

HOT-ROLLED STAINLESS STEEL BAR, COLD-FORMED STAINLESS STEEL BAR, AND STAINLESS STEEL WIRE ROD FROM BRAZIL,

**Determinations of the Commission
in Investigations Nos. 701-TA-179
through 181 (Preliminary)
Under Section 703(a) of the
Tariff Act of 1930, Together
With the Information Obtained
in the Investigations**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Daniel Klett, Office of Economics

Sheila Landers, Office of the General Counsel

Supervisory Investigator: John MacHatton

**Address all communications to
Office of the Secretary
United States International Trade Commission
Washington, D.C. 20436**

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-179 through 181 (Preliminary)

HOT-ROLLED STAINLESS STEEL BAR, COLD-FORMED STAINLESS STEEL BAR,
AND STAINLESS STEEL WIRE ROD FROM BRAZIL

Determinations

On the basis of the record 1/ developed in investigation No. 701-TA-179 the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of hot-rolled stainless steel bar, provided for in item 606.9005 of the Tariff Schedules of the United States Annotated (TSUSA), which are alleged to be subsidized by the Government of Brazil. 2/

On the basis of the record 1/ developed in investigation No. 701-TA-180 the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports of cold-formed stainless steel bar, provided for in item 606.9010 of the TSUSA, which are alleged to be subsidized by the Government of Brazil. 2/

On the basis of the record 1/ developed in the subject investigation No. 701-TA-181 the Commission determines, pursuant to section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports

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/ Commissioners Calhoun and Frank, expressing the statutory language, determine that there is a reasonable indication that an industry in the United States is being injured or is threatened with material injury. Commissioner Frank notes that for purposes of reaching his determinations in these cases he is cumulating the impact of imports of stainless steel hot-rolled bar, cold-formed bar, and wire rod from Brazil and Spain.

of stainless steel wire rod, provided for in items 607.2600 and 607.4300 of the TSUSA, which are alleged to be subsidized by the Government of Brazil. 3/

Background

On June 16, 1982, petitions were filed with the Department of Commerce by counsel for Al Tech Specialty Steel Corp., Carpenter Technology Corp., Colt Industries (Crucible Materials Group), Cyclops Corp., Guterl Special Steel Corp., Joslyn Stainless Steels, and Republic Steel Corp. alleging that producers, manufacturers, or exporters in Brazil of stainless steel bar and wire rod receive bounties or grants within the meaning of section 771(5) of the Tariff Act of 1930, as amended (19 U.S.C. 1677(5)) and that imports of these products are materially injuring, or threatening to materially injure a U.S. industry.

On June 16, 1982, Commerce notified the Commission that it was commencing investigations of the existence of said subsidies under section 702. Accordingly, effective June 16, 1982, the Commission, pursuant to section 703(a) of the Act (19 U.S.C. § 1671b(a)), instituted preliminary countervailing duty investigations 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 Brazil of the merchandise which is the subject of the investigations by the Department of Commerce.

3/ Commissioners Calhoun and Frank, expressing the statutory language, determine that there is a reasonable indication that an industry in the United States is being injured or is threatened with material injury. Commissioner Frank notes that for purposes of reaching his determinations in these cases he is cumulating the impact of imports of stainless steel hot-rolled bar, cold-formed bar, and wire rod from Brazil and Spain.

Notice of the institution of the Commission's investigations 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 June 30, 1982 (47 F.R. 28481). The conference was held in Washington, D.C. on July 13, 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 these investigations, we determine, pursuant to section 703(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 by reason of imports of stainless steel hot-rolled bar, cold-formed bar, 1/ and wire rod 2/ which are alleged to be subsidized by the Government of Brazil. 3/ 4/ 5/

1/ Chairman Eckes and Commissioners Stern and Haggart determine that there is a reasonable indication of threat of material injury by reason of imports of both hot-rolled and cold-formed bar.

2/ Chairman Eckes and Commissioners Stern and Haggart determine that there is a reasonable indication of material injury, and therefore do not reach the issue of threat of material injury.

3/ Chairman Eckes and Commissioners Stern and Haggart have made their determination regarding the impact of the alleged subsidized imports from Brazil on a case-by-case basis, and do not reach the issue of cumulation of the imports under investigation with like-product imports from Spain which were the subject of Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Inv. nos. 701-TA-176 through 178 (Preliminary) USITC Pub. No. 1254 (June 1982) or with like-product imports currently subject to investigation by the United States Trade Representative under section 301 of the Trade Act of 1974.

4/ Commissioner Calhoun's determination is based upon the cumulation of imports of stainless steel hot-rolled bar, cold-formed bar and wire rod with the respective imports from Spain which were the subject of Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Inv. nos. 701-TA-176 through 178 (Preliminary) USITC Pub. No. 1254 (June 1982).

5/ Commissioner Frank determines that there is cumulation of imports of stainless steel hot-rolled bar, cold-formed bar, and wire rod, at least in combination with imports of these products from Spain. He finds three separate like products where some overlapping of facilities for production and related other factors occurs in segment areas of these like-products. Details on Commissioner Frank's views on cumulation, other related issues, and the low threshold test for 45-day preliminary injury determination, are found in earlier opinions of Commissioner Frank such as in Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the

(Footnote continued)

Standards for Determination

In making a determination as to whether there is material injury, the Commission is required to consider, among other factors: (1) the volume of imports; (2) the effect of imports on domestic prices for like products; and (3) the impact of imports on the domestic industry. 6/

In making a determination as to whether there is a threat of material injury, the Commission considers, among other factors: (1) the rate of increases of subsidized or dumped imports into the U.S. market, (2) the capacity in the exporting country to generate exports, and (3) the availability of other export markets. 7/ Findings of a reasonable indication of threat of material injury must be based on a showing that the likelihood of harm is real and imminent, and not on mere supposition, speculation, or conjecture. 8/

(Footnote continued)

United Kingdom, and West Germany, Inv. Nos. 701-TA-86-144, 146, and 147 at 121-135 (Preliminary) (USITC Pub. No. 1221, Volume I) (February 1982). Although Commissioner Frank did not reach the issue of threat of material injury in Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Inv. Nos. 701-TA-176 through 178 (Preliminary) (USITC Pub. No. 1254, (June 1982), in this preliminary investigation he concludes that an industry in the United States is materially injured or threatened with material injury by reason of imports of stainless steel hot-rolled bar, cold-formed bar, and wire rod from Brazil, which are alleged to be subsidized by the Government of Brazil.

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 which reasonably indicates 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).

6/ 19 U.S.C. § 1677(7)(B).

7/ 19 C.F.R. § 207.26(d).

8/ S. Rep. No. 96-249, 96th Cong., 1st Sess. 88-89 (1979); S. Rep. No. 1298, 93d Cong., 2d Sess. 180 (1974); *Alberta Gas Chemicals, Inc. v. United States*, 515 F. Supp. 780, 790 (Ct. Int'l Trade 1981).

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." 9/ Section 771(10) defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses" with the article under investigation. 10/

The imported articles under investigation are stainless steel 11/ hot-rolled bar, stainless steel cold-formed bar, and stainless steel wire rod. 12/ Bars 13/ are semifinished products that have numerous applications in the manufacture of such items as pump shafts, ball bearings, automotive parts, and medical instruments. 14/

Both domestic and imported hot-rolled bar is produced from stainless steel billets in a rolling mill. Unlike hot-rolled stainless steel sheet, a significant amount of hot-rolled bar is sold as a finished product. 15/ In comparison to cold-formed bar, much hot-rolled bar is a flat bar product. 16/ The principal applications of hot-rolled bar are in the manufacture of turbines and industrial equipment. 17/

9/ 19 U.S.C. 1677(4)(A).

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

11/ For the definition of stainless steel, see Report at A-7.

12/ The terms hot-rolled bar, cold-formed bar, and wire rod as used hereinafter refer to stainless steel hot-rolled bar, stainless steel cold-formed bar, and stainless steel wire rod.

13/ For the definition of bar, see Report at A-7.

14/ Id. at A-7; A-11.

15/ Transcript of preliminary conference in Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Inv. nos. 701-TA-176 through 178 (Preliminary) USITC Pub. No. 1254 (June, 1982) at 55-56.

16/ Id.

17/ Id.; Report at A-55.

Both domestic and imported cold-formed bar is a refinement of the hot-rolled product that is of higher quality, both in terms of finish and tolerances. 18/ Therefore, cold-formed bar has several applications that hot-rolled bar is not suitable for, such as airplane landing gears, boat propeller shafts, automobile valves and fittings, drive shafts and cutlery. 19/ As a refinement of the hot-rolled product, cold-formed bar costs more to produce, 20/ and sells for a higher price. 21/

Wire rod is a semifinished, hot-rolled product that is round in cross section, between 0.20 inch and 0.74 inch in diameter, and, unlike the bar products, is produced in coils. 22/ The manufacture of stainless rod requires specialized equipment and manufacturing processes that are generally different from those used to produce bar. 23/ Wire rod is produced in longer lengths than bar, and is preferred over bar of the same diameter by manufacturers with continuous operations, such as wire and fastener producers. 24/ It is also priced less per pound than bar of the same diameter. 25/ Wire rod is used primarily in the manufacture of stainless steel wire and fasteners. 26/

18/ Id. at A-8; A-11.

19/ Transcript, id. at A-7.

20/ Transcript of Preliminary Conference (Tr.) at 41 (testimony of Dr. Lena, President, Al Tech Specialty Steel).

21/ Id. at 40.

22/ Report at A-8.

23/ The distinction between rod and hot-rolled bar is not complete to the extent that bar of less than one inch in diameter may be produced by simply uncoiling, cutting and straightening rod, or may be produced on an automated bar and rod mill that can produce both narrow gauge bar and rod simultaneously. Nevertheless, this overlap is limited to the narrower gauges of bar, which constitute approximately half of the bar produced. See Report at A-9; transcript of Preliminary Conference at 24-25 (testimony of Dr. Lena).

24/ Tr. 43.

25/ Information on file in Office of Economics (Daniel Klett).

26/ Id. at A-8.

On the basis of the information available, we have determined that there is one domestic product corresponding to each of the three imported products that are the subject of these investigations. Each of the three stainless steel products under investigation is fungible with the corresponding product of the domestic manufacturers. Each of the three products as shipped has different characteristics and uses, and are priced differently. Accordingly, we determine that there are three separate domestic industries consisting of the domestic producers of each like product.

We emphasize that the definitions of the industries in these preliminary investigations are based on the best information now available. We do not preclude the possibility of defining the domestic industries differently in any final investigation.

HOT-ROLLED STAINLESS STEEL BAR

Condition of the Domestic Industry

The condition of the domestic stainless steel hot-rolled bar industry has been deteriorating since 1979, and this downward trend quickened in the first quarter of 1982. Domestic production of hot-rolled bar declined by 13 percent between 1979 and 1981, 27/ a drop considerably greater than the 8 percent decline in U.S. consumption for this period. 28/ The first quarter of 1982 resulted in a decline of over 25 percent from the comparable 1981 quarter. 29/ Domestic shipments also declined during this period, 30/ and

27/ Report at A-21 (Table 8).

28/ Id. at A-16.

29/ Id. at A-21 (Table 8).

30/ Id. at A-17 (Table 6); A-20.

end-of-period inventories reached a level in 1981 equivalent to 25 percent of producers' 1981 shipments. 31/

Utilization of hot-rolled bar capacity also declined steadily, from 67 percent in 1979 to 57.1 percent in 1981. It declined to 43 percent for the first quarter of 1982, as compared with 57.6 percent for the first quarter of 1981. 32/

Employment patterns also evidenced a steadily negative trend. The average number of production and related workers producing hot-rolled bar declined 6 percent between 1979 and 1981, and fell 18 percent in the first quarter of 1982 compared with the first quarter of 1981. 33/ The number of hours paid--a more informative indicator of loss of employment in an industry with reduced hours and furloughs--fell by 14 percent between 1979 and 1981, and by 23 percent during the first quarter of 1982 as compared to the first quarter of 1981. 34/

Sales, gross profits, and net profits before taxes declined in the first quarter of 1982 as compared with the first quarter of 1981. 35/ 36/

Furthermore, the aggregate figures mask significant losses that have been

31/ Id. at A-24.

32/ Id. at A-21.

33/ Id. at A-24.

34/ Id. at A-25 (Table 11)

35/ Id. at A-27 (Table 14). The ratio of operating profit to net sales for the first quarter of 1982 compared with the first quarter of 1981 does not reflect a decline. In Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar and Stainless Steel Wire Rod from Spain, Inv. No. 701-TA-176/178 (Preliminary), the Commission noted at page 10 that the ratio of operating profit to net sales for producers of hot-rolled bar declined to 5.9 percent for the first quarter in 1982, from 7.6 percent for the first quarter in 1981. These figures were derived from estimated figures provided by a confidential memorandum from the Director, Office of Investigations to the Commission dated June 3, 1982 (INV-F-073). Since that time actual figures for the first quarter for 1981 and 1982 have been provided and reveal a different
(Footnote continued)

experienced on an individual producer basis. Two of the six domestic producers reported operating losses in 1980 and 1981. In the first quarter of 1982, the number rose to four. 37/

Material Injury or Threat of Material Injury 38/

Imports of hot-rolled bar from Brazil rose to 536 tons in 1981 as compared with 450 tons in 1980. 39/ Imports for the first quarter of 1982 also rose to 226 tons, as compared with 213 tons for the same quarter in 1981. 40/

In addition, the ratio of imports from Brazil to domestic consumption increased from 0.9 percent in 1980 to 1.2 percent in 1981. In the first quarter of 1982, the ratio was 1.7 percent, almost the same record high level of 1.8 percent reached in the first quarter of 1981. 41/

Brazil's export orientation is also very strong. In 1981, 23 percent of Brazilian stainless steel bar 42/ production was exported. Although Brazil's

(Footnote continued)

trend (see Table 14 at A-36). These actual figures are confidential. The other relevant economic and financial factors discussed above which indicate a deteriorating position in the industry provide the requisite showing for an affirmative finding of threat of injury for purposes of this preliminary investigation.

36/ For purposes of this preliminary investigation, we find that these quarterly trends are consistent with our finding of a deteriorating position of the industry as reflected by other economic indicators such as employment patterns, capacity utilization, production, and shipments.

37/ Id. at A-28.

38/ See footnote 1 at p. 5.

39/ Id. at A-48 (Table 29).

40/ Id.

41/ Id. at A-53 (Table 35).

42/ Id. at A-42 (Table 25). We do not, at this time, have data on exports of bar from Brazil broken out between hot-rolled and cold-formed. However, according to Department of Commerce statistics, in 1981, of the total stainless steel bar imported from Brazil into the United States, 18 percent was hot-rolled bar, and 82 percent was cold-formed bar. Id. at A-48.

production of bar decreased by 5.2 percent between 1980 and 1981, its total exports of bar increased by 2.9 percent during this period. 43/ In addition, Brazil's leading producers of stainless steel bar increased overall production capacity in 1981, 44/ and there are indications that they intend to continue to increase exports of bar. 45/

The United States is Brazil's second largest export market for stainless steel bar, accounting for 47 percent of total bar exports in 1981. 46/ In addition, there are indications that the United States has become an increasingly attractive market for Brazilian exports of stainless steel bar. Although the level of Brazil's total exports of stainless steel bar has remained fairly constant, exports to the United States have steadily increased from 1,469 tons in 1979 to 2,018 tons in 1980, to 2,914 tons in 1981. 47/ The figure for the first quarter of 1982, 1,577 tons, is more than that for all of 1979. 48/ The percentage of total bar exports represented by exports to the U.S. market has risen steadily from 23 percent in 1979 to 33 percent in 1980 to 47 percent in 1981, an increase of 10 and 14 percentage points respectively. 49/ Thus, an increasing share of exports of bars from Brazil are being exported into the United States.

In addition, there do not appear to be other major export markets for Brazil's bar exports. In fact, exports to the EC, which has been the major market for Brazilian bar exports, have steadily declined from 64 percent in

43/ Id. at A-44.

44/ Id. at A-43, A-44.

45/ Id. at A-44.

46/ Id. at A-42 (Table 25).

47/ Id.

48/ Id.

49/ Id. at A-42 (Table 25).

1979 and 1980 to 47 percent in 1981. 50/ Thus, by 1981, exports to the United States had increased so as virtually to equal the decreasing share of bar exports to the EC. 51/

Furthermore, comparisons of U.S. producers' and importers' weighted average net selling prices indicate that hot-rolled bar from Brazil undersells the domestic product by average margins of 16 percent. 52/ Also, purchasers have confirmed that they received offers for Brazilian stainless steel bar at prices approximately 30 to 45 percent below the prices of domestic producers. 53/

Conclusion

Our investigation reveals that the domestic stainless steel hot-rolled bar industry is experiencing serious economic problems, that imports of hot-rolled bar from Brazil have increased during the past year, and that hot-rolled bars from Brazil are underselling the domestic product by wide margins. In addition, we note that the capacity of Brazilian specialty steel makers is increasing, and bar exports are increasing. Furthermore, bar exports to the United States, which is one of Brazil's major export markets, have increased significantly, while bar exports to the EC, Brazil's other major export market, have steadily declined. Therefore, we find that there is a reasonable indication that the domestic stainless steel hot-rolled bar

50/ Id.

51/ Id.

52/ Id. at A-66.

53/ Id. at A-67, A-68 (Purchasers 1 and 2).

industry is materially injured or threatened with material injury 54/ by reason of allegedly subsidized imports of hot-rolled stainless steel bar from Brazil.

COLD-FORMED STAINLESS STEEL BAR

Condition of the Domestic Industry

The condition of the domestic stainless steel cold-formed bar industry is rapidly deteriorating. Domestic production of cold-formed bar declined by 19 percent between 1979 and 1981. 55/ This drop in production was greater than the 13 percent-decline in domestic consumption for the period. 56/ Domestic shipments also declined by 21 percent during this period, 57/ with end-of-period inventories increasing from a level equivalent to 27 percent of shipments in 1979 to 44 percent of shipments in 1981. 58/

Utilization of cold-formed capacity also declined steadily, from 79.4 percent in 1979 to 64.7 percent in 1981, then fell to 55.1 percent for the first quarter of 1982, as compared with 60.6 percent in the first quarter of 1981. 59/

Employment patterns also declined steadily. The average number of production and related workers producing cold-formed bar decreased by 14 percent between 1979 and 1981, then fell by 11 percent in the first quarter of 1982 compared with the first quarter of 1981. 60/ The number of hours paid

54/ See supra note 1.

55/ Report at A-2 (Table 8).

56/ Id. at A-16

57/ Id. at A-18. (Table 7); A-20.

58/ Id. at A-24.

59/ Id. at A-21 (Table 8).

60/ Id. at A-25 (Table 11).

fell by 21 percent between 1979 and 1981, and by 15 percent during the first quarter of 1982, as compared with the first quarter of 1981. 61/

Although the ratio of operating profit to net sales increased from 9.3 percent in 1979 to 11.6 percent in 1980, the figures for 1981 62/ and the first quarter of 1982 indicate a deteriorating position. In 1981, the ratio of operating profit to net sales dropped to 10.5 percent. In the first quarter of 1982, the ratio of operating profit to net sales, as well as sales, cash flow, and other profit margins all fell significantly compared with the indicators for the first quarter of 1981. 63/

Furthermore, the aggregate figures mask a trend toward significant losses that have been experienced on an individual producer basis. Whereas one firm sustained operating losses for each of the years 1979 to 1981, during the first quarter of 1982, five domestic producers sustained operating losses compared with four firms in the first quarter of 1981. 64/

Material Injury or Threat of Material Injury 65/

Imports of cold-formed bar from Brazil increased from 1,489 tons in 1979 to 2,378 tons in 1981. 66/ Imports for the first quarter of 1982 increased to 1,351 tons, as compared with 259 tons for the same quarter in 1981. 67/ The ratio of imports of cold-formed bar from Brazil to apparent U.S. consumption

61/ Id.

62/ Id. at A-31 (Table 16).

63/ Id. The specific figures for the first quarter of 1982 are confidential information.

64/ Id. at A-29.

65/ See supra note 1.

66/ Report at A-51 (Table 33).

67/ Id.

also increased from 1.2 percent in 1979 to 2.1 percent in 1981. The ratio for the first quarter of 1982 was 5.0 percent, compared with 0.9 percent in the first quarter of 1981. 68/ As already discussed in relation to hot-rolled bar, although total exports from Brazil have remained fairly constant, exports to the United States have increased significantly, while exports to other major markets have decreased. 69/

A comparison of the weighted average net selling prices of domestic producers and importers indicates that cold-formed bar from Brazil undersold the domestic product by an average margin of 25 percent for one item, and 18 percent for another item. 70/ In addition, two purchasers have confirmed that they received offers for stainless steel bar from Brazil at prices approximately 30 percent below domestic prices. 71/

Conclusion

Our investigation reveals that while the domestic industry is losing market share, and its financial position is deteriorating, imports of stainless steel cold-formed bar from Brazil are increasing rapidly, both in absolute numbers and market share. They are also underselling the domestic product by wide margins. Furthermore, the capacity of Brazilian specialty steel producers is increasing, exports of bar are increasing, and exports of bar to the United States are increasing while those to the EC, Brazil's other major export markets for bar, are decreasing. Therefore, we find that there is a reasonable indication that the domestic cold-formed stainless steel bar

68/ Id. at A-53 (Table 35).

69/ See discussion at 12-13.

70/ Report at A-84.

71/ Id. at A-67 (Purchasers 1 and 2).

industry is materially injured or threatened with material injury 72/ by reason of allegedly subsidized imports of cold-formed stainless steel bar from Brazil.

STAINLESS STEEL WIRE ROD

Condition of the Domestic Industry

The condition of the domestic stainless steel wire rod industry has already substantially declined, and continues to deteriorate. Domestic production of wire rod dropped by 18 percent between 1979 and 1981. 73/ This drop in production was considerably greater than the 4.2 percent decline in U.S. consumption of wire rod for the period. 74/ Domestic shipments also fell by 24 percent during this period. 75/

Utilization of wire rod capacity also declined steadily, from 67.7 percent in 1979 to 56.8 percent in 1981, and dropped to 42.7 percent for the first quarter of 1982, as compared with 57.4 percent in the first quarter of 1981. 76/

Employment patterns also evidence a sharply negative trend. The average number of production and related workers producing wire rod declined 7 percent between 1979 and 1981, and fell 19 percent in the first quarter of 1982. The number of hours paid dropped by 14 percent between 1979 and 1981, and by 24 percent during the first quarter of 1982 as compared with the first quarter of 1981. 77/

72/ See *supra* note 1.

73/ *Id.* at A-21 (Table 8).

74/ *Id.* at A-16.

75/ *Id.* at A-20, A-18 (Table 7).

76/ *Id.* at A-21 (Table 8).

77/ *Id.* at A-25 (Table 11).

Operating profit plunged by 93 percent from \$4.9 million in 1979 to \$336,000 in 1980, and turned into an operating loss of \$1.4 million in 1981. In the same period, the ratio of operating profit to net sales dropped from 6.6 percent in 1979 to 0.5 percent in 1980, to a negative 2.3 percent in 1981. Similarly, cash flow from operations declined from \$5.1 million in 1979 to a deficit of \$922,000 in 1981. 78/ This negative trend substantially worsened during the first quarter of 1982, with the ratio of operating loss to net sales increasing significantly. 79/ Furthermore, the number of firms reporting operating and net losses increased from two in 1979 to three in 1980 and 1981, and to four in the first quarter of 1982. 80/ In fact, one of the domestic producers, Crucible, announced in April, 1982, that it was permanently discontinuing its wire rod operation. 81/

Material Injury or Threat of Material Injury 82/

The share of the domestic stainless steel wire rod market held by the domestic industry decreased from 68 percent in 1979 to 55 percent in 1981, and to 46 percent in the first quarter of 1982, as compared with 63 percent in the first quarter of 1981. 83/

Imports of stainless steel wire rod from Brazil increased from 13 tons in 1980, when Brazil first entered the U.S. market, to 1,349 tons in 1981. In

78/ Id. at A-33 (Table 18).

79/ Id. The specific figures for the first quarter of 1982 are confidential information.

80/ Id.

81/ Statement of Dr. Adolph J. Lena, Transcript of Preliminary Conference in Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, supra n. 3 at 4 (May 19, 1982).

82/ See supra note 2.

83/ Report at A-53 (Table 35).

addition, imports for the first quarter of 1982 increased to 324 tons, as compared with 285 tons for the same quarter in 1981. 84/ Quarterly data indicate that imports of wire rod from Brazil have increased steadily since the second quarter of 1981. 85/

The ratio of Brazilian wire rod imports to domestic consumption also increased from less than 0.5 percent in 1980 to 2.4 percent in 1981, and rose in the first quarter of 1982 to 2.5 percent, as compared with 2.2 percent in the first quarter of 1981. 86/ In fact, quarterly figures reveal a steady upward trend starting in the second quarter of 1981, when the import penetration ratio was 1.3 percent through the last quarter of 1981, when it reached 3.3 percent.

The United States is Brazil's largest export market for stainless steel wire rod. In 1981, 36 percent of Brazilian stainless steel wire rod production was exported, and 78 percent of rod exports were exported to the United States. 87/ In addition, there are indications that the United States has become an increasingly attractive market for Brazilian exports of stainless steel wire rod. Although Brazil's exports of wire rod increased by 1,075 tons between 1980 and 1981, its exports to the EC, its major export market for rod in 1979 and 1980, decreased from 610 tons in 1980 to 420 tons in 1981. 88/ Conversely, exports of wire rod to the United States increased from 19 tons in 1980 to 1,515 tons in 1982. 89/ Thus an increasing share of total exports of wire rod from Brazil has been exported to the United States.

84/ Id. at A-52 (Table 30).

85/ Id. at A-52 (Table 34).

86/ Id. at A-41.

87/ Id. at A-42 (Table 26).

88/ Id.

89/ Id.

In fact, the increase in exports to the United States account for not only all of the increase in exports for 1981, but for the amount of exports lost to the EC as well. Given that exports to the EC are declining, it appears that no major export markets other than the United States are available. 90/

Furthermore, a comparison of the weighted average net selling prices of domestic producers and importers indicate that wire rod from Brazil has undersold the domestic product by average margins of 7 percent. 91/ In addition, purchaser responses indicate that they received offers for rod from Brazil at prices approximately 30 percent below domestic prices. 92/

Conclusion

We find that there is a reasonable indication that the domestic stainless steel wire rod industry is materially injured or threatened with material injury 93/ by reason of imports of stainless steel wire rod from Brazil. Our conclusion is based upon steady increases in imports of stainless steel wire rod from Brazil, both in absolute numbers and market share, significant increases in Brazil's exports of wire rod, and the fact that the United States is the primary export market for Brazil's exports. We further note that the share of exports to Brazil's second largest export market has been decreasing. Finally, there are clear indications that the domestic stainless steel wire rod industry has experienced, and is continuing to experience serious economic problems, and that wire rod from Brazil is underselling the domestic product.

90/ Id.

91/ Id. at A-67 (Table 44).

92/ Report at A-67 (Purchasers 1 and 2).

93/ See supra note 2.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On June 16, 1982, a petition was filed with the U.S. Department of Commerce by counsel for Al Tech Specialty Steel Corp., Carpenter Technology Corp., Colt Industries, Inc. (Crucible Specialty Metals Division), Cyclops Corp., Guterl Special Steel Corp., Joslyn Stainless Steels, and Republic Steel Corp. all of which manufacture, produce, or wholesale stainless steel bar and/or stainless steel wire rod products in the United States. The petition alleges that producers, manufacturers, or exporters of stainless steel bar and wire rod in Brazil receive, directly or indirectly, subsidies from the Brazilian Government and that the U.S. stainless steel bar and wire rod industry has been materially injured and is threatened with continued and more serious injury by the subsidized Brazilian imports. Accordingly, effective June 16, 1982, the Commission instituted countervailing duty investigations Nos. 701-TA-179 through 181 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1671b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil of hot-rolled stainless steel bar (investigation No. 701-TA-179), provided for in item 606.9005 of the Tariff Schedules of the United States Annotated (TSUSA), cold-formed stainless steel bar (investigation No. 701-TA-180), provided for in TSUSA item 606.9010, and stainless steel wire rod (investigation No. 701-TA-181), provided for in TSUSA items 607.2600 and 607.4300, upon which bounties or grants are alleged to be paid. The statute directs that the Commission make its determinations in these investigations within 45 days after the date on which it received notice by the administering authority of an investigation commenced under section 702(b) of the act, or by August 2, 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 June 30, 1982 (47 F.R. 28481). 1/ The public conference was held in Washington, D.C., on July 13, 1982, at which time all interested parties were given the opportunity to present information for consideration by the Commission. 2/ The Commission voted on the investigations on July 27, 1982.

Other Commission Investigations

On June 2, 1982, based on the record developed in investigations Nos. 701-TA-176 through 178, the Commission unanimously voted in the affirmative, i.e., 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 bar and wire rod that are allegedly subsidized by the Government of Spain. The products involved in the Spanish case are identical to the products in the instant investigations.

1/ 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 countervailing duty investigation is presented in app. B.

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

The Commission has made an affirmative determination in a prior antidumping investigation concerning stainless steel wire rod from France 1/.

Accordingly, imports of wire rod from France are currently subject to an outstanding antidumping order. The Commission also conducted three investigations on stainless steel products under sections 201 and 203 of the Trade Act of 1974. 2/

In the first of these three, investigation No. TA-201-5, on January 16, 1976, the Commission determined that stainless steel bar and wire rod and stainless and alloy tool steel sheet and strip and plate 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.

The President determined that import relief should be provided, and on June 11, 1976, issued Proclamation No. 4445, which 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 supplying countries. 3/

Prior to proclaiming such relief, the President sought to negotiate orderly marketing agreements with the leading sources of stainless and alloy tool steel. Only Japan expressed a willingness to negotiate such an agreement. The quantitative restrictions proclaimed with respect to imports from Japan reflected the terms of an agreement signed with the Government of Japan on June 11, 1976, 4/ providing for the limitation of imports from Japan for a 3-year period beginning June 14, 1976.

The second of these three investigations, No. TA-203-3, Stainless Steel and Alloy Tool Steel, was instituted by the Commission on June 19, 1977, after the Special Representative for Trade Negotiations (now the United States Trade Representative) requested advice on May 25, 1977, from the Commission under section 203(i)(2) concerning the probable economic effect on the specialty steel industry if the relief provided by Proclamation No. 4445, as modified by Proclamations Nos. 4477 and 4509, were to be terminated or reduced.

1/ Stainless Steel Wire Rods From France: Determination of Injury in Investigation No. AA1921-119. . . , TC Publication 596, July 1973.

2/ Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-203-3. . . , USITC Publication 838, October 1977.
Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-201-5. . . , USITC Publication 756, January 1976.
Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-203-5. . . , USITC Publication 968, April 1979.

3/ There were six basic source 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.

4/ See Agreement on Speciality Steel Imports, June 11, 1976, United States-Japan, TIAS No. 8442.

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. 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 so-called chipper knife steel and band saw steel from the quota on alloy tool steel covered in item 923.26 of the Appendix to the Tariff Schedules of the United States (TSUS). 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.

The third investigation, No. TA-203-5, also titled Stainless Steel and Alloy Tool Steel, was instituted by the Commission 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 investigation was instituted under subsections 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 of the termination of import relief presently in effect with respect to the stainless steel and alloy tool steel provided for in TSUS items 923.20 through 923.26. Such import relief was scheduled to terminate on June 13, 1979, unless extended by the President. On April 24, 1979, the Commission voted affirmatively (tie vote by the Commission is affirmative according to the Trade Act). 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. Commissioners Moore and Bedell advised the President that the termination of the quantitative import restrictions would have a serious adverse economic effect on the domestic industry producing such articles. Commissioner Parker did not participate in the investigation.

On June 12, 1979, the President issued Proclamation No. 4665, which extended the temporary quantitative limitations imposed by Proclamation No. 4445, as amended, for the period of June 14, 1979, through February 13, 1980. Such import relief was terminated on February 14, 1980.

Other Investigations Concerning the Subject Products

On January 12, 1982, the Tool & Stainless Steel Industry Committee (since renamed: Specialty Steel Industry of the United States) and the United Steelworkers of America filed a petition with the United States Trade Representative (USTR) pursuant to section 301 of the Trade Act of 1974, 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 as violating the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the GATT (the "Subsidies Code"). 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 burden or restrict U.S. commerce and cause or threaten to cause injury to the U.S. 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.

On February 26, 1982, the USTR initiated 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. 2/

Upon initiating these investigations, the USTR also began the process of consultation required by section 303 of the act 3/ and article 12 of the Subsidies Code. If these consultations fail to result in a satisfactory resolution of the case, the USTR may invoke the conciliation and formal dispute settlement provisions (arts. 17 and 18) of the Subsidies Code. 4/ The code provides certain time constraints for each of these steps in the process. At the same time, pursuant to section 304 of the act, the USTR is to recommend to the President by October 26, 1982, what action, if any, he should take in this case. 5/

The USTR did not accept the petition concerning Brazil, because as a developing country, Brazil is eligible for favorable "track two" treatment under the Subsidies Code. Accordingly, pursuant to art. 14(5) of the code, Brazil has entered into a commitment with the United States to eliminate export subsidies. The United States is thus precluded, pursuant to articles 14(b) and 14(8) of the code, from challenging Brazil's use of export subsidies as long as Brazil continues to meet the obligations contained in its

1/ 47 F.R. 10107.

2/ The USTR rejected the petition regarding Belgium because the Belgian companies named in the petition did not export to the United States. On June 23, 1982, the petitioners re-filed a petition which supplied the names of allegedly subsidized producers that do export to the United States. The USTR has not yet made a decision in this matter.

3/ 19 U.S.C. § 2413.

4/ 19 U.S.C. § 2413.

5/ 19 U.S.C. § 2414.

commitment. Given that most of the subsidies complained of by petitioner are export subsidies, the USTR determined that it was precluded from accepting the petition as to Brazil. 1/

The European Community has also conducted antidumping and subsidizing proceedings concerning certain stainless steel bars from Brazil. The antidumping investigation preliminarily found existence of dumping margins ranging from 0 to 72 percent and generally varying around 30 percent. 2/ The subsidizing proceedings found that the Brazilian Government authorized preferential credit terms for exports and granted excessive tax credit and access to lower interest working capital to the producers and exporters of certain stainless steel bars. 3/

These proceedings were terminated when the Brazilian exporters pledged to the European Community to increase their export prices to the EC for certain types of stainless steel bars.

Nature and Extent of Alleged Bounties and Grants

According to the petition the Brazilian stainless steel producers may be benefiting from a variety of subsidies, most of which are the same as those presented in the case on certain steel products. 4/ They are as follows:

1. Excessive Remission of the Industrial Products Tax (IPI) for Exports: 5/ This provides for the excessive remission of the Brazilian value-added tax generally in the form of a tax credit amounting to 15 percent of the f.o.b. value of the exports. The Commerce Department, in its June 11 preliminary determination

1/ USTR notice of initiation of investigation, 47 F.R. 10107.

2/ Official Journal of the European Communities, No. L 131, May 28, 1980, p. 18.

3/ Ibid., No. L 139, June 5, 1980, p. 30.

4/ Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany: Determinations of the Commission in Investigations Nos. 701-TA-86 through 144, 701-TA-146 and 701-TA-147 (Preliminary). . . , USITC Publication 1221, February 1982.

5/ Brazil agreed to eliminate, and in fact did phase out, this excessive remission in December 1979 as part of the commitment it entered into with the United States which was necessary for U.S. acceptance, without reservations, of Brazil as a signatory to the Subsidies Code. The program is scheduled to be phased out entirely by Apr. 1, 1983. However, on Apr. 1, 1981, Brazil reinstated it. On Mar. 31, 1982, the export credit premium was reduced to 14 percent. It is scheduled to be reduced to 12.5 percent on June 30, 1982. Preliminary Affirmative Countervailing Duty Determination; Carbon Steel Plate From Brazil, 47 F.R. 26310-26315 (June 17, 1982).

in the Certain Steel Products case, regarding carbon steel plate from Brazil, determined that this was a countervailable subsidy. 1/

2. IPI Rebates for Capital Investment: Decree Law 1577 provides funding for the expansion of the Brazilian steel industry through a rebate of 95 percent of its net value-added tax (VAT), i.e., the difference between the VAT paid on its products as sold minus the VAT it has paid its suppliers. The Commerce Department has determined that this amounts to an untied grant, and therefore a countervailable subsidy. 2/
3. Preferential Working Capital Financing for Exports: Under resolution 674, Brazilian steel companies may receive short-term preferential financing for up to 20 percent of the net f.o.b. value of the previous year's exports. The net f.o.b. value is calculated by taking numerous deductions, including a deduction for the company's "trade deficit" as a percentage of export value. The Commerce Department has found that the difference between the preferential interest rates of these loans and commercial rates (an effective rate of 22.5 percent) is a countervailable subsidy. 3/
4. Income Tax Exemption for Export Earnings: This program allows all Brazilian companies to reduce taxable income by exempting the percentage of their profit attributable to export revenue. The Commerce Department has found this to be a countervailable subsidy. 4/
5. The Commission for the Granting of Fiscal Benefits to Special Export Programs (BEFIEX): BEFIEX grants various benefits regarding import duties and taxes to companies making a commitment that over the life of the project they will generate export earnings of at least three times the value of imports for the project. 5/

1/ Ibid. pp. 26311-26312.

2/ Ibid. 26311.

3/ Ibid. 26312. However, in its Certain Steel Products preliminary determination, the Department of Commerce found that because both carbon steel producers had trade deficits due primarily to the importation of coal, the amount of trade deficit deductions substantially limited the amount of financing available to them under this program.

4/ Ibid., pp. 26313-26314. However, in the Carbon Steel Products case, the Commerce Department determined that since neither of the carbon producers had a taxable profit for 1980, neither was eligible to receive such benefits.

5/ Ibid., p. 26314. However, in the Carbon Steel Products case, the Commerce Department determined that, since the steel industry has been developed primarily to serve the domestic market and since both carbon steel producers have large trade deficits, carbon steel producers are effectively ineligible for this program.

6. Preferential Financing for the Storage of Merchandise Destined for Export: Resolution 330 provides loans to finance up to 80 percent of the value of merchandise placed in a warehouse and destined for export at 40 percent compared with the commercial interest rate. 1/

The Government of Brazil also provides its industries with long-term loans at low interest rates for project investments and the purchase of capital equipment. However, the Department of Commerce has not yet determined if these loans constitute subsidies within the meaning of the countervailing duty law. 2/

Petitioners allege that the Brazilian Government provides direct aid to its steel industry. However, unlike the Brazilian carbon steel industry, which is largely state owned, the stainless steel industry is privately owned, and there is no evidence of direct grants to the stainless producers at this time. Petitioners also suggest that the Brazilian steel industry may receive preferential rates for freight, rail, and port facilities. However, in its Certain Steel Products preliminary determination, the Department of Commerce found no evidence to confirm this. 3/

The Product

Description and uses

For the purpose of this investigation, "stainless steel bar" is defined as being of solid section and having a cross section in the shape of a circle, segment of a circle, oval, triangle, rectangle, hexagon, or octagon. Stainless steel 4/ bar is usually cold-finished, cut to length, and used in the production of a variety of products. Commodity grades of bar, the most widely sold types of bar, are used in the production of pipe and tube fittings, cutlery, and fasteners. Specialty grades of bar are primarily used in specialized military, aerospace, and precision tools manufacture. These include such products as specialized fasteners, hydraulic tubing, fittings, jet engine parts, landing gears, rudders, orthodontic devices, and cutting tools. In all these applications, corrosion-resistance and control are essential. Hot-rolled stainless steel bar is classified under TSUSA item 606.9005, and cold-formed stainless steel bar, under TSUSA item 606.9010.

1/ Ibid., 26314. In the Certain Steel Products case, the Department of Commerce found that since carbon steel exports are manufactured to order, they did not need to avail themselves of this program.

2/ Ibid.

3/ Ibid., p. 26313.

4/ Stainless steel is an alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium (headnote 2(h)(iv), subpt. A, pt. 2, schedule 6, of the TSUSA).

The first step in the production of stainless steel bar is the melting of the raw material (typically scrap) in an electric arc furnace to produce a molten liquid. The molten liquid is then blown with argon or nitrogen gas to oxidize the carbon in order to remove impurities. The molten liquid is then cast into solid forms called billets. These billets are typically produced either by continuous casting, by which the molten stainless steel is cast directly into billet form, or, as is generally done, by ingot casting, by which the molten material is first cast into an ingot which is rolled into a billet in a blooming mill. The billets then proceed to the hot-rolling mills to be further reduced into hot-rolled bar. Cold-formed stainless steel bar is produced by pickling hot-rolled bar to remove the oxide scale that forms during its production, and then further annealing the bar to soften it and make it corrosion-resistant. The bar is then straightened and cut to length, and generally undergoes further cold-forming and finishing processes such as turning, centerless grinding, turning by lathe, and cold-drawing. Cold-drawing is performed to raise the tensile properties of the bar, and centerless grinding is done to meet size requirements. Cold-finishing provides closer tolerances and better surface quality. Cold-formed bar may also be polished in order to produce an even finer surface finish.

Stainless steel wire rod is a hot-rolled product; it is coiled, semifinished, of solid cross section, approximately round in cross section, not under 0.20 inch nor over 0.74 inch in diameter. Stainless steel wire rod not tempered, not treated, and not partially manufactured is provided for in TSUSA item 607.2600; stainless steel wire rod, tempered, treated, or partly manufactured, is provided for in TSUSA item 607.4300. Wire rod is primarily used to produce wire and fasteners.

After melting scrap in an electric arc (or vacuum induction) furnace, and processing by argon oxygen decarburization, the molten material is cast into ingots. The ingots are heated in gas-fired furnaces to the appropriate temperature and run through a series of reducing rolls until the desired size of billet is achieved. The billet then automatically moves through high-pressure rollers which flatten and lengthen the product. The rod is then coiled and may be further reduced to the appropriate diameter. Following the initial scale removal, the coil may be dipped in any one of a combination of acid baths, and then coated with a lubricant coating of copper, lime, or oxalate. These coatings act as carriers for lubricants when the rod is later cold-drawn into wire. Conversion into wire is the largest use for stainless steel wire rod.

Although quality differences are often alleged between imported and domestically produced stainless bar and wire rod, they are fungible products when produced in the same grades and to the same specifications.

As can be seen from the preceding explanations, both stainless steel bar and stainless steel wire rod are produced on the same facilities. Both products are melted, bloomed, rough-ground on the same equipment, rolled on the same types of rolling mills, and heat-treated in the same types of annealing and pickling facilities. The production of stainless steel bar differs from the production of stainless steel wire rod only in that cold-formed bar must be turned, ground, or drawn before it is finished;

stainless steel wire rod is sold generally after pickling and annealing. All wire rod, however, is further processed into finished products.

The distinction between stainless hot-rolled and cold-rolled bars and hot-rolled rod is difficult to make because the TSUSA and the industry use different terminology; furthermore, U.S. and foreign producers/importers differ in their definitions of the products. For example, one importer does not classify certain turning and polishing operations as cold-finishing processes, instead recording these imported bars as hot-rolled products. The same bars would be considered cold-formed by most other parties. Rod and bar up to 1 inch in diameter 1/ are identical products from their "inception" to their coiled semifinished stage, at which point they are usually reported as rod inventory. Both the U.S. producers and the larger importers can sell such inventory unchanged as rod, or they can further process the same material into either hot-rolled or cold-formed bar. * * *, a major importer accounting for * * * of total 1981 imports from Brazil, reported no imports of wire rod but some imports of hot-rolled bar in 1981. However, according to the U.S. Customs Service net import file, this importer does appear as importer of record for wire rod but not for hot-rolled bar during this period, which indicates that the importer defines the product differently from the U.S. Customs Service.

The market data for hot- and cold-rolled bar are based on U.S. producers' shipments (tables 1 and 2). Of the domestic hot-rolled bar, more than 50 percent is shipped to service centers; it is estimated that at least half of that (or at least 25 percent of the total) is further processed into cold-formed bar by service centers before reaching the end user. Of the imported hot-rolled bar, traditionally an even greater share is sold to service centers (although importers from Brazil have not provided this information for this investigation). From the above, it appears that it is not possible to establish the actual amount of hot- and cold-rolled bar at the end-use stage.

For these reasons, the data contained in this report are probably more informative when presented as the combined total for stainless bar and rod than when presented separately by product types. All tables in this report present the total bar and rod data as well as separate statistics for hot- and cold-rolled bars and for wire rod.

1/ Bar of such size constitutes approximately 50 percent of the entire bar market.

Table 1.--Hot-rolled stainless steel bar: U.S. producers' shipments,
by major end-use markets, 1981

Market	Quantity	Percent of total
	<u>Net tons</u>	
Electrical equipment-----	5,482	12.9
Machinery, industrial equipment, and tools-----	4,835	11.4
Steel service centers and distributors-----	21,845	51.4
Oil and gas industry-----	1,184	2.8
All other-----	9,167	21.6
Total-----	42,513	100.0

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

Table 2.--Cold-formed stainless steel bar: U.S. producers' shipments,
by major end-use markets, 1981

Market	Quantity	Percent of total
	<u>Net tons</u>	
Automotive-----	1,485	1.8
Machinery, industrial equipment, and tools-----	12,765	15.1
Steel service centers and distributors-----	56,062	66.2
Electrical equipment-----	1,877	2.2
Professional and scientific equipment-----	1,693	2.0
All other-----	10,765	12.7
Total-----	84,647	100.0

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

U.S. tariff treatment

Imports of the hot-rolled and cold-formed stainless steel bar subject to these investigations are classified for tariff purposes under items 606.9005 and 606.9010, respectively, of the TSUSA. 1/ Imports of stainless steel wire

1/ The contents of these items were modified in October 1980 to include wire, cut to length, which was transferred from items 609.3020 (pt., 609.3322 (pt.), 609.4510 (pt.), 609.4540 (pt.), 609.4550 (pt.), and 609.7600 (pt.).

rod are classified under TSUSA items 607.2600 and 607.4300. The current column 1 (most-favored-nation) rates of duty 1/ and column 2 duty rates 2/ on these items are shown in table 3.

The rates of duty for imports of stainless steel bar, currently dutiable at the column 1 rate of 10.5 percent ad valorem, and wire rod, dutiable at the column 1 rate of 4.3 percent or 4.6 percent ad valorem, have not changed since 1978. 3/ Imports of these items are also subject to additional duties on alloy content. They are not eligible for duty-free treatment under the Generalized System of Preferences (GSP), 4/ nor are imports from the least developed developing countries granted preferential treatment. There were no concessions granted for these items under the Tokyo round of Multilateral Trade Negotiations.

Channels of distribution

Hot-rolled stainless steel bar and cold-formed stainless steel bar are semifinished products used in such diverse products as fasteners, fittings, valves, welding electrodes, ball bearings, medical and dental instruments, automotive parts, and flatware. Cold-formed stainless steel bar is used in certain specialized applications where high tolerances and high surface finishes are required. Stainless steel is desired for its corrosion resistance and for its esthetic properties in adding a lustrous finish to various goods. Principal industries which make use of stainless steel bar products include the power-generating, industrial machinery, and oil and gas industries.

More than 50 percent of U.S. producers' shipments of hot-rolled stainless steel bar were shipped to steel service centers and distributors in 1981 (table 1). These are essentially middlemen which buy large quantities of steel from producers, warehouse the steel, and sell it to purchasers which tend to buy in small quantities. These service centers often have the equipment necessary to cold-finish the steel and shape it into the form desired by their customers.

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 TSUSA.

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

3/ Prior to 1980, the rates of duty on wire rod were compound rates. On Jan. 1, 1980, those rates were converted to ad valorem equivalents.

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 3.--Stainless steel bar and wire rod: U.S. rates of duty, as of Jan. 1, 1982

TSUSA item No.		Article	Rate of duty <u>1/</u>	
1979	1980-82		Col. 1	Col. 2
608.5210	606.9005	Stainless steel bar:		
		Not cold-formed-----	10.5%	28% ad val.
			ad val. +	+ addi-
			additional:	tional
			duties.	duties.
608.5250	606.9010	Cold-formed-----	10.5%	28% ad val.
			ad val. +	+ addi-
			additional:	tional
			duties.	duties.
608.7620	607.2600	Stainless steel wire rod,	4.3% ad val.:	11% ad val.
		not tempered, not treated,	+ addi-	+ addi-
		and not partly manufactured.	tional	tional
			duties.	duties.
608.7820	607.4300	Stainless steel wire rod,		
		tempered, treated, or partly:	4.6% ad val.:	10% ad val.
		manufactured.	+ addi-	+ addi-
			tional	tional
			duties.	duties.

1/ Stainless steel bar and wire rod are also subject to additional cumulative duties on alloy contents as follows:

TSUSA item No.		Article	Rate of duty	
1979	1980-82		Col. 1	Col. 2
607.0100:	606.0000	Chromium content over 0.2	0.1% ad val.:	1% ad val.
		percent by weight.		
607.0200:	606.0200	Molybdenum content over 0.1	0.3% ad val.:	1% ad val.
		percent by weight.		
607.0300:	606.0400	Tungsten content over 0.3	0.4% ad val.:	1% ad val.
		percent by weight.	0.2% ad val.:	1% ad val.
607.0400:	606.0600	Vanadium content over 0.1	0.2% ad val.:	1% ad val.
		percent by weight.		

Table 2 indicates that over 65 percent of U.S. producers' shipments of cold-formed stainless steel bar were shipped to steel service centers in 1981.

Stainless steel wire rod is a semifinished product which is largely utilized in the manufacture of wire and wire products as well as in the manufacture of fabricated products such as springs, welding electrodes, nails, medical and dental instruments, orthodontic devices, and industrial fasteners.

The distribution of U.S. producers' shipments of stainless steel wire rod is shown in the table 4. Approximately three-quarters of all shipments are converted into wire or wire products (41.6 percent), shipped to steel service centers and distributors (13.2 percent), or used in industrial fastener applications (20.1 percent).

Table 4.--Stainless steel wire rod: U.S. producer's shipments, by major end-use markets, 1981

Market	Quantity	Percent of total
	Net tons	
Converting into wire and wire pro- duction-----	13,039	41.6
Steel service centers and distrib- utors-----	4,152	13.2
Automotive-----	1,123	3.6
Machinery, industrial equipment, and tools-----	4,326	13.8
Industrial fasteners-----	6,294	20.1
All other-----	2,431	7.8
Total-----	31,365	100.0

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

U.S. Producers

Stainless steel bar is produced in the United States by seven known firms. With the exception of one firm which produces only cold-formed bar, all domestic mills produce both hot-rolled and cold-formed products. The production facilities are located in Pennsylvania, New York, Ohio, Maryland, Indiana and Connecticut.

The principal domestic firms producing stainless steel bar are either integrated producers or specialty producers. Integrated producers are usually equipped with standard bar-rolling equipment for rolling a wide variety of steel items. Specialty producers generally operate mills that produce a much narrower range of products. These producers frequently concentrate their production in specialized bar products for a limited market. In 1981, stainless steel wire rod was produced by five domestic firms with mills located in Maryland, Pennsylvania, New York, and Indiana.

Unlike carbon steel, stainless steel is produced in small, custom-tailored quantities for use in products demanding special properties, such as durability, hardness, or resistance to wear and corrosion. Because of its unique properties, stainless steel requires special processing equipment and expensive alloying ingredients. Such high-technology specialty products are better suited to smaller specialty operations than the mass-production techniques of integrated producers.

Principal producers of hot-rolled stainless steel bar (HRB), cold-formed stainless steel bar (CFB), and stainless steel wire rod (WR), their plant locations, types of products produced, and their share of 1981 shipments are shown in table 5.

Based on responses to the Commission's questionnaires and U.S. Customs Service records, none of the U.S. producers owns, partly or fully, or is otherwise related to Brazilian producers or exporters of stainless bar and rod products, nor has any U.S. producer of these products imported the same from Brazil.

Table 5.--Stainless steel bar and rod: Principal U.S. producers, locations of their establishments, types of products produced, and share of total U.S. producers' shipments, 1/ 1981

Firm	Plant locations	Type of product	Market share		
			HRB	CFB	WR
-----Percent-----					
Al Tech Specialty Steel-----	Dunkirk, N.Y.	HRB, CFB, WR	***	***	***
Armco-----	Baltimore, Md.	HRB, CFB, WR	***	***	***
Carpenter Technology Corp-----	Bridgeport, Conn. Reading, Pa.	HRB, CFB, WR	***	***	***
Crucible Materials Group-----	Midland, Pa. Syracuse, N.Y.	HRB, CFB, WR	***	***	***
Cyclops Corp-----	Bridgeville, Pa. Titusville, Pa.	CFB	***	***	***
Joslyn Stainless Steels-----	Fort Wayne, Ind.	HRB, CFB	***	***	***
Republic Steel Corp----	Canton, Ohio Massilon, Ohio	HRB, CFB	***	***	***

1/ Based on shipments 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. Importers

The net importer file maintained by the U.S. Customs Service identified about 11 importers of stainless steel bar and wire rod from Brazil during October 1980-March 1982. Major importers and their shares of total 1981 imports, by types, are shown in the following tabulation:

<u>Importers</u>	<u>Type of product</u>	<u>Share of total 1981 imports (percent)</u>
* * *-----	* * *	***
* * *-----	* * *	***
* * *-----	* * *	***
* * *-----	* * *	***
* * *-----	* * *	***
* * *-----	* * *	***
* * *-----	* * *	***

The method of operation of importers varies; most are service centers that import only such quantities for which they have firm orders from U.S. customers, 1/ and others keep in warehouse/inventory the imported merchandise. There are yet other importers that own and/or operate further processing/finishing facilities. The latter import coiled wire rod, cut the coiled rod to length, straighten the rod, and sell it as stainless steel bar, for which the rate of duty is 10.5 percent. One such importer-owned cutting-straightening facility is known to have begun operation immediately after the definitions in the TSUSA were changed in October 1980 to exclude the higher valued cut and straightened bars from the lower-duty wire and rod classifications.

U.S. importers of Brazilian products, with the exception of one importer, did not provide the data requested by the Commission by the date requested; they cited the following reasons:

1. Filing/recordkeeping is manual rather than computerized; no manpower is available for assembling the data asked for by Commission.
2. When importing from more than one country, the identity of the source-country is lost immediately after the shipment is entered into the importer's inventory.
3. Six calendar days is too short a time period to gather data (even on end-of-year inventories).

1/ "Back-to-back" operations.

Apparent Consumption

Apparent U.S. consumption of stainless steel bar and rod combined, and of hot-rolled stainless steel bar (HRB), cold-formed stainless steel bar (CFB), and stainless steel wire rod (WR) are shown separately in table 6.

Total combined consumption of bar and rod declined from 1979 to 1981 by 10 percent; imports increased by 27 percent during the same period. Total exports fluctuated and producers' shipments declined, the latter reflecting the rise in imports. Total import penetration increased from 21 percent in January-March 1981 to 33.4 percent in the corresponding period of 1982, or by 59 percent. U.S. consumption of hot-rolled bar declined from 49,926 tons in 1979 to 45,736 tons in 1981, or by 8 percent. The share of the market supplied by U.S. producers declined steadily from 1979 to 1981. The ratio of imports of hot-rolled bar from all sources to apparent consumption increased from 14.3 percent in 1979 to 16.6 percent in 1981. Imports in January-March 1982 accounted for 22.6 percent of apparent consumption, compared with 8.6 percent in January-March 1981.

Consumption of cold-formed stainless steel bar followed the same trend as hot-rolled bar but declined at a faster rate, falling from 127,567 tons in 1979 to 111,189 tons in 1981, or by 13 percent. Imports steadily increased their share of this market as the ratio of imports from all sources to apparent consumption rose from 17.0 percent in 1979, to 23.4 percent in 1980, and to 24.5 percent in 1981. Imports supplied 28.7 percent of the market for cold-formed bar in January-March 1982, compared with 19.3 percent in the corresponding period of 1981.

Apparent U.S. consumption of stainless steel wire rod also declined, from 58,425 tons in 1979 to 55,961 tons in 1981. U.S. producers lost an increasing share of this declining market to importers as the ratio of imports to consumption increased from 31.5 percent in 1979 to 44.9 percent in 1981. In January-March 1982, imports from all sources supplied almost 54 percent of the U.S. market.

Apparent U.S. consumption of the stainless steel products subject to this investigation, on a quarterly basis, is shown in table 7. The quarterly data follow the trends established for the annual data; however, some deviations are apparent. Total stainless bar and rod shipments by U.S. producers showed their only increase in October-December 1980 and January-March 1981, when apparently the U.S. market was strengthening and imports were declining simultaneously. The import decline corresponds to the strengthening of the markets elsewhere in the world, particularly in Europe. Although annual consumption of hot-rolled bar steadily declined, the quarterly data suggest some strengthening of the market in July-December 1981 and January-March 1982. The decline in consumption of cold-formed bar and wire rod appears to be continuing.

Table 6.--Stainless steel bar and rod: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, total and by types, 1979-81, January-March 1981, and January-March 1982

Product and period	Shipments	Imports from all sources	Exports	Apparent con- sumption	Ratio of imports to--	
					Shipments	Consumption
		Short tons			Percent	
Total bar and rod:						
1979-----:	194,288	47,276	5,646	235,918	24.3	20.0
1980-----:	180,188	58,466	9,334	229,320	32.4	25.5
1981-----:	160,406	59,983	7,503	212,886	37.4	28.2
Jan.-Mar.--:						
1981-----:	43,825	11,149	1,803	53,171	25.4	21.0
1982-----:	36,552	17,786	1,112	53,226	48.7	33.4
HRB:						
1979-----:	45,540	7,133	2,747	49,926	15.7	14.3
1980-----:	47,369	8,134	5,998	49,505	17.2	16.4
1981-----:	43,132	7,599	4,995	45,736	17.6	16.6
Jan.-Mar.--:						
1981-----:	12,101	1,026	1,197	11,930	8.5	8.6
1982-----:	10,560	2,957	458	13,059	28.0	22.6
CFB:						
1979-----:	108,241	21,735	2,409	127,567	20.1	17.0
1980-----:	96,674	28,689	2,722	122,641	29.7	23.4
1981-----:	85,902	27,248	1,961	111,189	31.7	24.5
Jan.-Mar.--:						
1981-----:	23,467	5,496	448	28,515	23.4	19.3
1982-----:	19,826	7,732	590	26,968	39.0	28.7
WR:						
1979-----:	40,507	18,408	490	58,425	45.4	31.5
1980-----:	36,145	21,643	614	57,174	59.9	37.9
1981-----:	31,372	25,136	547	55,961	80.1	44.9
Jan.-Mar.--:						
1981-----:	8,257	4,627	158	12,726	56.0	36.4
1982-----:	6,166	7,097	64	13,199	115.1	53.8

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.

Table 7.--Stainless steel bar and rod: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, total and by types, by quarters, January 1980-March 1982--Continued

Product and period	Ship- ments	Imports	Exports	Apparent con- sumption	Ratio of imports to--	
					Shipments	Consumption
HRB:	Short tons				Percent	
1980:						
Jan.-Mar---	13,878	2,313	976	15,215	16.7	15.2
Apr.-June--	12,457	2,799	1,342	13,914	22.5	20.1
July-Sept--	10,150	1,468	2,271	9,347	14.5	15.7
Oct.-Dec---	10,884	1,554	1,409	11,029	14.3	14.1
1981:						
Jan.-Mar---	12,101	1,026	1,197	11,930	8.5	8.6
Apr.-June--	11,034	1,298	1,705	10,627	11.8	12.2
July-Sept--	9,766	2,379	1,281	10,864	24.4	21.9
Oct.-Dec---	10,231	2,895	812	12,315	28.3	23.5
1982: Jan.-						
Mar-----	10,560	2,957	458	13,059	28.0	22.6
CFB:						
1980:						
Jan.-Mar---	28,555	6,978	496	35,038	24.4	19.9
Apr.-June--	26,980	8,398	764	34,614	31.1	24.3
July-Sept--	19,807	6,705	706	25,806	33.9	26.0
Oct.-Dec---	21,332	6,608	756	27,184	31.0	24.3
1981:						
Jan.-Mar---	23,467	5,496	448	28,515	23.4	19.3
Apr.-June--	22,579	6,633	485	28,727	29.4	23.1
July-Sept--	20,498	7,661	482	27,677	37.4	27.7
Oct.-Dec---	19,361	7,458	546	26,273	38.5	28.4
1982: Jan.-						
Mar-----	19,826	7,732	590	26,968	39.0	28.7
WR:						
1980:						
Jan.-Mar---	11,968	4,795	95	16,668	40.1	28.8
Apr.-June--	9,673	7,769	208	17,234	80.3	45.1
July-Sept--	6,789	5,911	174	12,526	87.1	47.2
Oct.-Dec---	7,715	3,168	138	10,745	41.1	29.5
1981:						
Jan.-Mar---	8,257	4,627	158	12,726	56.0	36.4
Apr.-June--	8,384	5,230	117	13,497	62.4	38.7
July-Sept--	8,008	7,012	136	14,884	87.6	47.1
Oct.-Dec---	6,723	8,267	136	14,854	123.0	55.7
1982: Jan.-						
Mar-----	6,166	7,097	64	13,199	115.1	53.8

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 hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod, as well as the capacity of domestic producers to manufacture such products and the utilization of that capacity, are shown in table 8. As indicated, production of all three products declined steadily from 1979 to 1981 and was lower in January-March 1982 than that in the corresponding period of 1981. Capacity utilization also declined for all product groups. Capacity utilization for hot-rolled bar fell from 67.0 percent in 1979 to 43.0 percent in January-March 1982; that for cold-formed bar, from 79.4 percent to 55.1 percent; and that for wire rod, from 67.7 percent to 42.7 percent.

U.S. producers' shipments

During 1979-81, U.S. producers' shipments of each of the three product groups decreased steadily. Shipments of hot-rolled stainless steel bar fell from 45,540 tons to 43,132 tons. Shipments of cold-formed bar fell from 108,241 tons to 85,902 tons, and wire rod shipments fell from 40,507 tons to 31,372 tons. U.S. producers' net shipments, as reported by the American Iron & Steel Institute, ^{1/} are shown in the following tabulation (in thousands of short tons):

	<u>HRB</u>	<u>CFB</u>	<u>WR</u>	<u>Total</u>
1979-----	46	108	41	195
1980-----	47	97	36	180
1981-----	43	86	31	160
January-March--				
1981-----	12	23	8	43
1982-----	11	20	6	37

^{1/} Such shipments include intracompany transfers and exports, but exclude sales made to other steelmaking firms that report data to the American Iron & Steel Institute.

Table 8.--Stainless steel bar and rod: U.S. production, practical capacity, ^{1/} and capacity utilization, total and by types, 1979-81, January-March 1981, and January-March 1982

Product and period	Production	Practical capacity	Capacity utilization
	Short tons		Percent
Total bar and rod:			
1979-----	200,824	271,700	73.9
1980-----	187,485	270,800	69.2
1981-----	165,636	270,800	61.2
Jan.-Mar--			
1981-----	40,819	68,950	59.2
1982-----	34,190	68,950	49.6
HRB:			
1979-----	49,458	73,795	67.0
1980-----	43,777	73,360	59.7
1981-----	42,842	75,050	57.1
Jan.-Mar--			
1981-----	10,955	19,025	57.6
1982-----	8,170	18,985	43.0
CFB:			
1979-----	117,966	148,605	79.4
1980-----	114,232	149,040	76.6
1981-----	95,287	147,350	64.7
Jan.-Mar--			
1981-----	22,922	37,825	60.6
1982-----	20,853	37,865	55.1
WR:			
1979-----	33,400	49,300	67.7
1980-----	29,476	48,400	60.9
1981-----	27,507	48,400	56.8
Jan.-Mar--			
1981-----	6,942	12,100	57.4
1982-----	5,167	12,100	42.7

^{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.

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

Note.--U.S. producers submitting usable data accounted for 100 percent of total shipments of hot-rolled stainless steel bar in 1981, as reported by the American Iron & Steel Institute. Producers accounted for 100 percent of cold-formed stainless steel bar shipments and 85 percent of stainless steel wire rod shipments.

U.S. producers' intracompany and intercompany shipments, domestic market shipments, and export shipments, as reported in response to the Commission's questionnaires, 1/ are shown in table 9.

Table 9.--Stainless steel bar and rod: U.S. producers' shipments, total and by types, 1979-81, January-March 1981, and January-March 1982

(In short tons)					
Product and period	Intracompany and intercompany transfers	Domestic market shipments	Exports	Total shipments	
Total bar and rod:					
1979-----	33	197,934	1,985	199,952	
1980-----	25	177,739	2,415	180,179	
1981-----	26	160,336	2,672	163,034	
Jan.-Mar.--					
1981-----	7	43,310	634	43,951	
1982-----	5	35,254	289	35,548	
HRB:					
1979-----	12	48,057	798	48,867	
1980-----	7	42,131	669	42,807	
1981-----	9	42,192	1,138	43,339	
Jan.-Mar.--					
1981-----	2	11,301	258	11,561	
1982-----	2	8,703	100	8,805	
CFB:					
1979-----	21	116,693	973	117,687	
1980-----	18	106,357	1,429	107,804	
1981-----	17	92,027	1,083	93,127	
Jan.-Mar.--					
1981-----	5	25,316	258	25,579	
1982-----	3	21,236	120	21,359	
WR:					
1979-----	0	33,184	214	33,398	
1980-----	0	29,251	317	29,568	
1981-----	0	26,117	451	26,568	
Jan.-Mar.--					
1981-----	0	6,693	118	6,811	
1982-----	0	5,315	69	5,384	

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

1/ Domestic producers responding to the Commission's questionnaires in this investigation accounted for 100 percent of hot-rolled bar shipments, 100 percent of cold-formed bar shipments, and 85 percent of wire rod shipments, as reported by the American Iron & Steel Institute in 1981.

U.S. exports

Traditionally, the United States imports many times as much stainless bar and rod as it exports. Exports of hot-rolled stainless steel bar increased from 2,747 tons in 1979 to 5,998 tons in 1980, before decreasing to 4,995 tons in 1981. Exports in January-March 1981 amounted to 458 tons, or about 62 percent less than those in January-March 1981 (table 10). Exports of cold-formed bar and wire rod followed the same pattern. Exports of cold-formed bar increased slightly in 1980 and declined in 1981. Unlike those of hot-rolled bar and wire rod, exports of cold-formed bar were greater in January-March 1982 than those in the corresponding period of 1981. Principal export markets in 1981 were Canada and Mexico, which together accounted for over 60 percent of the exports of all three products.

Table 10.--Stainless steel bar, and rod: U.S. exports, total and by types, 1979-81, January-March 1981, and January-March 1982

Item	:	:	:	:	January-March--	
	1979	:	1980	:	1981	:
	:	:	:	:	1981	1982
Quantity (short tons)						
HRB-----	2,747	:	5,998	:	4,995	:
CFB-----	2,409	:	2,722	:	1,961	:
WR-----	490	:	614	:	547	:
Total-----	5,646	:	9,334	:	7,503	:
Value (1,000 dollars)						
HRB-----	6,066	:	10,961	:	11,401	:
CFB-----	6,763	:	8,957	:	7,788	:
WR-----	1,555	:	3,011	:	2,477	:
Total-----	14,384	:	22,929	:	21,666	:

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

U.S. producers' inventories

U.S. producers' inventories reported in response to the Commission's questionnaires show increases from 1980 to 1981 in the stocks of all the stainless steel products subject to this investigation, except hot-rolled bar, as shown in the following tabulation (in short tons):

<u>As of Dec. 31--</u>	<u>HRB</u>	<u>CFB</u>	<u>WR</u>	<u>Total</u>
1978-----	9,075	28,730	3,449	41,254
1979-----	9,665	29,009	3,151	41,825
1980-----	10,635	35,435	2,490	48,560
1981-----	10,498	37,554	3,933	51,985

Inventories of hot-rolled bar represented 20 to 25 percent of producers' annual shipments; those of cold-rolled bar, 27 to 44 percent; and those of wire rod, 6 to 12 percent.

Combined inventories of the three product groups increased in each period, showing the greatest jump (over 16 percent) at the end of 1980 following the lifting of import quotas.

U.S. employment, wages, and productivity

In domestic establishments producing hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod, the average employment of all persons, production and related workers producing all products, and production and related workers producing products subject to this investigation followed a downward trend from 1979 to 1981. Similar patterns can be seen in hours paid for production and related workers (table 11). The average number of production and related workers producing hot-rolled bar declined 6 percent; the number producing cold-formed bar, 14 percent; and the number producing wire rod, 7 percent. Employment continued to decline in 1982. The average number of workers in January-March 1982 declined 18 percent from the number in the corresponding period of 1981 for hot-rolled bar, 11 percent for cold-formed bar, and 19 percent for wire rod. Wages and total compensation paid to workers are shown in table 12.

As shown in tables 11 and 12, the hourly compensation was increasing while steel output per hour fluctuated. Thus, unit labor costs for all three products increased. Labor costs per ton increased 29 percent from 1979 to 1981 for hot-rolled stainless steel bar, 25 percent for cold-formed bar, and 34 percent for wire rod.

The data in table 13 for employment and unit labor costs for stainless bar and wire rod combined are similar to those data shown separately, by product types, in tables 11 and 12. Employment decreased, and although steel output per hour showed no consistent trend, unit labor costs were steadily rising due to increasing hourly compensation during the period.

Financial experience of U.S. producers

Hot-rolled stainless steel bar.--Financial data were received from six firms representing 100 percent of total U.S. producers' shipments of hot-rolled stainless steel bar in 1981. Net sales of hot-rolled stainless steel bar increased by 13 percent from \$114.3 million in 1979 to \$129.6 million in 1981. In January-March 1982, net sales dropped by * * * compared with net sales of * * * million in the corresponding period of 1981 (table 14). A-24

Table 11.--Stainless steel bar and rod: Average number of employees, total, production and related workers, hours paid, and steel output per hour, by types, 1979-81, January-March 1981, and January-March 1982

Product and period	Employment		Hours paid for production and related workers producing--		Steel output per labor hour
	Total	Production and related workers producing--			
		All products	Specified products	All products	
				-----1,000 hours-----	Tons per hour
HRB:					
1979-----	17,933	13,252	852	27,602	1,836
1980-----	17,017	12,235	843	23,539	1,685
1981-----	16,730	11,897	802	22,772	1,584
Jan.-Mar.--					
1981-----	16,529	11,817	889	5,775	445
1982-----	14,890	10,135	733	4,505	342
CFB:					
1979-----	19,232	14,263	3,286	29,707	7,103
1980-----	18,251	13,184	3,373	25,266	7,002
1981-----	17,859	12,776	2,823	24,419	5,639
Jan.-Mar.--					
1981-----	17,656	12,695	2,838	6,197	1,440
1982-----	15,856	10,867	2,522	4,853	1,223
WR:					
1979-----	11,398	7,991	606	16,944	1,286
1980-----	10,994	7,467	577	15,421	1,180
1981-----	10,475	6,902	562	13,683	1,108
Jan.-Mar.--					
1981-----	10,424	6,927	539	3,493	266
1982-----	9,565	6,045	438	2,873	203

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

Table 12.--Stainless steel bar and rod: Wages and total compensation 1/ paid to production and related workers in establishments producing stainless steel, hourly compensation, and unit labor costs, by types 1979-81, January-March 1981, and January-March 1982

Product and period	:Wages paid to production : and related workers : producing--		: Total compensation paid : to production and related : workers producing--		: Hourly : compensation : for those : producing : specified : products		Unit labor costs
	All products	Specified products	All products	Specified products	All products	Specified products	
-----Million dollars-----							
HRB:	:	:	:	:	:	:	Per ton
1979-----	332	22	432	28	\$15.40	\$566	
1980-----	318	22	422	29	17.19	662	
1981-----	335	23	451	31	19.53	728	
Jan.-Mar.---	:	:	:	:	:	:	
1981-----	82	6	110	8	18.90	728	
1982-----	70	5	99	7	21.32	857	
CFB:	:	:	:	:	:	:	
1979-----	355	84	461	109	15.37	924	
1980-----	336	91	450	121	17.32	1,059	
1981-----	357	81	480	110	19.46	1,155	
Jan.-Mar.---	:	:	:	:	:	:	
1981-----	87	20	117	27	18.86	1,178	
1982-----	75	18	105	26	20.98	1,247	
WR:	:	:	:	:	:	:	
1979-----	207	16	267	20	15.93	599	
1980-----	210	17	276	21	18.08	712	
1981-----	203	17	272	22	19.80	800	
Jan.-Mar.---	:	:	:	:	:	:	
1981-----	50	4	67	5	19.07	720	
1982-----	40	3	62	4	21.36	774	
:	:	:	:	:	:	:	
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 13.--Stainless steel bar and rod: Total number of production and related workers, hours paid, steel produced per hour, and unit labor costs, 1979-81, January-March 1981, and January-March 1982

Period	:Number of production: :and related workers :	Hours paid for: production :	Output per hour: Tons per hour :	Unit labor cost Per ton
	:	: 1,000 hours	:	:
1979-----	4,744 :	10,225 :	0.0196 :	\$782
1980-----	4,793 :	9,867 :	.0190 :	912
1981-----	4,187 :	8,331 :	.0199 :	984
Jan.-Mar.--	:	:	:	:
1981-----	4,266 :	2,151 :	.0190 :	980
1982-----	3,693 :	1,768 :	.0193 :	1,082
	:	:	:	:

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

Table 14.--Selected financial data of 6 U.S. producers on their hot-rolled stainless steel bar operations, accounting years 1979-81, January-March 1981, and January-March 1982

Item	: 1979	: 1980	: 1981	: January-March--	
	:	:	:	1981 :	1982
Net sales-----1,000 dollars--:	114,310 :	119,756 :	129,572 :	*** :	***
Cost of goods sold-----do-----:	94,320 :	98,579 :	104,304 :	*** :	***
Gross profit-----do-----:	19,990 :	21,177 :	25,268 :	*** :	***
General, selling, and administrative expenses--:	:	:	:	:	:
1,000 dollars--:	9,551 :	10,045 :	12,820 :	*** :	***
Operating profit-----do-----:	10,439 :	11,132 :	12,448 :	*** :	***
Interest expense-----do-----:	380 :	848 :	2,372 :	*** :	***
Other income-----do-----:	80 :	132 :	167 :	*** :	***
Net profit before income taxes-----1,000 dollars--:	10,139 :	10,416 :	10,243 :	*** :	***
Depreciation and amortization expense included above-----1,000 dollars--:	2,148 :	2,289 :	2,889 :	*** :	***
Cash flow from operations do-----:	12,287 :	12,705 :	13,132 :	*** :	***
As a share of net sales:	:	:	:	:	:
Gross profit-----percent--:	17.5 :	17.7 :	19.5 :	*** :	***
Operating profit-----do-----:	9.1 :	9.3 :	9.6 :	*** :	***
Net profit before income taxes-----percent--:	8.9 :	8.7 :	7.9 :	*** :	***
Number of firms reporting operating losses-----:	0 :	2 :	2 :	2 :	4
Number of firms reporting net losses-----:	0 :	2 :	3 :	2 :	4
	:	:	:	:	:

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

Operating profit increased faster than net sales, from \$10.4 million in 1979 to \$12.4 million in 1981, or by 19 percent. In the same period, the ratio of operating profit to net sales rose from 9.1 percent to 9.6 percent. Gross profit margins followed a similar trend, increasing from 17.5 percent of net sales in 1979 to 17.7 percent in 1980 and 19.5 percent in 1981 as a result of a steady decline in cost of goods sold as a share of net sales. Interest expense increased from \$380,000 (0.3 percent of net sales) in 1979 to \$848,000 (0.7 percent of net sales) in 1980, and then jumped to \$2.4 million (1.8 percent of net sales) in 1981 because of a large amount of interest expense * * *. Hence, net profit margins before income taxes dropped from 8.9 percent in 1979 to 8.7 percent in 1980 and 7.9 percent in 1981. In January-March 1982, the gross profit margin increased by * * * percentage points, the operating profit margin rose by * * * percentage points, and the net profit margin before income taxes increased by * * * percentage points compared with respective profit margins in the corresponding period of 1981. The number of firms reporting operating losses increased from zero in 1979 to two in 1980 and 1981 and to four in January-March 1982. Cash flow from operations increased from \$12.3 million in 1979 to \$12.7 million in 1980 and \$13.1 million in 1981, and remained almost the same, at * * * million, in January-March 1982 and in the corresponding period of 1981.

* * * * *

* * * * *

Only four of the six firms provided data on their investment in productive facilities for hot-rolled stainless steel bar operations (table 15). These four firms' return on fixed assets followed the same trend as did their ratio of net profit before income taxes to net sales.

Cold-formed stainless steel bar.—Financial data were received from seven firms representing 100 percent of total U.S. producers' shipments of cold-formed stainless steel bar in 1981. Net sales of cold-formed stainless steel bar rose to \$389.2 million in 1980, topping 1979 sales by \$42.0 million, or 12 percent. Net sales slipped by \$35.8 million, or 9 percent, to \$353.4 million in 1981. In January-March 1982, net sales dropped by * * * percent to * * * million, compared with net sales of * * * million in the corresponding period of 1981 (table 16).

Operating profit increased from \$32.4 million, or 9.3 percent of net sales, in 1979 to \$45.0 million, or 11.6 percent of net sales, in 1980, and then declined to \$37.0 million, or 10.5 percent of net sales, in 1981. In the same period, gross profit margins and net profit margins before income taxes followed similar trends. Interest expense increased from \$1.4 million (0.4

percent of net sales) in 1979 to \$2.3 million (0.6 percent of net sales) in 1980, and doubled to \$4.6 million (1.3 percent of net sales) in 1981 because of a large amount of * * *. In January-March 1982, all profit margins dropped compared with profit margins for the corresponding period of 1981. Cash flow from operations increased from \$37.2 million in 1979 to \$49.2 million in 1980 and then dropped to \$40.1 million in 1981. Cash flow fell from * * * million in January-March 1981 to * * * million in January-March 1982.

One firm sustained operating losses in each of the years 1979-81. Two firms sustained net losses in both 1979 and 1980, and one firm sustained such a loss in 1981. In January-March 1982, five firms sustained operating and net losses, compared with four firms in the interim period of 1981.

* * * * *

Five of the seven firms provided data on their investment in productive facilities for cold-formed stainless steel bar (table 17). These five firms' return on fixed assets followed the same trend as did their ratio of net profit before income taxes to net sales.

Stainless steel wire rod.--Financial data were received from four firms representing about 85 percent of total U.S. producers' shipments of stainless steel wire rod in 1981. * * *. Net sales of stainless steel rod declined from \$74.3 million in 1979 to \$60.7 million in 1981, or by 18 percent. In January-March 1982, net sales dropped by * * * percent to * * * million, compared with net sales of * * * million in the corresponding period of 1981 (table 18).

Operating profit plunged by 93 percent from \$4.9 million in 1979 to \$336,000 in 1980, and an operating loss of \$1.4 million occurred in 1981. The ratio of operating profit to net sales dropped from 6.6 percent in 1979 to 0.5 percent in 1980, and an operating loss margin of 2.3 percent occurred in 1981. In January-March 1982, the operating loss margin increased to * * * percent, compared with * * * percent in the corresponding period of 1981. Gross profit margins and net profit or loss margins before income taxes followed the same trends as did the operating profit margins. Interest expenses in 1980 and 1981 were almost twice those in 1979. Cash flow from operations declined from \$5.1 million in 1979 to deficits of \$922,000 in 1981 and * * * million in January-March 1982. The number of firms reporting operating and net losses increased from two in 1979 to three in 1980, 1981, and January-March 1981. It rose to four in January-March 1982.

Three of the four firms provided data on their investment in productive facilities for stainless steel wire rod operations (table 19). These three firms' return on fixed assets followed the same trend as did their ratio of net profit or loss before income taxes to net sales.

Table 15.--Investment in productive facilities of 4 U.S. producers of hot-rolled stainless steel bar, as of the end of accounting years 1979-81 and interim periods ended March 31, 1981 and March 31, 1982

Item	1979	1980	1981	Interim period	
				ended Mar. 31 1/--	1982
				1981	1982
Original cost-----1,000 dollars--	41,031	46,748	49,109	***	***
Book value-----do-----	21,080	24,993	30,290	***	***
Net sales-----do-----	75,297	83,563	93,242	***	***
Net profit before income taxes-----do-----	6,807	9,077	8,909	***	***
Ratio of net profit before income taxes to--					
Original cost-----percent--	16.6	19.4	18.1	***	***
Book value-----do-----	32.3	36.3	29.4	***	***
Net sales-----do-----	9.0	10.9	9.6	***	***
1/ Represents data of 3 U.S. producers for both interim periods.					

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

Table 16.--Selected financial data of 7 U.S. producers on their cold-formed stainless steel bar operations, accounting years 1979-81, January-March 1981, and January-March 1982

Item	1979	1980	1981	January-March--	
				1981	1982
Net sales-----1,000 dollars--	347,183	389,160	353,399	***	***
Cost of goods sold-----do-----	285,026	309,936	283,088	***	***
Gross profit-----do-----	62,157	79,224	70,311	***	***
General, selling, and administrative expenses-----1,000 dollars--	29,708	34,238	33,330	***	***
Operating profit-----do-----	32,449	44,986	36,981	***	***
Interest expense-----do-----	1,402	2,335	4,602	***	***
Other income-----do-----	191	468	675	***	***
Net profit before income taxes					
1,000 dollars--	31,238	43,119	33,054	***	***
Depreciation and amortization expense: included above-----1,000 dollars--	6,011	6,127	7,014	***	***
Cash flow from operations-----do-----	37,249	49,246	40,068	***	***
As a share of net sales:					
Gross profit-----percent--	17.9	20.4	19.9	***	***
Operating profit-----do-----	9.3	11.6	10.5	***	***
Net profit before income taxes					
percent--	9.0	11.1	9.4	***	***
Number of firms reporting operating losses-----	1	1	1	4	5
Number of firms reporting net losses-----	2	2	1	4	5

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

Table 17.--Investment in productive facilities of 5 U.S. producers of cold-formed stainless steel bar, as of the end of accounting years 1979-81 and interim periods ended Mar. 31, 1981, and Mar. 31, 1982

Item	:	:	:	:	:	:	Interim period	
							ended Mar. 31 1/--	1982
	:	:	:	:	:	:	1981	:
Original cost-----1,000 dollars--	:	:	:	:	:	:	:	:
Book value-----do-----	:	:	:	:	:	:	:	:
Net sales-----do-----	:	:	:	:	:	:	:	:
Net profit before income taxes--	:	:	:	:	:	:	:	:
do-----	:	:	:	:	:	:	:	:
Ratio of net profit before income	:	:	:	:	:	:	:	:
taxes to--	:	:	:	:	:	:	:	:
Original cost-----percent--	:	:	:	:	:	:	:	:
Book value-----do-----	:	:	:	:	:	:	:	:
Net sales-----do-----	:	:	:	:	:	:	:	:
	:	:	:	:	:	:	:	:
1/ Represents data of 4 U.S. producers for both interim periods.								

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

Table 18.--Selected financial data of 4 U.S. producers on their stainless steel rod operations, accounting years 1979-81, January-March 1981, and January-March 1982

Item	1979 <u>1/</u>	1980	1981	January-March--	
				1981	1982
Net sales-----1,000 dollars--:	74,252	66,394	60,688	***	***
Cost of goods sold-----do-----:	64,826	60,303	56,581	***	***
Gross profit or (loss)-do-----:	9,426	6,091	4,107	***	***
General, selling, and administrative expenses--					
1,000 dollars--:	4,553	5,755	5,519	***	***
Operating profit or (loss) do-----:	4,873	336	(1,412)	***	***
Interest expense-----do-----:	624	1,035	1,081	***	***
Other income-----do-----:	80	245	250	***	***
Net profit or (loss) before income taxes--					
1,000 dollars--:	4,329	(454)	(2,243)	***	***
Depreciation and amortization expense included above-----1,000 dollars--:	797	1,103	1,321	***	***
Cash flow (deficit) from operations--1,000 dollars--:	5,126	649	(922)	***	***
As a share of net sales:					
Gross profit or (loss) percent--:	12.7	9.2	6.8	***	***
Operating profit or (loss)-----do-----:	6.6	.5	(2.3)	***	***
Net profit or (loss) before income taxes-----percent--:	5.8	(.7)	(3.7)	***	***
Number of firms reporting operating and net losses---	2	3	3	3	4

1/ Cyclops discontinued its rod operations after June 1979.

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

Combined stainless steel bar and rod.--Financial data for the three product types are combined below. Financial data were received from seven firms representing about 95 percent of total U.S. producers' shipments of stainless steel bar and rod in 1981. Net sales of stainless steel bar and rod increased by 7 percent from \$535.7 million in 1979 to \$575.3 million in 1980. Net sales declined by \$31.7 million, or 6 percent, to \$543.7 million in 1981. Net sales dropped by * * * percent from * * * million in January-March 1981 to * * * million in the corresponding period of 1982 (table 20).

Table 19.---Investment in productive facilities of 3 U.S. producers of stainless steel rod, as of the end of accounting years 1979-81 and interim periods ended Mar. 31, 1981, and Mar. 31, 1982

Item	:	:	:	:	:	Interim period	
						ended Mar. 31 1/--	1982
						1981	
Original cost-----1,000 dollars---	:	:	:	:	:	:	:
Book value-----do-----	:	:	:	:	:	:	***
Net sales-----do-----	:	:	:	:	:	:	***
Net profit or (loss) before income taxes-----do-----	:	:	:	:	:	:	***
Ratio of net profit or (loss) before income taxes to--	:	:	:	:	:	:	***
Original cost-----percent---	:	:	:	:	:	:	***
Book value-----do-----	:	:	:	:	:	:	***
Net sales-----do-----	:	:	:	:	:	:	***
1/ Represents data of 2 U.S. producers for both interim periods.							

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

Table 20.--Selected financial data of 7 U.S. producers on their stainless steel bar and rod operations, accounting years 1979-81, January-March 1981, and January-March 1982

Item	1979	1980	1981	January-March--	
				1981	1982
Net sales-----1,000 dollars--	535,745	575,310	543,659	***	***
Cost of goods sold-----do-----	444,172	468,818	443,973	***	***
Gross profit-----do-----	91,573	106,492	99,686	***	***
General, selling, and administrative expenses-----1,000 dollars--	43,812	50,038	51,669	***	***
Operating profit-----do-----	47,761	56,454	48,017	***	***
Interest expense-----do-----	2,406	4,218	8,055	***	***
Other income-----do-----	351	845	1,092	***	***
Net profit before income taxes					
1,000 dollars--	45,706	53,081	41,054	***	***
Depreciation and amortization expense included above-----1,000 dollars--	8,956	9,519	11,224	***	***
Cash flow from operations-----do-----	54,662	62,600	52,278	***	***
As a share of net sales:					
Gross profit-----percent--	17.1	18.5	18.3	***	***
Operating profit-----do-----	8.9	9.8	8.8	***	***
Net profit before income taxes					
percent--	8.5	9.2	7.6	***	***
Number of firms reporting operating losses-----	1	2	2	4	5
Number of firms reporting net losses-----	1	3	2	4	5

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

Operating profit increased from \$47.8 million, or 8.9 percent of net sales, in 1979 to \$56.5 million, or 9.8 percent of net sales, in 1980, and then declined to \$48.0 million, or 8.8 percent of net sales, in 1981. In the same period, gross profit margins and net profit margins before income taxes followed a trend similar to that of operating profit margins. In January-March 1982, operating profit fell precipitously by * * * percent to * * * million, from * * * million for January-March 1981. In the same period, the operating profit margin dropped from * * * to * * * percent. In January-March 1982, the gross profit margin declined by * * * percentage points, and the net profit margin before income taxes fell by * * * percentage points compared with respective profit margins for the corresponding period of 1981. Interest expense increased from \$2.4 million (0.4 percent of net sales) in 1979 to \$4.2 million (0.7 percent of net sales) in 1980, and then jumped by 91 percent to \$8.1 million (1.5 percent of net sales) in 1981 because of a substantial amount of * * *.

* * * * *

The number of firms reporting operating losses was one in 1979 and two in 1980 and 1981. In January-March 1982, five firms sustained operating and net losses compared with four firms in the corresponding period of 1981. Cash flow from operations increased from \$54.7 million in 1979 to \$62.6 million in 1980 and then dropped to \$52.3 million in 1981. It fell from * * * million in January-March 1981 to * * * million in January-March 1982.

Five out of seven firms provided data on their investment in productive facilities for stainless steel bar and rod operations (table 21). These five firms' return on fixed assets followed the same trend as did their ratio of net profit before income taxes to net sales.

Overall stainless steel operations.--Financial data for overall stainless steel operations provided by seven U.S. producers are presented in table 22. Net sales for these operations declined from \$1.9 billion in 1979 to \$1.8 billion in 1980, or by 7 percent, and then rose to \$1.9 billion in 1981. In January-March 1982, net sales dropped by * * * percent to * * * million, compared with net sales of * * * million in the corresponding period of 1981.

Table 21.--Investment in productive facilities of 5 U.S. producers of stainless steel bar and rod, as of the end of accounting years 1979-81 and interim periods ended Mar. 31, 1981, and Mar. 31, 1982

Item	1979	1980	1981	Interim period ended Mar. 31 1/--	
				1981	1982
Original cost-1,000 dollars--	263,315	291,415	308,750	***	***
Book value-----do----	125,225	146,135	165,090	***	***
Net sales-----do----	415,848	443,796	437,026	***	***
Net profit before income taxes-----do----	36,821	43,220	37,419	***	***
Ratio of net profit before income taxes to--					
Original cost-----percent--	14.0	14.8	12.1	***	***
Book value-----do----	29.4	29.6	22.7	***	***
Net sales-----do----	8.9	9.7	8.6	***	***

1/ Represents data of 4 U.S. producers for both interim periods.

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

The seven firms earned an aggregate operating profit of \$273 million, or 14.1 percent of net sales, in 1979 and \$203 million, or 11.3 percent of net sales, in 1980. In 1981, operating profit fell further to \$170 million, or 9.0 percent of net sales. In January-March 1982, the operating profit margin plunged to * * * percent from * * * percent in the corresponding period of 1981. Gross profit margins and net profit margins before income taxes followed the same trends as did the operating profit margins. Cash flow from operations declined from \$297 million in 1979 to \$198 million in 1981.

Five of the seven firms provided data on their investment in productive facilities for overall stainless steel operations (table 23). The ratios of net profit before income taxes to original cost and book value of fixed assets show declining trends.

Table 22.--Selected financial data of 7 U.S. producers on their overall stainless steel and/or stainless steel products operations, accounting years 1979-81, January-March 1981, and January-March 1982

Item	1979	1980	1981	January-March--	
				1981	1982
Net sales-----million dollars--:					
Cost of goods sold-----do-----:	1,933	1,798	1,898	***	***
Gross profit-----do-----:	1,574	1,501	1,629	***	***
General, selling, and administrative expenses-----million dollars--:	359	297	269	***	***
Operating profit-----do-----:	86	94	99	***	***
Interest expense-----do-----:	273	203	170	***	***
Other income-----do-----:	12	17	17	***	***
Net profit or (loss) before income taxes-----million dollars--:	6	8	9	***	***
Depreciation and amortization expense included above-----million dollars--:	267	194	162	***	***
Cash flow from operations-----do-----:	30	33	36	***	***
As a share of net sales:	297	227	198	***	***
Gross profit-----percent-----:	18.6	16.5	14.2	***	***
Operating profit-----do-----:	14.1	11.3	9.0	***	***
Net profit or (loss) before income taxes-----percent-----:	13.8	10.8	8.5	***	***
Number of firms reporting operating losses-----:	0	2	2	3	5
Number of firms reporting net losses-----:	0	2	2	3	4

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

Table 23.--Investment in productive facilities of five U.S. producers of stainless steel and/or stainless steel products, as of the end of accounting years 1979-81 and interim periods ended Mar. 31 1981, and Mar. 31, 1982

Item	1979	1980	1981	Interim period ended Mar. 31 1/--	
				1981	1982
Original cost					
million dollars--:	350	386	403	363	404
Book value-----do----	162	190	209	181	211
Net sales-----do----	661	674	664	***	***
Net profit before income					
taxes-----do----	77	78	59	***	***
Ratio of net profit before					
income taxes to--					
Original cost----percent--:	22.0	20.2	14.6	***	***
Book value-----do----	47.5	41.1	28.2	***	***
Net sales-----do----	11.6	11.6	8.9	***	***

1/ Represents data of 4 U.S. producers for both interim periods.

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

Capital expenditures and research and development expenses.--Five U.S. producers supplied data relative to their capital expenditures for specified operations (table 24). Aggregate capital expenditures for overall stainless steel operations rose by 63 percent from \$27.0 million in 1979 to \$44.0 million in 1980, and then slipped to \$31.5 million in 1981; they totaled * * * million in January-March 1982.

Table 24.--Capital expenditures and research and development expenses for operations on specified stainless steel products, 1979-81 and January-March 1982

(In thousands of dollars)				
Item	1979	1980	1981	Jan.-Mar. 1982
Capital expenditures:				
Hot-rolled stainless steel bar-----	3,962	5,812	5,592	***
Cold-formed stainless steel bar----	13,561	20,133	16,560	***
Stainless steel wire rod-----	3,421	5,957	4,038	***
Total-----	20,944	31,902	26,190	***
Stainless steel and/or stainless steel products-----	26,963	43,967	31,505	***
Research and development expenses:				
Hot-rolled stainless steel bar-----	1,650	1,925	2,175	***
Cold-formed stainless steel bar----	4,688	5,190	5,501	***
Stainless steel wire rod-----	1,179	1,524	1,756	***
Total-----	7,517	8,639	9,432	***

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

Capital expenditures for hot-rolled stainless steel bar increased from \$4.0 million in 1979 to \$5.8 million in 1980, falling to \$5.6 million in 1981, and totaling* * * million in January-March 1982. Such expenditures for cold-formed stainless steel bar rose from \$13.6 million in 1979 to \$20.1 million in 1980 and then fell to \$16.6 million in 1981; they amounted to * * * million in January-March 1982.

Aggregate capital expenditures for stainless steel wire rod increased by 74 percent from \$3.4 million in 1979 to \$6.0 million in 1980 and then declined to \$4.0 million in 1981; they totaled* * * million in January-March 1982.

Capital expenditures for total stainless steel bar and rod increased by 52 percent, from \$20.9 million in 1979 to \$31.9 million in 1980. Such expenditures amounted to \$26.2 million in 1981 and * * * million in January-March 1982.

Research and development expenditures for hot-rolled stainless steel bar rose by 32 percent from \$1.7 million in 1979 to \$2.2 million in 1981. Such expenditures amounted to * * * in January-March 1982. The six firms' research and development expenditures for cold-formed stainless steel bar increased from \$4.7 million in 1979 to \$5.5 million in 1981, or by 17 percent; * * million of such costs were incurred by U.S. producers in January-March 1982. Four firms reported research and development expenditures for their stainless steel rod operations. Such expenditures increased from \$1.2 million in 1979 to \$1.5 million in 1980 and \$1.8 million in 1981; they totaled * * * * in January-March 1982.

Research and development expenditures for total stainless steel bar and rod increased from \$7.5 million in 1979 to \$9.4 million in 1981, or by 25 percent. Such expenditures amounted to * * * million in January-March 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 subsidized 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 Brazil to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports of hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel rod, and of their U.S. market penetration is presented in the section on the causal relationship between injury and allegedly subsidized imports. Discussions of importers' inventories and foreign producers' capacity to generate exports follow.

U.S. importers' inventories

The Commission requested information from the importers on inventories of bar and rod from Brazil. Only three of the * * * importers responded. These three importers accounted for * * * percent of total 1981 imports of stainless bar and rod combined; * * * of them (* * * percent of 1981 imports) * * * inventory * * *. The third importer, * * * provided estimated amounts of its inventory of imports from all sources at the end of the periods listed. These amounts do include the Brazilian bar and rod along with products from other countries:

<u>Period</u>	<u>Inventory of stainless steel bar and rod (short tons)</u>
1978-----	***
1979-----	***
1980-----	***
1981-----	***
Mar. 31--	
1981-----	***
1982-----	***

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

Brazilian production of hot-rolled and cold-formed stainless bars decreased 5.2 percent, from 28,900 tons in 1980 to 27,409 tons in 1981. Total Brazilian exports of these products increased 2.9 percent, from 6,067 tons in 1980 to 6,243 tons in 1981. Brazilian exports to the United States increased 44.4 percent from 2,018 tons in 1980 to 2,914 tons in 1981 (table 25).

Table 25.--Stainless steel bar (HRB and CFB): Brazilian production and exports, 1979-81 and January-March 1982

Item	:	1979	:	1980	:	1981	:	Jan.-Mar. 1982
Production-----short tons--:	:	16,717	:	28,900	:	27,409	:	5,192
Exports to--:	:	:	:	:	:	:	:	:
United States-----do-----:	:	1,469	:	2,018	:	2,914	:	1,577
EC-----do-----:	:	4,167	:	3,910	:	2,920	:	1/
All other-----do-----:	:	850	:	1/	:	1/	:	1/

1/ Data not available.

Source: Production and exports, compiled from data provided by the Brazilian Institute for Iron & Steel (IBS). Exports to individual countries or regions, compiled from Telex information from individual Brazilian companies.

Brazilian production of stainless steel wire rod increased 28.9 percent from 4,112 tons in 1980 to 5,299 tons in 1981. Brazilian exports to the United States increased from 19 tons in 1980 to 1,515 tons in 1981, whereas exports to the European Community declined 31.1 percent from 610 tons in 1980 to 420 tons in 1981 (table 26).

Table 26.--Stainless steel wire rod: Brazilian production and exports, 1979-81 and January-March 1982

Item	:	1979	:	1980	:	1981	:	Jan.-Mar. 1982
Production-----short tons--:	:	3,218	:	4,112	:	5,299	:	573
Exports to--:	:	:	:	:	:	:	:	:
United States-----do-----:	:	0	:	19	:	1,515	:	49
EC-----do-----:	:	586	:	610	:	420	:	0
All other-----do-----:	:	118	:	231	:	0	:	0

Source: Production and exports compiled from data provided by the Brazilian Institute for Iron & Steel (IBS). Exports to individual countries or regions were compiled from Telex information from individual Brazilian companies.

Brazilian production of stainless steel wire rod decreased 0.9 percent from 33,012 tons in 1980 to 32,708 tons in 1981. Total Brazilian exports of these products increased 17.7 percent from 6,949 tons in 1980 to 8,178 tons in 1981. Brazilian exports to the United States of stainless steel bar and wire rod increased 117.4 percent from 2,037 tons in 1980 to 4,429 tons in 1981 (table 27).

Table 27.--Stainless bar and rod: Brazilian production and exports, 1979-81 and January-March 1982

Item	1979	1980	1981	Jan.-Mar. 1982
Production-----short tons--	19,935	33,012	32,708	5,765
Exports to--				
United States-----do----	1,469	2,037	4,429	1,626
EC-----do-----	4,753	4,520	3,340	<u>1/</u>
All other-----do-----	968	<u>1/</u>	<u>1/</u>	<u>1/</u>

1/ Data not available.

Source: Production and exports, compiled from data provided by the Brazilian Institute for Iron & Steel (IBS). Exports to individual countries or regions, compiled from Telex information from individual Brazilian companies.

On May 29, 1980, the European Commission accepted the pledge by Brazilian exporters of certain stainless steel bars to increase their export prices on these products destined for the European Community nations. As a result, the Commission agreed to drop the antidumping proceedings which began in December 1979. Under its investigation, the Commission found that dumping margins on certain stainless steel bar items ranged from 0 to 72 percent depending on the quality and size of the bar, and averaged 30 percent for all bars investigated. In addition, the Commission found that the Brazilian Government provided export subsidies equivalent to approximately 20 percent of the f.o.b. export price through the excessive remission of the tax on industrial products (IPI) to companies exporting stainless steel bars.

Brazil's two leading producers of specialty steel, Companhia Aços Especiais Itabira (Acesita) and Villares Industrias de Base SA (Vibasa), both increased their capacities to produce specialty steel in 1980 and 1981. In 1981, Vibasa completed a plant with capacity to produce 364,000 tons of specialty steel per year. Acesita, which is Brazil's largest producer of stainless steel products, completed expansion of its sole plant by 300,000

tons of annual specialty steel-making capacity. 1/ In 1981, it was estimated that Acesita produced close to 500,000 tons of specialty steel versus 434,000 tons produced in 1980. Acesita is looking to expand its stainless steel operations as it has purchased another cold-rolling mill which will allow it to double its production of stainless steels. 2/ Because domestic demand for specialty steel in 1981 was sluggish, Brazilian producers have concentrated instead on exports. In 1981, Acesita set as a goal, a 25-percent increase in its exports of stainless steel bars over the amount of exports in 1980. Acesita's principal export markets are South America, Mexico, and the United States. It is among 25 steel companies participating in a Government program to promote exports. Principal target of this export effort are the North and South American markets in general, and the United States market in particular. These companies are expected to receive financial aid, from the Government in an effort to spur exports. 3/ Given recent substantial additions to Brazilian stainless steelmaking capacity and only moderate growth in domestic stainless steel consumption, the Brazilians will be expected to continue to place heavy emphasis on exports in order not to create a situation of overcapacity in its domestic industry.

In May of 1981, the Brazilian Government in conjunction with the Sidebras group, the state-owned holding company composed of seven firms (producing roughly 60 percent of Brazilian crude steel production in 1980), announced future plans for steel production in the decade of the 1980s. These plans call for expansion and completion of existing plants in an effort to increase steelmaking capacity for both carbon and specialty steels.

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

U.S. imports and market penetration

Monitoring of stainless steel imports and market penetration by the U.S. Department of Commerce.--The Commerce Department during the past few years operated two programs for monitoring steel imports: (1) the Trigger-Price Mechanism (TPM) 4/ and (2) Specialty Steel Surge Mechanism.

1/ American Metal Market, Aug. 10, 1981, p. 10A.

2/ Id., Apr. 12, 1982, p. 9A.

3/ American Metal Market, Aug. 10, 1981, p. 10A.

4/ TPM was administered by the Department of Treasury at its inception, then transferred to U.S. Department of Commerce in 1979.

The TPM monitors all basic steel mill products that are imported into the United States. The TPM primarily covers carbon steel products, but it also covers stainless steel wire. Briefly explained, the trigger price is based on and recalculated quarterly by reviewing the production and delivery costs of the most efficient foreign producer and principal exporter to the United States: Japan. When the price of an import shipment is below the trigger price, further inquiry or investigation is instituted (triggered). The TPM is a substitute for major antidumping or countervailing duty petitions. 1/ With the filing of such petitions the TPM may be withdrawn. It was first instituted in November 1978, suspended in March 1979, and reinstituted in October 1980. It was suspended again on January 11, 1982, in response to the filing of major petitions by U.S. producers on carbon steel products. TPM for stainless steel wire was reinstituted again on April 14, 1982. 2/

The Specialty Steel Surge Mechanism monitors all other stainless steel products as well as alloy tool steel. For monitoring purposes, six major product categories are established: stainless steel bar, wire rod, sheet and strip, plate, pipe and tubing (all stainless steel), and alloy tool steel. 3/ A surge condition exists in a product category (1) when imports as a percent of domestic consumption rise above the weighted average levels for the years 1971 to 1980, and (2) when the import penetration trend is clearly toward the levels at which the U.S. International Trade Commission found injury in the 1976 escape clause case. Appendix E shows the import penetration data used by Commerce in this process. The surge mechanism was instituted on January 8, 1981.

The first notice of surge conditions was issued on April 7, 1981, 4/ which was based on review of 1980 annual import data. Additional surge notices were issued on July 2, 1981, 5/; October 15, 1981; 6/ and on December 29, 1981. 7/ These notices covered the first, second, and third quarters of 1981, respectively. The last surge notice, issued on July 19, 1982, 8/ covers the fourth quarter of 1981 and the first quarter of 1982. Regarding the products under this investigation, U.S. Department of Commerce announced that surge conditions existed in the third quarter of 1981 for stainless bar from Spain and in the fourth quarter of 1981 and first

1/ 45 F.R. 66833.

2/ For complete description of TPM, see Certain Steel Products From Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany: Information obtained in investigation 701-TA-86 through 144, . . . , Vol. 2, app G, USITC Publication 1221, February 1982.

3/ Complete listing of specialty steel products and their TSUSA numbers is contained in app. D. The stainless bar and rod products subject to the instant investigations are identical to those monitored by Commerce.

4/ 46 F.R. 20717.-20718.

5/ 46 F.R. 34616.

6/ 46 F.R. 50816.

7/ 46 F.R. 62888.

8/ 47 F.R. 31300.

quarter of 1982 for stainless rod from West Germany. Once dumping or countervailing duty investigations are instituted, the surge reviews for the products and countries under investigation are suspended; this is why surge conditions from Spain and Brazil are not reported for 1982.

Imports from all sources. 1/--From June 1976 to February 1980, imports of stainless steel bar and wire rod, as well as other stainless steel products, were subject to quantitative restrictions. Imports of stainless steel bar and rod from Brazil, from other countries currently under U.S. Government subsidy investigations and from all sources during the quota years and thereafter are shown in table 28.

Imports from all sources of the combined stainless steel bar and rod products subject to this investigation were relatively stable during the quota years but increased sharply in 1980 and 1981. The increase of total imports from all sources from 1979 to 1980 was 24 percent. Combined imports from all countries under investigation by USTR, the U.S. Department of Commerce, and the U.S. International Trade Commission also remained relatively stable during the quota years of 1976-79, but increased from 19,307 short tons in 1980 to 25,151 tons in 1981, or by 30 percent. The import increase from January-March 1981 to January-March 1982 from all sources was 37 percent; from the countries under investigation it was a sharp 82 percent increase.

Table 28.--Stainless steel bar and rod: U.S. imports for consumption, from Brazil, from countries under U.S. Government investigation in July 1982, and from all sources, 1976-81, January-March 1981, and January-March 1982

(In short tons)				
Period	From Brazil	From all countries under investigation, including Brazil 1/	All sources	
1976-----	1,182	18,965	43,236	
1977-----	1,024	17,225	41,445	
1978-----	1,373	19,652	44,988	
1979-----	2,030	19,307	47,276	
1980-----	1,716	25,151	58,466	
1981-----	4,263	29,623	59,983	
January-March--				
1981-----	757	5,292	11,149	
1982-----	1,901	9,621	17,786	

1/ Imports of stainless steel bar and rod from Austria, Brazil, France, Italy, Spain, Sweden, and the United Kingdom are currently the subject of subsidy investigations by the USTR, the Department of Commerce and the U.S. International Trade Commission.

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

1/ Detailed data on U.S. imports by TSUSA items and by principal sources are presented in app. F.

Table 29 shows separately the quantities of imports of hot-rolled and cold-formed stainless steel bars and wire rod from Brazil, from the seven countries that are under investigations, and from all sources during and after the quota years. From January-March 1981 to January-March 1982 the imports of hot-rolled bar from all sources as well as from the seven countries roughly tripled; the increase from Brazil was 6 percent. The cold-formed bar imports from the seven countries almost doubled and the imports from Brazil quadrupled. The stainless rod imports in these periods increased by about 50 percent, the increase from Brazil was 14 percent.

Table 30 shows the quantities of imports along with customs values and unit values from all sources and from Brazil. The Brazilian-and Spanish-origin stainless bar and rod products often appear on the same markets apparently competitive with each other. Therefore, table 30 also includes unit values of Spanish imports. The combined unit values of stainless bar and rod imports from Brazil are consistently lower than those from Spain.

Table 31 is a quarterly listing of the combined stainless bar and rod imports. Tables 32 to 34 show imports separately for bars and rod. Imports of hot-rolled and cold-formed bar from all sources declined irregularly through 1980 to their lowest levels in January-March 1981, and then increased in subsequent quarters to peaks in January-March 1982. Imports of stainless steel wire rod decreased irregularly through 1980 and then increased in each quarter of 1981 to a peak of 8,267 tons in October-December 1981, then declined in January-March 1982 to 7,097 tons; however, this level of imports represented a 53-percent increase over imports in the corresponding period of 1981.

The ratios of imports from all countries to apparent U.S. consumption increased from 14.3 percent in 1979 to 16.6 percent in 1981 for hot-rolled stainless steel bar; from 17.0 percent to 24.5 percent for cold-formed stainless steel bar; and from 31.5 percent to 44.9 percent for stainless steel wire rod (table 35). Market penetration (imports to U.S. consumption) by imports from all countries increased from 21.0 percent in January-March 1981 to 33.4 percent in January-March 1982, penetration by countries under investigation increased from 10 percent to 18.1 percent in the same period.

Imports from Brazil

The statistical tables in appendix F present imports by sources. Brazil is among the largest sources for stainless bar and rod. For hot-rolled bar, Brazil was the fifth largest source in 1981 and in January-March 1982. After beginning to export stainless rod to the United States in 1980, Brazil became the sixth largest foreign supplier to the United States in 1981, but ranked only seventh in January-March 1982.

In cold-formed bars, U.S. imports reached higher tonnage levels than imports of hot-rolled stainless bar and rod combined. Brazil was the seventh largest foreign supplier of cold-formed stainless bar to the United States in 1980, exporting about 10 percent of what the largest foreign source exported to the United States. In 1981, Brazil moved to third place, exporting 20

Table 29.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: U.S. imports for consumption from Brazil, from all countries under U.S. Government investigation, and from all sources, 1976-81, January-March 1981, and January-March 1982

(In short tons)				
Period	:	:	From all countries	:
	:	From Brazil	under investigation,	All sources
	:		including Brazil 1/	:
Hot-rolled stainless steel bar				
1976-----	:	220	4,772	11,109
1977-----	:	261	3,562	8,633
1978-----	:	221	3,587	7,984
1979-----	:	541	3,527	7,133
1980-----	:	450	3,115	8,134
1981-----	:	536	3,833	7,599
January-March--	:			
1981-----	:	213	547	1,026
1982-----	:	226	1,732	2,957
Cold-formed stainless steel bar				
1976-----	:	962	4,037	12,036
1977-----	:	763	4,834	16,008
1978-----	:	1,152	4,436	19,288
1979-----	:	1,489	5,339	21,735
1980-----	:	1,253	8,305	28,689
1981-----	:	2,378	12,245	27,248
January-March--	:			
1981-----	:	259	2,053	5,496
1982-----	:	1,351	3,718	7,732
Stainless steel wire rod				
1976-----	:	0	10,156	20,091
1977-----	:	0	8,829	16,804
1978-----	:	0	11,629	17,716
1979-----	:	0	10,441	18,408
1980-----	:	13	13,731	21,643
1981-----	:	1,349	13,545	25,136
January-March--	:			
1981-----	:	285	2,692	4,627
1982-----	:	324	4,171	7,097

1/ Imports of stainless bar and rod from Austria, Brazil, France, Italy, Spain, Sweden, United Kingdom are currently the subject of subsidy investigations by the USTR, the Department of Commerce, and the U.S. International Trade Commission

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

Table 30.--Stainless steel bar, and wire rod: U.S. imports for consumption, from all sources, and from Brazil, by types, 1979-81, January-March 1981, and January-March 1982

Product and period	Total imports			Imports from Brazil			Unit value of imports from	
	Quantity	Value	Unit value	Quantity	Value	Unit value	Spain	
		dollars	Per ton		dollars	Per ton		
Total bar and rod:	Short tons			Short tons				
1979-----	47,276	82,212	\$1,739	2,030	3,061	\$1,508		\$1,563
1980-----	58,466	114,260	1,954	1,716	3,157	1,840		1,874
1981-----	59,983	120,829	2,014	4,263	8,052	1,889		2,029
Jan.-Mar.--								
1981-----	11,149	23,428	2,101	757	1,384	1,829		2,096
1982-----	17,786	32,737	1,841	1,901	3,425	1,803		1,765
HRB:								
1979-----	7,133	12,613	1,768	541	779	1,441		1,393
1980-----	8,134	16,734	2,057	450	782	1,740		1,907
1981-----	7,599	14,836	1,953	536	1,088	2,032		1,608
Jan.-Mar.--								
1981-----	1,026	2,188	2,133	213	411	1,928		2,050
1982-----	2,957	5,317	1,798	226	371	1,644		1,535
CFB:								
1979-----	21,735	39,785	1,830	1,489	2,282	1,532		1,631
1980-----	28,689	58,142	2,027	1,253	2,353	1,877		1,959
1981-----	27,248	60,477	2,219	2,378	4,546	1,911		2,214
Jan.-Mar.--								
1981-----	5,496	13,058	2,376	259	493	1,905		2,342
1982-----	7,732	14,775	1,911	1,351	2,502	1,852		1,909
WR:								
1979-----	18,408	29,814	1,620	-	-	-		-
1980-----	21,643	39,384	1,820	13	22	1,683		1,668
1981-----	25,136	45,516	1,811	1,349	2,418	1,792		1,743
Jan.-Mar.--								
1981-----	4,627	8,183	1,768	285	481	1,685		1,673
1982-----	7,097	12,644	1,782	324	553	1,707		1,667

Table 31.--Stainless steel bar and rod combined 1/: U.S. imports for consumption from Brazil and from all sources, by quarters, January 1980-March 1982

Period	Imports from all sources				Imports from Brazil				Unit value of imports	
	Quantity		Value		Quantity		Value		Unit value	
	Short tons	dollars	Short tons	dollars	Short tons	dollars	Short tons	dollars	Per ton	Per ton
1980:										
Jan.-Mar-----	14,087	25,572	\$1,815	405	649	\$1,602			\$1,745	
Apr.-June-----	18,966	36,837	1,942	245	388	1,580			1,872	
July-Sept-----	14,083	27,726	1,969	471	968	2,057			1,921	
Oct.-Dec-----	11,330	24,126	2,129	595	1,152	1,937			2,002	
1981:										
Jan.-Mar-----	11,149	23,428	2,101	757	1,384	1,829			2,096	
Apr.-June-----	13,162	27,369	2,079	810	1,611	1,988			2,159	
July-Sept-----	17,052	33,845	1,985	1,072	2,064	1,926			2,028	
Oct.-Dec-----	18,619	36,187	1,943	1,624	2,993	1,842			1,865	
1982: Jan.-										
Mar-----	17,786	32,737	1,841	1,901	3,425	1,803			1,765	
1/ Includes Hot-rolled bar, cold-formed bar and wire rod.										

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

Table 32.--Hot-rolled stainless steel bar: U.S. imports for consumption from all sources, from Brazil and from Spain, by quarters, January 1980-March 1982

Period	Imports from all sources			Imports from Brazil			Unit value
	Quantity	Value	Unit value	Quantity	Value	Unit value	of imports from Spain
	Short tons	<u>1,000</u> dollars	Per ton	Short tons	<u>1,000</u> dollars	Per ton	Per ton
1980:							
Jan.-Mar----	2,313	4,436	\$1,918	192	294	\$1,531	\$1,780
Apr.-June----	2,799	5,672	2,027	93	146	1,580	1,726
July-Sept----	1,468	3,347	2,280	68	169	2,497	2,050
Oct.-Dec----	1,554	3,279	2,110	98	173	1,769	2,090
1981:							
Jan.-Mar----	1,026	2,188	2,133	213	411	1,928	2,067
Apr.-June----	1,298	2,675	2,060	120	294	2,450	2,058
July-Sept----	2,379	4,592	1,930	136	234	1,720	1,511
Oct.-Dec----	2,896	5,381	1,859	67	151	2,253	1,509
1982: Jan.-							
Mar-----	2,957	5,317	1,798	226	371	1,644	1,535

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

Table 33.--Cold-formed stainless steel bar: U.S. imports for consumption from all sources, from Brazil, and from Spain, by quarters, January 1980-March 1982

Period	Imports from all sources			Imports from Brazil			Unit value
	Quantity	Value	Unit value	Quantity	Value	Unit value	of imports from Spain
	Short tons	<u>1,000</u> dollars	Per ton	Short tons	<u>1,000</u> dollars	Per ton	Per ton
1980:							
Jan.-Mar----	6,979	12,639	\$1,811	214	355	\$1,662	\$1,737
Apr.-June----	8,398	16,622	1,979	153	242	1,580	2,005
July-Sept----	6,705	13,927	2,077	403	799	1,983	2,092
Oct.-Dec----	6,608	14,954	2,263	484	957	1,977	2,261
1981:							
Jan.-Mar----	5,496	13,058	2,376	259	493	1,905	2,342
Apr.-June----	6,633	15,030	2,266	520	1,001	1,925	2,298
July-Sept----	7,611	16,688	2,193	532	1,027	1,930	2,193
Oct.-Dec----	7,458	15,700	2,105	1,067	2,025	1,897	2,049
1982: Jan.-							
Mar-----	7,732	14,775	1,911	1,351	2,502	1,852	1,909

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

Table 34.--Stainless steel wire rod: U.S. imports for consumption, from all sources, from Brazil, and from Spain, by quarters, January 1980-March 1982

Period	Imports from all sources			Imports from Brazil			Unit value of imports from Spain		
	Quantity	Value	Unit value	Quantity	Value	Unit value	Quantity	Value	Unit value
		1,000 dollars			1,000 dollars				
1980:	Short tons		Per ton	Short tons		Per ton			Per ton
Jan.-Mar----	4,795	8,497	\$1,772	0	-	-			\$1,759
Apr.-June----	7,769	14,542	1,872	0	-	-			1,567
July-Sept----	5,911	10,452	1,768	0	-	-			1,701
Oct.-Dec----	3,168	5,893	1,860	13	22	\$1,683			1,645
1981:									
Jan.-Mar----	4,627	8,183	1,768	285	481	1,685			1,694
Apr.-June----	5,230	9,664	1,848	170	316	1,858			1,734
July-Sept----	7,012	12,564	1,792	403	803	1,992			1,817
Oct.-Dec----	8,267	15,105	1,827	491	817	1,664			1,713
1982: Jan.-									
Mar-----	7,097	12,644	1,782	324	553	1,707			1,667
Source: Compiled from official statistics of the U.S. Department of Commerce.									

Table 35.--Stainless steel bar and rod: Ratios of imports from Brazil, from countries under investigation by the U.S. Government and, from all sources to apparent U.S. consumption, 1979-81, January-March 1981, and January-March 1982

(In percent)			
Product and period	Ratio to apparent U.S. consumption of--		
	Imports from Brazil	Imports from countries under investigation, 1/ including Brazil	Imports from all sources
Total bar and rod:			
1979-----	0.9	8.2	20.0
1980-----	0.7	11.0	25.5
1981-----	2.0	13.9	28.2
January-March--			
1981-----	1.4	10.0	21.0
1982-----	3.6	18.1	33.4
Hot-rolled bar:			
1979-----	1.1	7.1	14.3
1980-----	.9	6.3	16.4
1981-----	1.2	8.4	16.6
January-March--			
1981-----	1.8	4.6	8.6
1982-----	1.7	13.3	22.6
Cold-formed bar:			
1979-----	1.2	4.2	17.0
1980-----	1.0	6.8	23.4
1981-----	2.1	11.0	24.5
January-March--			
1981-----	.9	7.2	19.3
1982-----	5.0	13.8	28.7
Wire rod:			
1979-----	-	17.9	31.5
1980-----	<u>2/</u>	24.0	37.9
1981-----	2.4	24.2	44.9
January-March--			
1981-----	2.2	21.1	36.6
1982-----	2.5	31.5	53.8
1/ Austria, Brazil, France, Italy, Spain, Sweden, United Kingdom.			
2/ Less than 0.5 percent.			

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

percent of the amount supplied by the largest foreign source to the United States; in January-March 1982 Brazil became the second largest foreign source, bringing in almost 50 percent of the amount exported by the largest foreign source, Japan.

Market penetration by the combined stainless steel bar and rod imports from Brazil increased from 0.9 percent in 1979 to 2.0 percent in 1981; it increased from 1.4 percent in January-March 1981 to 3.6 percent for the corresponding period in 1982. The growth of market penetration by the Brazilian imports was greater than both the growth of penetration by the combined imports from the seven countries under investigation and the imports from all sources for the same periods.

The quarterly listing of market penetration and ratios of imports to domestic producers' shipments of all stainless bar and rod is contained in table 36. Imports supplied one third of the U.S. demand for all stainless bar and rod in October-December 1981 and January-March 1982 (34.8 and 33.4 percent, respectively) and were about half of the total domestic producers' U.S. shipments (51.3 and 48.7 percent, respectively). As shown in table 36, market penetration by Brazilian stainless bar and rod decreased in January-June 1980, then doubled from 1 percent in July-September 1980 to 2 percent in the corresponding period of 1981, tripled to 3 percent by July-September 1981 and further increased from that level by 20 percent to 3.6 percent in January-March 1982.

Table 36.--Stainless steel bar and rod : 1/ Ratios of imports from all sources and from Brazil to apparent U.S. consumption and to U.S. producers' shipments, by quarters, January 1980-March 1982

Period	Ratio of imports from all sources to--		Ratios of imports from Brazil to--	
	Producers'	Apparent	Producers'	Apparent
	shipments	consumption	shipments	consumption
1980:	:	:	:	:
Jan.-Mar-----:	25.9 :	21.1 :	0.7 :	0.6
Apr.-June-----:	38.6 :	28.8 :	.5 :	.4
July-Sept-----:	38.3 :	29.5 :	1.3 :	1.0
Oct.-Dec-----:	28.4 :	23.1 :	1.5 :	1.2
1981:	:	:	:	:
Jan.-Mar-----:	25.4 :	21.0 :	1.7 :	1.4
Apr.-June-----:	31.3 :	24.9 :	1.9 :	1.5
July-Sept-----:	44.6 :	31.9 :	2.8 :	2.0
Oct.-Dec-----:	51.3 :	34.8 :	4.5 :	3.0
Jan.-Mar.-- :	:	:	:	:
1982-----:	48.7 :	33.4 :	5.2 :	3.6
:	:	:	:	:

1/ Includes hot-rolled bar, cold-formed bar, and wire rod.

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

Table 37 depicts the same information as table 36 but distinguishes the three kinds of stainless bar and rod products. Market penetration of stainless bar peaked in January-March 1982; penetration by Brazilian stainless rod peaked in October-December 1981 at 3.3 percent and declined in January-March 1982 to 2.5 percent.

Prices

Demand factors affecting price.--Demand for stainless steel hot-rolled and cold-formed bar, and stainless steel wire rod 1/ depends on the level of business activity in user industries. Bar and rod are used more extensively in the capital goods industry than are stainless steel sheet and strip. 2/

A large proportion of U.S.-produced stainless steel bar (61 percent in 1981) is sold through service centers/distributors to user manufacturers. 3/ Large users include the manufacturers of industrial equipment, tools, electrical equipment, industrial fasteners, aircraft, and forgings. Hot-rolled bar is proportionately more important in the electrical equipment and forging sectors; cold-formed bar is used more in the production of non electrical machinery, equipment, and tools.

Manufacturers which convert stainless steel rod into wire are the single largest user market for stainless steel wire rod, accounting for 42 percent of wire rod purchases in 1981. Other large user markets include producers of industrial fasteners, machinery, industrial equipment, and tools. Most wire rod is purchased directly from the producers by user manufacturers-- only 13 percent of U.S.-produced wire rod was sold through service centers/distributors in 1981. 3/

Changes in the level of demand for stainless steel are reflected 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. There was a high degree of correlation between this index and the index of shipments of domestic stainless steel bar

1/ In the remainder of this section all references to "bar" and to "rod" will mean stainless steel bar or stainless steel wire rod.

2/ Report on the Stainless Steel Industry, Organization for Economic Cooperation and Development, Paris, 1982, p. 51

3/ American Iron & Steel Institute, AIS 16-S, 1981.

Table 37.--Hot-rolled stainless steel bar, cold-formed stainless steel bar, and stainless steel wire rod: Ratios of imports from all sources and from Brazil to apparent U.S. consumption and to U.S. producers' shipments, by quarters, January 1980-March 1982

(In percent)					
Product and period	Ratio of imports from all sources to--		Ratios of imports from Brazil to--		
	Producers'	Apparent	Producers'	Apparent	
	shipments	consumption	shipments	consumption	
Hot-rolled bar:	:	:	:	:	
1980:	:	:	:	:	
Jan.-Mar-----	16.7 :	15.2 :	1.4 :		1.3
Apr.-June-----	22.5 :	20.1 :	.7 :		.7
July-Sept-----	14.5 :	15.7 :	.7 :		.7
Oct.-Dec-----	14.3 :	14.1 :	1.0 :		.9
1981:	:	:	:	:	
Jan.-Mar-----	8.5 :	8.6 :	1.8 :		1.8
Apr.-June-----	11.8 :	12.2 :	1.1 :		1.1
July-Sept-----	24.4 :	21.9 :	1.4 :		1.3
Oct.-Dec-----	28.3 :	23.5 :	.6 :		.5
1982:	:	:	:	:	
Jan.-Mar-----	28.0 :	22.6 :	2.1 :		1.7
Cold-formed bar:	:	:	:	:	
1980:	:	:	:	:	
Jan.-Mar-----	24.4 :	19.9 :	.8 :		.6
Apr.-June-----	31.1 :	24.3 :	.6 :		.4
July-Sept-----	33.9 :	26.0 :	2.0 :		1.6
Oct.-Dec-----	31.0 :	24.3 :	2.3 :		1.8
1981:	:	:	:	:	
Jan.-Mar-----	23.4 :	19.3 :	1.1 :		.9
Apr.-June-----	29.4 :	23.1 :	2.3 :		1.8
July-Sept-----	37.4 :	27.7 :	2.6 :		1.9
Oct.-Dec-----	38.5 :	28.4 :	5.5 :		4.1
1982:	:	:	:	:	
Jan.-Mar-----	39.0 :	28.7 :	6.8 :		5.0
Wire rod:	:	:	:	:	
1980:	:	:	:	:	
Jan.-Mar-----	40.1 :	28.8 :	- :		-
Apr.-June-----	80.3 :	45.1 :	- :		-
July-Sept-----	87.1 :	47.2 :	- :		-
Oct.-Dec-----	41.1 :	29.5 :	.2 :		.1
1981:	:	:	:	:	
Jan.-Mar-----	56.0 :	36.4 :	3.5 :		2.2
Apr.-June-----	62.4 :	38.7 :	2.0 :		1.3
July-Sept-----	87.6 :	47.1 :	5.0 :		2.7
Oct.-Dec-----	123.0 :	55.1 :	7.3 :		3.3
1982:	:	:	:	:	
Jan.-Mar-----	115.1 :	53.8 :	5.3 :		2.5

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

and rod from 1970 to 1981 (table 38 and fig. 1 and 2). 1/ On a quarterly basis, this index shows that industrial production steadily decreased from January-March 1979 to July-September 1980, by a total of 11.8 percent. It then increased through April-June 1981 before declining again through January-February 1982, as shown in the following tabulation:

		Index of Industrial Production, durable manufactures
		(January-March 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

Table 38.--Indexes of durable manufacturer production, and U.S. producers' shipments of stainless steel bar and stainless steel wire rod, by years, 1970-81.

(1970 = 100.0)			
Year	Durable Manufactures	Stainless steel bar	Stainless steel wire rod
1970-----	100.0	100.0	100.0
1971-----	100.1	101.3	92.8
1972-----	111.1	113.8	115.3
1973-----	124.2	147.1	189.2
1974-----	123.0	159.1	232.4
1975-----	107.0	105.6	94.6
1976-----	119.6	114.2	156.8
1977-----	127.6	131.3	207.2
1978-----	136.6	144.4	227.9
1979-----	143.1	151.8	364.9
1980-----	133.7	140.2	325.2
1981-----	137.3	126.7	282.9

Source: Bureau of Labor Statistics, and data submitted in response to questionnaires of the U.S. International Trade Commission.

1/ From 1970 to 1981, a correlation coefficient of .80 existed between this index and shipments of stainless steel bar (annual data). The coefficient was .92 for rod. A correlation coefficient of 1.00 shows a perfect correlation.

Figure 1.--Stainless Steel Bar: Index of U.S. producers' shipments and the index of durable manufactures production, 1970-81

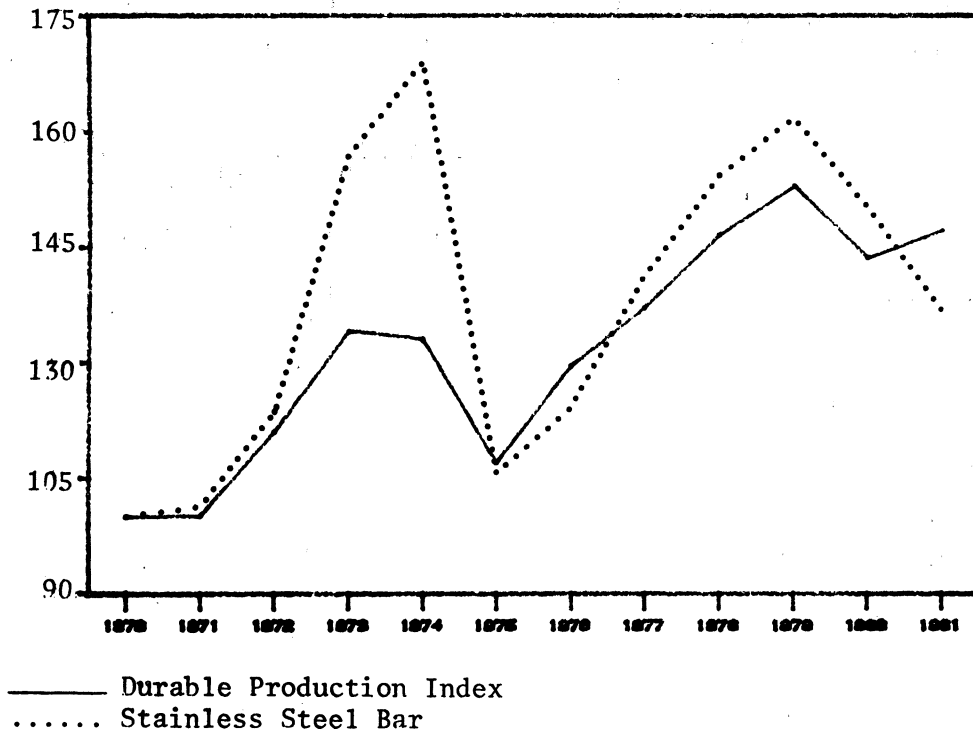
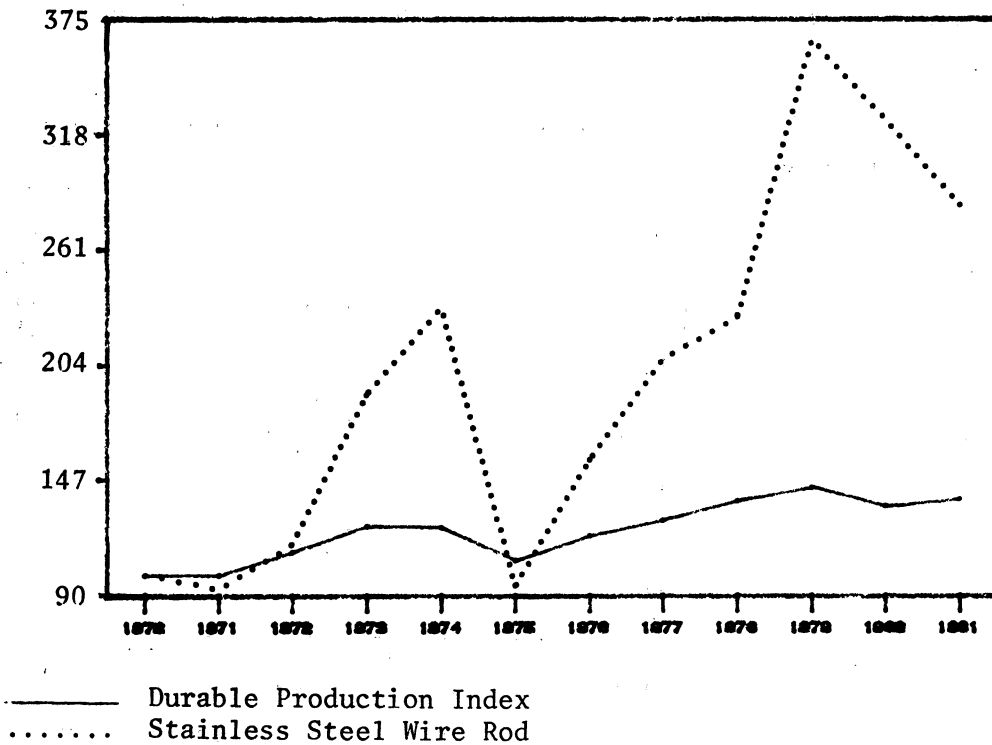


Figure 2.--Stainless Steel Wire Rod: Index of U.S. producers' shipments and the index of durable manufactures production, 1970-81



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/ This is largely due to changes in inventory holdings of purchasing firms.

a fairly large proportion of fabricated stainless steel is delivered to merchants and service centers. The stock policies of these intermediate branches, although usually not completely in phase with the cycle of demand of end consumers, often cause a reinforcement of part of the cycle. 2/

Thus, in a recessionary market, stainless steel purchasers may postpone the replacement of stainless steel inputs by drawing down existing inventories, causing a decrease in demand for stainless steel greater than the decrease in business activity.

The aggregate demand for stainless steel was estimated in an earlier Commission investigation to be price inelastic. 3/ Demand for stainless steel may have become more elastic with the increased use of substitute products for stainless steel since 1977. In addition, demand for either domestic stainless steel alone or imported stainless steel alone will be more price elastic than the aggregate demand because each is a close substitute for the other.

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. Because bar and rod are used more in the capital market, they are generally used for engineering reasons, and demand is probably more inelastic compared with stainless steel sheet and strip, which often have decorative applications. 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.

1/ Stainless Steel and Alloy Tool Steel, on 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 the business activity of stainless steel user industries would lead to a 2.0-percent increase (decrease) in stainless steel consumption.

2/ Report on the Stainless Steel Industry, Organization for Economic Cooperation and Development, 1982, p. 54.

3/ Stainless Steel and Alloy Tool Steel, on 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.

Transaction prices.--U.S. producers of stainless steel bar and wire rod 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 other metals which are often added. Extra charges for bar primarily depend on the type of finish required. The Commission requested data on average net selling prices for specific stainless steel bar and rod products from domestic producers and from importers. In order to facilitate direct comparison of prices, the Commission also requested data on delivered prices paid by purchasers of stainless steel bar or rod.

Trends in prices.--Prices were received from domestic producers and importers for their average net selling prices for specific types of stainless steel bar and wire rod. These are average prices charged in many different transactions and do not include shipping charges. They are used below for comparing trends and should reflect any discounting that may have occurred. 2/

Hot-rolled stainless steel bar.--Price data for two representative sample products of hot-rolled stainless steel bar (products 1 and 2) 3/ were received from three domestic producers for sales to service centers/distributors, and from five domestic producers for sales to end users. These prices have been converted into indexes and are presented in table 39. Prices for product 1 were generally stronger than for product 2, increasing by 14.4 percent for sales to service centers/distributors, and by 19.3 percent for sales to end users, from January-March 1980 to January-March 1982. The general inflation rate, as measured by the Producer Price Index for all products, increased 33 percent over the corresponding period. Prices to service centers/distributors were strongest in July-December 1981 but decreased in January-March 1982. Prices to end users were also strong in July-December 1981 and increased in January-March 1982.

Of the *** importers listed in the net import file as having imported hot-rolled bar from Brazil, * * provided price data for sales to service centers/distributors for product 1 (table 39). Prices were provided only for 1981 and January-March 1982, and decreased by 10.7 percent from January-March 1981 to October-December 1981. Prices increased slightly the following quarter. Of the importers that provided no price data, one stated that it had imported cold-formed bar only, and the other had imported only a small quantity of hot-rolled bar. The index of unit values of Brazilian imports for

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/ Unlike the case in carbon steel, transportation costs are a relatively small portion of stainless steel bar and rod prices. Therefore, domestic producers' and importers' f.o.b. prices can be used for purposes of computing margins of underselling or overselling without introducing significant bias into the data.

3/ See product list for specifications, app. G.

all hot-rolled bar is also presented. 1/ The index of unit values varied widely during the period, from a low of 100.0 in January-September 1980 to a high of 162.7 in July-September 1980. The index was 107.1 in January-March 1982. These wide variances suggest that the changes in unit values may have been the result of changes in product mix rather than changes in price. In addition, the actual unit values of Brazilian hot-rolled bars were often higher than unit values of Brazilian cold-formed bars, even though cold-formed bars are generally higher priced in the U.S. market. 2/

Table 39.--Hot-rolled stainless steel bar: Indexes of weighted-average net selling prices for sales of domestic products to service center/distributor and end-user customers, by types, and the index of unit values of imports from Brazil, by quarters, January 1980-March 1982 1/

(January-March 1980=100.0) <u>2/</u>							
Period	Service centers/ distributors		End users		Index of unit values of imports from Brazil		
	Product 1		Product 2	Product 1	Product 2		
	Domestic	Import					
1980:							
Jan.-Mar-----	100.0	3/	100.0	100.0	100.0	100.0	
Apr.-June-----	106.0	3/	101.4	110.6	99.1	102.9	
July-Sept-----	109.1	3/	104.1	106.0	101.4	162.7	
Oct.-Dec-----	106.1	3/	94.0	112.3	107.3	115.2	
1981:							
Jan.-Mar-----	107.9	99.7	100.9	108.6	96.5	125.6	
Apr.-June-----	110.9	3/	101.8	109.8	110.1	159.6	
July-Sept-----	111.8	97.9	106.4	119.2	105.3	112.1	
Oct.-Dec-----	116.7	89.1	105.2	115.2	111.6	146.8	
1982:							
Jan.-Mar-----	114.4	91.5	103.3	119.3	114.5	107.1	

1/ See product list for specifications, app G.

2/ The prices for each product are indexed to its domestic price in January-March 1980 as the base. Therefore, do not use indexes for price comparisons between different products or markets.

3/ Not available.

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

1/ Unit values may vary over time not only because of changes in prices, but also because of changes in the mix of specific types of steel being imported.

2/ This may be explained by the classification of imports under the TSUS. One importer stated that it generally imported hot-rolled, annealed, peeled, and polished stainless steel bar from Brazil, a cold-finished product that generally competes with domestic cold-finished (centerless ground) stainless steel bar. However, these imports were entered under the "not cold-formed" TSUS classification.

Cold-formed stainless steel bar.--Price data for three sample products of cold-formed stainless steel bar (products 3, 4, and 5) were received from six domestic producers for sales to service centers/distributors and end users. These prices are converted into indexes in table 40. Prices for sales to end users were stronger than for sales to service centers/distributors, increasing by an average of 15.1 percent from January-March 1980 to January-March 1982. With the exception of product 5, prices to end users decreased in October-December 1981 or in January-March 1982. Over the same period, the average price for sales to service centers/distributors increased 9.2 percent. Prices to service centers/distributors were highest in July-September 1981 and decreased in the following two quarters.

Two importers provided price data for sales of Brazilian cold-formed stainless steel bar to service centers/distributors. The price series were complete for 1981 and January-March 1982, but only one quarterly price was received for 1980. From January-March 1981 to the corresponding quarter in 1982 prices generally increased for product 3 (by 15.7 percent), although virtually all of this increase was in April-June 1981 and prices remained stable thereafter. Prices decreased for products 4 (by 14.2 percent) and 5 (by about 10 percent) over the same period, although for product 5 most of the decrease was in January-March 1982. Product 5 also represented the highest tonnages imported in each quarter. The index of unit values of imports of all cold-formed bar from Brazil is also presented. Unit values increased 11.4 percent from January-March 1980 to January-March 1982, but declined from a 1981 high of 116.1 in July-September to 111.4 in January-March 1982.

Stainless steel wire rod.--Price data for two sample products of stainless steel rod (products 6 and 7) were received from one domestic producer for sales to service centers/distributors and from three domestic producers for sales to end users. These are converted into indexes in table 41. Prices for sales to end users were highest in 1980, and generally declined in 1981 and January-March 1982. From January-March 1980 to January-March 1982 prices decreased 6.6 percent for product 6, and 1 percent for product 7. Domestic prices for sales to service centers/distributors varied more widely than for sales to end users, were generally higher in 1980 than in 1981, and were highest in January-March 1982.

Brazil did not export stainless steel wire rod to the United States until late in 1980. Prices for sales of this product in the United States were provided by the * * * importer of stainless steel rod from Brazil. ^{1/} From the first reported price in July-September 1980 to January-March 1982, prices for imports of * * *.

Margins of underselling.--The Commission asked 60 purchasers to furnish the delivered prices they paid in 1981 and in January-March 1982 for domestic and imported stainless steel bar and wire rod. Purchasers were asked for prices, including delivery charges, paid in specific transactions. Purchasers were also identified by location, and delivered prices were collected on the basis of five market areas: areas within a 100-mile radius of New York, Chicago, Cleveland, Detroit, and Los Angeles.

^{1/} * * *.

Table 40.--Cold-formed stainless steel bar: Indexes of weighted-average net selling prices by domestic producers and by importers for sales to service center/distributor and end-user customers, by types, and the index of unit values of imports from Brazil, by quarters, January 1980-March 1982 ^{1/}

(January-March 1980=100.0) 2/									
Period	Service centers/distributors								
	Product 3		Product 4		Product 5				
	Domestic	Import	Domestic	Import	Domestic	Import			
1980:									
Jan.-Mar---	100.0	3/	100.0	3/	100.0	3/			
Apr.-June--	105.4	3/	106.8	3/	107.0	3/			
July-Sept--	106.8	3/	107.7	3/	106.0		86.3		
Oct.-Dec---	105.5	3/	105.5	3/	106.0	3/			
1981:									
Jan.-Mar---	100.2	70.0	104.6	102.7	105.3		87.8		
Apr.-June--	106.6	75.6	108.2	89.6	108.8		85.2		
July-Sept--	111.3	80.7	112.5	77.6	112.3		85.0		
Oct.-Dec---	108.6	82.8	111.5	88.0	110.8		87.3		
1982:									
Jan.-Mar---	108.7	83.0	107.6	88.1	109.2		79.0		
	End users						Index of		
							unit		
	Product 3		Product 4		Product 5		values of		
							imports		
	Domestic	Import	Domestic	Import	Domestic	Import	from		
							Brazil		
1980:									
Jan.-Mar---	100.0	3/	100.0	3/	100.0	3/		100.0	
Apr.-June--	107.2	3/	108.6	3/	106.1	3/		95.1	
July-Sept--	106.8	3/	109.0	3/	107.9	3/		119.3	
Oct.-Dec---	107.9	3/	110.1	3/	111.6	3/		118.9	
1981:									
Jan.-Mar---	109.0	3/	111.5	3/	104.1	3/		114.6	
Apr.-June--	114.0	3/	115.1	3/	114.4	3/		115.8	
July-Sept--	113.9	3/	115.5	3/	112.6	3/		116.1	
Oct.-Dec---	111.9	3/	120.6	3/	116.1	3/		114.1	
1982:									
Jan.-Mar---	111.4	3/	116.1	3/	118.1	3/		111.4	

^{1/} See product list for specifications, app. G.

^{2/} The prices for each product are indexed to its domestic price in January-March 1980 as the base. Therefore, do not use indexes for price comparisons between different products or markets.

^{3/} Not available.

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

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Table 41.--Stainless steel wire rod: Indexes of weighted average net selling prices for sales of domestic products and imports from Brazil to service center/distributor and/or end-user customers, by types and by quarters, January 1980-March 1982 1/

(January-March 1980=100.0) <u>2/</u>					
Period	Sales to end-users			Sales to service centers/distributors <u>3/</u>	
	Product 6		Product 7, Domestic	Product 6 Domestic	
	Domestic	Import			
1980:					
Jan.-Mar-----	100.0	<u>4/</u>		100.0	100.0
Apr.-June-----	105.7	<u>4/</u>		101.5	104.3
July-Sept-----	104.7	***		101.2	98.6
Oct.-Dec-----	103.1	<u>4/</u>		101.8	99.5
1981:					
Jan.-Mar-----	102.1	<u>4/</u>		98.3	98.8
Apr.-June-----	100.3	***		101.0	100.7
July-Sept-----	98.8	***		99.1	85.5
Oct.-Dec-----	97.3	***		100.5	99.7
Jan.-Mar.					
1982-----	93.4	***		99.0	105.6

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

2/ The prices for each product are indexed to its domestic price in January-March 1980 as the base. Therefore, do not use indexes for price comparisons between different products or markets.

3/ Prices for sales to service centers/distributors are from 1 domestic firm.

4/ No sales in this quarter.

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

Of the 20 purchasers responding to this questionnaire, 13 service centers/distributors or end users reported purchase prices for stainless steel bar or wire rod. Of these, only one (a purchaser of rod) reported purchasing Brazilian stainless steel. Because of the relatively poor returns of delivered price data for Brazil, comparisons of U.S. producers' and importers' f.o.b. sales prices 1/ are also presented. Stainless steel bar and wire rod are relatively high-priced products, and freight is a small portion of the cost to the purchaser. 2/ In addition, U.S. producers and importers of stainless steel generally are located in the same regions, and serve the same market areas. 3/ Therefore, the exclusion of inland freight charges from the prices will not significantly affect the validity of these price comparisons.

1/ These are U.S. producers' and importers' sales prices, excluding inland freight costs to the customer.

2/ At most, freight accounts for 3 percent of the purchasers' price; transcript of conference, July 13, pp. 59-62.

3/ Transcript of conference, July 13, p. 62.

Table 42.--Average margins by which imports of stainless steel hot-rolled bar from Brazil undersold the domestic product in sales to service centers/distributors, 1/ by quarters, 1981, and January-March 1982 2/

Period	Product 1	
	Value	Margin
	<u>Per ton</u>	<u>Percent</u>
1981:		
January-March-----:	\$188 :	8
April-June-----:	- :	-
July-September-----:	322 :	13
October-December-----:	637 :	24
1982:		
January-March-----:	527 :	20

1/ Based on domestic producers' weighted-average net selling prices (f.o.b.) and on the sales prices of a * * * importer located * * *.

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

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

Table 43.--Average margins by which imports of stainless steel cold-rolled bar from Brazil undersold the domestic product in sales to service centers/distributors, 1/ by quarters, 1981, and January-March 1982 2/

Period	Product 3		Product 4		Product 5	
	Value	Margin	Value	Margin	Value	Margin
	<u>Per ton</u>	<u>Percent</u>	<u>Per ton</u>	<u>Percent</u>	<u>Per ton</u>	<u>Percent</u>
1980: July-September--:	<u>3/</u> :	<u>3/</u> :	<u>3/</u> :	<u>3/</u> :	500 :	19
1981:						
January-March-----:	\$855 :	28 :	\$ 52 :	2 :	\$443 :	17
April-June-----:	713 :	22 :	497 :	17 :	598 :	22
July-September-----:	927 :	28 :	938 :	31 :	690 :	24
October-December-----:	772 :	24 :	632 :	21 :	595 :	21
1982: January-March---:	773 :	24 :	580 :	20 :	765 :	28

1/ Based on domestic producers' weighted-average net selling prices (f.o.b.) and on the sales prices of importers of Brazilian cold-formed bar.

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

3/ Not available.

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

Hot-rolled stainless steel bar.--Table 42 shows the differences between domestic producers' weighted average net selling prices and the sales prices of * * * importer of Brazilian hot-rolled stainless steel bar. The prices are for sales to service centers/distributors. Margins of underselling by the Brazilian product increased from \$188 (8 percent) in January-March 1981 to \$637 (24 percent) in October-December 1981 but decreased to \$527 (20 percent) the following quarter. Over the period, margins of underselling averaged \$419 (16 percent).

Cold-formed stainless steel bar.--Table 43 shows the differences between domestic producers' weighted-average net selling prices and the sales prices of * * importers for three specifications of cold-formed stainless steel bar. All prices are for sales to service centers/distributors. Margins of underselling were generally greatest for product 3 and averaged \$808 (25 percent) from January-March 1981 to the corresponding quarter in 1982. Margins of underselling for this specification ranged from \$713 (22 percent) in April-June 1981 to \$927 (28 percent) in July-September 1981. Margins of underselling for product 4 averaged \$530 (18 percent) over the same period and ranged from \$52 (2 percent) in January-March 1981 to \$938 (31 percent) in July-September 1981. Margins of underselling for product 5 averaged \$618 (22 percent) and ranged from \$443 (17 percent) in January-March 1981 to \$765 (28 percent) in January-March 1982.

Stainless steel wire rod.--Delivered prices for stainless steel wire rod were received from one redraw mill for both domestic and Brazilian rod. The Brazilian product undersold the domestic product by * * * (***) percent) in October-December 1981 and by * * * (***) percent) in January-March 1982 (table 44). On an f.o.b. basis, Brazilian rod undersold the domestic product by an average of * * * and margins ranged from * * * in April-June 1981 to * * * in October-December 1981.

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. Eleven purchasers of stainless steel bar and/or wire rod responded to this question, indicating that quality (4.9) was the most important nonprice consideration, followed by reliability (4.0), service (3.2), and proximity (2.6). Six firms indicated that none of these factors were more important than price. Eight firms indicated that they had not paid a premium for a nonprice factor. One firm indicated that it had paid a premium for domestic cold-formed bar because of availability, and another indicated that it had paid a premium for Japanese wire rod because of consistent high quality. Three firms indicated that they had a "buy domestic" policy.

Table 44.--Average margins by which imports of stainless steel wire rod from Brazil undersold the domestic product in sales to end-users, by quarters, 1981, and January-March 1982 1

	Product 6				
	F.o.b. basis <u>2/</u>		Delivered basis <u>3/</u>		
	Value	Margin	Value	Margin	
	<u>Per ton</u>	<u>Percent</u>	<u>Per ton</u>	<u>Percent</u>	
1981:					
January-March-----	-	-	-	-	-
April-June-----	***	2	-	-	-
July-September-----	***	8	-	-	-
October-December-----	***	10	***	***	***
1982: January-March----	***	6	***	***	***

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

2/ Based on domestic producers' weighted-average net selling prices (f.o.b.) and on the sales of the * * * * importer of Brazilian stainless steel wire rod, located in * * * .

3/ Based on average net delivered purchase prices paid by end-user customers located in New York.

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

Lost sales

Domestic producers provided information on alleged offers and sales of Brazilian stainless steel bar and rod at prices substantially below those of U.S. producers. The Commission staff contacted these companies that allegedly received these offers and/or bought Brazilian material. The following information obtained from each of these contacts is discussed below.

Purchaser 1.--This firm allegedly received offers to buy Brazilian stainless bar and rod at prices well below prices of domestic producers. The director of purchasing for Purchaser No. 1 confirmed the allegation and indicated that the prices offered were approximately 30 percent below domestic product prices.

Purchaser 2.--This * * * distributor, * * *, allegedly received similar offers as Purchaser No. 1. The purchasing agent confirmed the allegation and described how one of the major importers solicits business by circulating the list of available imported materials and quotes prices over the phone rather than providing them on the circulated list of products. The following tabulation shows specific price quotes received by Purchaser No. 2:

Product	Domestic product		Brazilian product	
	net of discount			
	Value	Index	Value	Index
	Per ton		Per ton	
HRB, CG, 1/ grade				
416, 1 inch round----	***	100	***	55
HRB, CG, grade 303,				
1 inch round-----	***	100	***	67
HRB, CG, grade 304,				
1 1/2 inch round-----	***	100	***	70

1/ Hot rolled stainless steel bar, centerless ground finish.

This purchaser stated that the "pressure to buy imported products is tremendous both from his own salesmen and from his customers." In fact, one of his * * * locations has lost * * * customers in a 1 year period because it did not purchase and inventory the cheaper foreign material, according to this purchaser.

Purchaser 3.--This purchaser stated that, to his knowledge, he did not receive an offer to buy Brazilian stainless bar and rod as alleged, but added that the origin of the imported product had not been known to him when he received offers from importers in the past.

Purchaser 4.--This purchaser stated that he had not received offers to buy Brazilian material, as alleged by the petitioners.

Purchaser 5.--This firm's statement was virtually identical to that of Purchase No. 3.

Purchaser 6.--This purchaser confirmed the purchase of several shipments of Brazilian material at "substantially" lower prices than those of domestic producers.

Purchaser 7.--This company was alleged to buy and offer for sale Brazilian material at prices 30 to 35 percent below the U.S. prices. The allegation was not confirmed by this purchaser. The allegation also described "consignment" sales of imported stainless steel bar and rod which is an unusual method of selling steel products.

APPENDIX A.
U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATION

[Investigations Nos. 701-TA-179 through 181 (Preliminary)]

Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Brazil

AGENCY: International Trade Commission.

ACTION: Institution of a preliminary countervailing duty 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 investigations Nos. 701-TA-179 through 181 (Preliminary) to determine, pursuant to section 763(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(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 Brazil of hot-rolled stainless steel bar, provided for in item 608.9005 of the Tariff Schedules of the United States Annotated (TSUSA), cold-formed stainless steel bar, provided for in TSUSA item 608.9010, and stainless steel wire rod, provided for in TSUSA items 607.2600 and 607.4300 upon which bounties and grants are alleged to be paid.

EFFECTIVE DATE: June 16, 1982.

FOR FURTHER INFORMATION CONTACT: Mr. Stephen Vastagh, Office of Investigations, U.S. International Trade Commission; telephone 202-523-0283.

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted following receipt of a petition filed on June 16, 1982, by counsel for Al Tech Specialty Steel Corp., Carpenter Technology Corp., Colt Industries, Inc., Cyclops Corp., Guterl Special Steel Corp., Joslyn Stainless Steels, and Republic Steel Corp.

The Commission must make its determinations in the investigations within 45 days after the date on which it received the petition, or by August 2, 1982 (19 CFR 207.17). The investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR § 207 (1981), as amended by 47 FR 6190 (Feb. 10, 1982)), and particularly subpart B thereof.

The record in *Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain*, Inv. Nos. 701-TA-176 through 178 (Preliminary) is hereby incorporated into the record of proceeding.

Written submissions.—Any person may submit to the Commission on or

before July 16, 1982, a written statement of information pertinent to the subject matter of the investigations. A signed original and fourteen copies of such statements must be submitted. In the event that confidential treatment of the document is requested under § 201.6, at least one additional copy shall be filed in which the confidential business information shall have been deleted and which shall have been marked "nonconfidential" or "public inspection".

Any business information which a submitter desires the Commission to treat as confidential shall be submitted in conformance with the requirements of section 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6 (1981)). Each sheet of information for which confidential treatment is desired must be clearly marked at the top "Confidential Business Data".

All written submissions, except for confidential business data, will be available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

Conference.—The Director of Operations of the Commission has scheduled a conference in connection with the investigations for 10:00 a.m., e.d.t., on July 13, 1982, in the Hearing Room of the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. Parties wishing to participate in the conference should contact the supervisory investigator for the investigations, Mr. John MacHatton, telephone 202-523-0439, not later than July 9, 1982, to arrange for their appearance. Parties in support of the imposition of countervailing duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

For further information concerning the conduct of the investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and B (19 CFR 207 (1981), as amended by 47 FR 6190 (Feb. 10, 1982) and by 47 FR 12782 (Mar. 25, 1982)), and Part 201, subparts A through E (19 CFR 201 (1981), as amended by 47 FR 6188 (Feb. 10, 1982) and by 47 FR 13791 (Apr. 1, 1982)). Further information concerning the conduct of the conference will be provided by Mr. MacHatton.

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: June 23, 1982.

Kenneth R. Mason,
Secretary.

[FR Doc. 82-17669 Filed 6-30-82; 9:45 am]

BILLING CODE 7020-02-M

APPENDIX B.
U.S. DEPARTMENT OF COMMERCE NOTICE OF INVESTIGATION

in Brazil of hot-rolled stainless steel bar, cold-formed stainless steel bar and stainless steel wire rod (hereinafter referred to as "certain stainless steel products") receive benefits which constitute subsidies within the meaning of the countervailing duty law. We are notifying the U.S. International Trade Commission ("ITC") of this action so that it may determine whether imports of these products are materially injuring, or threatening to materially injure, a U.S. industry. If these investigations proceed normally, the ITC will make its preliminary determinations on or before August 2, 1982, and we will make ours on or before September 9, 1982.

EFFECTIVE DATE: July 13, 1982.

FOR FURTHER INFORMATION CONTACT:

Paul J. McGarr, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230; (202)/377-1167.

SUPPLEMENTARY INFORMATION:

Petition

On June 16, 1982, we received a petition from counsel for Al Tech Specialty Steel Corporation; Carpenter Technology Corporation; Colt Industries, Inc.; Crucible Specialty Metals Division; Cyclops Corporation; Guterl Special Steel Corporation; Joslyn Stainless Steel and Republic Steel Corporation on behalf of the U.S. industry producing stainless steel bar and wire rod. In compliance with the filing requirements of § 355.26 of the Commerce Regulations (19 CFR 355.26), the petition alleges manufacturers, producers, or exporters in Brazil of certain stainless steel products receive subsidies within the meaning of section 771(5) of the Tariff Act of 1930, as amended (19 U.S.C. 1677(5)) (the "Act"); and that imports of these products are materially injuring, or threatening to materially injure, a U.S. industry.

Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act. Therefore, title VII of the Act applies and injury determinations are required.

Initiation of Investigations

Under section 702(c) of the Act, we must determine, within 20 days after a petition is filed, whether a petition sets forth the allegations necessary for the initiation of countervailing duty investigations and whether it contains information reasonably available to the petitioner supporting these allegations. We have examined the petition and

Initiation of Countervailing Duty Investigations; Certain Stainless Steel Products From Brazil

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of countervailing duty investigations.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters

have found that it meets these requirements.

Therefore, in accordance with section 702(c) of the Act, we are initiating countervailing duty investigations to determine whether manufacturers, producers, or exporters in Brazil of certain stainless steel products as described in the "Scope of the Investigations" section of this notice received benefits that constitute subsidies within the meaning of section 771(5) of the Act. If these investigations proceed normally, we will make our preliminary determinations by September 9, 1982.

Scope of the Investigations

The products covered by these investigations are hot-rolled stainless steel bar, cold-formed stainless steel bar and stainless steel wire rod. For a further description of these products, see Appendix A to this notice.

Allegations of Subsidies

The petition alleges manufacturers, producers, or exporters in Brazil of certain stainless steel products benefit from the following subsidies: Preferential long-term loans and loan guarantees, preferential working capital financing, tax exemptions, investment subsidies from tax rebates, overrebate of indirect taxes, special amortization and tax-loss carry forward privileges for export-oriented projects, and transportation subsidies.

Notification of ITC

Section 702(d) of the Act requires us to notify the U.S. International Trade Commission of this action and to provide it with the information 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 it confirms it will not disclose such information either publicly or under an administrative protective order without the written consent of the Deputy Assistant Secretary for Import Administration.

Preliminary Determination by ITC

The ITC will determine by August 2, 1982, whether there is a reasonable indication that imports of certain stainless steel products from Brazil are materially injuring, or threatening to materially injure, a U.S. industry. If its determinations are negative, these investigations will terminate; otherwise,

they will continue according to the statutory procedures.

Judith H. Bello,
Acting Deputy Assistant Secretary for Import Administration.

July 6, 1982.

Appendix A

For purpose of these investigations, the products are described below:

1. The term "*stainless steel wire rod*" covers a coiled, semi-finished, hot-rolled stainless steel product of solid cross section, approximately round in cross section, not under 0.20 inches nor over 0.74 inch in diameter, not tempered, not treated, and not partly manufactured as currently provided for in item 607.26 of the *Tariff Schedules of the United States (TSUS)* or if tempered, treated, or partly manufactured as provided for in item 607.43 of the TSUS.

2. The term "*hot-rolled stainless steel bars*" covers hot-rolled stainless steel products of solid section having cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons or octagons, not coated or plated with metal as currently provided for in item 606.9005 of the *Tariff Schedules of the United States Annotated*.

3. The term "*cold-formed stainless steel bars*" covers cold-formed stainless steel products of solid section having cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons or octagons, not coated or plated with metal as currently provided for in item 606.9010 of the *Tariff Schedules of the United States Annotated*.

Stainless steel is an alloy steel which contains by weight less than 1 percent of carbon and over 11.5 percent of chromium. Iron must predominate by weight and the alloy is malleable as first cast. Alloy steel is defined as a steel which contains one or more of the following elements in the quantity, by weight, respectively indicated:

- Over 1.65 percent of manganese, or
- Over 0.25 percent of phosphorus, or
- Over 0.35 percent of sulphur, or
- Over 0.60 percent of silicon, or
- Over 0.60 percent of copper, or
- Over 0.30 percent of aluminum, or
- Over 0.20 percent of chromium, or
- Over 0.30 percent of cobalt, or
- Over 0.35 percent of lead, or
- Over 0.50 percent of nickel, or
- Over 0.30 percent of tungsten, or
- Over 0.10 percent of any other metallic element.

[FR Doc. 82-18866 Filed 7-12-82; 8:45 am]

BILLING CODE 3510-25-M

APPENDIX C.
LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-179 through 181 (Preliminary)

HOT-ROLLED STAINLESS STEEL BAR, COLD-FORMED STAINLESS STEEL BAR, AND
STAINLESS STEEL WIRE ROD FROM BRAZIL

Those listed below have appeared as witnesses at the United States International Trade Commission's conference to be held in connection with the subject investigations on Tuesday, July 13, 1982, at 10:00 a.m., in the Hearing Room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of
countervailing duties

Alloted time
(minutes)
60

Collier, Shannon, Rill & Scott--Counsel
Washington, D.C.
on behalf of

Specialty Steel Industry of the United States

Dr. Adolph J. Lena, Chairman, and Chief Executive
Officer, Al Tech Specialty Steel Corp.

Bruce P. Malashevich, Vice President, Economic
Consulting Services, Inc.

Mr. Fred Thoke, Crucible Stainless Steel
Division (Colt Industries)

David A. Hartquist)
Alan M. Dunn)--OF COUNSEL

In opposition to the imposition of
countervailing duties

60

Arter Hadden & Hemmendinger--Counsel
Washington, D.C.
on behalf of

Instituto Brasileiro Siderurgia (Brazilian
Iron and Steel Institute)

Royal Daniel, III)
Arthur J. Lafave, III)--OF COUNSEL

APPENDIX D.
LIST OF TSUSA CLASSES MONITORED BY U.S. DEPARTMENT OF COMMERCE

**Specialty Steel Products Lines: TSUSA
Categories
(1992 U.S. Tariff Schedules)**

(1) Stainless Steel Sheet and Strip

607.7010	608.2000
607.9010	608.4300
607.9020	608.5000
608.2000	

(2) Stainless Steel Plate

607.7005	607.9005
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(3) Stainless Steel Bar

606.9005	608.9010
----------	----------

(4) Stainless Steel Rod

607.3000	607.4000
----------	----------

(5) Alloy Tool Steel

606.9300	607.5420
606.9400	607.7205
606.9505	607.7220
606.9510	607.8005
606.9520	607.8020
606.9525	608.3405
606.9535	608.3420
606.9540	608.4005
607.2800	608.4020
607.3405	608.6405
607.3420	608.6420
607.4600	609.4520
607.5405	609.4550

(6) Specialty Steel Pipe and Tube

610.3701	610.5205
610.3727	610.5230
610.3731	610.5231
610.3741	610.5234
610.3742	610.5236
610.5130	

APPENDIX E.
MARKET PENETRATION BY U.S. IMPORTS OF STAINLESS STEEL,
1971-80

--IMPORT MARKET SHARES BY PRODUCT CATEGORY

(Percent of U.S. apparent consumption ¹ supplied by imports)

Year	S.S. sheet and strip	S.S. plate	S.S. bar	S.S. rod	Alloy tool steel	S.S. pipe and tubing	All products
1971	19.7	17.9	13.7	57.7	14.4	44.5	20.5
1972	10.2	24.0	14.5	50.9	14.7	33.9	14.3
1973	6.1	13.3	12.5	42.3	18.0	20.8	10.5
1974	7.5	9.0	15.2	49.8	18.4	26.5	12.1
1975	13.9	16.8	24.6	69.4	28.0	41.5	20.8
1976	10.7	20.0	19.2	51.3	25.6	61.2	17.5
1977	9.0	8.4	17.4	41.2	21.8	46.3	13.7
1978	9.8	9.6	17.5	39.1	24.5	52.0	14.6
1979	7.0	5.0	16.4	31.5	27.3	36.4	11.9
1980	5.9	2.7	21.6	37.9	*27.7	46.6	13.3
Ten-year weighted average	8.5	11.6	17.1	44.3	22.0	41.5	14.4

¹ Apparent Consumption = Net Domestic Shipments plus Imports minus Exports.² The figure of 27.7 percent which appears here has been revised downward since the publication of the first review due to revisions in U.S. Census Data. This revision does not alter the existence of surges previously announced for this product category.**Sources**Imports: U.S. Department of Commerce,
Bureau of the Census, IM146.Exports: U.S. Department of Commerce,
Bureau of the Census, EM549.Shipments: American Iron and Steel
Institute, AIS10-S and AIS10, Data Reflect
net shipments to reporting companies.

**APPENDIX F.
STATISTICAL TABLES**

Table A.--Hot-rolled stainless steel bar: 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)					
Brazil-----	541	450	536	213	226
Italy-----	3	140	128	24	191
Austria-----	83	9	1/	0	0
Sweden-----	1,729	1,564	1,284	111	516
Japan-----	2,845	3,853	2,722	363	890
United Kingdom--	211	199	970	156	450
Spain-----	872	614	766	15	314
Canada-----	209	399	223	9	18
West Germany----	130	309	157	100	104
France-----	490	614	547	158	64
All sources-----	7,133	8,134	7,599	1,026	2,957
Unit value (per short ton)					
Brazil-----	\$1,441	\$1,740	\$ 2,032	\$1,928	\$1,644
Italy-----	1,363	1,399	1,463	1,413	1,570
Austria-----	1,548	1,706	11,944	-	-
Sweden-----	1,804	3,392	2,304	2,534	2,216
Japan-----	2,011	2,166	1,974	2,244	1,858
United Kingdom--	1,397	1,879	1,758	2,072	1,471
Spain-----	1,393	1,907	1,608	2,050	1,535
Canada-----	1,980	1,998	2,315	2,351	3,209
West Germany----	1,576	1,510	1,848	1,877	1,899
France-----	1,695	2,014	2,129	2,120	2,512
Average all sources-----	1,768	2,057	1,953	2,133	1,798

1/ Less than 0.5 ton.

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

Table B.--Cold-formed stainless steel bar: 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)					
Brazil-----	1,489	1,253	2,378	259	1,351
Italy-----	43	252	635	208	145
Austria-----	0	0	20	0	0
Sweden-----	20	97	716	104	181
Japan-----	12,498	12,929	11,748	2,620	2,938
Spain-----	1,233	2,141	1,863	514	808
France-----	369	715	643	110	262
West Germany----	1,437	1,289	651	126	146
Canada-----	1,493	2,238	1,043	348	284
United Kingdom--	2,185	3,847	6,010	858	971
All sources-----	21,735	28,689	27,248	5,496	7,732
Unit value (per short ton)					
Brazil-----	\$1,532	\$1,877	\$1,911	\$1,905	\$1,852
Italy-----	1,315	1,401	1,548	1,488	1,426
Austria-----	-	-	1,533	-	-
Sweden-----	2,400	3,170	3,387	3,404	3,498
Japan-----	1,984	2,200	2,278	2,405	2,000
Spain-----	1,675	2,041	2,221	2,323	1,867
France-----	1,377	1,856	2,302	2,257	1,679
West Germany----	1,657	1,934	2,363	2,818	1,971
Canada-----	1,789	1,916	2,046	2,250	2,045
United Kingdom--	1,631	1,959	2,214	2,342	1,909
Average, all					
sources---	1,830	2,027	2,219	2,376	1,911

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

Table C.--Stainless steel wire rod: 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)				
Brazil-----	0	13	1,349	285	324
Italy-----	0	3,083	2,118	803	610
Austria-----	0	0	0	0	0
Sweden-----	0	3,483	4,085	998	921
Japan-----	6,619	6,274	7,580	1,335	1,737
France-----	13	26	0	0	21
Spain-----	0	1,674	2,763	524	685
West Germany----	24	1	0	0	0
United Kingdom--	4,124	5,477	3,230	82	1,631
Canada-----	108	659	1,574	294	782
Total, all sources-----	18,408	21,643	25,136	4,627	7,097
	Unit value (per short ton)				
Brazil-----	-	\$1,683	\$1,792	\$1,685	\$1,707
Italy-----	-	1,254	1,422	1,441	1,490
Austria-----	\$1,723	-	-	-	-
Sweden-----	2,033	1,976	1,817	1,800	1,782
Japan-----	1,660	1,808	1,735	1,818	1,679
France-----	1,807	3,352	-	-	1,871
Spain-----	-	1,668	1,743	1,694	1,667
West Germany----	1,553	4,066	5,076	5,076	-
United Kingdom--	1,637	1,970	2,120	1,682	2,107
Canada-----	1,349	1,700	1,634	e	
Average, all sources----	1,668	1,820	1,811	1,768	1,782

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

APPENDIX G.
PRODUCT LIST

- PRODUCT 1: Hot-rolled stainless steel bars, AISI grade 304, sizes 1-1/2 inch (38mm) to 4-3/4 inch (121mm) round
- PRODUCT 2: Hot-rolled stainless steel bars, AISI grade 410, sizes 1-1/2 inch (38mm) to 4-3/4 inch (121mm) round
- PRODUCT 3: Cold-formed stainless steel bars, centerless ground, AISI grade 303, sizes 20/32 inch (16mm) to 31/32 inch (25mm) round
- PRODUCT 4: Cold-formed stainless steel bars, centerless ground, AISI grade 303, sizes 1 inch (25.4mm) to 1-7/16 inch (36.5mm) round
- PRODUCT 5: Cold-formed stainless steel bars, centerless ground, AISI grade 304, sizes 1-1/2 inch (38mm) to 4-3/4 inch (121mm) round
- PRODUCT 6: Wire rod, stainless steel, AISI grades 302 and/or 304, sizes 5.5mm (0.217 inch) to 0.250 inch (6.35mm) round.
- PRODUCT 7: Wire rod, stainless steel, AISI grade 410, sizes 5.5mm (0.217 inch) to 0.250 inch (6.35mm) round.

