STAINLESS STEEL SHEET AND STRIP FROM WEST GERMANY

Determination of the Commission in Investigation No. 731-TA-92 (Preliminary) Under Section 733(a) of the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report. These deletions are marked by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-92 (Preliminary)

STAINLESS STEEL SHEET AND STRIP FROM WEST GERMANY

Determination

On the basis of the record 1/ developed in the subject investigation, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from West Germany of stainless steel sheet and strip, provided for in items 607.7610, 607.9010, 607.9020, 608.4300, and 608.5700 of the Tariff Schedules of the United States Annotated, which are alleged to be sold, or likely to be sold, in the United States at less than fair value (LTFV). 2/

Background

On April 26, 1982, petitions were filed with the Commission and the Department of Commerce by members of the Tool and Stainless Steel Industry Committee 3/ and the United Steelworkers of America alleging that imports of stainless steel sheet and strip from West Germany are being, or are likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. § 1673). Accordingly, effective April 26, 1982,

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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/ Chairman Alberger and Commissioners Frank and Haggart determine that there is a reasonable indication that an industry in the United States is materially injured by reason of the subject imports.

3/ Member firms included Allegheny Ludlum Steel Corp., Armco Inc., Carpenter Technology Corp., Colt Industries, Inc. (Crucible Materials Group), Eastern Stainless Steel Co., Guterl Special Steel Corp., Jones & Laughlin Steel, Inc., Republic Steel Corp., Universal-Cyclops Specialty Steel Division, Cyclops Corp., and Washington Steel Corp.

the Commission instituted preliminary antidumping investigations under section 733(a) of the Act (19 U.S.C. § 1673b(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 of such merchandise from West Germany.

Notice of the institution of the Commission's investigation and of a 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 of May 5, 1982 (47 F.R. 19488). The conference was held in Washington, D.C., on May 17, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Introduction

After considering the record in this investigation, we determine, pursuant to section 733(a) of the Tariff Act of 1930, that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 1/ by reason of imports of stainless steel sheet and strip from the Federal Republic of Germany which are allegedly being sold or are likely to be sold at less than fair value. Our determination is based primarily upon the deteriorating condition of the domestic industry, the growing market share of imports of West German sheet and strip, and the preliminary indications of underselling by these imports. 2/

In the following analysis, we first define the domestic industry, then examine the state of the domestic industry in terms of the relevant economic indicators. Finally, we consider the causal relationship between the state of the domestic industry and the allegedly dumped imports from West Germany.

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." 3/ Section 771(10) defines "like product" as "a product which is like, or in the absence of like,

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1/ Chairman Alberger and Commissioner Haggart, having found material injury, do not reach the issue of threat of material injury.

2/ Commissioner Frank notes that the statute and legislative history require the Commission in its preliminary determinations in both antidumping and countervailing duty investigations to exercise only a low threshold test based upon the best information available to it at the time of such determination that the facts reasonably indicate that an industry in the United States could possibly be suffering injury, threat thereof or material retardation. H.R. Rep. No. 96-317, 96th Cong., 1st sess., 52 (1979).

3/ 19 U.S.C. 1677(4)(A).

most similar in characteristics and uses with" the article under investigation. 4/

The products being imported are stainless steel 5/ sheet and strip. These are flat-rolled stainless steel products produced by passing slabs or sheet bars through a series of reducing rolls on continuous or hand mills. They are principally used in applications requiring resistance to oxidation and/or corrosion and are produced with a wide range of tolerances and finishes, depending on application. Stainless sheet and strip are generally considered to be finished products.

Stainless steel sheet and strip products imported from West Germany and domestic products of the same grades and specifications are essentially identical in metallurgical composition, sizes, and quality. There are generally no stainless steel products that are imported from West Germany that are not produced by domestic producers. 6/ Nor generally are there stainless steel products that are imported from West Germany that are not produced in sufficient quantity by domestic producers to satisfy consumer demand within the United States. 7/

4/ 19 U.S.C. 1677(10).

5/ Stainless steel is an alloy steel containing by weight less than 1 percent of carbon and over 11.5 percent of chromium. Although the alloy mix generally includes nickel, molybdenum, and manganese, which improve its performance under chemical or temperature stress, it is primarily the addition of chromium which makes the product corrosion resistant.

6/ Respondent Krupp Specialty Steel Corp. maintains that the production program of the largest stainless steel producers (Allegheny, Jones & Laughlin and Republic) does not show items thinner than .015" in a width over 36" wide, whereas the West German mills produce and export these items. (Respondents' Post-Conference brief, Appendix B at 1.) The Commission does not, at this time, have sufficient information upon which to evaluate this argument. However, if this case returns for a final determination, we will explore this assertion further.

7/ Respondent Krupp Specialty Steel Corporation (Krupp) maintains that only one U.S. producer, Republic, can produce 60" cold-rolled sheet, which is used

(Footnote continued)

Stainless steel sheet is often fabricated into food processing equipment, chemical fertilizer tanks, liquid gas storage tanks, hospital equipment, and various defense applications. Stainless steel strip is used in automobiles, appliances, industrial equipment and various defense applications. 8/

Sheet and strip 9/ are metallurgically identical, and both are under 0.1875 of an inch in thickness. The only difference between sheet and strip is width. Sheet is 24 inches or wider, whereas strip is less than 24 inches in width. 10/

Strip is often produced by "slitting," or slicing sheet at one of the last stages in the production process. Although certain producers manufacture both sheet and strip on the same mill equipment, 11/ other mills produce only strip. Many service center customers purchase sheet which they themselves slit into strip. Most of the petitioners produce both sheet and strip. 12/

(Footnote continued)
exclusively in the production of holding tanks. Krupp characterizes the demand for this product as "ever-expanding," and states that it is "questionable" whether this one domestic producer could meet this demand. Krupp also maintains that its customers for the 60" cold-rolled sheet buy a percentage of their requirements from foreign mills as a hedge against strikes and "Acts of God." Respondents' Post-Conference Brief, Appendix B at 3. The Commission does not have sufficient information upon which to evaluate this claim at this time. However, if this case returns for a final determination, the Commission will explore this assertion further.

8/ Staff Report at A-7.

9/ Hereinafter, the terms "sheet" or "strip" refer to stainless steel sheet and strip.

10/ This is the American Iron and Steel Institute (AISI) standard. The TSUSA defines sheet as having a minimum width over 12 inches, and strip as having a maximum width under 12 inches. The West German standard for strip is equivalent to less than 9 inches. Report at A-5.

11/ The term "mill" refers to one piece of equipment or series of pieces of equipment that produce a certain product. Within one stainless steel plant,there may be several mills, each producing a different product or products.

12/ Report at A-9, Guterl and Jessop produce sheet but not strip. Carpenter Technology Corp. produces strip but not sheet. Petition at 6.

Sheet and strip can be further differentiated. Both can be produced as hot-rolled or cold-rolled products. Hot-rolled sheet and strip are primarily an intermediate product that is used to produce cold-rolled sheet and strip. Cold-rolled sheet or strip is hot-rolled sheet or strip that is subjected to the additional steps of pickling, high pressure rolling, and annealing to attain more uniform dimensions and a smoother surface.

Stainless steel sheet and strip are predominantly cold-rolled. Hot-rolled stainless steel sheet and strip as a finished product accounts for only approximately 5 percent of total domestic production of stainless steel sheet and strip and the same percentage of imports from West Germany. The information available to the Commission indicates that the uses for hot-rolled and cold-rolled sheet and strip overlap. 13/ Moreover, some of the hot-rolled sheet and strip which is sold as a finished product is purchased for subsequent re-rolling, including cold-rolling.

Based on the data presently available, no meaningful distinctions are evident between the characteristics and uses of the finished hot-rolled product and the cold-rolled product. 14/ Therefore, for the purposes of this preliminary determination, we determine that the like product is all stainless steel sheet and strip, whether hot-rolled or cold-rolled, and that the

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13/ Conference Transcript at 50.

14/ In the carbon steel investigations, hot-rolled and cold-rolled sheet and strip were treated for the purposes of our preliminary determinations as two industries. (Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, The Netherlands, Romania, The United Kingdom, and West Germany, USITC Publications 1221 and 1226, February 1982.) For the reasons mentioned above in this stainless steel investigation such a differentiation does not appear to be appropriate.

domestic industry is composed of the producers of stainless steel sheet and strip. 15/

Cumulation 16/ 17/

Petitioners alleged that imports of West German stainless sheet and strip alone are the cause of material injury to the domestic industry. However, petitioners have also taken the position that the Commission should: (1) cumulate the allegedly less than fair value imports of French stainless steel sheet and strip which are subject to a preliminary investigation currently pending before the Commission; and (2) cumulate all allegedly unfair like product imports from those countries under investigation by the Office of U.S. Trade Representatives under Section 301 of the Trade Act of 1974, as amended. 18/

We have not cumulated in making an affirmative determination in this investigation. 19/ However, we believe that the cumulation issues petitioners have raised should be addressed, particularly because the same arguments may otherwise be raised in future proceedings before the Commission.

15/ We emphasize that the definition of the domestic industry in this preliminary investigation is based on the information now available. Based on the record developed in any final investigation, a different definition of the domestic industry is not precluded.

16/ Commissioners Eckes and Haggart made their determination regarding the impact of the alleged LTFV imports from West Germany on a case-by-case basis, and do not reach the further issues of cumulation raised for discussion in this opinion.

17/ Commissioner Frank did not reach either of the cumulation issues raised by petitioners in making his determination in this preliminary investigation. However, he does not join in this discussion and determinations therein on these cumulation issues inasmuch as in his view these issues have not been completely resolved at this time. He would invite further arguments on these issues from pertinent parties to this investigation should they wish to profer them in the event this case returns for final investigation.

18/ Petitioners' Post-Conference Brief at 12-17.

19/ Chairman Alberger agrees with the conclusions reached but does not join the following discussion.

(1) Cumulation of allegedly LTFV imports from France prior to Commission consideration of the French case

Petitioners filed an antidumping petition against French stainless steel sheet and strip producers on May 10, 1982. The preliminary conference took place June 7, with the Commission vote scheduled on June 17. Petitioner's suggestion that we cumulate the imports from France with the imports from West Germany presents not only procedural and administrative problems, but risks running afoul of the basic statutory framework within which the Commission must operate. First, we note that Title VII of the Tariff Act of 1930 imposes upon the Commission a very strict statutory deadline of 45 days in preliminary investigations. Given this deadline, petitioner's filing of the French case two weeks after the West German case has made it impossible for us to make a determination on the two preliminary investigations concurrently. Second, we are required to base our determinations on the information on the record of the investigation. In this connection, the Commission voted on the West German investigation before the respondents in the French case had an opportunity to present their views to the Commission staff, and before the Commission staff was able to provide the Commission with its report on the French investigation. If, in this preliminary investigation, we were to take into account the imports from France in assessing the impact of the imports from West Germany, we would be basing our decision largely on the unevaluated and unrebutted allegations of the petitioners. Under these circumstances, any cumulation of imports from France with those from West Germany would be contrary to basic principles of administrative fairness regarding notice,

hearing and record requirements. 20/

(2) Cumulation of stainless steel sheet and strip imports from countries designated in a section 301 investigation

Upon petitioners' request, the U.S. Trade Representative's office has initiated an investigation pursuant to section 301 of the Trade Act of 1974 21/ to determine whether certain countries (France, Italy, Austria, Sweden and the United Kingdom) have bestowed domestic subsidies upon their specialty steel industries. Petitioners maintain that they have no immediate plans to file countervailing duty petitions with the Commission regarding these cases, but reserve their right to do so in the future.

Petitioners supplied figures to us on imports of stainless steel sheet and strip from each of the countries subject to the section 301 investigation. They also asked the Commission to consider these allegedly subsidized imports in assessing injury in this antidumping investigation. We note that petitioners have also requested the Commission to cumulate these imports in assessing injury in Stainless Steel Hot-rolled Bar, Stainless Steel Cold-formed Bar, and Stainless Steel Wire Rod from Spain, Inv. Nos. 701-TA-176 through 178 (Preliminary), subsidy investigations.

Of course, the Commission may consider all relevant factors and conditions of trade in making a determination. As petitioners point out, information regarding other imports of the products under investigation is relevant to the evaluation of the strength of the domestic industry.

20/ Commissioner Stern further notes that, in any case, the practice of cumulation is discretionary and is only appropriate when it has been demonstrated that "the factors and conditions of trade in the particular case show its relevance to the determination of injury." (See Views of Chairman Alberger, Vice Chairman Calhoun and Commissioners Stern and Eckes in the investigations of Certain Steel Products. . . USITC Pub. 1221, February 1982.)

21/ 19 U.S.C. 2411.

However, there is no material injury requirement in a section 301 case and the practice complained of need not necessarily fall within the purview of title VII. Therefore we believe that it is inappropriate to make a determination in an antidumping or a countervailing duty investigation based upon the cumulation of imports from countries designated in a section 301 proceeding.

Reasonable Indication of Material Injury

Section 733(a) of the Tariff Act of 1930 provides that the Commission shall make a determination based on the best information available to it. Section 771(7) directs the Commission to consider, among other factors, (1) the volume of imports of the merchandise under investigation, (2) the effect of imports of that merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products.

The domestic stainless steel sheet and strip industry is experiencing difficulties. The industry's production, shipments, capacity utilization, and employment have declined since 1979. The production of firms that submitted usable data 22/ fell from 728,000 short tons in 1979 to 671,000 tons in 1981. Production for the first quarter of 1982 declined to 130,000 tons as compared with 188,000 tons in the first quarter of 1981. 23/ Similarly, net shipments declined by 13 percent from 874,000 tons in 1979 to 759,000 tons in 1981. Shipments in the first quarter of 1982 were 148,000 tons as compared with 207,000 tons for the same period in 1981.

22/ Report at A-12. These firms accounted for about 90 percent of the total shipments of stainless steel sheet and strip in 1981 as reported by the American Iron and Steel Institute.

23/ Id.

Capacity utilization rates fell from 83.8 percent in 1979 to 70.6 percent in 1981. In the first quarter of 1982, the capacity utilization rate fell to 51.6 percent, as compared to a rate of 81.7 percent for the first quarter of 1981. 24/ Although capacity to manufacture increased by 9 percent from 1979 to 1981, the increase does not fully account for the decline in utilization. 25/ Utilization of melting capacity for stainless steel has also steadily declined from 83 percent in 1979 to 64 percent in 1981. It was 53 percent for the first quarter of 1982 as compared with 77 percent for the first quarter of 1981. 26/

Employment figures also declined during this period. The average number of production and related workers engaged in producing stainless steel sheet and strip declined from 7,965 in 1979 to 7,288 in 1981. Other relevant factors, including the average number of workers employed and the average number of hours paid for production and related workers, also registered declines during this period.

Financial indicators for sheet and strip production also present a negative trend. Gross profits, operating profits, net profit before taxes, and cash flow all declined steadily--if not precipitously--between 1979 and 1981. 27/ Operating profits fell from $175 million in 1979 to $19 million in 1981 and interim 1982 figures show a loss. Aggregate net sales 28/ declined by 13 percent between 1979 and 1980, increased by 10 percent between 1980 and 1981, and fell by 27 percent in the first quarter of 1982 compared with the

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24/ Id.
25/ Id.
26/ Id. at A-13.
27/ Id. at A-18.
28/ Financial data was received from 8 U.S. producers on their stainless steel sheet and strip operations. These producers accounted for 85 percent of U.S. production in 1981. Report at A-16.

corresponding period in 1981. 29/ The ratio of operating profit to net sales fell from 13.7 percent in 1979 to 1.6 percent in 1981. 30/ The ratio of net operating profit to net sales declined from a profit of 1.5 percent in the first quarter of 1981 to a loss of 13.8 percent in the first quarter of 1982. 31/

Volume of Imports

As the condition of the domestic industry deteriorated and its share of the U.S. market declined, the volume of imports of stainless steel sheet and strip from West Germany rose during 1979-1981 both in absolute and relative terms. 32/ West Germany became the largest foreign supplier of stainless steel sheet and strip to the U.S. market in 1981 and in 1982 it maintained this position.

Imports from West Germany fell from 3,844 tons in 1979 to 305 tons in 1980, 33/ then increased to 15,489 tons in 1981. Imports in January-March 1982 amounted to 7,001 tons compared to 1,173 tons for the first quarter of 1981. a 500 percent increase. The ratio of imports from West Germany to apparent U.S. consumption was 0.4 percent in 1979, 0.1 percent in 1980, 2.0 percent in 1981, and 4.1 percent in the first quarter of 1982, as compared with 0.6 percent in the first quarter of 1981.

29/ Id. at A-19.
30/ Id.
31/ Id. at A-18.
32/ Id. at A-25.
33/ Imports of stainless steel sheet and strip, as well as other stainless steel products, were subject to quantitative restrictions from June 1976 to February 1980. Although 1979 was the last full year that the quota was in effect, the practice of entering as much material as possible at the beginning of the quota year forced foreign producers to find other markets after the quota was filled. This practice, in conjunction with declining U.S. demand and strong foreign demand, is believed to account for the decline in imports in 1980. Report, at A-25.

Effect of Imports on Prices

The information currently available to the Commission on prices is limited. There are, however, indications that imports from West Germany undersold the domestic product. The Commission investigation revealed margins of underselling for certain imports from West German during the period under investigation ranging from 5 percent to 30 percent. 34/ Contacts with purchasers revealed an instance, in the last quarter of 1981, in which the price of stainless sheet was 30 to 35 percent lower than that available from domestic mills. 35/

There are some indications of sales lost by domestic producers to imports from West Germany. It was confirmed that four sales totalling 850 tons were lost to imports from West Germany on the basis of price. 36/

Reasonable Indication of a Threat of Material Injury 37/

The issue of whether there is a reasonable indication of a threat of material injury turns on the "likelihood of a particular situation developing into actual material injury." 38/ The threat must be real and the injury imminent, not a mere possibility based on supposition and conjecture. In examining threat of material injury, the Commission looks for, among other factors, demonstrable trends in the following areas: (1) rate of increase of the allegedly dumped exports to the U.S. market; (2) importers' inventories;

34/ Id. at A-38.
35/ Id. at A-41.
36/ Id. at A-40.
37/ See note 1.
38/ H.R. Rep. No. 96-317, 96th Cong., 1st Sess. 47 (1979).

(3) capacity in the exporting country to generate exports; and (4) the likelihood that such exports will be directed to the U.S. market taking into account the availability of other export markets. 39/

The steadily increasing rate of West German imports, both in absolute terms and in terms of the ratio of West German imports to domestic consumption, has already been noted. This is seen even more clearly in an examination of quarterly import penetration data for 1981 and 1982. In nearly every quarter, import penetration by the alleged LTFV imports has increased. 40/

Importers' inventories of stainless steel sheet and strip imported from West Germany were well above 1,000 tons in December 1981 and were substantially higher than inventories reported in previous years. In addition, inventories reported in March 1982 were almost double those reported in December 1981 and nearly eleven times greater than those reported in March 1981.

Importers alleged that the "Buy American" procurement provisions of the Department of Defense Appropriations Act 41/ and the Urban Mass Transportation Act of 1978 42/ substantially restrict further exports from West Germany to the U.S. market. 43/ Preliminary research indicates that the Department of Defense (DOD) during the years 1977-82 has had substantial authority to waive such provisions with respect to NATO allies. DOD estimates that in 1980, a year in which the waiver provisions were in effect, DOD and U.S. defense

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39/ Should this case return for a final investigation, we hope to obtain information concerning West German capacity to generate exports and the likelihood that such exports will be directed to the United States.

40/ Report at A-11.

41/ 32 CFR Para. 6-300-303 (xi), DAC No. 76-25.

42/ 26 U.S.C. 1602.

43/ Commission Eckes did not consider the impact of "Buy America" policies in his analysis of future import levels. See generally the Views of Commissioners Eckes, Frank and Haggart in Sugar From The European Community, Inv. No. 104-TAA-7 (May 1982).

contractors used only 2 to 4 percent of the total U.S. specialty metals industry output, of which sheet and strip are just a part. 44/ Thus, it appears that, whatever restrictions are placed on the market share for imports from West Germany by these provisions, they are not substantial. Although less information is known regarding the impact of the Urban Mass Transportation Act, it, too, is not a blanket restriction on foreign imports. It includes several exemptions, including one that exempts projects if the cost overrun resulting from the use of domestic products exceeds 10 percent. 45/ Thus, the Urban Mass Transportation Act, also, does not appear to be a substantial bar to the ability of imports from West Germany to increase market share in these markets.

Conclusion

Therefore, on the basis of the best available information, we determine that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of stainless steel sheet and strip from West Germany.

44/ 128 Cong. Rec. 55189 (May 13-14, 1982), remarks of Senator Tower.
45/ See note 40.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On April 26, 1982, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by members of the Tool & Stainless Steel Industry Committee (TSSIC) and the United Steelworkers of America. 1/ The petition alleged that imports of stainless steel sheet and strip from West Germany, provided for in items 607.7610, 607.9010, 607.9020, 608.4300 and 608.5700 of the Tariff Schedules of the United States Annotated (TSUSA), are being, or are likely to be, sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured, or threatened with material injury, by reason of imports of such merchandise. Accordingly, effective April 26, 1982, the Commission instituted preliminary antidumping investigation No. 731-TA-92 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(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 West Germany of stainless steel sheet and strip allegedly sold, or likely to be sold, at LTFV. The statute directs that the Commission make its determination within 45 days of receipt of the petition, or, in this case, by June 10, 1982.

Notice of the institution of the Commission's investigation 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 of May 5, 1982 (47 F.R. 19488). 2/ The public conference was held in Washington, D.C., on May 17, 1982, at which time all interested parties were given the opportunity to present information for consideration by the Commission. 3/ The Commission voted on this investigation on June 2, 1982.

Past Commission Investigations

The Commission has conducted a prior antidumping investigation concerning stainless steel sheet from France in which it made a negative determination (investigation No. AA1921-129). 4/ The Commission has also conducted a series

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1/ Petitioning firms included Allegheny Ludlum Steel Corp.; Armco, Inc.; Carpenter Technology Corp.; Colt Industries, Inc. (Crucible Materials Group); Eastern Stainless Steel Co.; Guterl Special Steel Corp.; Jones & Laughlin Steel, Inc.; Republic Steel Corp.; Universal-Cyclops Specialty Steel Division, Cyclops Corp.; and Washington Steel Corp.

2/ A copy of the Commission's notice of investigation and conference is presented in app. A. The Department of Commerce's notice of initiation of its antidumping investigation is presented in app. B.

3/ A list of witnesses appearing at the conference is presented in app. C.

4/ Stainless Steel Sheet From France, investigation No. AA1921-129, TC Publication 615, 1973.

of investigations under sections 201 and 203 of the Trade Act of 1974. 1/ On January 16, 1976, the Commission determined in investigation No. TA-201-5 that stainless steel sheet and strip (as well as stainless and alloy tool steel bars, wire rods, and plates) were being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or the threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. Subsequent to the Commission's determination, the President determined that import relief should be provided, and on June 11, 1976, issued Proclamation No. 4445. The proclamation provided for import relief in the form of quantitative restrictions for a 3-year period on (1) stainless steel sheet and strip, (2) stainless steel plate, (3) stainless steel bar, (4) stainless steel wire rod, and (5) alloy tool steel. The relief was to be phased down during the 3-year period (i.e., the quotas were to be increased by 3 percent annually). The quotas were on a country-by-country basis with respect to the larger source countries. 2/

Prior to proclaiming such relief, the President sought to negotiate orderly marketing agreements with the leading supplying nations of stainless and alloy tool steel. Only Japan expressed a willingness to negotiate such an agreement. The quantitative restrictions proclaimed with respect to the imports from Japan reflected the terms of an agreement signed with the Government of Japan on June 11, 1976. 3/ The agreement provided for the limitation of imports from Japan for a 3-year period beginning June 14, 1976.

On May 25, 1977, the Special Representative for Trade Negotiations, now the United States Trade Representative (USTR), requested advice from the Commission under section 203(i)(2) concerning the probable economic effect on the industry concerned if the relief provided by Proclamation No. 4445, as modified by Proclamations Nos. 4477 and 4509, were to be terminated or reduced by--

(1) excluding from the quantitative restrictions imposed thereby any of the steel covered by Tariff Schedules of the United States (TSUS) items 923.20, 923.21, 923.22, 923.23, and 923.26; 4/ or

(2) increasing the quantitative restrictions for the second and third restraint periods for any of the steel covered by the aforementioned five TSUS items.

1/ Stainless Steel and Alloy Tool Steel, investigation No. TA-201-5, USITC Publication 756, 1976; Stainless Steel and Alloy Tool Steel, investigation No. TA-203-3, USITC Publication 838, 1977; and Stainless Steel and Alloy Tool Steel, investigation No. TA-203-5, USITC Publication 968, 1979.

2/ There were six basic country or source quota categories: (1) Japan; (2) the European Community; (3) Canada; (4) Sweden; (5) all other countries entitled to col. 1 rates of duty; and (6) all other countries.

3/ See Agreement on Speciality Steel Imports, June 11, 1976, United States-Japan, T.I.A.S. No. 8442.

4/ These TSUS item numbers represent special provisions used in connection with import relief. The equivalent schedule 6 TSUS item numbers were 608.52, 608.76, 608.78, 608.85, 608.88, 609.06, 609.07, and 609.08.

The Commission instituted investigation No. TA-203-3, Stainless Steel and Alloy Tool Steel, on June 19, 1977. As a result of the investigation, Commissioners Moore and Bedell advised the President on October 14, 1978, that the termination or reduction of the relief could have a serious adverse economic effect. Chairman Minchew advised that chipper knife or band saw steel could be removed from the quota without an adverse economic impact and that the quotas on the remaining articles could be increased by 6.7 percent but should not be further increased or terminated, and Commissioner Ablondi advised that the termination or reduction of the relief would have no substantial adverse impact. Following receipt of this advice, the President issued Proclamation No. 4559 on April 5, 1978, modifying the import relief so as to exclude from the quota on alloy tool steel covered in TSUS appendix item 923.26 so-called chipper knife steel and bandsaw steel. The quotas applicable to the remaining articles provided for under TSUS item 923.26 for the European Community (EC) and Sweden, the primary sources of such alloy tool steel, were reduced to take into account this change in quota coverage. This modification became effective April 8, 1978.

On December 11, 1978, following receipt of a petition on November 30, 1978, filed by the Tool & Stainless Steel Industry Committee and the United Steelworkers of America, AFL-CIO, the Commission instituted an investigation (TA-203-5) under sections 203(i)(2) and (i)(3) of the Trade Act of 1974 for the purpose of gathering information in order that it might advise the President of its judgment as to the probable economic effect on the domestic industry concerning the termination of import relief in effect with respect to the stainless steel and alloy tool steel provided for in TSUS items 923.20 through 923.26, inclusive, of the appendix to the TSUS. Import relief in effect with respect to such articles was scheduled to terminate at the close of June 13, 1979, unless extended by the President.

On April 24, 1979, Commissioners Alberger and Stern advised the President that the termination of the quantitative restrictions imposed on imports of stainless and alloy tool steel would have little if any adverse impact on the domestic industry producing such articles. Accordingly, Commissioners Alberger and Stern were of the view that there was no need to extend import relief. Commissioners Moore and Bedell advised the President that termination of the quantitative import restrictions would have a serious adverse economic effect on the domestic industry producing such articles. Commissioners Moore and Bedell were of the view that import relief should be extended in order that the domestic industry might more fully adjust to import competition. Commissioner Parker did not participate in the investigation.

On June 12, 1979, the President issued Proclamation 4665 (44 F.R. 34089) which extended the temporary quantitative limitations imposed by Proclamation 4445, as amended, for the period from June 14, 1979, through February 13, 1980. Such import relief was terminated on February 14, 1980.

Other Investigations Concerning the Subject Products

On December 2, 1981, the Tool & Stainless Steel Industry Committee and the United Steelworkers of America filed a petition with the USTR pursuant to section 301 of the Trade Act of 1974, as amended, 19 U.S.C. § 2411 (Supp. III, 1979). The petition was filed on behalf of the specialty steel industry of the United States and challenged the bestowal of unreasonable and discriminatory subsidies by the Governments of Austria, Belgium, Brazil, France, Italy, Sweden, and the United Kingdom. The petition alleged that the dramatic increase in the import penetration of specialty steel products (stainless steel sheet and strip, plate, bar, wire rod, and alloy tool steel) from these countries is the direct result of these subsidies, and that these imports burdened or restricted U.S. commerce and caused or threatened to cause injury to the U.S. domestic industry. The petition further alleged that the use of these subsidies violated the obligations of these nations arising under the provisions of the General Agreement on Tariffs and Trade (GATT) and the Agreement on Interpretation and Application of articles IV, XVI and XXIII of the GATT (the "Subsidies Code").

On February 26, 1982, the USTR inititated investigations concerning the allegations made with respect to five of the seven countries named in the petition: Austria (301-27), France (301-28), Italy (301-29), Sweden (301-30), and the United Kingdom (301-31). 1/ At the same time, the USTR decided not to initiate investigations concerning the petitioners' allegations with respect to Brazil and Belgium. The USTR must report its findings to the President by October 26, 1982.

On May 10, 1982, the Commission received a petition filed by members of the Tool & Stainless Steel Industry Committee and the United Steelworkers of America. The petition alleged that stainless steel sheet and strip from France is being, or is likely to be, sold in the United States at LTFV and that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports of such merchandise. Accordingly, effective May 10, 1982, the Commission instituted preliminary antidumping investigation No. 731-TA-95 (Preliminary). 2/

Nature and Extent of Alleged Sales at LTFV

The petition alleges that West German producers of stainless steel sheet and strip are selling these products in the United States at LTFV. There are three major stainless steel producers in West Germany exporting to the United States: Krupp Stahl A.G. (Krupp), Thyssen Edelstahlwerke A.G. (Thyssen), and Vereinigte Deutsche Metallwerke (VDM). However, since Krupp and Thyssen are by far the largest West German exporters to the United States, accounting for 90 percent of total West German stainless steel production, the petition concentrates primarily on the pricing practices of these two companies.

1/ 47 F.R. 10107.

2/ The imported products subject to investigations Nos. 731-TA-92 (Preliminary) and 731-TA-95 (Preliminary) are essentially identical.

The petition alleges that the dumping margins for stainless steel sheet and strip range from approximately 12 to 42 percent on cold-rolled sheet, 1 to 86 percent on cold-rolled strip, and 30 to 50 percent on hot-rolled sheet. In addition, the petition maintains that the dumping margins have markedly increased for almost all products in January-March of 1982 as compared with those in October-December 1981. 1/ In particular, margins have allegedly increased for cold-rolled strip from 0 to 9.6 percent (depending on thickness) in December 1981 to 53.5 to 80.6 percent in February 1982. 2/

Comparisons of net home-market price with average unit value were shown in the petition for those products which accounted for the vast majority of West German stainless steel sheet and strip exports to the United States. Furthermore, the petition alleges that conservative assumptions were taken in determining these costs. If more liberal estimates had been used, the margins would have allegedly increased significantly. In addition, in developing pricing comparisons, the West German prices for the various steel grades were weighted within each size category using U.S. raw steel production data. This caused a further understatement of the margins, it is claimed, since U.S. production was weighted toward the less expensive grades of stainless steel (304 and 304L); while German production is concentrated more on the expensive molybdenum grades (316, 316L, 317, and 317L).

Finally, petitioners stated that they had been able to obtain specific pricing information on actual sales and offers for sale to the U.S. market. The margins alleged for the actual sales are T304 sheet, 9.4 to 29.9 percent; T304 strip, 28.5 to 29.9 percent; T316 sheet, 18.9 to 34.3 percent; T430, sheet 0.6 to 27.0 percent; and T430 strip, 1.8 to 13.6 percent.

The Product

Description and uses

Stainless steel 3/ sheet and strip are flat-rolled steel products produced by passing slabs or sheet bars through a series of reducing rolls on continuous or hand mills. They are principally used in applications requiring resistance to oxidation and/or corrosion and are produced with a wide range of physical and mechanical properties depending on application. Stainless steel

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1/ The only exception to this was pickled hot-rolled stainless sheet coil, TSUSA item 607.9010, of which there were no imports in January-March 1982.

2/ The petition provided two calculations of margins for stainless steel strip since steel wider than 9 inches in coil form carries no extra charge for nonstandard width in West Germany. In the United States, steel less than 12 inches in width is considered strip, so steel between 9 and 12 inches would be imported into the United States as strip, but would be priced in Germany as sheet. The margins used above are those which take into consideration this difference in pricing.

3/ Stainless steel is any alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent chromium (headnote 2(h)(iv), subpt. A, pt. 2, schedule 6, of the TSUSA). It is generally manufactured from scrap metal and primarily produced by the electric-furnace process.

sheet and strip are generally considered to be finished products and are distinguished from other flat-rolled products by their dimensions. The TSUSA defines sheets as "flat-rolled products whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness and over 12 inches in width," and strip as "a flat-rolled product whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness, and if cold-rolled, over 0.50 inch but not over 12 inches in width, or if not cold-rolled, not over 12 inches in width."

Stainless steel sheet and strip are primarily produced on continuous mills. In this production process, slabs are conditioned and rolled into coil form on a continuous hot strip mill. The coil then is annealed, either through the continuous or batch anneal process, descaled, and cold reduced to a specified thickness. The product is subsequently further annealed, descaled, and may be cut to length. To obtain improved surface and mechanical properties and lighter gages, the material may be cold-rolled. Cut lengths then can be flattened by roller leveling or stretcher leveling.

Stainless steel sheet and strip produced on hand mills is rolled from sheet bars. This process, although having been almost totally replaced by the continuous method, is important in producing certain grades of stainless steel that are difficult to roll on the continuous mill, and certain widths exceeding the limits of the continuous rolls. In this process, the product is rolled in lengths, annealed, and descaled. It may then be subjected to further operations, including cold-reduction, annealing, descaling, and light cold-rolling.

Although quality differences are sometimes alleged between imported and domestically produced stainless steel sheet and strip, they are fungible products when produced in the same grades and to the same specifications. Counsel for petitioners stated that although West German producers have sold a wide variety of grades of stainless steel sheet and strip at LTFV, the pricing impact of imports has been most severe in the molybdenum bearing grades 316, 316L, 317, and 317L, which have traditionally provided producers with a higher return. 1/ Counsel for the major importers of West German stainless steel, Krupp Specialty Steel Corp., and Thyssen Specialty Steels, Inc., provided data which indicates that the majority of imports from West Germany were in the standard or "commodity" grades, such as grades 304 and grade 430. However, these data also indicate that there were imports from West Germany of the molybdenum bearing grades in 1981 and January-March 1982. 2/ Unlike carbon steel sheet and strip, stainless steel sheet and strip are essentially shipped as cold-rolled products. In 1981, hot-rolled sheet and strip accounted for only 5 percent of imports of stainless steel sheet and strip from West Germany and only 5 percent of U.S. producers' shipments of such sheet and strip.

1/ Petitioners' postconference statement, p. 9.
2/ Postconference brief in opposition to petition, app. A., p. 3, and app. B, p. 1.

Stainless steel sheet is often fabricated into food processing equipment, chemical fertilizer tanks, liquid gas storage tanks, hospital equipment, and various defense applications. Stainless steel strip is used in automobiles, appliances, industrial equipment, and various defense applications.

U.S. tariff treatment

Imports of the stainless steel sheet and strip subject to this investigation are classified for tariff purposes under items 607.7610, 607.9010, 607.9020, 608.4300, and 608.5700 of the Tariff Schedules of the United States Annotated (TSUSA). The current column 1 (most-favored-nation) rates of duty 1/ and column 2 duty rates 2/ are shown in table 1.

The rates of duty for imports of stainless steel sheet and strip, which are currently dutiable at column 1 rates ranging from 9.5 percent to 11.5 percent ad valorem plus additional duties on alloy content, 3/ have remained virtually unchanged during 1977-82. Imports of these items are not eligible for duty-free treatment under the Generalized System of Preferences (GSP), 4/ nor are least developed developing countries granted preferential rates of duty.

Channels of distribution

In the U.S. market, sales of stainless steel sheet and strip by domestic producers and importers are made directly to end users or to steel service centers/distributors, which, in turn, sell to end users. Service centers/distributors were the single largest purchasers of domestically produced stainless steel sheet and strip in 1981, accounting for 44 percent of the total. The largest single end-user markets were the automotive and the appliances, utensils, and cutlery industries, which accounted for 17 percent and 7 percent, respectively, of domestic shipments in 1981. The major markets for stainless steel sheet and strip in 1981 are shown in table 2.

1/ 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.

2/ The rates of duty in col. 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

3/ TSUSA, pt. 2, subpt. B, schedule 6, headnote 4.

4/ The GSP, under title V of the Trade Act of 1974, provides duty-free treatment for specified eligible articles imported directly from designated beneficiary developing countries. GSP, implemented by Executive Order No. 11888 of Nov. 24, 1975, applies to merchandise imported on or after Jan. 1, 1976, and is expected to remain in effect until January 1985.

Table 1.--Stainless steel sheet and strip: U.S. rates of duty, by TSUS or TSUSA items, as of Jan. 1, 1982

TSUSA item No.		Article	Rates of duty 1/	
1977-79	1980-82		Col. 1	Col. 2
608.8540	607.7610	Stainless steel sheets, not pickled and not cold-rolled, not coated or plated with metal.	9.5% ad val. + additional duties.	28% ad val. + additional duties.
608.8840 (pt.)	607.9010	Stainless steel sheets, pickled but not cold-rolled, not coated or plated with metal.	10% ad val. + additional duties.	0.2¢ per lb + 28% ad val. + additional duties.
608.8840 (pt.)	607.9020	Stainless steel sheets, cold-rolled, not coated or plated with metal.	10% ad val. + additional duties.	0.2¢ per lb + 28% ad val. + additional duties.
609.0720	608.4300	Stainless steel strip, over 0.01 but not over 0.05 inch in thickness.	10.5% ad val. + additional duties.	33% ad val. + additional duties.
609.0820	608.5700	Stainless steel strip, over 0.05 inch in thickness.	11.5% ad val. + additional duties.	33% ad val. + additional duties.

1/ Stainless steel sheet and strip are also subject to additional cumulative duties on alloy contents as follows:

TSUS item No.		Alloy content	Additional duties	
1977-79	1980-82		Col. 1	Col. 2
607.01	606.00	Chromium content over 0.2 percent by weight.	0.1% ad val.	1% ad val.
607.02	606.02	Molybdenum content over 0.1 percent by weight.	0.3% ad val.	1% ad val.
607.03	606.04	Tungsten content over 0.3 percent by weight.	0.4% ad val.	1% ad val.
607.04	606.06	Vanadiun content over 0.1 percent by weight.	0.2% ad val.	1% ad val.

Table 2.--Stainless steel sheet and strip: Major U.S. consumer markets, 1981

(In tons)

Market	Sheet		Strip		Total
	Hot-rolled	Cold-rolled	Hot-rolled	Cold-rolled	
Service centers/ distributors	10,227	267,198	2,515	52,609	332,549
Automotive	2,341	85,802	77	42,163	130,383
Construction	1,169	23,378	-	10,121	34,668
Machinery, industrial equipment, and tools	1,027	20,017	23	9,481	30,548
Appliances, utensils, and cutlery	97	15,759	-	37,125	52,981
Exports	1,793	17,400	1,206	10,262	30,661
Other	12,537	75,452	5,377	53,040	146,406
Total	29,191	505,006	9,198	214,801	758,196

Source: Compiled from data of the American Iron & Steel Institute.

U.S. Producers

Eleven firms are known to produce stainless steel sheet and strip in the United States. Of this total, eight produce both sheet and strip, two produce just sheet, and one produces only strip. The following tabulation, which was compiled from data obtained in response to the Commission's questionnaires, shows the principal domestic producers and each firm's share of total U.S. producers' shipments of stainless steel sheet and strip (as reported by the American Iron & Steel Institute (AISI)) in 1981:

Firm	Market share (percent)
Allegheny Ludlum	***
Armco	***
Crucible	***
Cyclops	***
Eastern Stainless	***
Jones & Laughlin	***
Republic	***
Washington	***

As indicated, domestic production of stainless steel sheet and strip is highly concentrated, with the four largest producers, * * *, together accounting for 63 percent of total producers' shipments in 1981. Domestic facilities are primarily concentrated in Pennsylvania, Ohio, and Maryland.

Allegheny Ludlum 1/ and Jones & Laughlin are among the largest domestic producers of stainless steel sheet and strip. Allegheny Ludlum produces its stainless steel hot-rolled coils at its Breckinridge, Pa., works and subsequently cold-finishes at Breckinridge and two other facilities. Jones & Laughlin's stainless steel melt shop is in Warren, Mich., its hot-strip mill is in Cleveland, and it cold-finishing facilities are in Detroit (acquired from McLouth in July 1981) and Louisville, Ohio. 2/ Armco and Crucible have their entire stainless sheet and stripmaking facilities in single locations. Armco produces these products at its Butler, Pa., facilities, and Crucible produces the products at its Midland, Pa., plant. Crucible, which is a subsidiary of Colt Industries, announced on March 10, 1982, that it was seeking a potential purchaser of its Midland facility. The plant closed its melt shop indefinitely in April 1982, will shut down its hot-strip mill in May, and will cease operations on its cold-finishing mills in July. * * *.

Republic, * * * domestic stainless steel sheet and strip producer, melts steel in Canton, rolls slabs in Canton and Cleveland, rolls hot-rolled coils in Cleveland and Warren, and cold-finishes in Massillon, Ohio.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identified about 21 importers of stainless steel sheet and strip from West Germany during October 1980-December 1981. The principal importers were * * *.

Apparent Consumption

Apparent U.S. consumption of stainless steel sheet and strip declined from 883,000 tons in 1979 to 654,000 tons in 1980, or by 26 percent (table 3). Consumption in 1981 was 786,000 tons, representing an increase from 1980 consumption of 20 percent. The share of the market supplied by U.S. producers increased slightly in 1980 as imports fell at a faster rate than producers' shipments. In 1981, however, domestic producers lost market share with imports increasing over 90 percent. The ratio of imports from all sources to apparent consumption declined from 6.9 percent in 1979 to 5.7 percent in 1980, but subsequently increased to 9.0 percent in 1981. Imports in January-March 1982 accounted for 17.0 percent of apparent consumption compared with 4.9 percent in January-March 1981. Table 3 shows that, by quarters, the ratio of imports to apparent consumption declined from 6.2 percent in January-March 1980 to 4.3 percent in October-December 1980, and then steadily increased from 4.9 percent in January-March 1981 to 14.6 percent in October-December 1981.

1/ Formerly a subsidiary of Allegheny Ludlum Industries (now Allegheny International). The firm became a private corporation in December 1980.

2/ Jones & Laughlin sold its Youngstown, Ohio, strip plant in November 1980.

Table 3.--Stainless steel sheet and strip: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, 1979-81, January-March 1981, January-March 1982, and, by quarters, 1980 and 1981

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Shipments	Consumption
	1,000 short tons				Percent	
1979	874	61	52	883	7.0	6.9
1980	700	37	83	654	5.3	5.7
1981	759	71	44	786	9.4	9.0
January-March						
1981	207	10	11	206	4.8	4.9
1982	148	29	6	171	19.6	17.0
1980:						
Jan.-Mar	200	12	18	194	6.0	6.2
Apr.-June	169	9	22	156	5.3	5.8
July-Sept	142	7	27	122	4.9	5.7
Oct.-Dec	191	8	15	184	4.2	4.3
1981:						
Jan.-Mar	207	10	11	206	4.8	4.9
Apr.-June	229	17	12	234	7.4	7.3
July-Sept	180	21	13	188	11.7	11.2
Oct.-Dec	143	23	8	158	16.1	14.6

Source: Shipments, compiled from data of the American Iron & Steel Institute; imports and exports, compiled from official statistics of the U.S. Department of Commerce.

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

U.S. production of stainless steel sheet and strip, as well as the capacity of domestic producers to manufacture such products and the utilization of that capacity, is shown in table 4. As indicated, although capacity increased between 1979 and 1981, production declined. Capacity increased from 869,000 tons in 1979 to 950,000 tons in 1981; however, utilization of that capacity fell from 83.8 percent to 70.6 percent. Capacity utilization in January-March 1982 was only slightly higher than 50 percent.

Table 4.--Stainless steel sheet and strip: U.S. production, practical capacity, 1/ and capacity utilization, 1979-81, January-March 1981, and January-March 1982

Item	1979	1980	1981	January-March--	
				1981	1982
Production 2/---1,000 short tons--	728	592	671	188	130
Capacity----------do----	869	885	950	230	252
Capacity utilization-----percent--	83.8	66.9	70.6	81.7	51.6

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably obtained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation.

2/ U.S. producers submitting usable data accounted for about 90 percent of total shipments of stainless steel sheet and strip in 1981, as reported by the American Iron & Steel Institute.

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

Table 3.--Stainless steel sheet and strip: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, 1979-81, January-March 1981, January-March 1982, and, by quarters, 1980 and 1981

Period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to--	
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2/ U.S. producers submitting usable data accounted for about 90 percent of total shipments of stainless steel sheet and strip in 1981, as reported by the American Iron & Steel Institute.

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

An alternative measure of the utilization of productive capacity in an integrated steel industry is capacity to melt. As shown in the following tabulation, 1/ utilization of capacity to melt stainless steel declined from 83 percent in 1979 to 53 percent in January-March 1982.

Period	Capacity to melt raw stainless steel (1,000 short tons)	Capacity utilization (Percent)
1979	2,485	83
1980	2,640	64
1981	2,606	64
January-March--		
1981	653	77
1982	657	53

U.S. producers' shipments

During 1979-81, U.S. producers' shipments of stainless steel sheet and strip decreased from 874,000 tons to 759,000 tons, or by 13 percent. U.S. producers' net shipments, as reported by AISI, 2/ are shown in the following tabulation:

Period	Quantity (1,000 short tons)
1979	874
1980	700
1981	759
January-March--	
1981	207
1982	148

U.S. producers' intracompany and intercompany shipments, domestic market shipments, and export shipments, as reported in response to the Commission's questionnaires, are shown in table 5. 3/ These data show the decline in producers' shipments from 1979 to 1981 and indicate that producers' intracompany and intercompany shipments and exports remained relatively stable at 4 to 5 percent of total shipments in each of the periods shown.

1/ Compiled from data submitted to the Commission by petitioners.

2/ Such shipments include intracompany transfers and exports but exclude sales made to other steelmaking firms that report data to AISI.

3/ Domestic producers responding to the Commission's questionnaires in this investigation accounted for about 90 percent of shipments reported by AISI in 1981.

Table 5.--Stainless steel sheet and strip: U.S. producers' shipments, 1/ by types, 1979-81, January-March 1981, and January-March 1982

Item	1979	1980	1981	January-March--	
				1981	1982
	Quantity (1,000 short tons)				
Intracompany and intercompany shipments	38	27	30	7	6
Domestic market shipments	686	556	623	172	135
Export shipments	32	31	28	7	5
Total	756	614	681	186	146
	Value (million dollars)				
Domestic market shipments	1,295	1,102	1,226	337	255
Export shipments	47	50	46	11	8
Total	1,342	1,152	1,272	348	262
	Unit value (per ton)				
Domestic shipments	1,888	1,982	1,968	1,959	1,889
Export shipments	1,469	1,613	1,643	1,571	1,600
Average	1,869	1,963	1,954	1,933	1,885

1/ U.S. producers submitting usable data accounted for about 90 percent of total shipments of stainless steel sheet and strip in 1981 as reported by the American Iron & Steel Institute.

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

U.S. exports

Exports of stainless steel sheet and strip, as reported by the Department of Commerce, increased from 52,000 tons in 1979 to 83,000 tons in 1980, but then declined to 44,000 tons in 1981. Exports in January-March 1982 amounted to 6,000 tons, or about 45 percent less than exports in January-March 1981 (table 6). Principal export markets for domestically produced stainless steel sheet and strip during 1981 were Canada and Mexico; 41 percent of aggregate exports went to Canada, and 23 percent went to Mexico.

Table 6.--Stainless steel sheet and strip: U.S. exports of domestically produced merchandise, by principal markets, 1979-81, January-March 1981, and January-March 1982

Market	1979	1980	1981	January-March--	
				1981	1982
	Quantity (1,000 short tons)				
Canada	30	17	18	4	3
Mexico	3	44	10	3	1
United Kingdom	2	2	3	1	1/
Taiwan	2	3	3	1	1
Japan	1	1	1	1/	1/
All other	14	16	9	2	1
Total	52	83	44	11	6
	Value (1,000 dollars)				
Canada	50,973	40,035	40,605	8,771	5,605
Mexico	7,496	29,874	15,689	2,248	1,488
United Kingdom	4,479	6,518	4,868	1,487	566
Taiwan	2,337	5,908	4,002	955	635
Japan	981	1,482	2,856	374	374
All other	24,444	43,721	26,453	9,020	4,824
Total	90,710	127,538	94,473	22,855	13,492

1/ Less than 500 tons.

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

U.S. producers' inventories

Although end users and service center/distributors perform much of the inventory function in the domestic market for stainless steel sheet and strip, end-of-period inventories reported by U.S. producers in response to the Commission's questionnaires represented between 23 and 25 percent of producers' total annual shipments in each year reported. Such inventories are shown in the following tabulation.

As of Dec. 31--	Quantity (1,000 short tons)
1978	174
1979	173
1980	158
1981	158

U.S. employment, wages, and productivity

In domestic establishments producing stainless steel sheet and strip, the average employment of all persons, production and related workers producing all products, and production and related workers producing stainless steel sheet and strip followed a similar pattern of decreasing in 1980, then increasing slightly in 1981. Similar patterns of change can be seen in hours paid for production and related workers (table 7). The average number of production and related workers producing stainless steel sheet and strip declined from 7,965 in 1979 to 6,853 in 1980, before increasing in 1981 to 7,288. The average number of workers in January-March 1982 was almost 19 percent less than the number employed in the corresponding period of 1981. Wages and total compensation paid to workers are shown in table 8.

As shown in tables 7 and 8, labor productivity increased steadily during 1979-81. Productivity in January-March 1982 increased almost 15 percent compared with that in the corresponding period of 1982. Although hourly compensation increased over 30 percent from 1979 to 1981, unit labor costs increased only 18 percent, clearly showing the impact of productivity increases. Hourly compensation in January-March 1982 increased about 17 percent over that in the corresponding period of 1981; however, the large increase in productivity in this quarter resulted in a slight decline in unit labor costs.

Financial experience of U.S. producers

Stainless steel sheet and strip operations.--Financial data were received from eight U.S. producers on their stainless steel sheet and strip operations, and are presented in table 9. These eight producers accounted for about 85 percent of U.S. production of stainless steel sheet and strip in 1981. Aggregate net sales of stainless steel sheet and strip declined from $1.3 billion in 1979 to $1.1 billion in 1980, or by 13 percent. Net sales

Table 7.--Average number of employees, total and production and related workers employed in establishments producing stainless steel sheet and strip, hours paid to production and related workers, 1/ and labor productivity, 2/ 1979-81, January-March 1981, and January-March 1982

Period	Employment			Hours paid for production and related workers producing--		Labor productivity
	All persons	Production and related workers producing--				
		All products	Stainless steel sheet and strip	All products	Stainless steel sheet and strip	
				Thousands		Tons per hour
1979	40,608	31,301	7,965	62,902	16,207	0.0449
1980	37,763	28,564	6,853	51,943	12,574	.0470
1981	38,050	28,881	7,288	53,336	13,447	.0498
Jan.-Mar.--						
1981	37,689	28,789	7,545	13,891	3,762	.0425
1982	33,706	24,785	6,130	10,799	2,592	.0501

1/ Includes hours worked plus hours of paid leave time.

2/ U.S. producers submitting usable data accounted for about 90 percent of total shipments of stainless steel sheet and strip in 1981, as reported by the American Iron & Steel Institute.

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

Table 8.--Wages and total compensation 1/ paid to production and related workers in establishments producing stainless steel sheet and strip, hourly compensation, and unit labor costs, 1979-81, January-March 1981, and January-March 1982

Period	Wages paid to production and related workers producing--		Total compensation paid to production and related workers producing--		Hourly compensation	Unit labor costs
	All products	Stainless steel sheet and strip	All products	Stainless steel sheet and strip		
	Million dollars					Per ton
1979	771	202	989	257	$15.86	$353
1980	710	176	943	234	18.61	395
1981	803	207	1,065	280	20.82	417
Jan.-Mar.--						
1981	204	56	270	77	20.47	481
1982	174	44	240	62	23.92	477

1/ The difference between total compensation and wages is an estimate of workers' benefits.

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

Table 9.--Selected financial data of 8 U.S. producers on their operations producing stainless steel sheet and strip, accounting years 1979-81 and interim accounting years ended Mar. 31, 1981 and Mar. 31, 1982

Item	1979	1980	1981	Interim accounting years ended Mar. 31	
				1981	1982
Net sales----------million dollars--	1,277	1,099	1,210	328	240
Cost of goods sold----------do----	1,061	995	1,141	306	254
Gross profit----------do----	216	104	69	22	(14)
General, selling, and administrative expenses----------million dollars--	41	41	50	14	15
Operating profit (loss)---------do----	175	63	19	8	(29)
Interest expenses----------do----	8	9	10	5	6
Other income or (expense)-------do----	6	7	5	2	2
Net profit (loss) before income taxes----------do----	173	61	14	5	(33)
Depreciation and amortization expense included above-----million dollars--	22	23	25	7	9
Cash flow (deficit) from operations 1/----------do----	195	84	39	12	(24)
Fixed assets employed in productive facilities:					
Original cost------million dollars--	619	635	711	565	715
Book value----------do----	256	253	311	224	309
As a share of net sales:					
Gross profit (loss)--------percent--	16.9	9.5	5.7	6.7	(5.8)
Operating profit (loss)-------do----	13.5	5.7	1.6	2.4	(12.1)
Net profit (loss) before income taxes----------percent--	13.5	5.6	1.2	1.5	(13.8)
Ratio of net profit (loss) before income taxes to--					
Original cost of fixed assets-do----	27.9	9.6	2.0	.9	(4.6)
Book value of fixed assets----do----	67.6	24.1	4.5	2.2	(10.7)
Number of firms reporting operating and net losses----------	0	2	3	3	4

1/ Net profit (loss) before income taxes plus depreciation and amortization.

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

increased by $111 million, or 10 percent, to $1.2 billion in 1981. In the interim period ended March 31, 1982, net sales dropped by 27 percent to $240 million, compared with net sales of $328 million for the corresponding period of 1981.

Gross profit declined by 68 percent, from $216 million in 1979 to $69 million in 1981. In the same period, the ratio of gross profit to net sales dropped from 16.9 to 5.7 percent as a result of increasing costs of goods sold as a share of net sales. Operating profit fell from $175 million in 1979, or 13.7 percent of net sales, to $19 million, or 1.6 percent of net sales, in 1981. Interest expense increased from $8 million (0.6 percent of net sales) in 1979 to $10 million (0.8 percent of net sales) in 1981. In the same period, net profit before taxes on income followed the same trend as did operating profit. In the interim period ended March 31, 1982, the profit picture worsened, as eight firms reported aggregate gross losses of $14 million compared with a gross profit of $22 million in the corresponding period of 1981.

Four firms sustained operating and net losses in the interim period of 1982 compared with three in the interim period of 1981. Cash flow from operations declined from $195 million in 1979 to $39 million in 1981. U.S. producers reported a deficit of $24 million in the interim period of 1982. To provide an additional measure of profitability, the ratios of net profit (loss) before income taxes to original cost and book value of fixed assets employed in the production of stainless steel sheet and strip are also presented in table 9. These ratios followed the same trend as did the ratios of net profit (loss) before taxes on income to net sales.

Overall stainless steel operations.--Selected financial data for overall stainless steel and/or stainless steel products operations provided by the same eight U.S. producers discussed in the previous section are presented in table 10. The overall stainless steel operations generally reflected similar trends in net sales, cost and expenses, and operating and net profit (loss) as did the operations on stainless steel sheet and strip discussed earlier.

Net sales of stainless steel products declined from $4.4 billion in 1979 to $4.1 billion in 1980, and then increased to $4.6 billion in 1981. In the interim period of 1982, net sales dropped by 21 percent to $1.1 billion compared with $1.4 billion in the corresponding period of 1981. Sales revenue derived from the sale of stainless steel sheet and strip declined from 28.7 percent of overall stainless steel sales in 1979 to 26.6 percent in 1981, and from 23.4 percent in the interim period of 1981 to 21.8 percent in the corresponding period of 1982.

Operating profit fell by 58 percent from $424 million in 1979 to $177 million in 1981. In the same period, the operating margin declined from 9.5 to 3.9 percent. In the interim period of 1982, U.S. producers reported aggregate operating losses of $53 million, or a negative 4.8 percent of net sales, compared with an operating profit of $78 million, or a positive 5.6 percent of net sales, for the corresponding period of 1981. The gross profit margin, net profit before income taxes, and return on fixed assets followed a trend similar to that of the operating profit margin. The number of firms

Table 10.--Selected financial data of 8 U.S. producers on their overall stainless steel and/or stainless steel products operations, accounting years 1979-81 and interim accounting years ended Mar. 31, 1981, and Mar. 31, 1982

Item	1979	1980	1981	Interim accounting years ended Mar. 31--	
				1981	1982
Net sales----------million dollars--	4,449	4,059	4,551	1,402	1,102
Cost of goods sold----------do----	3,876	3,697	4,193	1,259	1,085
Gross profit----------do----	573	362	358	143	17
General, selling, and administrative expenses----------million dollars--	149	152	181	65	70
Operating profit (loss)---------do----	424	210	177	78	(53)
Interest expense----------do----	32	40	28	9	14
Other income or (expense)-------do----	6	7	5	2	2
Net profit (loss) before income taxes million dollars--	398	177	154	71	(65)
Depreciation and amortization expense included above-----million dollars--	124	130	140	39	42
Cash flow (deficit) from operations 1/: million dollars--	522	307	294	110	(23)
Fixed assets employed in productive facilities:					
Original cost------million dollars--	963	1,006	1,090	904	1,123
Book value----------do----	417	430	493	378	511
As a share of net sales:					
Gross profit (loss)------percent--	12.9	8.9	7.9	10.2	1.5
Operating profit (loss)-----do----	9.5	5.2	3.9	5.6	(4.8)
Net profit (loss) before income taxes----------percent--	8.9	4.4	3.4	5.1	(5.9)
Ratio of net profit (loss) before income taxes to--					
Original cost of fixed assets percent--	41.3	17.6	14.1	7.9	(5.8)
Book value of fixed assets----do----	95.4	41.2	31.2	18.8	(12.7)
Numbers of firms reporting operating losses----------	0	1	2	2	5
Numbers of firms reporting net losses----------	0	1	2	2	4
Ratio of stainless steel sheet and strip sales to stainless steel products sales----------percent--	28.7	27.0	26.6	23.4	21.8

1/ Net profit (loss) before income taxes plus depreciation and amortization.

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

reporting operating losses increased from one in 1980 to five in the interim period of 1982.

Capital expenditures and research and development expenses.--Seven U.S. producers provided data on capital expenditures made in connection with their stainless steel and/or stainless steel products operations, capital expenditures made in connection with their stainless steel sheet and strip operations, and research and development expenses for their stainless steel sheet and strip operations. This information is presented in table 11.

Table 11.--Capital expenditures for facilities used primarily in the production, warehousing, and marketing of stainless steel and/or stainless steel products, and stainless steel sheet and strip, and research and development expenses for stainless steel sheet and strip, 1979-82

(In thousands of dollars)

Item	1979	1980	1981	1982 1/
Capital expenditures:				
Stainless steel and/or stainless steel products:				
Land or land improvements	504	1,151	1,225	1,417
Building or leasehold improvements	10,194	9,312	20,239	3,213
Machinery, equipment, and fixtures	25,850	45,456	73,661	24,561
Total	36,548	55,919	95,125	29,191
Stainless steel sheet and strip:				
Land or land improvements	186	235	706	116
Building or leasehold improvements	6,752	4,852	15,009	1,158
Machinery, equipment, and fixtures	11,721	25,894	54,925	4,543
Total	18,659	30,981	70,640	5,817
Research and development expenses for stainless steel sheet and strip	4,218	5,213	5,330	1,778

1/ 2 producers reported data on their fiscal year (June 30) basis. Hence, data for these firms cover the period from July 1, 1981, to June 30, 1982.

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

Total capital expenditures for overall stainless steel operations A-23 increased significantly from $36.5 million in 1979 to $95.1 million in 1981. Over 70 percent of total capital expenditures were for machinery, equipment,

and fixtures. In partial year 1982, capital expenditures amounted to $29.2 million.

Total capital expenditures for stainless steel sheet and strip more than tripled from $18.7 million in 1979 to $70.6 million in 1981. * * *. Capital expenditures for stainless steel sheet and strip amounted to $5.8 million in partial year 1982.

Research and development expenses associated with the improvement and/or development of new or improved manufacturing methods, and pure research for stainless steel sheet and strip increased from $4.2 million in 1979 to $5.3 million in 1981. U.S. producers spent $1.8 million on research and development in partial year 1982.

Consideration of Threat of Material Injury to an Industry in the United States

In its examination of the question of a reasonable indication of the 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 allegedly LTFV imports, the rate of increase of U.S. market penetration by such imports, the amounts of such imports held in inventory in the United States, and the capacity of producers in West Germany to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of stainless steel sheet and strip and of their U.S. market penetration is presented in the section entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Allegedly LTFV Imports." Discussions of importers' inventories and foreign producers' capacity to generate exports follow.

U.S. importers' inventories

End-of-period inventories of stainless steel sheet and strip imported from West Germany, as reported in responses to the Commission's questionnaires, 1/ are shown in the following tabulation:

Period	Quantity (short tons)
1978	***
1979	***
1980	***
1981	***
January-March--	
1981	***
1982	***

1/ ***.

1/ Importers submitting usable data accounted for virtually 100 percent of imports from West Germany, as reported by the Department of Commerce.

Capacity of West German producers to generate exports and the availability of export markets other than the United States

The West German stainless steel sheet and strip industry consists of three producers which manufacture both sheet and strip and five producers that manufacture only strip. The three producers which manufacture both products are Krupp Stahl AG, Thyssen Edel Stahlweek AG, and Vereinighe Deutsche Metallwerke. These companies, which account for the bulk of West German stainless steel sheet and strip production, also produce numerous other stainless steel products. Krupp produces plate, bar, and wire; Thyssen produces plate, bar, tube, wire rod and wire; and VDM produces plate, tube, and wire.

Data on West German production, capacity, and capacity utilization for all the products subject to this investigation were not available; however, according to information obtained from the U.S. Department of State, West German production of stainless steel sheet fluctuated during 1979-81. Production climbed from 435,487 tons in 1979 to 459,743 tons in 1980, before dropping 4.6 percent to 438,795 tons in 1981 (table 12).

Table 12.--Stainless steel and strip: West German production and exports, 1979-81

Item	1979	1980	1981
Production 1/------short tons--	435,487	459,743	438,795
Exports to 2/--			
United States----------do----	1,987	779	3/
Western Europe---------do----	174,704	189,778	3/
All other--------------do----	77,059	45,432	3/

1/ Does not include strip.
2/ Includes hot- and cold-rolled sheet, plate, hoop, and strip.
3/ Not available.

Source: Production data obtained from U.S. Department of State; export data obtained from World Stainless Steel Statistics, 1981 edition.

Data on West Germany's exports of stainless steel sheet and strip alone are also not available; however, exports of certain flat rolled products 1/ dropped 4.6 percent, from 253,750 tons in 1979 to 241,989 tons in 1980. Data for 1981 were not available. The principal export market for these products is Western Europe, 2/ which accounted for 68.9 percent of West German exports

1/ Includes hot- and cold-rolled sheet, plate, hoop, and strip.
2/ Includes France, Belgium, Luxembourg, Netherlands, Italy, United Kingdom, Ireland, Denmark, Greece, Norway, Sweden, Finland, Switzerland, Austria, Portugal, Spain, Yugoslavia, and Turkey.

in 1979 and 78.4 percent of exports in 1980. The United States accounted for less than 1 percent of West German exports in both 1979 and 1980.

According to information provided by the Commerce Departments' Paris Attache, West German shipments and exports of stainless steel sheet and strip dropped from October-December 1981 to January-March 1982. Shipments dropped 11.8 percent, primarily due to a 19.8-percent decrease in exports. Exports to the United States dropped 48.5 percent from October-December 1981 to January-March 1982 (table 13).

Table 13.--Stainless steel sheet and strip: West Germany's total shipments and exports, October-December 1981 and January-March 1982

Item	October-December 1981	January-March 1982
Total shipments--		
short tons--	68,123	60,075
Exports to--		
United States------do----	5,000	2,575
All other----------do----	38,105	31,989
Exports to United States as share of:		
Shipments-------percent--	7.3	4.3
Exports------------do----	13.1	8.0

Source: U.S. Department of Commerce's Paris Attache, as provided in exhibit C.3.2 of post-conference brief in opposition to petition.

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

U.S. imports and market penetration

Imports from all sources.--From June 1976 to February 1980, imports of stainless steel sheet and strip, as well as other stainless steel products, were subject to quantitative restrictions. Imports of sheet and strip from all sources and from West Germany during this period are shown in the following tabulation (in short tons): 1/

	West Germany	Total
1976----------	2,277	78,299
1977----------	1,441	70,470
1978----------	8,570	80,708
1979----------	3,844	61,299
1980----------	305	37,219

1/ Data for 1976-78 include imports of stainless steel strip provided for in TSUS items 608.26 and 608.29, which are not subject to this investigation. Imports of these products from West Germany during 1976-80 were nil.

Imports of the stainless steel sheet and strip products subject to this investigation fell sharply from 61,299 tons in 1979 to 37,219 tons in 1980 (table 14). A possible explanation for this sharp decline could be the lingering impact of quantitative restrictions. The operation of the quota program caused importers of stainless steel from the European Community (EC) to compete for a share of the total import volume allowed under the quota. As each quota period began, importers would enter as much material as they could, since once the quota was filled, further entry was barred. This procedure forced foreign producers to find other markets for their stainless steel during the periods that the U.S. quota was filled. It is possible that this procedure, coupled with declining consumption in the United States and somewhat stronger demand in home and third country markets, resulted in the import decline. Imports, however, increased sharply in 1981 to 70,631 tons, representing an almost 90-percent increase from the quantity in 1980. Imports in January-March 1982 were 178 percent greater than those reported in January-March 1981. The principal sources of imports in 1981 were West Germany (22 percent), Japan (20 percent), and France (20 percent).

Table 15 shows imports of stainless steel sheet and strip, by quarters, during the period January 1980 to March 1982. As indicated, imports from all sources declined during January-October 1980 to a low of 7,319 tons, and then increased in all subsequent quarters, to a peak of 28,622 tons in January-March 1982.

The ratio of imports from all countries to apparent U.S. consumption increased from 6.9 percent in 1979 to 9.0 percent in 1981 (table 16). The import-to-consumption ratio in January-March 1982 was 16.7 percent. The ratio of quarterly imports from all sources to apparent U.S. consumption increased from 6.0 percent in January-March 1980 to 14.4 percent in October-December 1981 (table 17).

Imports from countries subject to antidumping investigations.--In addition to imports of stainless steel sheet and strip from West Germany, the Commission is currently investigating alleged LTFV sales of imports of the same products from France. 1/ Imports from both these countries, as well as the ratio of imports from these suppliers to apparent U.S. consumption, are shown in tables 16 and 17.

West Germany.--West Germany was the largest source of stainless steel sheet and strip to the U.S. market in 1981. Imports from West Germany fell dramatically from 3,844 tons in 1979 to 305 tons in 1980, and then increased even more dramatically to 15,489 tons in 1981. Imports in January-March 1982 amounted to 7,001 tons, or almost 500 percent more than imports during the corresponding period of 1981 (table 16). The ratio of imports from West Germany to apparent U.S. consumption was 0.4 percent in 1979, 0.1 percent in 1980, 2.0 percent in 1981, and 4.1 percent in January-March 1982. Imports from West Germany, by quarters, during January 1980-March 1982 are shown in table 17, as are the ratios of such imports to apparent U.S. consumption. As indicated, quarterly imports from West Germany rose to 6,187 tons, or 3.3 percent of apparent consumption in July-September 1981, declined slightly in the last quarter of 1981, and then increased to 7,001 tons in January-March 1982, equivalent to 4.1 percent of apparent U.S. consumption.

1/ Investigation No. 731-TA-95 (Preliminary).

Table 14.--Stainless steel sheet and strip: U.S. imports for consumption, by principal sources, 1979-81, January-March 1981, and January-March 1982

Source	1979	1980	1981	January-March--	
				1981	1982
	Quantity (short tons)				
West Germany	3,844	305	15,489	1,173	7,001
Japan	35,260	15,365	14,287	2,366	4,310
France	7,676	6,187	13,805	2,427	6,194
Canada	2,473	6,794	6,493	1,558	1,155
Spain	15	96	5,003	0	1,979
United Kingdom	1,094	643	3,840	482	2,237
Finland	1,416	1,690	3,592	584	677
Republic of Korea	1,354	66	3,062	696	1,337
Sweden	7,083	4,801	2,926	801	1,824
Belgium/ Luxembourg	71	1,188	1,484	219	1,612
All other countries	1,011	85	649	1	296
Total, all sources	61,299	37,219	70,631	10,305	28,622
	Value (1,000 dollars)				
West Germany	5,574	532	27,070	2,432	10,700
Japan	54,095	25,905	22,237	3,406	6,538
France	10,569	9,443	21,770	3,709	9,395
Canada	3,017	9,186	8,513	2,189	1,602
Spain	19	214	8,493	-	3,430
United Kingdom	1,540	1,146	7,720	940	3,813
Finland	2,005	2,904	5,457	943	1,024
Republic of Korea	1,923	110	4,502	1,078	1,949
Sweden	15,822	15,701	9,818	3,081	4,766
Belgium/ Luxembourg	124	3,320	2,692	471	2,477
All other countries	1,304	191	788	7	422
Total, all sources	95,991	68,653	119,059	18,256	46,117

Table 14.--Stainless steel sheet and strip: U.S. imports for consumption by principal sources, 1979-81, January-March 1981, and January-March 1982--Continued

Source	1979	1980	1981	January-March--	
				1981	1982
	Unit value (per hundredweight)				
West Germany	$72.49	$87.23	$87.39	$103.65	$76.42
Japan	76.71	84.30	77.82	71.98	75.85
France	68.84	76.32	78.85	76.43	75.84
Canada	61.00	67.60	65.56	70.26	69.37
Spain	64.88	111.80	84.88	-	86.66
United Kingdom	70.38	89.11	100.50	97.45	85.25
Finland	70.79	85.93	75.97	80.78	75.67
Republic of Korea	71.01	83.00	73.50	77.46	72.88
Sweden	111.70	163.53	67.76	192.37	130.62
Belgium/ Luxembourg	86.60	139.72	90.71	107.64	76.82

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

Table 15.--Stainless steel sheet and strip: U.S. imports for consumption, by principal sources and by quarters, January 1980-March 1982

(In short tons)

Source	1980			
	January-March	April-June	July-September	October-December
West Germany	35	132	81	57
Japan	6,560	3,665	2,952	2,188
France	1,799	1,835	1,137	1,416
Canada	1,721	1,846	1,561	1,665
Spain	9	86	0	0
United Kingdom	63	77	255	247
Finland	305	372	301	713
Republic of Korea	13	53	0	0
Sweden	1,036	931	982	1,851
Belgium/Luxembourg	890	298	0	0
All other countries 1/	8	27	50	2
Total, all sources	12,439	9,322	7,319	8,139

Source	1981				January-March 1982
	January-March	April-June	July-September	October-December	
West Germany	1,173	3,197	6,187	4,932	7,001
Japan	2,366	4,072	4,014	3,835	4,310
France	2,427	3,018	4,490	3,870	6,194
Canada	1,558	2,094	1,394	1,448	1,155
Spain	0	152	1,503	3,347	1,979
United Kingdom	482	940	1,110	1,308	2,237
Finland	584	862	423	1,724	677
Republic of Korea	696	1,546	496	324	1,337
Sweden	801	520	356	1,249	1,824
Belgium/Luxembourg	219	421	425	419	1,612
All other countries 1/	1	49	237	362	296
Total, all sources	10,306	16,872	20,635	22,818	28,622

1/ Austria, Brazil, Denmark, Ireland, Italy, Mexico, the Netherlands, New Zealand, Republic of South Africa, and Switzerland.

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

Table 16.--Stainless steel sheet and strip: U.S. imports for consumption, by selected countries, 1979-81, January-March 1981, and January-March 1982

Period	Imports from West Germany	Imports from France	Imports from all other EC countries 1/	Imports from all other countries	Total
	Quantity (short tons)				
1979	3,844	7,676	1,721	48,056	61,299
1980	305	6,187	1,861	28,867	37,219
1981	15,489	13,805	5,644	35,692	70,631
January-March--					
1981	1,173	2,427	701	6,006	10,305
1982	7,001	6,194	4,133	11,294	28,622
	Percent of total apparent U.S. consumption				
1979	0.4	0.9	0.2	5.4	6.9
1980	.1	.9	.3	4.4	5.7
1981	2.0	1.8	.7	4.5	9.0
January-March--					
1981	.6	1.2	.3	2.9	5.0
1982	4.1	3.6	2.4	6.6	16.7

1/ United Kingdom, Belgium/Luxembourg, Italy, and Denmark.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

Table 17.--Stainless steel sheet and strip: U.S. imports for consumption, by selected sources and by quarters, January 1980-March 1982

Period	Imports from West Germany	Imports from France	Imports from all other EC countries 1/	Imports from all other countries	Total
	Quantity (short tons)				
1980:					
Jan.-Mar	35	1,799	956	9,649	12,439
April-June	132	1,835	378	6,977	9,322
July-Sept	81	1,137	280	5,821	7,319
Oct.-Dec	57	1,416	246	6,420	8,139
1981:					
Jan.-Mar	1,173	2,427	701	6,005	10,306
April-June	3,197	3,018	1,393	9,264	16,872
July-Sept	6,187	4,490	1,631	8,327	20,635
Oct.-Dec	4,932	3,870	1,921	12,095	22,818
1982: Jan.-					
Mar	7,001	6,194	4,133	11,294	28,622
	Percent of total apparent U.S. consumption				
1980:					
Jan.-Mar	2/	0.9	0.5	5.0	6.0
April-June	0.1	1.2	.2	4.5	6.0
July-Sept	.1	.9	.2	4.8	6.0
Oct.-Dec	2/	.8	.1	3.5	4.4
1981:					
Jan.-Mar	.6	1.2	.3	2.9	5.0
April-June	1.4	1.3	.6	4.0	7.2
July-Sept	3.3	2.4	.9	4.4	11.0
Oct.-Dec	3.1	2.4	1.2	7.7	14.4
1982: Jan.-					
Mar	4.1	3.6	2.4	6.6	16.7

1/ The United Kingdom, Belgium/Luxembourg, Italy, and Denmark.
2/ Less than 0.05 percent.

Source: Compiled from official statistics of the U.S. Department of Commerce and from data of the American Iron & Steel Institute.

Counsel for importers of stainless steel sheet and strip from West Germany contend that the increase in imports of such material in October-December 1981 and January-March 1982 was the result of a miscalculation of the strength of the U.S. market which occured in midyear 1981. To support their contention that imports from West Germany will decline in the remainder of 1982, counsel submitted data showing orders of * * * short tons placed with West German producers in January-March 1982 for shipment to the United States by the two largest U.S. importers of West German material as well as anticipated imports of * * * short tons by these firms in April-December 1982.

France.--France was the third largest foreign supplier of stainless steel sheet and strip to the United States in 1981. Imports from France declined slightly from 7,676 tons in 1979 to 6,187 tons in 1980, then increased to 13,805 tons in 1981. Imports in January-March 1982 amounted to 6,194 tons, representing an increase of 155 percent compared with imports in the corresponding period of 1981. The ratio of imports from France to apparent U.S. consumption was 0.9 percent in 1979 and 1980, 1.8 percent in 1981, and 3.6 percent in January-March 1982. Imports from France, by quarters, during January 1980-March 1982 increased from 1,799 tons in January-March 1980 to 2,427 tons in January-March 1982. Imports from France in January-March 1980 constituted 0.9 percent of apparent U.S. consumption; in January-March 1982, such imports represented 3.6 percent of consumption.

Prices

Demand factors affecting price.--Demand for stainless steel sheet and strip 1/ depends on the level of business activity in user industries. The automotive sector is the largest single user, accounting for 17 percent of sheet and strip purchases in 1981. Other large user markets include machinery, industrial equipment, tools and electrical equipment, construction and contractors' products, and appliances, utensils and cutlery (mostly strip). Compared with other stainless steel products (plate, bar, and rod) sheet and strip are used more extensively in the consumer durable-goods industry. In 1981, 44 percent of U.S.-produced sheet and strip reached the user manufacturers through service center distributors rather than directly from the mill. 2/

Changes in the market for stainless steel are demonstrated by indexes of business activity. A business activity index often used as an indicator of aggregate demand for stainless steel is the index of industrial production for durable manufactures. 3/ The index, presented in the following tabulation

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1/ In the remainder of this section, all references to "sheet" and "strip" will mean stainless steel sheet and stainless steel strip.

2/ American Iron & Steel Institute, AIS 16-S, 1981. For sheet, this percentage was 52 percent, and for strip, 25 percent.

3/ Because there are diverse markets for sheet and strip, a different business activity indicator should ideally be used for each market for stainless steel.

compiled from the Bureau of Labor Statistics index of industrial production of durable manufactures, shows that industrial production steadily decreased from January-March 1979 to July-September 1980, by a total of 11.8 percent. The production index increased from 88.2 in July-September 1980 to 96.9 in April-June 1981, before declining to 87.0 in January-February 1982.

Period	Index (Jan.-Mar. 1979=100.0)
1979:	
January-March	100.0
April-June	99.3
July-September	98.8
October-December	98.5
1980:	
January-March	97.7
April-June	90.7
July-September	88.2
October-December	93.8
1981:	
January-March	95.7
April-June	96.9
July-September	96.6
October-December	91.1
1982:	
January-February	87.0

An increase or decrease in the business activity of user industries has generally resulted in a correspondingly greater increase or decrease in stainless steel consumption. 1/ Testimony indicated that this could be due to changes in inventory positions between producers and distributors or end-users. 2/ In a recessionary market, stainless steel purchasers may postpone the replacement of stainless steel inputs by drawing down existing inventories.

The aggregate demand for stainless steel was estimated in an earlier Commission investigation to be relatively price inelastic. 3/ Demand for

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1/ Stainless Steel and Alloy Tool Steel, investigation No. TA-203-3. It was estimated that there was a business activity elasticity of 2.0 for the stainless steel industry. This means that a 1.0-percent increase (decrease) in business activity of stainless steel user industries would lead to a 2.0-percent increase (decrease) in stainless steel consumption.

2/ Transcript of the conference, May 17, 1982, pp. 108-109.

3/ Stainless Steel and Alloy Tool Steel, investigation No. TA-203-3. The elasticity was measured at -0.8. A 1-percent increase (decrease) in the price of stainless steel would result in a 0.8-percent decrease (increase) in the quantity of stainless steel demanded.

stainless steel may have become more elastic with the increased use of substitute products for stainless steel since 1977.

Demand will not be equally price elastic for all applications for stainless steel. For example, where stainless steel is necessary to solve engineering problems, there are fewer viable, less costly substitutes, and demand would be more price inelastic. Where the use of stainless steel is not so critical (such as in decorative uses), and substitutes can be used, demand is more elastic. Another factor affecting elasticity is stainless steel's cost in relation to the total cost of the product in which it is used. In those applications where the stainless steel component constitutes a small proportion of the total cost, demand is generally more price inelastic. In addition, demand for either domestic stainless steel alone or imported stainless steel alone would be more price elastic than the aggregate demand, because each is a close substitute for the other.

Transaction prices.--U.S. producers of stainless steel sheet and strip publish list prices on an f.o.b. mill basis. 1/ Base prices depend on the alloy content of the stainless steel, with chromium a necessary addition, and nickel and molybdenum two metals which are often added. There are extra charges for sheet and strip cut to length rather than coiled, for nonstandard widths, for special edging, for smaller quantities, and for packaging. Actual market prices may vary from list prices, depending on market conditions.

The Commission requested data on average net selling prices for specific stainless steel sheet and strip products from domestic producers and importers. Additionally, in order to facilitate direct comparison of prices, the Commission requested data on delivered prices paid by stainless steel purchasers.

Trends in prices.--The Commission asked domestic producers and importers for their average net selling prices for specific types of stainless steel sheet and stainless steel strip. 2/ These are average prices charged in many different transactions and do not include delivery charges. They are useful for comparing trends, however, and should reflect any discounting that may have occurred, including discounts for freight equalization.

1/ Domestic producers usually charge freight to the purchaser's account. One exception is the practice of freight equalization, where a producer supplying a customer located closer to a competing producer will absorb any differences in freight costs. Thus, the more distant producer charges the customer's account only for freight costs as if the product were shipped from the closer producer.

2/ See product list for specifications, app. D.

Price data on stainless steel sheet were received from six domestic producers for three specifications of sheet. During January 1980 through March 1982, the average price charged service centers/distributors for products 1 and 2 decreased, while prices for product 3 increased (table 18). 1/ For the same products, the domestic price for sales to end users increased for products 1 and 3 and decreased for product 2 (table 19).

Price data received from the four importers responding to the Commission's questionnaire were inadequate, and the index of unit values of imports of stainless steel sheet from West Germany, rather than transaction prices, is presented to reflect changes in West German sheet prices. Unit values decreased by 12.9 percent from April-June 1979 to January-March 1982.

Price data for stainless steel strip were received from four domestic producers for sales to end users. 2/ Domestic strip prices increased throughout the period by a weighted average of 10.5 percent for the three sample products (table 20). Stainless steel strip accounted for only 3 percent of imports from West Germany of sheet and strip in 1981, and no reliable price data were obtained from importers. The index of unit values of imports for this product varied widely over the period and is not believed to accurately reflect price trends of imported West German strip, but rather changes in product mix.

Purchase prices.--The Commission asked purchasers to furnish the delivered prices they paid in 1981 and in January-March 1982 for imported and domestic stainless steel sheet and strip. Purchasers were asked for prices, including delivery charges, paid in specific transactions. To insure that these prices would be comparable, the purchasers were identified by their location, and questionnaires were sent to firms located in six metropolitan areas: Atlanta, Chicago, Detroit, Houston, Los Angeles, and Philadelphia. 3/ These data were used to compare the levels of importers' and domestic producers' prices.

Of the 25 purchasers responding to this questionnaire, 20 reported purchasing stainless steel sheet and strip. Price data were reported by 15 purchasers for the domestic product and by 5 purchasers for the imported product. 4/ Margins of underselling or overselling computed from these responses are presented in table 21. The data are limited to three specifications of sheet sold in the Los Angeles, Chicago, and Philadelphia

1/ The Commission collected price data for three specifications of stainless steel sheet. A list of these specifications is presented in app. D.

2/ Sales of strip are concentrated in the end-user market; reliable domestic prices were not obtained for the service center/distributor market.

3/ Comparable price data were only received for the Los Angeles, Chicago, and Philadelphia areas.

4/ Because price comparisons were made on a regional basis, the data represent prices from a small number of firms.

Table 18.--Indexes of weighted average net selling prices of stainless steel sheet for sales of imports from West Germany and for sales of domestic producers to service center/distributor customers, by types, and index of unit value of imports of stainless steel sheet from West Germany, by quarters, January 1980-March 1982 1/

(January-March 1980=100.0)

Period	Product 1 domestic 2/	Product 2		Product 3 3/		Index of unit values of imports from West Germany
		Domestic	West Germany	Domestic	West Germany	
1980:						
Jan.-Mar-----	100.0	100.0	-	100.0	-	4/
Apr.-June----	98.4	98.9	-	100.0	-	100.0
July-Sept----	96.3	95.6	-	100.0	-	97.6
Oct.-Dec-----	92.1	88.6	-	100.0	-	92.8
1981:						
Jan.-Mar-----	98.8	92.2	100.0	103.7	100.0	121.1
Apr.-June----	98.7	87.9	97.9	103.7	119.3	116.5
July-Sept----	101.7	86.4	-	110.3	106.7	104.7
Oct.-Dec-----	98.1	81.0	-	110.3	107.8	89.4
1982: Jan.-						
Mar----------	93.5	73.6	-	102.2	97.8	87.1

1/ See product list for specifications, app. D.
2/ Importers' questionnaires provided no price data for this product.
3/ Domestic prices represent sales from 1 producer.
4/ Not available.

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

Note.--The base period (100.0) for each series of price indexes is the first quarter for which prices were reported.

Table 19.--Indexes of weighted-average net selling prices of stainless steel sheet for sales of imports from West Germany and for sales of domestic products to end-users customers, by types, and index of unit values of imports of stainless steel sheet from West Germany, by quarters, January 1980-March 1982 1/

(January-March 1980=100.0)

Period	Product 1		Product 2, domestic 2/3/	Product 3, domestic 2/3/	Index of unit values of imports from West Germany
	Domestic	West Germany			
1980:					
Jan.-Mar---	100.0	-	100.0	100.0	4/
Apr.-June--	101.0	-	100.0	100.0	100.0
July-Sept--	106.4	-	83.6	100.0	97.6
Oct.-Dec---	119.9	-	83.6	100.0	92.8
1981:					
Jan.-Mar---	102.7	-	100.0	100.0	121.1
Apr.-June--	104.0	-	100.0	100.0	116.5
July-Sept--	102.8	100.0	83.6	100.0	104.7
Oct.-Dec---	118.5	100.8	76.9	110.3	89.4
1982: Jan.-					
Mar--------	113.9	94.4	71.1	104.8	87.1

1/ See product list for specifications, app. D.
2/ Importers' questionnaires provided no price data for this product.
3/ Domestic prices represent sales from 1 producer.
4/ Not available.

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

Note.--The base period (100.0) for each series of price indexes is the first quarter for which prices were reported.

Table 20.--Indexes of weighted average net selling prices of stainless steel strip for sales of domestic producers to end-user customers, by types, and index of unit values of stainless steel and strip from West Germany, by quarter, January 1980-March 1982 1/

(January-March 1980=100.0)

Period	Product 4 2/	Product 5 2/	Product 6 2/	Index of unit values of imports from West Germany
1980:				
Jan.-Mar-----	100.0	100.0	100.0	3/
Apr.-June----	100.8	100.0	105.4	3/
July-Sept----	99.5	101.5	97.7	3/
Oct.-Dec-----	100.8	106.2	104.4	3/
1981:				
Jan.-Mar-----	100.3	104.5	113.9	3/
Apr.-June----	106.8	105.7	109.7	3/
July-Sept----	109.7	111.1	117.0	3/
Oct.-Dec-----	112.7	111.1	115.7	3/
1982: Jan.-				
Mar----------	109.5	111.6	117.0	3/

1/ See product list for specifications, app. D.

2/ Importers provided no price data for stainless steel strip, which accounted for only 3 percent of sheet and strip imports from West Germany in 1981.

3/ Unit values are not believed to accurately reflect price trends because of changes in product mix.

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

Table 21.--Average margins by which imports of stainless steel sheet and strip from West Germany undersold the U.S. product based on average net delivered purchase prices for the largest purchases of such imports and domestic products by service center/distributor customers, by specified quarters and by metropolitan areas, January 1981-March 1982 1/

Period	Product 1 2/		Product 2 2/		Product 3 3/	
	Los Angeles					
	Per ton	Percent	Per ton	Percent	Per ton	Percent
October-December 1981	$111	6	-	-	-	-
	Chicago 3/					
1981:						
January-March	-	-	$826	22	$600	30
April-June	-	-	680	19	582	29
July-September	-	-	-	-	500	26
1982: January-March	-	-	-213	-8	-	-
	Philadelphia 3/					
1981:						
January-March	-	-	$178	5	-	-
July-September	-	-	206	7	-	-
October-December	-	-	367	12	-	-
1982: January-March	-120	-7	177	7	-	-

1/ Data were received for only the quarters reported.
2/ See product list for specifications, app. D.
3/ A negative number indicates overselling by the imported product.

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

areas. A margin of underselling of 6 percent was found in the Los Angeles region in October-December 1981. Margins of underselling in the Chicago area ranged from 19 to 30 percent from January to September 1981. Margins of underselling in the Philadelphia area ranged from 5 to 12 percent from January 1981 to March 1982 for one specification. Margins of overselling of 7 and 8 percent were reported in January-March 1982 in the Philadelphia and Chicago areas, respectively.

Nonprice factors.--Purchasers were asked to indicate the importance of four nonprice factors in their purchasing decisions on a scale of 5 (high) to 1 (low). These factors were reliability of the vendor firm, proximity of the vendor, quality of the product, and service availability. Nineteen purchasers of stainless steel sheet and strip responded to this question, indicating that quality (4.37) and reliability (4.26) were the most important nonprice considerations, followed by service (3.42) and proximity (2.26). Eleven firms indicated that they had not paid a premium for a nonprice factor. Three firms indicated that quality was a more important consideration than price.

Exchange-rate fluctuations.--From January-March 1979 to January-March 1982 the West German Deutschemark depreciated by 22.6 percent. The Deutschemark generally appreciated relative to the U.S. dollar through July-September 1980, but declined thereafter, reaching its lowest level in January-March 1982. The following tabulation shows the index, as compiled from official statistics of the International Monetary Fund, for the West German exchange rate relative to the U.S. dollar:

Period	Index (Jan.-Mar. 1979=100.0)
1979:	
January-March	100.0
April-June	101.0
July-September	107.2
October-December	107.9
1980:	
January-March	96.2
April-June	106.2
July-September	103.1
October-December	95.6
1981:	
January-March	88.9
April-June	78.1
July-September	80.4
October-December	82.8
1982:	
January-March	77.4

Unit values of imports of West German sheet decreased most significantly in October-December 1981 and January-March 1982. It is possible that a portion of the decline in West German unit values in the latest quarters reflects the depreciation of the Deutschmark in earlier quarters, since orders for sheet are generally placed several months before actual importation.

Lost sales

In its petition to the Commission, TSSIC alleged the loss of sales to imports of stainless steel sheet and strip from West Germany. In addition, three domestic producers submitted specific allegations of lost sales in response to Commission questionnaires. After reviewing all of the submitted data, it was apparent that in many instances, the submitted data concerned "offers" made by suppliers of West German material to potential customers rather than actual purchases. Although these data are useful in determining comparative prices, the Commission has gathered such data through its questionnaire process. Accordingly, the Commission staff limited its verification efforts to allegations involving actual domestic sales losses because of purchases of West German stainless steel sheet and strip. The Commission staff identified and attempted to verify 15 specific allegations. The following tabulation summarizes these allegations:

Item	Number
Total allegations	15
Quantity 1/	2,639
Allegations checked 2/	12
Total confirmed	8
Quantity confirmed 1/	984
Instance where price was cited as the major reason for purchase	4

1/ Short tons.
2/ Although 12 purchasers were contacted, only 11 firms provided information on their purchasing activities.

The results of each successful verification attempt are discussed below:

Purchaser 1.--This allegation concerned the purchase of * * * tons of stainless steel sheet in * * *. The firm involved verified the purchase of * * * tons of West German sheet but maintained that its decision to purchase was based on quality, not price. The firm purchased over 90 percent of its annual requirement for stainless sheet from domestic mills. The majority of its offshore purchases were from * * *. This specific purchase was an attempt to locate an additional offshore source of quality product.

Purchaser 2.--Although a specific quantity was not included in this allegation, the Commission staff attempted a verification. The firm would not confirm or deny any purchases of West German stainless strip but did confirm the existance of low-priced German material in the U.S. market in the last half of 1981. Over 80 percent of this firm's purchases of stainless steel strip were from U.S. producers.

Purchaser 3.--The firm confirmed the purchase of * * * tons of grade * * * sheet in * * * and stated that the price was from 30 to 35 percent lower than that available from domestic mills. The purchaser further stated that the sudden availablity of low-price * * * material in 1981 had actually disrupted the market, as domestic suppliers tried to react to low-price offers.

Purchaser 4.--The purchase of approximately * * * tons of grade * * * series sheet from West Germany was confirmed. The buyer for the firm stated that although he preferred to purchase from domestic sources, the U.S. mills tried to raise their prices to unacceptable levels in mid-1981. When the mills refused to roll back their prices, the buyer was forced to seek the product offshore. * * *. By the * * *, domestic mills had lowered their prices, and the firm once again purchased from domestic sources.

Purchaser 5.--Although this firm represented the * * *, only * * * tons were from West Germany. The remainder was imported from * * *. The buyer for the firm stated that although the price of the * * * material was lower than that of domestic mills, delivery time and availability were the most important considerations in this particular purchasing decision.

Purchaser 6.--The purchase of * * * tons of * * * in the * * * was confirmed. The firm stated that the price of the West German material was from 1 to 7 cents per pound less than that offered by domestic mills. Domestic mills are considered to be price competitive since they have lowered their prices.

Purchaser 7.--The alleged purchase of * * * tons of grade * * * sheet from West Germany was denied. The firm stated that it usually purchased from domestic mills. Although the firm's buyer had heard of low prices for West German stainless, he had never purchased nor been offered any West German material.

Purchaser 8.--The purchase of * * * tons of grade * * * in * * * from West Germany was confirmed. The buyer for the firm stated that the purchase decision was on the basis of availability, not price.

Purchaser 9.--Although no specific quantity of purchase was alleged, this firm bought a small quantity of grade * * * from West Germany in * * *. The buyer for the firm advised that this was a * * *. The order to West Germany was an attempt to develop another source.

Purchaser 10.--The purchase of approximately * * * tons of grade * * * sheet was confirmed. The buyer for the firm stated that he purchased the West German material since it was priced from 5 to 10 percent below domestic mill prices.

Purchaser 11.--The alleged purchase of * * * tons of grade * * * sheet from West Germany was denied. * * *.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION
NOTICE OF INVESTIGATION

[Investigation No. 731-TA-92 (Preliminary)]

Stainless Steel Sheet and Strip From West Germany; Investigation and Scheduling of Conference

AGENCY: International Trade Commission.

ACTION: Institution of a preliminary antidumping investigation and scheduling of a conference to be held in connection with the investigation.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-92 (Preliminary) to determine, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), 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 West Germany of stainless steel sheet, provided for in items 607.7610, 607.9010, and 607.9020 of the Tariff Schedules of the United States Annotated (TSUSA), and stainless steel strip, provided for in TSUSA items 608.4300 and 608.5700 which are alleged to be sold in the United States at less than fair value.

EFFECTIVE DATE: April 28, 1982.

FOR FURTHER INFORMATION CONTACT: Mr. Daniel F. Leahy, Jr., Office of Investigations, U.S. International Trade Commission; telephone 202-523-1369.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted following receipt of a petition filed by members of the Tool and Stainless Steel Industry Committee and the United Steelworkers of America. The Commission must make its determination in the investigation within 45 days after the date of receipt of petition, or by June 10, 1982 (19 CFR 207.17 (1981)). The investigation will be subject to the provisions of Part 207 of the Commission's rules of practice and procedure (19 CFR Part 207 (1981), as amended by 47 FR 6190 (February 10, 1982)), and particularly Subpart B thereof.

Written Submissions

Any person may submit to the Commission on or before May 20, 1982, a written statement of information pertinent to the subject matter of this investigation. A signed original and fourteen copies of such statements must be submitted (19 CFR 201.8 (1981), as amended by 47 FR 6188 (February 10, 1982)).

Any business information which a submitter desires the Commission to treat as confidential shall be submitted separately, and each sheet must be clearly marked at the top "Confidential Business Data." Confidential submissions must conform with the requirements of § 201.6 of the Commission's rules of practice and procedure (19 CFR 201.6). All written submissions, except for confidential business data will be available for public inspection.

Conference

The Director of Operations of the Commission has scheduled a conference in connection with this investigation for 10:00 a.m., e.d.t., on May 17, 1982, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the investigator for the investigation, Mr. Daniel Leahy, telephone 202-523-1369, not later than May 12, 1982, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

For further information concerning the conduct of the investigation and rules of general application, consult the Commission's rules of practice and procedure, Part 207, Subparts A and B (19 CFR Part 207, as amended by 47 FR 6188 (February 10, 1982)), and Part 201, Subparts A through E (19 CFR Part 201, as amended by 47 FR 6188 (February 10, 1982)). Further information concerning the conduct of the conference will be provided by Mr. Leahy.

This notice is published pursuant to § 207.12 of the Commission's rules of practice and procedure (19 CFR 207.12 (1981)).

By order of the Commission.

Issued: April 29, 1982.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-12261 Filed 5-4-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

U.S. DEPARTMENT OF COMMERCE NOTICE OF INVESTIGATION

DEPARTMENT OF COMMERCE

International Trade Administration

Certain Stainless Steel Sheet and Strip Products From the Federal Republic of Germany; Initiation of Antidumping Investigation

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating an antidumping investigation to determine whether certain stainless steel sheet and strip products from the Federal Republic of Germany are being, or are likely to be, sold in the United States at less than fair value. We are notifying the U.S. International Trade Commission ("ITC") of this action so that it may determine whether imports of certain stainless steel sheet and strip products are materially injuring, or are threatening to materially injure, a U.S. industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before June 10, 1982, and we will make ours on or before October 4, 1982.

EFFECTIVE DATE: May 21, 1982.

FOR FURTHER INFORMATION CONTACT: Mary S. Clapp, 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) 377-2438.

SUPPLEMENTARY INFORMATION:

Petition

On April 26, 1982, we received a petition filed by counsel on behalf of eleven U.S. specialty steel producers and on behalf of the United Steeworkers of America. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petition alleges that imports from the Federal Republic of Germany of certain stainless steel sheet and strip products are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the "Act") and that these imports are materially injuring, or are threatening to materially injure, a U.S. industry.

Initiation of Investigation

Under section 732(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for initiation of an antidumping investigation and whether it contains information reasonably available to the petitioner supporting the allegations. We have examined the petition on certain stainles steel sheet and strip products and have found that it meets these requirements.

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether certain stainless steel sheet and strip products from the Federal Republic of Germany are being, or are likely to be, sold in the U.S. at less than fair value. If the investigation proceeds normally, we will make our preliminary determination by October 4, 1982.

Scope of the Investigation

The products covered by this investigation are certain stainless steel sheet and strip products. For a further description of these products see the appendix appearing with this notice.

Notification of ITC

Section 732(d) of the Act requires us to notify the ITC of this action and to provide it with the information we used to arrive at this determination. We will notify the ITC and make available to it all nonprivileged and nonconfidential information. We will also allow the ITC access to all privileged and confidential information in our files, provided that the ITC confirms it will not disclose such information either publicly or under an administrative protective order without the writtten consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by June 10, 1982, whether there is a reasonable indication that imports of certain stainless steel sheet and strip products from the Federal Republic of Germany are materially injuring, or are threatening to materially injure, a U.S. industry. If its determination is negative, this investigation will terminate; otherwise, the investigation will proce according to statutory procedures.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

May 18, 1982.

[FR Doc. 82-14012 Filed 5-20-82; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

A-48

Investigation No. 731-TA-92 (Preliminary)

STAINLESS STEEL SHEET AND STRIP FROM WEST GERMANY

Those listed below are scheduled to appear as witnesses at the United States International Trade Commission conference to be held in connection with the subject investigation beginning at 10:00 a.m., e.d.t., Monday, May 17, 1982, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the imposition of antidumping duties	Alloted time (minutes)
Collier, Shannon, Rill & Scott--Counsel Washington, D.C. on behalf of	60
The Stainless Steel and Alloy Tool Steel Industry Committee and the United Steelworkers of America	
Mr. Richard P. Simmons, President and Chief Executive Officer, Alleghany Ludlum Steel Corporation	
Mr. Bruce P. Malashevich, Economic Consulting Services Inc.	
David A. Hartquist) Paul C. Rosenthal)--OF COUNSEL	
In opposition to the imposition of antidumping duties	
Graubard, Moskovitz & McCauley--Counsel Washington, D.C. on behalf of	60
Thyssen Edelstahliwerk AG (West Germany) Thyssen Specialty Steels, Inc.	
Dr. Hans Mueller	
Alfred R. McCauley--OF COUNSEL	
Coudert Brothers--Counsel Washington, D.C. on behalf of	
Krupp Stahl AG	
Milo G. Coerper--OF COUNSEL	

APPENDIX D

PRODUCT LIST

PRODUCT 1: Stainless steel cold-rolled sheets, AISI grade 304, 2B finish, 16 gauge in thickness, 48" in width, and coiled.

PRODUCT 2: Stainless steel cold-rolled sheets, AISI grade 316, 2B finish, 16 gauge in thickness, 48" in width, and coiled.

PRODUCT 3: Stainless steel cold-rolled sheets, AISI grade 430, BA finish, 20 gauge in thickness, 48" in width, and coiled.

PRODUCT 4: Stainless steel cold-rolled strips, AISI grade 304, 2 finish, 24 gauge in thickness, 4" to 12" in width, and coiled.

PRODUCT 5: Stainless steel cold-rolled strips, AISI grade 430, BA finish, 24 gauge in thickness, 4" to 12" in width, and coiled.

PRODUCT 6: Stainless steel cold-rolled strips, AISI grade 434, BA finish, 24 gauge in thickness, 4" to 12" in width, and coiled.