 1984. On January 24, the government of Spain requested that this case be declared "extraordinarily complicated" under section 703(c) of the Act. On January 27, we determined that the case was not extraordinarily complicated. We received responses to the questionnaire on February 3, 6, 14, 15, and 27.

On February 16, we preliminarily determined that benefits constituting subsidies within the meaning of the countervailing duty law were being provided to manufacturers, producers, or exporters in Spain of carbon steel wire rod and that critical circumstances did exist with respect to imports of carbon steel wire rod from Spain (49 FR 6962).

On March 2, we presented a supplemental questionnaire to the government of Spain at its embassy in Washington, D.C. We received responses to the supplemental questionnaire on March 22 and 23.

In response to requests received on February 29 and March 5, a public hearing on this case was held on March 22. We received briefs from the parties to the proceeding on March 15 and April 9.

We held a verification of the responses in Madrid, Spain, on March 26–30. At the verification on March 30 and later in a letter dated April 4, we requested from the government of Spain additional information on the DFE program; however, we did not receive the requested information.

Scope of Investigation

The product covered by this investigation is carbon steel wire rod. For the purpose of this investigation, the term "carbon steel wire rod" covers a coiled, semi-finished, hot-rolled carbon steel product of approximately round solid cross-section, not under 0.20 inch nor over 0.74 inch in diameter, not tempered, not treated, and not partly manufactured; and valued over 4 cents per pound, as currently provided for in item 607.17 of the *Tariff Schedules of the United States* (TSUS).

There are three firms in Spain that produced and exported carbon steel wire rod to the United States during the period under investigation, calendar year 1982. We have received information from the government of Spain regarding Empresa Nacional Siderurgica, S.A. (ENSIDESA), Nueva Montana Quijano, S.A. (NMQ), and Forjas Alavesas, S.A. (FASA), who together accounted for over 95 percent of Spain's carbon steel wire rod exports to the United States during 1982. The government of Spain provided additional infomation regarding Siderurgica de Galacia, S.A. (SIDEGASA), Esteban Orbegozo, S.A., and Union Cerrajera, S.A. However, since none of these companies exported carbon steel wire rod to the United States during the period of investigation, we did not verify or use their information in this determination.

Analysis of Programs

Certain subsidies discussed in this notice were conveyed through a series of laws and decrees issued by the government of Spain. Those laws and decrees include the following:

Decree 669/1974 of March 14, 1974: This decree established the National Steel Industry Program 1974–1982. To achieve the specific goals established by this program, the government authorized certain benefits for integrated and non-integrated steel firms, which included noncommercial loans and loan terms, accelerated amortization of non-liquid investments, substantial reduction of certain taxes, and expropriation of land for new plant construction.

Law 60/1978 of December 23, 1978: This law authorized government aid in the form of noncommercial loans and loan terms and capital infusions for the three integrated steel producers in Spain, including ENSIDESA.

Order of May 22, 1980: This order authorized the Banco de Credito Industrial (BCI) to extend additional government credits to non-integrated steel companies who had made investments under Decree 669/1974. BCI is a government credit institution which issues loans under government direction to companies in the Spanish steel industry.

Royal Decree 878/1981 of May 8, 1981: This decree, also known as the Integral Iron and Steel Reconversion Plan, provided aid to the integrated steel producers in the form of noncommercial interest rates and terms on outstanding loans, new loans with noncommercial interest rates and terms, loan guarantees, and capital infusions. Certain of the subsidy programs are administered by the Instituto Nacional de Industria (INI), a public holding company created in 1941 as an autonomous government agency to promote and stimulare the industrial development of Spain. INI's responsibilities cover a variety of sectors ranging from basic services to basic industries such as the iron and steel industry.

Throughout this notice, we refer to general principles applied to the facts of the current investigation. These principles are described in the "Subsidies Appendix" contained in the Federal Register notice of "Cold-Rolled Carbon Steel Flat-Rolled Products from Argentina: Final Affirmative Countervailing Duty Determination and Countervailing Duty Order" (49 FR 18006).

For purposes of this final determination, we have calculated company-specific *ad valorem* subsidy rates in accordance with 19 CFR 355.28(a)(3), which states that "if separate enterprises have received materially different benefits, such differences shall also be estimated and stated." We have found that there are significant differences in the size and structure of the companies under investigation and in the usage of programs determined to confer subsidies.

To calculate a company-specific *ad valorem* rate, we allocated the benefits received by each company in 1982 over the total sales value or total export value, as appropriate, of each company. For those Spanish carbon steel wire rod producers not covered under this investigation, we calculated a trade-weighted *ad valorem* subsidy rate based on an average of the three company-specific rates as weighted by each company's 1982 export tonnage of carbon steel wire rod to the United States.

Based on petitioners' allegations regarding the financial condition of ENSIDESA and NMQ, we are required to make an assessment of the "creditworthiness" of these two companies before determining if an to what extent countervailable benefits have been received under certain programs.

We have consistently held that government provision of, or assistance in obtaining, capital or debt does not *per se* confer a subsidy. Government equity purchases or financial backing bestow a countervailable benefit only when they occur on terms inconsistent with commercial considerations. To determine if such actions are commercially unsound, we review and assess financial data for the company in question.

For this final determination, we conducted a comprehensive review of the factors relevant to a determination of inconsistency with commercial considerations for ENSIDESA and NMQ. For loans and loan guarantees, we analyzed whether ENSIDESA was "creditworthy" since 1976 and whether NMQ was "creditworthy" since 1978. In making this assessment, we examined cash flow and other measures of the ability of a company to meet its long-term debt obligations.

In its responses, the government of Spain provided data for the 1982 period of investigation including financial statements and debt information on ENSIDESA, NMQ, and FASA. Based upon our anlaysis of the petition, the responses to our questionnaires, and our verification, we determine the following:

I. Programs Determined To Confer Subsidies

We determine that subsidies are being provided to manufacturers, producers, or exporters in Spain of carbon steel wire rod under the following programs.

A. Long-Term Noncommercial Loans and Loan Guarantees

Petitioners alleged that Spanish wire rod producers were receiving noncommercial loans, loan terms, and loan guarantees which constitute subsidies. We requested information from each company under investigation on all medium- and long-term loans outstanding during the period of investigation. In Spain medium-term financing is from two to five years, and long-term financing, which is less prevalent, is currently for about 10 years. ENSIDESA, NMQ, and FASA reported medium- and long-term loans outstanding during the period of investigation.

We determine that the government of Spain leads or directs banks to lend funds to certain companies in certain industry sectors at rates or on terms inconsistent with commercial considerations.

We used the methodology in the Subsidies Appendix to calculate subsidy rates on the noncommercial loans and loan quarantees reviewed by the three Spanish wire rod producers.

For purposes of this final determination, we determine that NMQ was creditworthy through 1982. Although it experienced operating losses for the 1980–1982 period, NMQ had adequate cash flow to cover its interest expenses in 1980 and received substantial private commercial credit without government intervention in 1981.

We also determine, for the purposes of this final determination, that ENSIDESA was not creditworthy for the period 1979–1982. In the 1982 countervailing duty investigation on certain steel products from Spain and in the preliminary determination in this case, we found ENSIDESA to be uncreditworthy for 1979–1982. Based on a new review of ENSIDESA's financial records under the Subsidies Appendix, we continue to find that ENSIDESA is uncreditworthy because of unhealthy financial ratios during 1977–1982 in times interest earned (operating income divided by interest charges); net income as a percent of sales; and net working capital as a percent of total assets.

Under the Subsidies Appendix methodology, we continued to use most of the benchmark interest rates and all of the discount rates from our preliminary determination in this case. We used company-specific loan rates as benchmarks in those years where verified information on private commercial loans was available. For the 1979–1982 uncreditworthy period of ENSIDESA, we used the benchmark rates plus the "risk premium" as described in the Subsidies Appendix. We allocated total loan benefits over the life of the loans using the declining balance method and calculated subsidy rates by dividing the 1982 loan benefits by total company sales of all steel products in 1982.

Most of the loans reported by these companies contained provisions for deferred principal payments. Since we verified that noncommercial loans and private commercial loans to these companies contained similar deferral periods, we are not treating deferred principal payments as a separate subsidy.

During 1979–1982, ENSIDESA received private commercial loans with INI guarantees. At verification we found that ENSIDESA pays INI a fee for all such loan guarantees. This fee, paid quarterly, amounts to a set percentage of the outstanding principal on the loan. We also found that the INI guarantee fees were less than comparable loan guarantee fees charged by private banks. Since noncommercial INI guarantees on private commercial loans were provided during the period when ENSIDESA was found to be uncreditworthy, we included in our calculations the interest rate benefits derived by ENSIDESA from these loans.

We determine that the following categories of loans to Spanish wire rod producers do not confer subsides: (a) loans that carried no INI or government guarantee and were not the result of a government mandate; and (b) loans from official non-Spanish export-import lending institutions (*e.g.*, U.S. Export-Import Bank) which were guaranteed by INI. Such guarantee are commonly required by official export-import institutions as a condition for this type of lending activity, and therefore the provision of a guarantee by INI does not confer a countervailable benefit in connection with these types of loans.

We determine that the *ad valorem* subsidy rates for noncommercial long-term loans and loan guarantees are 8.03 percent for ENSIDESA, 0.23 percent for NMQ, and 0.29 percent for FASA.

B. Benefits From Long-Term Noncommercial Construction Loans To Related Suppliers

Petitioners alleged that NMQ was receiving subsidies from two of its related suppliers, SIDEGASA and Aceria de Santander, S.A. (ACERIASA), whose plant facilities were constructed using long-term construction loans granted under the National Steel Industry Program (Decree 669/1974).

During verification we found that NMQ has a 6.4 percent share of the stock outstanding in SIDEGASA. In 1981 SIDEGASA was declared by the courts in Spain to be in legal suspension of payments for provisional insolvency and was placed in reorganization in bankruptcy. We also found that SIDEGASA did not supply any of the blooms used by NMQ in production of wire rod. Therefore, we determine that wire rod produced by NMQ does not receive benefits from long-term construction loans granted to SIDEGASA.

In the mid-1970's NMQ and three other Spanish steel companies, not covered by this investigation, formed a joint venture to build a crude-steel manufacturing plant using construction funds available under the National Steel Industry Program. The ACERIASA plant was built in 1978–1979. Currently, NMQ owns 57.8 percent and the other three Spanish steel companies own the remainder of ACERIASA's stock outstanding. There is government stock ownership in ACERIASA.

All of the blooms used by NMQ to product wire rod are purchased from outside sources. In 1982, a large majority of these blooms was purchased by NMQ at cost from ACERIASA. We determine, therefore, that the long-term noncommercial loans granted under Decree 669/1974 for plant construction of ACERIASA are providing countervailable benefits to the production of carbon steel wire rod by NMQ. We used the loan methodology, described earlier in this notice, to calculate the 1982 benefits conferred on ACERIASA from these construction loans. These 1982 benefits were prorated to determine the amount of benefits atttributable to wire rod production at NMQ in 1982. We allocated this final amount over total wire rod sales by NMQ in 1982 to arrive at an *ad valorem* subsidy rate of 0.96 percent.

C. Short-Term Working Capital Loans Under the Privileged Circuit Exporter Credits Program (PCECP)

Petitioners alleged that Spanish wire rod producers received benefits constituting subsidies from short-term working capial loans under PCECP. Short-term borrowing in Spain is for any period up to 18 months. Each of the three companies under investigation received short-term working capital PCECP loans.

The government of Spain requires all Spanish commercial banks to maintain a specific percentage of their lendable funds as privileged circuit accounts available for low-interest loans under certain government-mandated programs. While there is no direct outlay of government funds, the countervailable benefits consist of noncommercial interest rate loans provided by the banks under the export promotion programs of PCECP. We determine that the three Spanish wire rod producers received subsidies under only one of the four available PCECP programs, the short-term working capital loan program.

Under PCECP, companies may obtain working capital loans of up to one year in duration for an amount not to exceed a specified percentage of the value of company exports in the previous year. In November 1981 this percentage was 24 percent for companies with government issued exporter cards and 16 percent for companies without exporter cards. In April 1982 the percentage was reduced to 22.5 percent and 15 percent, respectively. All three Spanish wire rod companies have exporter cards. The government mandated interest rate ceiling on short-term working capital PCECP loans in 1982 was 10 percent, including fees and commissions.

To calculate the subsidy amount, we compared the noncommercial 10 percent interest rate with the national average commercial interest rate on loans with similar terms and conditions. The national average commercial interest rate in 1982 ws calculated to be the average 1982 prime rate in Spain, 16.88 percent, plus two percentage points, reflecting average borrowing experience, plus an additional 0.5 percent, the maximum allowable charge for fees and commisisons under Spanish law. We determine the 1982 national average commercial interest rate to average borrowers to be 19.38 percent for one year loans, including fees and commissions.

We applied the appropriate interest differential to PCECP loans received by each company in 1982, and allocated the resulting loan benefits over total company exports of all steel products in 1982. We determine that the *ad valorem* subsidy rates for short-term working capital PCECP loans is 2.19 percent for ENSIDESA, 1.42 percent for NMQ, and 1.06 percent for FASA.

D. Excessive Rebates of Indirect Taxes on Exports Under the Desgravacion Fiscal a la Exportation (DFE)

Petitioners alleged that countervailable benefits are conferred on Spanish wire rod producers under the DFE program by the excessive rebate of indirect taxes on the export of carbon steel wire rod.

Spain employs a cascading tax system under which a turnover tax is levied on each intermediate sale of a product through its various stages of production, up to, but not including, the final sale at the retail level. The DFE is the program designed to rebate to exporters these accumulated turnover taxes as well as final stage taxes on exportation.

We requested in our questionnaire of January 4, 1984, certain specific information concerning the DFE. The response provided by the government of Spain was inadequate, and requests for further information were made during the verification on March 30 and again by letter on April 4. Because the government of Spain failed to respond to our initial request for this specific information and refused our subsequent requests, we are unable to determine what, if any, amount of the DFE rebate is a proper export rebate of indirect taxes allowable under the Act and our regulations. Accordingly, for purposes of this final determination, we find the entire amount of the DFE rebate, 14.5 percent, to be a subsidy as best information available.

E. Government Provision of Equity Capital

Petitioners alleged that ENSIDESA received equity infusions from the government of Spain under the Law 60/1978 and Royal Decree 878/1981.

INI purchased new stock issuances of ENSIDESA in 1979 and 1981. The 1979 stock issuance by ENSIDESA was subscribed to and paid for by INI in that year. The stock issuance by ENSIDESA in 1981 was subscribed to in full by INI that year; however, INI paid for one fourth of the stock in 1981 and for the remaining stock in 1982.

As stated in the Subsidies Appendix, we do not consider equity infusions by the government or its agencies to be subsidies *per se*. Government provision of equity capital confers a subsidy only when it is on terms inconsistent with commercial considerations.

In accordance with the Subsidies Appendix, we calculated the subsidy amount to be the difference between the stock price paid by INI and the market price of ENSIDESA's stock. We used ENSIDESA's average stock price prior to the time of INI's purchases as our basis for comparison because ENSIDESA's stock was traded on the Spanish exchange and our countervailing duty law indicates a strong presumption for market-based methods of value.

We allocated the resulting subsidy amount using the declining balance method over 15 years, the average useful life of assets in this industry. We then allocated the 1982 portions of these equity infusions over total company sales of all steel products in 1982 to arrive at an *ad valorem* subsidy rate of 2.86 percent.

F. Government Interest-Free Loans

Petitioners requested that we investigate the nature of the "Special INI Funds" capital account to see if any countervailable benefits were involved.

In March 1982, the principal and interest outstanding on certain long-term INI loans to ENSIDESA were consolidated into a capital account "Special INI Funds" appearing in ENSIDESA's 1982 financial reports. In June 1983 a large portion of these funds was used by INI to purchase new stock in ENSIDESA. Since this equity infusion occurred in 1983 and was not reflected in ENSIDESA's 1982 financial reports, we have not included it in this determination. We determine, however, that for the March-December 1982 period, the "Special INI Funds" did confer a benefit to ENSIDESA equivalent to that of an interest-free loan. Using the short-term benchmark interest rate of 19.38 percent as derived earlier in this notice, we calculated the March-December benefit and allocated it over total ENSIDESA sales of all steel products in 1982 to arrive at an *ad valorem* subsidy of 2.36 percent.

G. Government Grant

During verification, we found that FASA had received investment grants from national and local governments in Spain. The government grants were designed to cover a portion of FASA's total investment in purchasing certain new technological equipment. From the information in the record, however, we are unable to determine that these grants are not countervailable subsidies. Therefore, we determine that such grants do provide countervailable benefits to FASA.

We allocated the total amount of these grants over 15 years using the

declining balance method from the Subsidies Appendix. The 1982 grant benefits were divided by total FASA sales of all steel products in 1982 to arrive at an *ad valorem* subsidy of 0.18 percent.

II. Programs Determined Not To Confer Subsidies

We determine that subsidies are not being provided to manufacturers, producers, or exporters in Spain of carbon steel wire rod under the following programs.

A. Amendment of Annual Finance Investment Plans

The government of Spain allowed ENSIDESA to obtain additional loans by permitting amendments to the company's annual finance plans. This, in itself, is not a subsidy. Benefits resulting from the loans under this amendment are dealt with in the loans section of this notice.

B. Deferral of Tax and Social Security Debt

The deferral of company tax and social security debt owed to the government of Spain is authorized by general legislation and is available on equal terms to all Spanish companies. Therefore, we determine that Spanish wire rod producers do not receive a countervailable benefit from their deferrals of these debts.

III. Programs Determined Not To Be Used

We determine that the following programs, listed in the notice of "Initiation of Countervailing Duty Investigation," were not used by manufacturers, producers, or exporters in Spain of carbon steel wire rod.

A. Certain Benefits Under the Privileged Circuit Export Credits Program

In our analysis of the PCECP programs earlier in this notice, we found that one PCECP program, short-term working capital loans, did provide subsidies to wire rod manufacturers, producers, or exporters. We determine that the three remaining PCECP programs identified in our notice of intiation are not used. They are:

(1) Commercial services loans
(2) Short-term export credit
(3) Prefinancing exports

B. Warehouse Construction Loans

Exporters desiring to construct warehouse facilities adjacent to loading zones may borrow 70–75 percent of the total investment. None of the three companies in this investigation received loans under this program.

C. Regional Investment Incentives and Development Programs

The government of Spain and regional and municipal authorities provide various investment incentive programs. We determine that none of the three companies investigated has participated in these regional programs.

D. Accelerated Depreciation and Reduction in Taxes

Decree 669/1974 permits the steel industry to employ accelerated depreciation of non-liquid investments and to obtain a substantial reduction in certain taxes. We determine that these programs were not used by the three companies under investigation.

Petitioners' Comments

Comment 1

Co-counsel for petitioners argue the countervailable benefits are conferred as a result of loans from non-Spanish official lending institutions which were guaranteed by INI.

DOC Position

We disagree. It is our established policy that loans from official export-import lending institutions to foreign purchasers of goods produced in the lending institution's own country are not countervailable. INI guarantees on loans from non-Spanish official lending institutions are the result of the policy requirements of these lending institutions rather than an effort by INI to facilitate debt financing or to encourage exports by Spanish wire rod producers.

Comment 2

Co-counsel for petitioners contend that countervailable benefits are conferred under the DFE program by the excessive remission of indirect taxes on the export of carbon steel wire rod.

DOC Position

Because the government of Spain did not provide sufficient information regarding the DFE program, we have countervailed the entire amount of the DFE rebate as best information available.

Comment 3

Co-counsel for petitioners contend that if the government of Spain refuses to supply the additional information on DFE requested by the DOC in a letter of April 4, 1984, then the DOC should consider the initial Spanish response to be deficient and should draw the most adverse inference by finding the entire amount of the DFE export rebate to be a subsidy.

DOC Position

We agree. See our discussion in section I.D. of this notice.

Comment 4

Co-counsel for petitioners contend that because NMQ owns a majority of the stock in ACERIASA and because ACERIASA sells billets to NMQ used in producing carbon steel wire rod, Spanish government subsidies to ACERIASA are passed on to NMQ.

DOC Position

We agree. See our discussion in section I.B. of this notice.

Comment 5

Co-counsel for petitioners contend that NMQ should be declared uncredit worthy because of operating losses in 1981 and 1982 and because no dividends were paid out in these years.

DOC Position

We evaluate creditworthiness by analyzing several factors relating to a company's ability to obtain commercial loans, to maintain its debt obligations, and to meet its other costs. While operating losses and non-payment of dividends are relevant to this analysis, they are not the only bases for determining whether a company is creditworthy. For reasons stated in the "Analysis of Programs" section of this notice, we have determined NMQ was creditworthy during the period of review.

Comment 6

Co-counsel for petitioners contend that critical circumstances exist because, in part, section 703 (e) of the Act neither requires nor sets any minimum *ad valorem* effect of an unlawful export subsidy such as the PCECP.

DOC Position

This issue is irrelevant to this case because the export subsidies determined to be in violation of the Subsidies Code are not *de minimis*.

Comment 7

Co-counsel for petitioners do not object to establishing individual company-specific subsidy rates provided that the information submitted by such companies is fully responsive to the DOC questionnaire and has been fully verified by the DOC.

DOC Position

We have verified all information used in making this final determination in accordance with section 776(a) of the

Act, except where the absence of needed or requested information has forced us to use the best information available. We established individual company-specific subsidy rates.

Comment 8

Co-counsel for petitioners argue that the DOC should not exclude SIDEGASA based on the claim that SIDEGASA no longer benefits from prior noncommercial government loans because it is in bankruptcy reorganization.

DOC Position

As stated earlier in this notice, we found that SIDEGASA did not supply any of the blooms used by NMQ in the production of wire rod as alleged by petitioners. Therefore, we determined that NMQ does not receive benefits from long-term construction loans granted to SIDEGASA. SIDEGASA did not export wire rod to the U.S. in 1982.

Comment 9

Co-counsel for petitioners alleged for the first time in their prehearing brief on March 22, 1984, that Spanish wire rod producers appear to be receiving noncommercial government loans under Law 21/1982.

DOC Position

Since petitioners raised this issue late in the investigation, we will examine it more closely during any administrative annual review under section 751 of the Act should an order be issued. At verification we found that the provisions of Law 21/1982 related primarily to post-1982 policies regarding the restructuring of the Spanish steel industry.

Comment 10

Co-counsel for petitioners contend that the General Answers submitted by the government of Spain to the DOC are insufficient because the Spanish government did not furnish specifc government reports regarding the government's actions in improving the structure of the steel industry.

DOC Position

Although the government of Spain did not provide this specific information in this case, we did not need this information for proper resolution of the issues raised.

Respondent's Comments

Comment 1

Counsel for respondents states that the petition does not mention or describe the technical characteristics or end-uses of three specific types of carbon steel wire rod that are included in TSUS item 607.17 and that account for much of the Spanish wire rod imports to the U.S. Counsel argues, therefore, that these three types of carbon steel wire rod should be excluded from the scope of investigation in this case.

DOC Position

We disagree. We have held in previous wire rod cases, most recently in the countervailing duty annual review under section 751 of the Act on carbon steel wire rod from Brazil, that all qualities of wire rod within TSUS item 606.17 are of the same class or kind of merchandise.

Comment 2

Counsel for respondents states that the petitioner's production facilities either cannot be used for or are not commonly used for production of the three specific types of Spanish wire rod imports. Counsel argues, therefore, that the lack of any significant production by petitioners of these three types of carbon steel wire rod requires their exclusion from the scope of investigation in accord with our decision in the recent petitions filed by Gilmore Steel Corporation against carbon steel plate from Belgium and West Germany.

DOC Position

We disagree. Petitioners do produce all three of these types of wire rod and do properly represent the carbon steel wire rod industry in the United States.

Comment 3

Counsel for respondents contends that with respect to the three Spanish wire rod producers that did not export to the U.S. during the investigation period, the DOC either must completely exclude them from the final determination or must verify their responses and establish a company-specific rate, if any.

DOC Position

We disagree. These producers are covered by a trade weighted *ad valorem* rate for "All Other Manufacturers/Producers/Exporters" as listed in the "Suspension of Liquidation" section of this notice.

Comment 4

Counsel for respondents contends that imports of carbon steel wire rod from Spain were not "massive over a relatively short period" because in 1983 such imports were level throughout the year on a quarterly basis and represented only about 8 percent of total imports and less than 2 percent of apparent U.S. consumption.

DOC Position

We disagree. For purposes of determining whether massive imports have occurred, we are not constrained to review only 1983 imports nor segments of any year, such as calendar quarters. Furthermore, we found that import levels since the filing of this petition (November 1983–February 1984) were higher than in the four months preceding the investigation (July-October 1983) and were higher than in the corresponding four months of the previous year (November 1982–February 1983).

Comment 5

Counsel for respondents argues that the best proof of creditworthiness is a company's ability to obtain private commercial credit (other than short-term supplier credits or receivables financing) without the benefits of government guarantee or direction. Therefore, ENSIDESA, which has been able to obtain significant amounts of private commercial credit in Spain and abroad in recent years without government intervention, should be considered creditworthy.

DOC Position

We do not agree that ENSIDESA is creditworthy. A determination of creditworthiness is based on several factors including, but not limited to, the availability of credit from commercial sources. See our discussion in section I.A of this notice.

Comment 6

Counsel for respondents contends that interest rates on private commercial loans received without any government intervention provide appropriate benchmark interest rates for determining subsidies in those years when such loans are received.

DOC Position

We do not use individual company interest rates as benchmarks for short-term loans. For some of the long-term benchmark rates, however, we have used verified interest rates on company-specific private commercial loans, as available.

Comment 7

Counsel for respondents contends that the short-term working capital loans under the PCECP are not inconsistent with the Subsidies Code since they are covered by a specific Spanish reservation to that Code, under which this export loan program is being rapidly phased out by the Spanish Government.

DOC Position

We disagree. Despite the fact that this program is being phased out, we found that all three companies obtained subsidies under this program during the period of investigation. See our discussion of this in the "Critical Circumstances" section of this notice.

Comment 8

Counsel for respondents contends that the 10 percent rate set by Spanish law on short-term working capital loans under PCECP is in accord with the existing OECD consensus rate for export financing, and that the OECD export financing rate is specifically excluded from consideration as an export subsidy under the Subsidies Code.

DOC Position

Since the OECD consensus rates for export financing do not apply to loans under two years, such as the short-term working capital PCECP loans, the question of the terms of these loans being consistent with the OECD consensus rates is not relevant.

Comment 9

Counsel for respondents contends that the PCECP is not a countervailable subsidy because these credits are not subsidized or paid for by the government of Spain. Spanish banks are required to maintain over 20 percent of their investments in low-interest privileged circuit accounts for financing housing, equipment, exports, and other investments determined to be in the public interest. Therefore, these loans are simply a cost of engaging in the banking business in Spain, a cost that Spanish banks must make up for in interest rates and other charges applied to their normal commercial operations.

DOC Position

As stated earlier in this notice, the short-term working capital loan program is provided by banks under a series of government-mandated programs. The government-mandated interest rate is below the national average short-term borrowing rate and provides a subsidy on exports.

Comment 10

Counsel for respondents argues that since the cost of the low-interest PCECP is passed on by banks in the form of higher interest rates and other charges, the Spanish steel companies do not receive a subsidy because they end up paying for the cost of these PCECP loans in their normal commercial banking transactions.

DOC Position

The banks may have increased their commercial interest rates to pay for the cost of the privileged circuit program. The fact that everyone, including the steel companies, pays these higher commercial rates does not eliminate the benefits conveyed to exporters participating in the program.

Comment 11

Counsel for respondents argues that if the PCECP is determined by DOC to be a countervailable subsidy, then the benchmark interest rates should be adjusted downward so as to reflect the additional costs of the low-rate PCECP loans.

DOC Position

We do not agree with this argument that the benchmark interest rates should be adjusted downward. The benchmark interest rates used in this final determination represent the national average commercial interest rate available for short-term loans.

Comment 12

Counsel for respondents contends that increasing the short-term benchmark interest rate by two percent to reflect "average borrowing experience" is unsupported by evidence in the record and is contrary to the rates actually being charged to exporters for short-term commercial credit.

DOC Position

Our preference for using a national average rate as opposed to company-specific rates for a short-term benchmark is explained in the Subsidies Appendix. The benchmark we have chosen in this case is based on information gathered from Spanish banks.

Comment 13

Counsel for respondents contends that the DOC should take into account the higher rates paid by some companies in their PCECP loans due to financial discounting, where the interest, fees, and other charges are prepaid in advance by deducting these charges from the face amount of the loan.

DOC Position

We took account of discounting practices in our calculations of benefits under those loans where respondents had specifically demonstrated during verification that financial discounting had occurred.

Comments by an Interested Party

Counsel for Davis Walker Corporation, an interested party to the proceeding, submitted comments.

Comment 1

Counsel for Davis Walker Corporation argues that Spanish wire rod imports to the West Coast, which accounted for about half of all Spanish imports in 1983, do not compete with any available U.S. made wire rod and should be excluded from the DOC evaluation of whether Spanish wire rod imports have been "massive."

DOC Position

For our determination we looked at the entire range of imported products subject to the investigation. In the data available, we had no means by which to evaluate "non-competitive West Coast products," and, even if we had such means, we doubt that we have the authority to exclude such imports from our consideration of this issue.

Comment 2

Counsel for Davis Walker Corporation argues that since the PCECP is currently being phased out and will disappear by January 1, 1986, the future benefit of the 1.85 percent subsidy calculated in the DOC preliminary determination for ENSIDESA in 1982 will be minimal if not *de minimis* on future exports to the U.S.

DOC Position

We will evaluate any future change in subsidies at the time of any pertinent administrative annual review under section 751 of the Act.

Verification

In accordance with section 766(a) of the Act, we verified all the information used in making this final determination, except where the absence of needed or requested information has forced us to use the best information available.

Suspension of Liquidation

The suspension of liquidation ordered in our preliminary affirmative countervailing duty determination (49 Fed. Reg. 6962) will remain in effect until further notice. The net subsidy rate for duty deposit purposes for each firm is as follows:

Manufacturers/producers/exporters	Ad valorem rate (percent)
Empresa Nacional Siderurgica, S.A.	29.94
Nueva Montana Quijano, S.A.	17.13
Forjas Alavesas, S.A.	16.03
All Other Manufacturers/producers/exporters	16.95

We are directing the U.S. Customs Service to require a cash deposit or bond in the amount indicated for each entry of carbon steel wire rod from Spain that is entered, or withdrawn from warehouse, for consumption on or after the date of publication of this notice in the **Federal Register**. Where the manufacturer is known but is not the exporter, the rate for the manufacturer will be used. If the manufacturer is not known, the rate for all other manufacturers/producers/exporters will be used for the amount of each deposit or bond required.

Final Affirmative Determination of Critical Circumstances

Since petitioners have alleged the existence of critical circumstances in this case, we are required under section 705(a)(2) of the Act to include in our final determination "a finding as to whether—(A) the subsidy is inconsistent with the Agreement, and (B) there have been massive imports of the class or kind of merchandise involved over a relatively short period."

A. Inconsistency with the Subsidies Code

One of the subsidies alleged in this case is short-term noncommercial loans for working capital provided under the privileged circuit exporter credits program. As discussed above, we have determined that each of the three Spanish producers of carbon steel wire rod has received such loans.

In 1982, Spain acceded to the Subsidies Code with a time-limited reservation concerning its current export subsidy programs. On November 15, 1982, in our final affirmative countervailing duty determinations on certain steel products from Spain (47 Fed. Reg. 51438), we concluded that "Spain's reservation does not preclude us from finding, for purposes of a critical circumstances determination, that Privileged Circuit Exporter Credits are inconsistent with the Subsidies Code." We continue to believe this, and therefore this criterion for critical circumstances is satisfied.

B. Massive Imports

In determining whether imports of carbon steel wire rod from Spain have been massive over a relatively short period of time, we considered the following factors: whether recent imports have increased significantly; whether recent import penetration ratios have increased significantly; whether the pattern of recent imports may be explained by seasonal factors; and whether recent imports are significantly above average imports calculated over the last three years. Based on these factors, we determine that imports of carbon steel wire rod from Spain have been massive over a relatively short period of time.

For the reasons discussed above, we find that critical circumstances exist within the meaning of section 705(a)(2) of the Act. Therefore, the suspension of liquidation of entries for a period of 90 days prior to our preliminary determination will remain in effect.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration.

The ITC will make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice.

If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all estimated duties deposited or securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue a countervailing duty order, directing the Customs Service to assess countervailing duties on all entries of carbon steel wire rod from Spain entered, or withdrawn from warehouse, for consumption on or after the suspension of liquidation date, and to require a cash deposit or bond for an amount equal to the net subsidy amount indicated in the "Suspension of Liquidation" section of this notice.

This notice is published pursuant to section 705(d) of the Act (19 U.S.C. 1671(d)).

Alan F. Holmer,

Acting Assistant Secretary for Trade Administration.

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BILLING CODE 3510-DS-M

[A-588-029]

Fish Netting of Man-Made Fibers From Japan; Tentative Determination To Revoke In Part Antidumping Finding

AGENCY: International Trade Administration, Commerce.

ACTION: Notice of tentative determination to revoke in part antidumping finding.

SUMMARY: The Department of Commerce has tentatively determined to revoke in part the antidumping finding on fish netting of man-made fibers from Japan. Interested parties are invited to comment on this tentative determination to revoke in part.

EFFECTIVE DATE: May 8, 1984.

FOR FURTHER INFORMATION CONTACT: John M. Andersen or David R. Chapman, Office of Compliance, International Trade Administration, U.S. Department of Commerce, Washington, D.C. 20230, telephone: (202) 377-1130/2923.

SUPPLEMENTARY INFORMATION:

Background

On September 22, 1983, the Department of Commerce ("the Department") published in the **Federal Register** the final results of its last administrative review of the antidumping finding concerning fish netting of man-made fibers from Japan (37 FR 11560, June 9, 1972) and announced its intent to conduct the next administrative review. As required by section 751 of the Tariff Act of 1930 ("the Tariff Act"), the Department has now completed and separately announced the final results of that administrative review.

Tentative Determination To Revoke in Part

Inagaki Fishing Net Mfg. Co., Ltd./Nichimen Co., Ltd., Osada Fishing Net Co., Ltd./Nichimen Co., Ltd., and Miye Seimo Co., Ltd. requested a revocation of the finding. The Department has concluded that sales by those firms were made at not less than fair value for a two-year period. As provided in § 353.54(e) of the Commerce Regulations, those firms have agreed in writing to an immediate suspension of liquidation and reinstatement in the finding if circumstances develop which indicate that Japanese fish netting of man-made fibers manufactured and exported by Inagaki/Nichimen, Osda/Nichimen, and Miye Seimo is being sold by them to the United States at less than fair value.

Therefore, we tentatively determine to revoke the finding on fish netting of man-made fibers from Japan with regard

APPENDIX B

CALENDAR OF PUBLIC HEARING

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Carbon Steel Wire Rod from Spain

Inv. No. : 701-TA-209 (Final)

Date and time: May 7, 1984 - 10:00 a.m.

Sessions were held in connection with the investigation in the Hearing Room of the United States International Trade Commission, 701 E Street, N.W., in Washington.

In support of the imposition of countervailing duties:

Fried, Frank, Harris, Shriver and Kampelman--Counsel
Washington, D.C.
Patton, Boggs & Blow--Counsel
Washington, D.C.
on behalf of

Atlantic Steel Company
Continental Steel Corporation
Georgetown Steel Corporation
North Star Steel Texas, Inc.
Raritan River Steel Company

Thomas N. Tyrrell, Raritan River Steel Co.

Brian Hill, North Star Steel Texas, Inc.

Richard Holzworth, Vice President, Georgetown Steel Corp.

John Pisarkiewicz, Jr., Pisarkiewicz Economic Consulting Services, Inc.

Fried, Frank, Harris, Shriver & Kampelman

David E. Birenbaum--OF COUNSEL

Patton, Boggs & Blow

Charles Owen Verrill, Jr.)
Frank R. Samolis)--OF COUNSEL

- more -

In opposition to the imposition of countervailing duties:

George V. Egge, Jr.--Counsel
Washington, D.C.
on behalf of

The Union de Empresas Siderurgicas (UNESID), The Spanish Steel Producers' Association, and on behalf of its individual member companies exporting this product to the U.S., specifically including but not limited to Nueva Montana Quijano, S.A., Empresa Nacional Siderurigica, S.A. (ENSIDESA) and Forjas Alavensas, S.A.

Jose Joaquin Aguirre, General Manager, Forjas Alavensas, S.A.

George V. Egge, Jr.--OF COUNSEL

Sharretts, Paley, Carter & Blauvelt--Counsel
Washington, D.C.
on behalf of

The West Coast Ad Hoc Steel Wire Producers Committee (WCWPC)

Ed D. McNew, Vice President, Davis Walker Corp.

Peter O. Suchman--OF COUNSEL