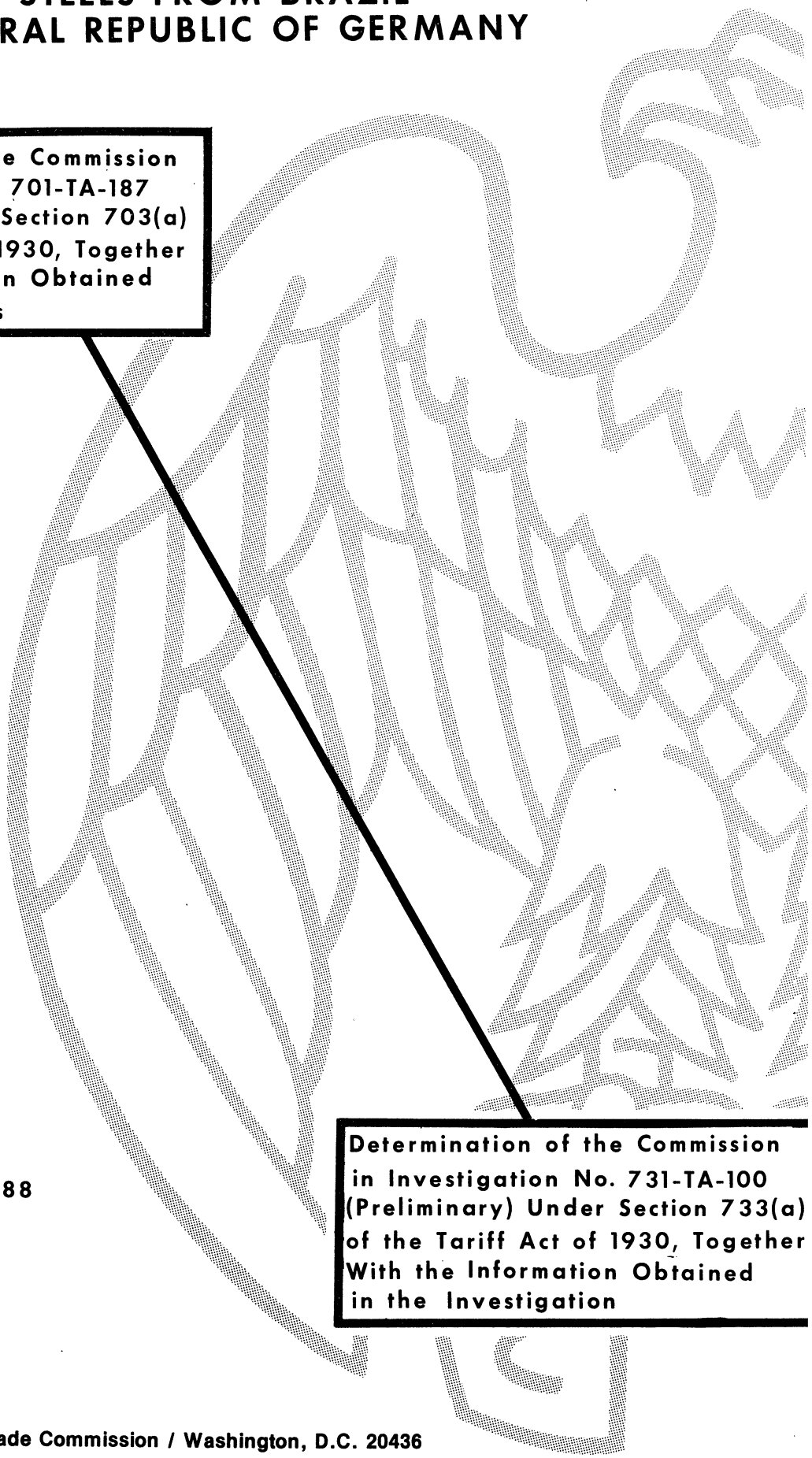
CERTAIN TOOL STEELS FROM BRAZIL AND THE FEDERAL REPUBLIC OF GERMANY

Determination of the Commission in Investigation No. 701-TA-187 (Preliminary) Under Section 703(a) of the Tariff Act of 1930, Together With the Information Obtained in the Investigations



Determination of the Commission in Investigation No. 731-TA-100 (Preliminary) Under Section 733(a) of the Tariff Act of 1930, Together With the Information Obtained in the Investigation

USITC PUBLICATION 1288

SEPTEMBER 1982

United States International Trade Commission / Washington, D.C. 20436

UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C. 20436

Investigations Nos. 701-TA-187 (Preliminary) and
731-TA-100 (Preliminary)

CERTAIN TOOL STEELS FROM BRAZIL AND WEST GERMANY

Determinations

On the basis of the record 1/ developed in investigation No. 701-TA-187 (Preliminary), 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 or is threatened with material injury by reason of imports of tool steel bar and rod provided for in items 606.9300, 606.9400, 606.9505, 606.9510, 606.9520, 606.9525, 606.9535, 606.9540, 607.2800, 607.3405, 607.3420, 607.4600, 607.5405, and 607.5420 of the Tariff Schedules of the United States Annotated (TSUSA), which are alleged to be subsidized by the Government of Brazil. 2/3/

On the basis of the record 1/ developed in investigation No. 731-TA-100 (Preliminary), the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of imports from West Germany of tool steel bar and rod provided for in items 606.9300, 606.9400, 606.9505, 606.9510, 606.9520, 606.9525, 606.9535, 606.9540, 607.2800, 607.3405, 607.3420, 607.4600, 607.5405, and 607.5420 of the Tariff Schedules of the United States Annotated (TSUSA), which are alleged to be sold in the United States at less than fair value (LTFV). 2/3/

1/ The "record" is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (47 F.R. 6190, Feb. 10, 1982).

2/ Commissioner Haggart determines only that there is a reasonable indication that an industry in the United States is materially injured.

3/ Commissioner Calhoun did not participate in this investigation.

Background

On July 30, 1982, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel for Al Tech Specialty Steel Corp., Continental Copper & Steel Industries Inc. (Braeburn Alloy Steel Division), Carpenter Technology Corp., Columbia Tool Steel Company, Colt Industries, Inc. (Crucible Specialty Metals Division), Cyclops Corp., Guterl Special Steel Corp., Jessop Steel Company, Latrobe Steel Company, and the United Steelworkers of America (AFL-CIO/CLC), alleging that producers, manufacturers, or exporters of tool steel bar and rod in Brazil receive, directly or indirectly, subsidies from the Brazilian Government and that the U.S. industry producing these products is materially injured and is threatened with material injury by reason of the subsidized imports from Brazil. Accordingly, the Commission instituted countervailing duty investigation No. 701-TA-187 (Preliminary) under section 703(a) of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise from Brazil.

On July 30, 1982, a second petition was filed by counsel on behalf of the same group of petitioners with the Commission and the Department of Commerce alleging that tool steel bar and rod from the Federal Republic of Germany are being, or are likely to be, sold in the United States at LTFV and that the U.S. industry producing these products is materially injured, or threatened with material injury, by reason of LTFV imports from the Federal Republic of Germany. Accordingly, the Commission instituted antidumping investigation No. 731-TA-100 (Preliminary) under section 733(a) of the Tariff Act of 1930 to

determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise from the Federal Republic of Germany.

Notice of the institution of the Commission's investigations and of the public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of Aug. 11, 1982 (47 F.R. 34868). The conference was held in Washington, D.C. on August 23, 1982, at which time all persons who requested the opportunity were permitted to appear in person or by counsel. The Commission voted on these investigations on September 8, 1982.

VIEWS OF THE COMMISSION 1/

Introduction

We determine, pursuant to section 703(a) of the Tariff Act of 1930 (hereinafter the Act), 2/ that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 3/ by reason of imports of tool steel bar and rod which are alleged to be subsidized by the Government of Brazil. 4/ 5/ 6/ 7/ Further, we determine, pursuant to section 733(a) of the Act, 8/ that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury 3/ by reason of imports of tool

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1/ Commissioner Calhoun did not participate in these investigations.

2/ 19 U.S.C. § 1671b(a).

3/ Commmissioner Haggart determines only that there is a reasonable indication of material injury, and therefore does not reach the issue of threat of material injury.

4/ Retardation of establishment of an industry in the United States is not an issue in these investigations and will not be discussed further.

5/ We have made these determinations on a case-by-case basis. Should either of the affirmative preliminary cases return for final determinations, however, we do not preclude cumulation of the imported products if the record developed shows that such cumulation is appropriate.

6/ For a further discussion of related cumulation issues by Commissioner Stern, see Stainless Steel Sheet and Strip from West Germany, inv. No. 731-TA-92 (Preliminary), USITC Pub. No. 1252, pp. 7-10 (1982),

7/ Commissioner Frank disagrees with the other Commissioners in this opinion. He believes that cumulation of like products from Brazil and West Germany is appropriate now and there is no need to separate imports of tool steel bar and rod or make it difficult to analyze available financial or other data.

Commissioner Frank notes that a low threshold applies in preliminary investigations. His views on this are discussed in Certain Steel Products from Belgium, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany, inv Nos. 701-TA-86 (Preliminary), et al., USITC Pub. No. 1221, Vol. 1 (1982).

8/ 19 U.S.C. § 1673b(a).

steel bar and rod from West Germany which are alleged to be sold at less than fair value. 1/ 2/

Domestic Industry

Section 771(4)(A) of the Act 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 portion of the total domestic production of that product." 3/ Section 771(10) defines "like product," in turn, as a "product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation." 4/

The imported articles which are the subject of these investigations are tool steel bar and rod. Both imported and domestic tool steel bar and rod are alloy steels used in tools for cutting, shaping, forming, and blanking of materials at either ordinary or elevated temperatures. Tool steels are capable of being hardened and tempered, and are used in those products requiring hot-hardness, wear resistance, and toughness. 5/ Types of tool steels vary in chemical composition and in form of finishing, depending upon the final use to which the steel will be put. The production of all tool steels (regardless of chemical composition) occurs on the same production line initially, with some differing procedures occurring during the final stages of production to achieve the desired physical characteristics. These characteristics of each type of tool steel are such as to permit some

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1/ See footnote 4, page 5.
2/ See footnote 5, page 5.
3/ 19 U.S.C. § 1677(4)(A).
4/ 19 U.S.C. § 1677(10).
5/ For a description of these qualities, see Report, p. A-9.

substitutability. Therefore, for purposes of this preliminary investigation, we have not differentiated among the different specifications of tool steel in our like product analysis. 1/

Tool steel is imported and produced domestically as both bar and rod, although almost all tool steel consists of bar. Bar and rod have certain distinguishable characteristics, namely that rod is always produced in coils and not cut to length while bar is cut to length. Bar can also be made by cutting rod to length. The production process for both bar and rod is similar. However, there are limitations on the diameter possible for rod, and therefore it may not be suitable for some end uses where a larger diameter of steel is required. We have determined for purposes of this preliminary investigation, that there are two "like products" corresponding to imported bar and imported rod, and accordingly, two corresponding industries producing these products. 2/ 3/ 4/

1/ During the course of the investigations, counsel for the Brazilian and West German importers alleged that certain types of tool steel are not produced in the United States and, therefore, that imports of these steels could not injure a domestic industry. For one of these products, West German mold steel, the Commission has ascertained that there is production of such steel in the United States. It likewise appears that there may also be U.S. production of the other tool steels cited by those in opposition to the petition.

2/ It appears that most of the domestic producers of bar also produce rod as well. Producers of either bar or rod or both are as follows: Al Tech Specialty Steel Corp.; Braeburn Alloy Steel Division, Continental Copper and Steel Industries, Inc.; Columbia Tool Steel Co.; Crucible Specialty Metals Division, Colt Industries, Inc.; Jessop Steel Co.; Latrobe Steel Co.; Carpenter Technology Corp.; Cyclops Corp.; and Guterl Special Steel Corp; National Forge Co.; Electrolloy Steel Co.; A. Finkl & Sons; Champion Steel Co.; and Copperweld Steel Co.

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

4/ Commissioner Frank determines that despite some of the pre-finishing
(Footnote continued on page 8)

In this preliminary investigation, the information available to the Commission is essentially on a combined basis for bar and rod. 1/ Separate data are not maintained for bar and rod operations. Therefore, for purposes of assessing the effect of the allegedly subsidized or LTFV imports in these investigations, we have used the data regarding the domestic product line which includes both bar and rod pursuant to section 771(4)(D) of the Act. 2/

Material Injury by Reason of LTFV or Subsidized Imports

In a preliminary investigation, the Commission is directed by title VII of the Tariff Act of 1930 to determine, based upon the best information available at the time of the determination, whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of the merchandise that is the subject of the investigation. 3/

Section 771(7) of the Act directs the Commission to consider, in making its determination, among other factors, (1) the volume of imports of the

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(Footnote continued from page 7.) production processes being slightly different, tool steel bar and rod (which are alloy steels) are like products and does not find two like products. He considers minor chemical composition or end-uses not to be important enough differences to require finding two like products where one like product should be found.

1/ At the conference and in their post-conference briefs, those opposed to the petition argued that tool steel plate should be considered as part of the domestic industry. Tool steel plate may be an intermediate product in the production of bar as well as in the production of other shapes and products, such as octogons and stamping dies, or it may be sold by the producers directly. Plate that is produced and cut into bars by the U.S. tool steel producers has been included in the domestic industry data.

2/ 19 U.S.C. § 1677(4)(D).

3/ 19 U.S.C. §§ 1671b, 1673b.

merchandise under investigation, (2) their impact on domestic prices and (3) the consequent impact on the domestic industry. 1/

Condition of the Domestic Industry

The condition of the domestic tool steel industry has been deteriorating since 1979, and this downward trend has quickened in the first half of 1982. Although domestic capacity to produce tool steels has remained relatively constant during the 1979-1982 period, shipments by U.S. producers have declined steadily from 94,560 tons in 1979 to 67,360 tons in 1981. Domestic producers' share of the U.S. market declined from 78.4 percent in 1979 to 69.9 percent in 1981. 2/ Comparing the first half of 1981 to the first half of 1982, U.S. producer shipments declined more than 9,000. For the period 1979-1981, capacity utilization fell from 62 percent to 53 percent and from January-June 1981 to January-June 1982, capacity utilization declined again from 53 percent to 33 percent. 3/

While the levels of inventories reported by the U.S. producers declined between 1978 and 1981, the number of days' supply in inventory has steadily increased, reflecting the reduced levels of sales. 4/

Employment patterns have exhibited a steadily downward trend. Employment among production and related workers declined 17 percent from 1979 to 1981. From January-June 1981 to January-June 1982, the decline was 26 percent. The number of hours paid--a useful indicator of employment trends in an industry with reduced production--fell by more than 20 percent between 1979 and 1981,

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1/ 19 U.S.C. § 1677(7).
2/ Report, p. A-31.
3/ Report, pp. A-18-20.
4/ Report, p. A-20.

and by more than 30 percent during the first half of 1982 as compared with first half of 1982. 1/

Financial performance information reported to the Commission was provided by producers accounting for 70 percent of domestic production. Sales, gross profits, and net profits before taxes fell steadily between 1979 and 1981. As with other factors discussed above, sales, gross profits, and net profits declined precipitously from January-June 1981 to the corresponding period of 1982. The number of domestic firms reporting operating losses more than doubled from January-June 1981 to January-June 1982. 2/ 3/

Reasonable Indication of Material Injury or Threat of Material Injury 4/ by Reason of Imports from Brazil

Imports from Brazil rose from negligible amounts in 1979 to 1,751 tons in 1981. From January-June 1981 to January-June 1982 imports rose from 311 tons to 1,637 tons. In addition, the percentage of domestic consumption represented by imports from Brazil increased from less than .05 percent in 1979 to 1.9 percent in 1981. From January-June 1981 to January-June 1982, the percentage of domestic consumption represented by imports Brazil increased from 0.7 percent to 3.7 percent. 5/

This investigation also showed that Brazilian tool steel undersold comparable domestic tool steel in nearly every quarter for which a comparison

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1/ Report, pp. A-21-23.
2/ Report, p. A-24.
3/ The number of firms reporting losses in 1982 accounted for nearly one third of domestic tool steel production.
4/ See footnote 3, page 5.
5/ Report, p. A-31.

is available. Margins of underselling ranged from 3 to 26 percent. Price was found to be a major consideration in the purchase of tool steel bar and rod. 1/

With regard to threat, we base our determination on the above factors as well as the following information. Brazil's total exports of tool steel products increased 13.9 percent from 1980 to 1981, even though Brazilian production declined over that period. 2/ Brazil has gone from being the 12th largest source of U.S. imports of tool steel in 1979 to the fifth largest in 1981. For the period January-June 1982, Brazil was the fourth largest supplier of U.S. imports. 3/ The record indicates that Brazil's two leading producers of specialty steel have both increased their capacities in 1980 and 1981. One of these companies is participating in a government program to promote exports and the principal targets of this export effort include, in particular, the United States market. 4/ 5/

Reasonable Indication of Material Injury or Threat of Material Injury 6/ by Reason of Imports from West Germany

Imports from West Germany more than tripled from 1979 to 1981. From January-June 1981 to January-June 1982, imports from West Germany more than doubled. As a percentage of apparent U.S. consumption, imports from West Germany increased from 1.7 percent in 1979 to 7.4 percent in 1981. From

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1/ Report, pp. A-45, A-40, A-42-44.
2/ Report, p. A-29.
3/ Report p. A-31.
4/ Report, pp. A-29-30.
5/ Commissioner Frank notes that there is not adequate domestic demand in Brazil or in third countries' markets to utilize this increased Brazilian capacity according to preliminary investigation findings.
6/ See footnote 3, page 5.

January-June 1981 to January-June 1982, imports from West Germany as a percentage of apparent U.S. consumption increased from 5.3 to 11.1 percent. By June 1982, West Germany had become the largest source of U.S. tool steel imports. 1/

Price comparisons revealed that West German tool steel bar and rod has undersold domestic tool steel bar and rod by significant margins in most instances. Margins of underselling ranged from 3 to 45 percent. 2/ Lost sales information confirms the importance of price to purchasers. The Commission was able to confirm three instances of lost sales and in each case purchasers indicated that price was a major consideration. In two cases, purchasers indicated that domestic producers lowered their prices to meet the West German price. 3/

With regard to threat, we base our determination on the above factors as well as the following information. Imports from West Germany have increased since 1979, and the rate of increase in imports from West Germany appears to be accelerating. Information on West German productive capacity is not available at this time and we believe that further information should be available in the event of a final investigation. 4/

Conclusion

Our investigation reveals that the domestic industry is losing market share, its sales are decreasing, and its financial position is deteriorating.

1/ Report, pp. A-31 and A-35.
2/ Report, pp. A-40 and A-42-44.
3/ Report, p. A-47.
4/ Commissioner Frank notes that there appears to be inadequate alternative demand in domestic West German or third countries' markets to utilize available unused capacity.

At the same time, imports from both Brazil and West Germany are increasing, both in absolute numbers and in market share. Imports from both Brazil and West German undersell the domestic product by significant margins. Historically, Brazilian production has been directed toward the U.S. market and Brazilian capacity has been increasing. 1/ Imports from West Germany have likewise steadily increased and that country is now the largest single source of imports. 2/ Therefore, we conclude that there is a reasonable indication that the domestic tool steel industry is materially injured or threatened with material injury by reason of the allegedly subsidized imports of tool steel bar and rod from Brazil and by reason of tool steel bar and rod imports from West Germany which are allegedly sold at less than fair value.

1/ Commissioner Frank notes that such imports will have harmful impacts on the domestic tool steel industry and on prices the industry can obtain.

2/ Commissioner Frank notes that harm to domestic producers and their prices appears to be probable.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

On July 30, 1982, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by counsel for Al Tech Specialty Steel Corp., Continental Copper & Steel Industries, Inc. (Braeburn Alloy Steel Division), Carpenter Technology Corp., Columbia Tool Steel Co., Colt Industries, Inc. (Crucible Specialty Metals Division), Cyclops Corp., Guterl Special Steel Corp., Jessop Steel Co., Latrobe Steel Co., and the United Steelworkers of America (AFL-CIO/CLC), alleging that producers, manufacturers, or exporters of tool steel bar and rod in Brazil receive, directly or indirectly, subsidies from the Brazilian Government and that the U.S. industry producing the products is materially injured and is threatened with material injury by reason of the subsidized imports from Brazil.

Accordingly, on July 30, 1982, the Commission instituted countervailing duty investigation No. 701-TA-187 (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 tool steel bar and rod currently provided for in items 606.9300, 606.9400, 606.9505, 606.9510, 606.9520, 606.9525, 606.9535, 606.9540, 607.2800, 607.3405, 607.3420, 607.4600, 607.5405, 607.5420 of the Tariff Schedules of the United States Annotated (TSUSA).

On July 30, 1982, a second petition was filed with the Commission and Department of Commerce by counsel on behalf of the same group of petitioners alleging that tool steel bar and rod from the Federal Republic of Germany (West Germany) are being, or are likely to be, sold in the United States at less than fair value (LTFV) and that the U.S. industry producing the products is materially injured, or threatened with material injury, by reason of LTFV imports from West Germany.

Accordingly, effective July 30, 1982, the Commission instituted antidumping investigation No. 731-TA-100 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of LTFV imports of certain tool steel bar and rod from West Germany .

The statute directs that the Commission makes its determination within 45 days of receipt of a petition, or in these cases, by September 13, 1982.

Notice of the institution of the Commission's investigations and of the public conference 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 August 11, 1982 (47 F.R. 34868). 1/ A public conference was held in Washington, D.C., on August 23, 1982, at which time all interested parties were given the opportunity to present information for consideration by the Commission. 2/

Other Commission Investigations

The Commission conducted three prior investigations under sections 201 and 203 of the Trade Act of 1974 on specialty steels, 3/ which included the tool steels that are the subject of the instant investigations. 4/

In the first of these investigations, No. TA-201-5, the Commission determined in January 1976 that tool steels 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 tool steels. The President determined that import relief should be provided and on June 11, 1976, issued Proclamation No. 4445, which set quotas for a 3-year period on tool steels.

The second investigation, No. TA-203-3, was instituted by the Commission on June 19, 1977, after the Special Representative for Trade Negotiations 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 quotas were to be terminated or increased. 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 quotas by excluding chipper knife steel and band saw steel from the quotas. The quotas applicable to the remaining tool steels for the European Community and Sweden, the primary sources of alloy tool steels, were reduced to take into account this change in quota coverage. This modification became effective April 8, 1978.

1/ A Copy of the Commission's notice of investigations and conference is presented in app. A. The Department of Commerce's notice of initiation of its investigations is presented in app. B.

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

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

4/ These investigations use "tool steels" to identify the same steels termed "alloy tool steels" in the previous investigations to parallel the term more often used in industry.

The third investigation, No. TA-203-5, was instituted by the Commission on December 11, 1978, following receipt of a petition 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 for use in advising the President as to the probable economic effect on the domestic industry of the termination of quotas on tool steels that were scheduled to terminate on June 13, 1979, unless extended by the President. On the basis of the record in this investigation, Commissioners Alberger and Stern advised the President that the termination of the quotas on tool steels would have little if any adverse impact on the domestic industry producing such articles, and Commissioners Moore and Bedell advised that the termination of quotas would have a serious adverse economic effect on the domestic industry. 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. 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 the 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). The petition 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 General Agreement on Tariffs and Trade (GATT) (the Subsidies Code). The petition alleged that the dramatic increase in the import penetration of specialty steel products (including the subject tool steels) 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 GATT and the Subsidies Code.

On February 26, 1982, the USTR inititated investigations concerning the allegations made with respect to five of the seven countries named in the petition: Austria (No. 301-27), France (No. 301-28), Italy (No. 301-29), Sweden (No. 301-30), and the United Kingdom (No. 301-31). 1/ At the same time, the USTR decided not to initiate investigations concerning the petitioners' allegations with respect to Brazil and Belgium.

1/ 47 F.R. 10107.

The USTR did not accept the petition concerning Brazil because, pursuant to art. 14(5) of the Code, Brazil has entered into a commitment with the United States to eliminate its export subsidies. The United States is thus precluded, pursuant to articles 14(6) 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 commitment. 1/

Petitioners filed a new petition concerning Belgium on June 23, 1982, which contained new information that provided sufficient grounds for USTR to decide to initiate, on August 9, 1982, an investigation of alleged subsidies provided to the specialty steel industry in Belgium. Upon initiating these investigations, the USTR also began the process of consultation required by section 303 of the Trade Act 2/ and art. 12 of the Code. If the 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 Code, 3/ which provide certain time constraints for each of the 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. 4/

Nature and Extent of Alleged Bounties and Grants

According to the petition, the Government of Brazil subsidizes its domestic steel industry and its steel exports through the following programs:

1. As an incentive to exporters, the Brazilian Government exempts exported goods from the Federal Industrial Products (IPI) tax and grants exporters a credit on the IPI tax of 15 percent of the f.o.b. value of exported goods.

2. Under Brazilian law, Brazilian steel companies may deposit 95 percent of their net IPI (i.e., the difference between the value added tax (VAT) paid to their suppliers and the VAT collected from their customers) in a special account with the Banco de Brazil. These amounts deposited with the Bank may be released and applied for developing the expansion projects.

3. Brazilian companies can reduce taxable income by the percentage of total sales accounted for by export sales.

1/ USTR notice of initiation of investigation, 47 F.R. 10107.
2/ 19 U.S.C. § 2413.
3/ Ibid.
4/ 19 U.S.C. § 2414.

4. Preferential credit arrangements are available for manufacturers to receive working capital financing up to a fixed percentage of the value of the previous year's exports, at interest rates below those available commercially. The percentage of export sales permitted for coverage varies by industry, ranging from 20 to 40 percent. The maximum subsidy rates possible under the program currently range from 4.5 to 9 percent. These loans are also exempt from the assessment of a 6.9 percent financial transaction tax.

5. The BEFIEX program administered by the Brazilian Industrial Development Council offers a range of fiscal benefits to firms exporting manufactured goods in exchange for a specified level of export. Such benefits include the exemption of import, state and IPI taxes in addition to the IPI tax credit premium.

6. The Brazilian Government offers investment on preferential terms. In addition, the Federal and State governments of Brazil provide the steel industry with loans carrying favorable financial terms.

Nature and Extent of Alleged Sales at LTFV

According to the petition, the market prices for the subject tool steel, both in West Germany and in the United States, are below West German production costs. The petitioners calculated alleged dumping margins using constructed values and West German net home market prices by adjusting U.S. factor costs to reflect differences between U.S. and West German factor costs (labor costs, scrap metal costs, power costs, and so forth). Costs were converted using the U.S. Customs Service's official fourth quarter 1981 exchange rate. Where petitioners used home market prices to calculate alleged margins, the West German ex-mill price is compared with the average import value in the United States. In all cases, the petitioners allege substantial dumping margins.

The Product

Description and uses

For the purpose of these investigations, tool steel 1/ includes "chipper knife steel," 2/ "band saw steel," 3/ "high-speed steel," 4/ and "other tool steels."

"Tool steel bar" is defined as alloy steel 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. Tables 1 and 2 show imports and shipments of the subject tool steels.

1/ "Tool steel" refers to alloy steel which contains the following combinations of elements in the quantity, by weight, respectively indicated:

(A) not less than 1.0 percent carbon and over 11.0 percent chromium; or
(B) not less than 0.3 percent carbon and 1.25 percent to 11.0 percent inclusive chromium; or
(C) not less than 0.85 percent carbon and 1.0 percent to 1.8 percent inclusive manganese; or
(D) 0.9 percent to 1.2 percent inclusive chromium and 0.9 percent to 1.4 percent inclusive molybdenum; or
(E) not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or
(F) not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

2/ "Chipper knife steel" refers to alloy tool steel which contains, in addition to iron, each of the following elements by weight in the amount specified:

carbon:	not less than 0.48 nor more than 0.55 percent;
manganese:	not less than 0.20 nor more than 0.50 percent;
silicon:	not less than 0.75 nor more than 1.05 percent;
chromium:	not less than 7.25 nor more than 8.75 percent;
molybdenum:	not less than 1.25 nor more than 1.75 percent;
tungsten:	none, or not more than 1.75 percent; and
vanadium:	not less than 0.20 nor more than 0.55 percent.

3/ "Band saw steel" refers to alloy tool steel which contains, in addition to iron, each of the following elements by weight in the amounts specified:

carbon:	not less than 0.47 nor more than 0.53 percent;
manganese:	not less than 0.60 nor more than 0.90 percent;
sulfur:	none, or not more than 0.015 percent;
phosphorus:	none, or not more than 0.025 percent;
silicon:	not less than 0.10 nor more than 0.25 percent;
chromium:	not less than 0.90 nor more than 1.10 percent;
nickel:	not less than 0.50 nor more than 0.70 percent;
molybdenum:	not less than 0.90 nor more than 1.10 percent; and
vanadium:	not less than 0.08 percent nor more than 0.15 percent.

4/ "High-speed tool steel" refers to all tool steel which contains, by weight, not less than 0.5 percent carbon and not less than 3.5 percent molybdenum; or not less than 0.5 percent carbon and not less than 5.5 percent tungsten.

Table 1.--Tool steels: U.S. imports for consumption from Brazil and West Germany, by types, 1979-81 and January-June 1982

(In Short tons)

Source and shape	Chipper knife				Band saw				High-speed				Other			
	1979	1980	1981	Jan.-June 1982	1979	1980	1981	Jan.-June 1982	1979	1980	1981	Jan.-June 1982	1979	1980	1981	Jan.-June 1982
West Germany:																
Bar	519	217	890	396	-	-	14	-	212	91	296	258	1,271	2,206	5,452	4,252
Rod	-	-	-	-	-	-	-	-			22	14	-	69	92	24
Brazil:																
Bar	-	-	-	-	-	-	-	-	-	11	519	244	14	329	976	1,305
Rod	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Table 2.--Tool steels: U.S. producers' domestic shipments of tool steel bar and rod, 1979-81 and January-June 1982

(In Short tons)

Shape	Chipper knife				Band saw				High-speed				Other			
	1979	1980	1981	Jan.-June 1982	1979	1980	1981	Jan.-June 1982	1979	1980	1981	Jan.-June 1982	1979	1980	1981	Jan.-June 1982
Bar	***	***	***	***	-	-	-	-	17,178	15,762	13,792	4,733	46,112	38,348	33,568	14,344
Rod	1/	1/	1/	1/	1/	1/	1/	1/	***	***	***	***	***	***	***	***

1/ Chipper knife and band saw steel are not made or sold in rod shape.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission representing approximately 70 percent of total U.S. production. Some producers could not provide separate data for chipper knife, band saw, or high speed steels; these producers maintain only aggregate records for all tool steels. Such aggregate data are included in "other."

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The first step in the production of tool steel bar is the melting of the raw material (typically scrap) in an electric arc furnace to produce a molten steel. This molten steel is further refined in an AOD furnace by blowing argon or nitrogen gas into the molten steel to oxidize the carbon in order to remove impurities. The molten steel is then cast into solid forms called ingots. These ingots can be worked into smaller cross sections (billets) by rolling or forging. Billets are run through a series of rolling mills until the desired size of billet is achieved. The billet then proceeds to the hot-rolling mills, which flatten and lengthen the product into hot-rolled bars. Hot-rolled tool steel bars must be annealed before cold-finishing. Hot-rolled and annealed bars are inspected, straightened, and cut to length, and generally undergo further 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, while centerless grinding is done to meet size requirements and to remove decarburization (oxide scale that forms as heat is applied). 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.

Tool steel rod is a hot-rolled product; it is coiled, semifinished, of solid cross section, approximately round in cross section, and not under 0.20 inch nor over 0.74 inch in diameter.

The production process for tool steel rod is essentially the same as that for tool steel bar. Both products are melted, bloomed, rough-ground on the same equipment, rolled on the same types of rolling mills, and heat-treated and tempered in the same types of annealing and heat-treating facilities. The production of tool steel bar differs from the production of tool steel rod only in that cold-formed bar is cut, turned, or ground. Tool steel rod is not cut to length after pickling and annealing; instead, it may be reduced to the appropriate diameter by drawing. The coiled rod 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.

After finishing or annealing, tool steel bar and rod are machined to make the end products: the tools. This is often done in a separate production facility by the toolmaker. They must then undergo a heat-treatment process in order to give the special hardness properties that distinguish tool steels from other types of steels. (Hardness in tool steels is typically measured in terms of the Rockwell hardness test, in which hardness is measured as the difference in depth penetration between a major and minor load as calibrated on the scale of a machine.) The first step in the heat-treatment process is to heat the steel (usually to a temperature between 1,800° and 2,200° F). The steel must then be cooled (or "quenched") in order to freeze the crystal structure of the steel obtained during the heat treatment and to prevent the formation of "pearlite." Pearlite is a softening of the steel that will develop unless the steel is quenched. Variations in the rate of cooling will affect the degree of hardness in the steel.

There are three principal media (air, water, and oil) for quenching tool steel that cool the steel at varying speeds. The selection of the particular medium to be used depends on the alloy content of the steel to be hardened.

After the hardening process, the steel must be tempered in order to remove the stresses that result from the cooling phase of the hardening process, and to toughen the steel. The tempering operation consists of heating the quenched steel to a certain temperature that is sufficient to bring about desired changes in the stresses and structure of the steel.

All tool steels have three properties in common in varying degrees:

1) The ability to resist softening at elevated temperatures. This is referred to as hot-hardness.

2) Resistance to wear of the tool area when in contact with the workpiece. This is referred to as wear resistance.

3) A combination of strength and ductility, often referred to as toughness.

The American Iron & Steel Institute divides tool steels into four principal groupings, which are determined by the properties of the steels: 1/

High-speed tool steels
Hot-work tool steels
Cold-work tool steels
Mold steels

High-speed tool steels retain their hardness at elevated temperatures. For this reason, their principal use is in metal-cutting applications, such as broaches, drills, end mills, lathes, milling machines, reamers, routers, and saws.

Hot-work tool steels have superior ductility and toughness. They are designed for use on hot metal; as a result, they are rarely used in metal-cutting applications but frequently used in metal-forming applications. Cold-work steels are designed for the forming of cold metal and, as such, require greater hardness than the hot-work steels. The greater levels of carbon in these steels account for the improved degrees of hardness. These steels do not have acceptable hot hardness properties and are therefore inappropriate for metal-cutting applications. Typical cold-forming applications for these steels include use in blanking, drawing, and forming dies.

Mold steels are low-alloy tool steels which are high in toughness, low in wear resistance, and moderate in hot hardness. Mold steels are used in plastic molds, zinc die casting dies, and holder blocks.

The TSUSA divides tool steels into four broad categories based on chemical composition.

1/ App. D lists types and brand names of tool steels as known and used by industry.

High-speed tool steels: This TSUSA category contains virtually the same grades of steel as the comparable AISI category.

Chipper knife steel: Chipper knife raw material is produced as individually rolled flats on hand mills from billet stock or as flat bars cut from rolled plates which are rolled on plate mills and then cut into flat bars by carbide-tipped saws. All chipper knife products must be annealed and flattened after hot-rolling. The plates or bars must be inspected for surface defects, macroetched for internal quality, and rated for depth of decarburization. Decarburization and surface blemishes must be such that finish sizes are attainable after finish grinding.

Chipper knife steel is used to make chipper knives, which are used in machines designed to chip wood into pulp and chips to be used in the lumber industry to make particleboard; in the paper industry to make paper and corrugated boxes; in sanitary systems; and in landscaping. Chipper knife steel generally has a chromium content of 8 percent, which makes it wear resistant, and a carbon content of 0.5 percent, which provides it with hardness and toughness. Both properties are important in the chipping of lumber. Almost all chipper knife steel is air-hardened or oil-hardened due to the high alloy content. Production techniques for chipper knife steel are proprietary.

Band saw steel: Band saw steel is used to produce band saw blades, which are metal-cutting blades used by machine shops and metal fabricators to cut semifinished metal down to a finished size. Band saw steel has a high carbon content, which accounts for its hardness.

Other tool steels: This category includes most of what the AISI refers to as hot-work tool steels, cold-work tool steels, and mold steels.

The tool steel market is small when compared with the entire steel industry as American Iron & Steel Institute (AISI) data show in the following tabulation:

Product	Approximate U.S. shipments in 1981 (tons)	Percent of total
Total steel mill products---------	87,000,000	100.0
Carbon and other alloy steel------	86,000,000	98.8
Stainless steel-------------------	1,000,000	1.1
All tool steel--------------------	77,000	0.1
Tool steel bar and rod------------	67,000	0.1

Although tool steels represent only about 0.1 percent of all shipments by the U.S. steel industry, they are essential to the U.S. economy. These tough, durable steels are used in extreme environments to produce the tools that drive U.S. industry.

U.S. tariff treatment

Imports of tool steel bars subject to this investigation are classified for tariff purposes under TSUSA items 606.9300, 606.9400, 606.9505, 606.9510, 606.9520, 606.9525, 606.9535, and 606.9540. 1/ Imports of tool steel wire rod are classified under items 607.2800, 607.3405, 607.3420, 607.4600, 607.5405, and 607.5420. The current column 1 (most-favored-nation) rates of duty 2/ and column 2 rates of duty 3/ on these items are shown in table 3. The least developed developing countries (LDDC) rate of duty 4/ is 6 percent ad valorem plus additional duties. Tables 4 and 5 provide an overview of the TSUSA items that cover tool steels.

Channels of distribution

Principal industries which make use of products made from tool steel bar and rod include the automotive, aerospace, machine tool, and household appliance industries. However, because the applications for tool steel are so diverse, it is not possible to say that the end use for these products is concentrated in any particular industry; furthermore, any one industry uses a number of different types and grades of tool steels.

More than 95 percent of U.S. producers' shipments of tool steel bar and rod were shipped to steel service centers and distributors in 1981. These are essentially middlemen which buy large quantities of steel from producers, warehouse the steel, and sell it to end users, most of which buy in smaller quantities.

1/ The contents of the cold-formed tool steel bar items (606.9400, 606.9510, 606.9525, and 606.9540) were modified on Oct. 17, 1980, to include wire, cut to length, transferred from 609.3040 (pt.), 609.3340 (pt.), 609.4520 (pt.), 609.4550 (pt.), and 609.7500 (pt.).

2/ 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. However, such rates would not apply to products of developing countries where such articles are granted preferential treatment under the Generalized System of Preferences or under the "LDDC" column.

3/ 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.

4/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Multilateral Trade Negotiations concession rates implemented without staging for particular items which are the products of least developed developing countries, enumerated in general headnote 3(d) of the TSUS. Where no rate of duty is provided in the "LDDC" column for a particular item, the rate of duty provided for in col. 1 applies.

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

TSUSA item No.	Article description	Rate of duty 1/	
		Col. 1	Col. 2
	Tool steel bar:		
	Chipper knife steel bar:		
606.9300	Not cold-formed	4.6% ad val. + additional duties. 2/	28% ad val. + additional duties.
606.9400	Cold-formed	10.5% ad val. + additional duties.	28% ad val. + additional duties.
	Other tool steel bar:		
	High-speed tool steel:		
606.9505	Not cold-formed	10.5% ad val. + additional duties.	28% ad val. + additional duties.
606.9510	Cold-formed	10.5% ad val. + additional duties.	28% ad val. + additional duties.
	Band saw steel:		
606.9520	Not cold-formed	10.5% ad val. + additional duties.	28% ad val. + additional duties.
606.9525	Cold-formed	10.5% ad val. + additional duties.	28% ad val. + additional duties.
	Other:		
606.9535	Not cold-formed	10.5% ad val. + additional duties.	28% ad val. + additional duties.
606.9540	Cold-formed	10.5% ad val. + additional duties.	28% ad val. + additional duties.
	Tool steel wire rod, not tempered, not treated, and not partly manufactured:		
607.2800	High-speed	4.2% ad val. + additional duties.	11% ad val. + additional duties.
	Other:		
607.3405	Chipper knife tool steel and band saw tool steel.	4.9% ad val. + additional duties.	11% ad val. + additional duties.
607.3420	Other	4.9% ad val. + additional duties.	11% ad val. + additional duties.

See footnotes at end of table.

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

Item No.	Article description	Rate of duty 1/	
		Col. 1	Col. 2
	Tool steel wire rod, tempered, treated, or partly manufactured:		
607.4600	High-speed	4.3% ad val. + additional duties.	10% ad val. + additional duties.
	Other:		
607.5405	Chipper knife steel and band saw steel.	5.9% ad val. + additional duties.	10% ad val. + additional duties.
607.5420	Other	5.9% ad val. + additional duties.	10% ad val. + additional duties.

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

TSUSA item No.	Article	Rate of duty	
		Col. 1	Col. 2
606.0000	Chromium content over 0.2 percent by weight.	0.1 % ad val.	1% ad val.
606.0200	Molybdenum content over 0.1 percent by weight.	0.3% ad val.	1% ad val.
606.0400	Tungsten content over 0.3 percent by weight.	0.4% ad val.	1% ad val.
606.0600	Vanadium content over 0.1 percent by weight.	0.2% ad val.	1% ad val.

2/ In 1980, the tariff on chipper knife steel was temporarily reduced from about 11.0 percent ad valorem to 4.6 percent, effective until Sept. 30, 1982, as provided in item 911.29 of the Appendix to the Tariff Schedules. Congress enacted legislation to reduce this tariff because the col. 1 duty rate on chipper knife steel was higher than that on finished chipper knives. The domestic chipper knife industry had therefore claimed that this difference in tariff rates made their product noncompetitive with finished chipper knives imported into the United States. Because of the high cost of the raw material to U.S. producers, legislation is currently pending before Congress to equalize the tariffs on chipper knife steel and finished chipper knives (H.R. 4566).

Table 4.--Tool steels: TSUSA items covering articles subject to investigations Nos. 731-TA-100 and 701-TA-187

Shape	Chipper knife	Band saw	High-speed	Other
Bar	606.9300	606.9520	606.9505	606.9535
	606.9400	606.9525	606.9510	606.9540
Rod	607.3405		607.2800	607.3420
	607.5405		607.4600	607.5420

Table 5.--Tools steels: TSUSA items covering articles not subject to investigations Nos. 731-TA-100 and 701-TA-187

Shape	Chipper knife	Band saw	High-speed	Other
Flat-rolled (plates and sheets).	607.7205		1/ -	607.7220
	607.8805			607.8820
Flat-rolled (strips).	608.3405		1/ -	608.3420
	608.4905			608.4920
	608.6405			608.6420
Wire	1/ -	1/ -	609.4520	1/ -
			609.4550	

1/ There are no TSUSA items designated.

Purchasers' questionnaires received by the Commission indicate the following end-use applications for various types of tool steel bar and rod products:

Tool steel product	Principal applications
High-speed steel	Metal-forming tools (shear blades, twist drills, taps, shear knives, slitting thread, rolling dies, knives, and so forth).
Cold-work steel	Metal-forming tools, punches, stamping dies, and so forth.
Hot-work steel	Metal-forming tools, hot-forging dies, and so forth.
Mold steel	Metal and plastic forming tools (plastic molds, die-cutting dies, and so forth).

Many of the purchasers indicated that they were simply distributors of tool steel bar and rod and were unable to determine the ultimate end use of the product they sold.

U.S. Producers

In 1979 and 1980 there were 15 U.S. producers of tool steels. By December 1981 Bethlehem Steel had discontinued its production of all tool steel products * * *. In 1975 only one firm, * * * produced chipper knife steel; by 1981 two additional firms had begun to produce chipper knife steel. However, questionnaire data and staff contacts with end users of this

Table 6.--Tool steel products: Principal U.S. producers, location of their establishments, types of products produced, and share of total U.S. production, 1/ 1981

Firm	Plant locations	Type of product 2/	Share of U.S. production
Al Tech Specialty	Dunkirk, N.Y.	***	***
Bethlehem Steel Corp.	Bethlehem, Pa.	***	
Braeburn Alloy Steel Division, Continental Copper & Steel Industries, Inc.	Lower Burrell, Pa.	***	
Carpenter Technology Corp.	Reading, Pa.	***	***
Columbia Tool Steel Co	Chicago Heights, Ill.	***	***
Crucible Specialty Metals Division, Colt Industries.	Syracuse, N.Y.	***	***
Guterl Special Steel Corp.	Lockport, N.Y.	***	3/
Jessop Steel Co	Washington, Pa.	***	***
Latrobe Steel Co., subsidiary of Timken Co.	Latrobe, Pa.	***	***
Teledyne Vasco	----------do----------	***	***
Universal Cyclops Specialty Steel Division, Cyclops Corp.	Titusville, Pa.	***	***
			***

1/ The responding companies accounted for approximately 70 percent of total U.S. production in 1981.

2/ HSS--high-speed tool steel; HWS--hot work tool steel; CWS--cold work tool steel; MS--mold steel; CKS--chipper knife steel.

3/ Not available.

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

product indicate that in 1982 only one domestic chipper knife steel producer, * * * continues to produce this product. In 1981 band saw steel was produced by one firm, and mold steel, by five firms.

Tool steel production requires special processing equipment and expensive alloying ingredients. The decision whether to produce one type and grade of tool steel or another appears to depend principally on the demand for that particular product at any given time, since it is easy for a producer of specialty steel products to shift production from one grade to another.

At the public conference held in connection with this investigation counsel for importers stated that there are producers of tool steel products that do not report to AISI. Those firms were identified as A. Finkl & Sons, Champion Steel Co., Earle M. Jorgensen & Co., Copperweld Steel Co., Electroloy Steel Co., and National Forge Co. The Commission staff contacted these firms by phone. The information on the production of tool steels by those firms is presented in the following tabulation:

* * * * * * *

U.S. Importers

Several importers of Brazilian and West German tool steels also import tool steels from other countries. These importers report that the imported merchandise is not tagged or otherwise identified as to its source, and thus it loses its identity when entered into the inventory of the importer/distributor. Therefore, the data on inventories of West German and Brazilian tool steels are often estimated by the importers. Some of the importers stated that they have a single selling price for any specific grade and size of tool steel regardless of its country of origin.

Many of the tool steel importers are "mill depots" that have no direct dealing with the end users of tool steels; rather, they sell to other U.S. distributors of tool steels.

U.S. importers of tool steel from Brazil

The files maintained by the U.S. Customs Service identified * * * companies that imported tool steels from Brazil during the period January 1981-June 1982 in bar or rod form. The principal importers of tool steel from Brazil and their share of imports during the period October 1981-June 1982 are listed below:

* * * * * * *

U.S. importers of tool steel from West Germany

The U.S. Custom Service's files identified * * * companies that imported tool steels from West Germany in the period January 1981-June 1982, of which * * * imported only small quantities. The largest importers and their approximate share of the imports in October 1981-June 1982 are listed in the following tabulation:

* * * * * * *

Apparent Consumption

Table 7 shows U.S. producers' shipments, imports, exports, and apparent consumption. Counsel for Thyssen Specialty Steels pointed out that AISI data do not include all U.S. producers. 1/ The estimated shipments of the nonreporting companies (approximately 15 to 20 percent of the total bar and rod shipments) have been included in the data presented in table 7. The apparent consumption figures used in this report are greater than those used by the petitioners.

Counsel for Thyssen also suggested that data on shipments of so-called valve steel be included in U.S. producers' shipments of tool steel for purposes of calculating apparent consumption. 2/ The U.S. Customs Service advised that steel having the chemical composition of valve steel which contains nickel and generally more than 11.5 percent chromium is classified as stainless steel. Thus, valve steel is not within the scope of this investigation.

It was also suggested by counsel for Thyssen that the P20 type of mold steel that Thyssen imports is not competitive with U.S.-produced tool steel because no U.S. producer makes it. 3/ Counsel referred to AISI statistical series No. AIS 10T of August 1980 as support for this statement (app. E). Another version of the AIS 10T of August 1980 (app. F) indicates in a footnote that there is U.S. mold steel production and that it is reported in another statistical category in order to protect the confidentiality of the data, which are reported to AISI by only one U.S. producer. At least one other producer of P20 is known at this time, * * * which does not report production data to AISI. Preliminary information indicates that * * * produces approximately * * * tons of the subject P20 mold steel annually.

1/ Thyssen postconference brief, p. 5.

2/ Statement of counsel to Thyssen at the Commission's conference, Aug. 23, 1982, p. 16.

3/ Statement of counsel for Thyssen, Aug. 23, 1982, pp. 15-16.

Table 7.--Tool steel bar and rod: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, 1979-81, January-June 1981, and January-June 1982

Period	Shipments 1/	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Shipments	Consumption
	Short tons				Percent	
1979	94,560	24,877	4,459	114,978	26.3	21.6
1980	78,655	24,084	3,391	99,348	30.6	24.2
1981	67,360	27,373	3,869	90,864	40.6	30.1
January-June--						
1981	36,026	11,380	2,065	45,341	31.6	25.1
1982	26,707	18,877	1,216	44,368	70.7	42.5

1/ AISI statistics adjusted to reflect estimated shipments of tool steel bar and rod by U.S. producers that do not report to the AISI.

Source: Compiled from official statistics of the U.S. Department of Commerce, except as noted.

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Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, and capacity utilization

The capacity to produce tool steels is reported to have remained substantially the same since 1979. The calculation of capacity utilization below excludes Bethlehem Steel, which left the tool steel business at the end of 1981 and is unable to identify capacity in retrospect with the desired degree of accuracy.

The following tabulation shows the capacity utilization of the U.S. tool steel industry for bar and rod calculated from the responses to the Commission's questionnaires mailed in August 1982:

	Capacity utilization 1/ (percent)
1979	62
1980	53
1981	53
January-June--	
1981	53
1982	33

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.

U.S. producers' shipments

Shipments by U.S. producers of the subject tool steels declined steadily from 94,560 tons in 1979 to 67,360 tons in 1981 (table 7). Shipments continued to decline in January-June 1982, dropping 26 percent from those reported in the corresponding period of 1981.

U.S. exports

Exports of tool steels by U.S. producers declined during the period under consideration, as shown in the following tabulation:

	U.S. exports (tons)
1979	4,459
1980	3,391
1981	3,869
January-June--	
1981	2,065
1982	1,216

Principal destinations of U.S. tool steel exports are Canada, Mexico, Argentina, Colombia, and Saudi Arabia.

U.S. producers' inventories

The end-of-period inventories reported by the responding U.S. producers were as follows:

	Inventories reported 1/	Number of days' supply in inventory
1978----------	45,524	2/
1979----------	43,008	240
1980----------	40,092	262
1981----------	41,097	309
Jan.-June--		
1981---------	38,646	271
1982---------	36,151	337

1/ Reported by respondents representing about 70 percent of the industry.
2/ Not available.

The inventory levels that are considered usual for the tool steel industry are higher than for other steels, even stainless steel, because economies of scale in melting require the melting of larger quantities even when filling the generally small orders that are customary in the tool steel business.

U.S. employment, wages, and productivity

Tool steel production is more labor intensive than carbon or stainless steel production. Tool steel output per labor hour is about 0.012 ton per hour, whereas stainless steel output averages approximately 0.022 ton per hour.

Productivity in the tool steel industry remained relatively stable during the last decade, as indicated in the following tabulation:

	Tool steel output (tons per hour)
1970	0.010
1971	.011
1972	.012
1973 1/	.012
1974 1/	.013
1975 2/	.012
1976	.011
1977	.012
1978	.014
1979	.014
1980	.012
1981	.013
January-June--	
1981	.013
1982	.011

1/ Highest production years of the decade.
2/ Lowest production year of the decade.

Employment among production and related workers declined from 2,206 in 1979 to 1,839 in 1981, or by 17 percent (tables 8 and 9). From January-June 1981 to January-June 1982 the decline was 26 percent. These decreases in employment do not, however, reflect the full extent of the decreases in production, which may indicate that the producers are attempting to retain their specially skilled tool steel producing workforce. The following tabulation shows the indexes of production, employment, hours paid, and unit labor costs (1979=100--for full calendar years; January-June 1981=100--for the two half year periods):

Period	Production	Employment	Hours paid	Unit labor costs
1979	100	100	100	100
1980	84	94	93	132
1981	75	83	79	144
January-June--				
1981	100	100	100	100
1982	55	74	68	147

Table 8.--Average number of employees, total and production and related workers employed in establishments producing tool steel bar and rod, hours paid to production and related workers, 1/ and labor productivity, 1979-81, January-June 1981, and January-June 1982 2/

Period	Employment			Hours paid for production and related workers producing--		Output per labor hour
	All persons	Production and related workers producing--				
		All products	Bar and rod	All products	Bar and rod	
				1,000 hours		Tons per hours
1979	25,159	18,377	2,206	37,175	4,691	0.014
1980	24,542	17,860	2,070	34,911	4,381	.012
1981	23,501	16,813	1,839	31,900	3,724	.013
Jan.-June--						
1981	23,720	17,054	1,886	19,463	1,921	.013
1982	20,412	13,709	1,390	12,743	1,301	.011

1/ Includes hours worked plus hours of paid leave time.
2/ U.S. producers submitting usable data accounted for about 70 percent of total shipments of tool steel bar and rod in 1979-81.

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

Table 9.--Wages and total compensation 1/ paid to production and related workers in establishments producing tool steel bar and rod, hourly compensation, and unit labor costs, 1979-81, January-June 1981, and January-June 1982

Period	Wages paid to production and related workers producing--		Total compensation paid to production and related workers producing--		Hourly compensation for bar and rod	Unit labor costs
	All products	Bar and rod	All products	Bar and rod		
	1,000 dollars					Per ton
1979	452,745	52,946	590,712	68,033	$14.50	$1,051
1980	473,088	55,131	627,170	75,333	17.20	1,388
1981	470,751	51,292	640,612	73,310	19.69	1,513
Jan.-June--						
1981	239,789	26,299	325,958	37,168	19.35	1,487
1982	201,512	20,138	280,415	30,001	23.06	2,180

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.

The inevitable result of attempting to maintain employment is an increase in labor costs. Unit labor costs increased 44 percent from 1979 to 1981 and 47 percent from January-June 1981 to January-June 1982.

Financial experience of U.S. producers

Usable financial data, on an establishment basis and for tool steel bar and rod, were received from seven U.S. firms, which accounted for about 70 percent of U.S. production in 1981. The reporting producers did not furnish separate data on bar and rod operations, stating that they do not maintain such separate data. The reported sales value of bar accounted for 96 percent or more of aggregate establishment net sales in each of the reporting periods.

Income-and-loss experience on tool steel bar and rod operations.--Net sales declined annually during 1979-81, from $260 million to $234 million. Net sales amounted to $96 million during interim 1982, down from $132 million in the corresponding period of 1981 (table 10). 1/

The seven firms' aggregate tool steel bar and rod operations were profitable in each of the years 1979-81. However, operating income and net income before taxes declined substantially during this period, operating income fell from $34.1 million, or 13.1 percent of net sales, in 1979 to $21.5 million, or 9.2 percent of net sales, in 1981. Net income before income taxes declined from 34.1 million, or 13.1 percent of net sales, to $21.6 million, or 9.3 percent of net sales, during this period. The seven firms sustained an aggregate operating loss of $2.4 million, or 2.5 percent of net sales, in interim 1982, compared with an operating income of $15.8 million, or 12.0 percent of net sales, during the corresponding period of 1981. Net income before income taxes followed the same trend as operating income.

One of the seven firms reported operating losses in 1979 and 1980, two firms reported such losses in 1981, and five firms reported losses during interim 1982. Two producers sustained net losses in 1980; otherwise, the number of net losses followed the same pattern as the number of operating losses.

1/ The 1981 and 1982 interim periods cover 3 months for one firm and 6 months for the other six firms.

Table 10.--Income-and-loss experience of 7 U.S. producers on their tool steel bar and rod operations, 1979-81, interim 1981, and interim 1982

Item	1979	1980	1981	Interim 1/--	
				1981	1982
Net sales--1,000 dollars--	259,842	255,479	233,508	131,846	96,051
Cost of goods sold--do----	195,070	193,602	178,495	98,136	81,530
Gross income--------do----	64,772	61,877	55,013	33,710	14,521
General, selling, and admintrative expenses---1,000 dollars--	30,652	31,635	33,514	17,910	16,920
Operating income or (loss)---1,000 dollars--	34,120	30,242	21,499	15,800	(2,399)
Other income or (expense), net------1,000 dollars--	(1)	375	109	636	373
Net income or (loss) before income taxes 1,000 dollars--	34,119	30,617	21,608	16,436	(2,026)
Depreciation and amortization expense 1,000 dollars--	4,195	4,343	4,588	2,318	2,719
Cash flow from operations 1,000 dollars--	38,314	34,960	26,196	18,754	693
Ratio to net sales:					
Gross income---percent--	24.9	24.2	23.6	25.6	15.1
Operating income or (loss)-------percent--	13.1	11.8	9.2	12.0	(2.5)
Net income or (loss) before income taxes percent--	13.1	12.0	9.3	12.5	(2.1)
Cost of goods sold--do--	75.1	75.8	76.4	74.4	84.9
General, selling, and administrative expenses percent--	11.8	12.4	14.4	13.6	17.6
Number of fims reporting operating losses--------	1	1	2	0	5
Number of firms reporting net losses----------	1	2	2	0	5

1/ Data for 1 firm are for 3 months, and data for the other 6 firms are for 6 months.

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

As a share of net sales, manufacturing costs (cost of goods sold) ranged from 75.1 percent of net sales in 1979 to 76.4 percent in 1981. Such costs rose to 84.9 percent of net sales during interim 1982, compared with 74.4 percent in the corresponding period of 1981. General, selling, and administrative expenses rose from 11.8 percent of net sales in 1979 to 14.4 percent in 1981. Such expense rose to 17.6 percent of net sales during interim 1982, compared with 13.6 percent in the corresponding period of 1981.

Cash flow generated from U.S. producers' tool steel bar and rod operations declined yearly during 1977-81, from $38.3 million in 1979 to $26.2 million in 1981. The seven firms reported a cash flow of $693,000 during interim 1982, compared with $18.8 million in the corresponding period of 1981. Financial data for the overall operations of the firms' establishments are presented in table 11.

Investment in productive facilities.--Seven firms supplied data relative to their investment in productive facilities used in the manufacture of tool steel bar and rod during 1979-81 and interim 1982. The seven firms' investment in such facilities, valued at cost, increased by $61 million during the reporting period (table 12). The book value of such assets increased $36 million during the period.

Table 11.--Income-and-loss experience of 7 U.S. producers on the overall operations of the establishments in which all shapes and grades of tool steels are produced, 1979-81, interim 1981, and interim 1982

Item	1979	1980	1981	Interim 1/--	
				1981	1982
Net sales--1,000 dollars--	265,855	259,660	235,246	132,602	96,720
Cost of goods sold--do----	201,358	197,008	180,073	98,815	82,192
Gross income---------do----	64,497	62,652	55,173	33,787	14,528
General, selling, and administrative expenses---1,000 dollars--	30,941	31,858	33,631	17,955	16,986
Operating income or (loss)---1,000 dollars--	33,556	30,794	21,542	15,832	(2,458)
Other income or (expense), net------1,000 dollars--	(72)	314	55	615	291
Net income or loss before income taxes 1,000 dollars--	33,484	31,108	21,597	16,447	(2,167)
Depreciation and amortization expense----do---- 1,000 dollars--	4,289	4,435	4,624	2,332	2,739
Cash flow from operations 1,000 dollars--	37,773	35,543	26,221	18,779	572
Ratios to net sales:					
Gross income---percent--	24.2	24.1	23.5	25.5	15.0
Operating income or (loss)-------percent--	12.6	11.8	9.2	11.9	(2.5)
Net income or (loss) before income taxes percent--	12.6	12.0	9.2	12.4	(2.2)
Cost of goods sold--do--	75.8	75.9	76.5	74.5	85.0
General, selling and administrative expenses percent--	11.6	12.3	14.3	13.6	17.5
Number of firms reporting operating losses--------	1	1	3	0	5
Number of firms reporting net losses----------	1	1	2	1	5
Ratio of tool steel bar sales to total establishment sales-percent--	96	96	98	98	98
Ratio of tool steel rod sales to total establishment sales-percent--	4	4	2	1	1

1/ Data for 1 firm are for 3 months, and data for the other 6 firms are for 6 months.

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

Table 12.--Investment in productive facilities by 7 U.S. producers of tool steel bar and rod

Item	1979	1980	1981	Interim 1/-- 1981	Interim 1/-- 1982
Original cost					
1,000 dollars--	222,188	251,301	273,674	262,151	282,695
Book value----------do----	103,927	124,438	137,206	128,270	139,625
Ratio of operating profit or loss to--					
Net sales---------percent--	13.1	11.8	9.2	12.0	(2.5)
Original cost--------do----	15.4	12.0	7.9	6.0	(0.8)
Book value----------do----	32.8	24.3	15.7	12.3	(1.7)

1/ Interim ratios pertaining to original cost and book value are not comparable to ratios based on 12-month data.

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

Capital expenditures.--Seven firms supplied data on to their capital expenditures during 1979-81 and January-June 1980 for land, buildings, machinery, and equipment used in the production of tool steel bar and rod. During 1979-81, aggregate capital expenditures for machinery and equipment ranged, from a low of $14.5 million in 1979 to a high of $23.7 million in 1980, as shown in the following tabulation:

Period	Machinery, equipment, and fixtures 1,000 dollars	Buildings, land, leaseholds, and land improvement 1,000 dollars
1979----------	14,530	1,277
1980----------	23,788	2,486
1981----------	16,481	4,325
Jan.-June: 1982--	8,666	1,847

Such expenditures amounted to $8.7 million during January-June 1982. Capital expenditures for buildings, land, leaseholds, and building and land improvements ranged from $1.3 million in 1979 to $4.3 million in 1981, and amounted to $1.8 million during January-June 1982.

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

U.S. importers' inventories

Some of the importers that maintain inventories of Brazilian and/or West German tool steels (the mill depots or "super distributors") are selling to other U.S. distributors/service centers that also maintain inventories but are not importers of record and, thus, do not appear in the data in table 13. Therefore, importers' inventories understate the quantities of foreign tool steels in inventories in the United States.

Table 13.--Tool steel bar and rod: U.S. importers' inventories of imports from West Germany and Brazil, 1979-81, January-June 1981, and January-June 1982

Source and period	End-of-period inventories 1/	Imports during period	Percent of imports accounted for by importers responding to the questionnaires 2/
	Tons		
West Germany:			
1979	***	2,002	86
1980	***	2,402	59
1981	***	6,765	81
January-June--			
1981	***	2,393	91
1982	***	4,943	77
Brazil:			
1979	***	14	3/
1980	***	340	3/
1981	***	1,751	50
January-June--			
1981	***	311	75
1982	***	1,637	4/ 78

1/ Some importers do not maintain inventories; rather they act as brokers or "back-to-back" importers.

2/ The importers to which the Commission sent questionnaires in connection with the instant investigations accounted for 90 to 95 percent of all imports in 1981 and 1982 from West Germany and Brazil.

3/ None reported.

4/ Includes 1 importer interviewed by telephone, who accounts for * * * percent of imports. This importer is a "back-to-back" operator.

Source: Inventories, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission; imports, compiled from official statistics of the U.S. Department of Commerce.

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

Brazilian production of tool steel bar and rod declined 5.5 percent from 23,067 tons in 1980 to 21,789 tons in 1981 (table 14). Brazilian exports to the United States increased 200 percent from 494 tons in 1980 to 1,482 tons in 1981. Total Brazilian exports of these products increased 13.9 percent from 4,489 tons in 1980 to 5,112 tons in 1981.

Table 14.--Tool steel bar and rod: Brazilian production and exports, 1979-81 and January-June 1982

Item	1979	1980	1981	January-June--1982
Production-------short tons--	22,024	23,067	21,789	10,182
Exports to--				
United States--------do----	1/	494	1,482	1,394
All other------------do----	1/	3,995	3,630	784
Total exports------do----	1/	4,489	5,112	2,178

1/ Not available.

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

Brazil's two leading producers of specialty steel, Companhia Acos Especias Itabira (Acesita) and Villares Industries de Base SA (Vibasa), 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 a year. Acesita, which is Brazil's largest producer of specialty steel products, completed expansion of its sole plant by adding 300,000 tons of annual specialty steelmaking capacity. 1/ It was estimated that Acesita produced close to 500,000 tons of specialty steel in 1981, versus 434,000 tons produced in 1980. Acesita plans to expand its specialty steel operations as it has purchased another cold-rolling mill, which will allow it to double its production of specialty steels. 2/

Because domestic demand for specialty steel in 1981 was sluggish, Brazilian producers have concentrated on exports. In 1981 Acesita set as a goal a 25 percent increase in its export of specialty steel bars over the 1980 figure. Acesita's principal export markets are South America, Mexico, and the United States. Acesita is among 25 steel companies participating in a Government program to promote exports. Principal targets of the export effort are the North and South American markets in general and the U.S. market in

1/ American Metal Market, Aug. 10, 1981, p. 10A.
2/ Ibid., Apr. 12, 1982, p. 9A.

particular. These companies are expected to receive financial aid from the Government in an effort to spur exports. 1/ Given recent substantial additions to Brazilian specialty steelmaking capacity and only moderate growth in domestic specialty steel consumption, Brazil is expected to continue to place heavy emphasis on exports.

In May 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 1980's. These plans call for expansion and completion of existing plants in an effort to increase steelmaking capacity for both carbon and specialty steels.

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

Counsel for Thyssen provided the Commission with the following information on West German tool steel production:

Product	Production per month (short tons)	Exports per month (short tons)
Hand tool steel	***	***
Cold-work tool steel	***	***
Hot-work tool steel	***	***
Other tool steel	***	***
Total	***	***

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

U.S. imports and market penetration

Imports from all sources.--Imports increased their share of the U.S. tool steel market from 1971 to 1975 before leveling off during the quota years 1976-79. Imports again moved upward in 1980 and 1981. The U.S. Department of Commerce monitors tool steel imports through its Surge Mechanism, instituted on January 8, 1981. Commerce has announced tool steel import-surge conditions in every quarterly notice since the inception of the program. Table 15 shows imports of tool steel bar and rod, and table 16 shows penetration of the U.S. market by those imports. The total quantity of imports decreased somewhat from 1979 to 1980, but increased by 14 percent from 1980 to 1981 and by 66 percent from January-June 1981 to January-June 1982. Market penetration by imports from all sources in 1981 was 30.1 percent; in January-June 1982 it was 42.5 percent.

The average unit value of imports is dependent on the product mix and therefore should not be used as a precise measure of price differences between

1/ Ibid., Aug. 10, 1981, p. 10A.

Table 15.--Tool steel bar and rod: U.S. imports for consumption from selected countries, 1979-81, January-June 1981, and January-June 1982

Period	Brazil	West Germany	All other sources	Total
	Quantity (short tons)			
1979	14	2,002	22,861	24,877
1980	340	2,402	21,342	24,084
1981	1,751	6,765	18,857	27,373
Jan.-June--				
1981	311	2,393	8,676	11,380
1982	1,637	4,943	12,297	18,877
	Value (1,000 dollars)			
1979	20	3,413	53,449	56,882
1980	571	4,428	70,659	75,658
1981	4,285	11,466	58,724	74,475
Jan.-June--				
1981	802	4,398	27,674	32,874
1982	3,458	9,153	33,804	46,415
	Unit value (per short ton)			
1979	$1,397	$1,705	$2,338	$2,287
1980	1,680	1,843	3,311	3,141
1981	2,447	1,695	3,114	2,721
Jan.-June--				
1981	2,579	1,838	3,190	2,889
1982	2,112	1,852	2,749	2,459

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

Table 16.--Tool steel bar and rod: Ratios of imports from selected countries to apparent U.S. consumption, 1979-81, January-June 1981, and January-June 1982

(In percent)

Period	Brazil	West Germany	All other sources	Total
1979	1/	1.7	19.9	21.6
1980	0.3	2.4	21.5	24.2
1981	1.9	7.4	20.8	30.1
Jan.-June--				
1981	.7	5.3	19.1	25.1
1982	3.7	11.1	27.7	42.5

1/ Less than 0.05 percent.

Source: Tables 7 and 16.

imports from different sources. However, since the majority of tool steel imports are in the high-volume grades, the significant differences in unit values may be meaningful. Imports from the countries subject to these investigations have consistently lower unit values than the aggregate unit values of imports from all other sources (tables 15 and 17).

Table 17 provides quarterly data on imports and import penetration, and table 18 shows imports from principal sources. Quarterly imports from all sources declined during 1980. They then increased throughout 1981 and again in January-March 1982 before declining in April-June 1982 (table 17).

Imports from Brazil.--While total imports of tool steel bar and rod decreased from 1979 to 1980 and during 1980, imports from Brazil increased (tables 15 and 17). Imports from Brazil rose from 3 tons in January-March 1980 to 191 tons in October-December 1980. During 1981, imports from all sources increased by 72 percent, and those from Brazil, by 463 percent.

Market penetration by imports from Brazil grew from virtually zero to 1.9 percent during 1981 (table 16) and to 5.0 percent by April-June 1982 (table 17).

Brazil was the 12th largest source of tool steels in 1979; by January-June 1982 it had become the 4th largest (table 18).

Imports from West Germany.--Market penetration by imports from West Germany more than quadrupled from 1979 to 1981; it more than tripled from 1980 to 1981 (table 17). In January-June 1982, imports from West Germany supplied 11.1 percent of apparent U.S. consumption and accounted for 26.2 percent of total imports.

West Germany became the largest source of tool steel imports in January-June 1982, (table 18) surpassing Sweden, which was the largest source of tool steel imports during 1970-81.

Table 17.--Tool steel bar and rod: U.S. imports for consumption from Brazil and West Germany and from all other sources, quantity, unit value, and market penetration, by quarters, January 1980-June 1982

Period	Brazil	West Germany	All other sources	Total
	Quantity (short tons)			
1980:				
Jan.-Mar---	3	648	8,086	8,737
Apr.-June--	41	751	5,212	6,004
July-Sept--	106	413	4,460	4,979
Oct.-Dec---	191	590	3,583	4,364
1981:				
Jan.-Mar---	185	887	4,151	5,223
Apr.-June--	126	1,506	4,525	6,157
July-Sept--	399	2,014	4,577	6,990
Oct.-Dec---	1,041	2,358	5,603	9,002
1982:				
Jan.-Mar---	599	3,066	6,413	10,078
Apr.-June--	1,039	1,877	5,883	8,799
	Unit value (per short ton)			
1980:				
Jan.-Mar---	$2,032	$1,526	$2,795	$2,701
Apr.-June--	1,752	1,779	2,663	3,248
July-Sept--	1,282	2,288	3,438	3,296
Oct.-Dec---	1,880	1,963	4,083	3,700
1981:				
Jan.-Mar---	2,213	1,878	3,106	2,865
Apr.-June--	3,116	1,815	3,267	2,908
July-Sept--	2,833	1,666	3,113	2,680
Oct.-Dec---	2,258	1,574	2,999	2,540
1982:				
Jan.-Mar---	2,406	1,785	2,737	2,428
Apr.-June--	1,942	1,960	2,763	2,494

Table 17.--Tool steel bar and rod: U.S. imports for consumption from Brazil and West Germany and from all other sources, quantity, unit value, and market penetration, by quarters, January 1980-June 1982--Continued

Period	Brazil	West Germany	All other sources	Total
	Share of apparent U.S. consumption (percent)			
1980:				
Jan.-Mar---	1/	2.1	25.7	27.8
Apr.-June--	0.2	2.9	20.3	23.4
July-Sept--	0.5	2.0	21.6	24.2
Oct.-Dec---	0.9	2.7	16.3	19.8
1981:				
Jan.-Mar---	0.8	4.1	19.0	23.9
Apr.-June--	0.5	6.4	19.2	26.2
July-Sept--	1.8	9.2	20.8	31.8
Oct.-Dec---	4.4	10.0	23.7	38.1
1982:				
Jan.-Mar---	2.5	13.0	27.3	42.8
Apr.-June--	5.0	9.0	28.2	42.2

1/ Less than 0.05 percent.

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

Table 18.--Tool steel bar and rod: U.S. imports for consumption, by principal sources, 1979-81, January-June 1981, and January-June 1982

Source	1979	1980	1981	January-June--	
				1981	1982
	Quantity (short tons)				
West Germany	2,002 (4)	2,402 (3)	6,765 (2)	2,393 (2)	4,943 (1)
Sweden	7,566 (1)	8,118 (1)	8,851 (1)	4,256 (1)	4,251 (2)
Japan	5,188 (2)	6,526 (2)	3,508 (3)	1,810 (3)	2,478 (3)
Brazil	14 (12)	340 (10)	1,751 (5)	311 (6)	1,637 (4)
Austria	2,391 (3)	2,245 (4)	2,677 (4)	1,202 (4)	1,542 (5)
Italy	39 (11)	209 (11)	556 (9)	96 (10)	1,111 (6)
United Kingdom	1,999 (5)	1,248 (6)	1,007 (6)	456 (5)	824 (7)
Canada	1,850 (6)	1,308 (5)	570 (8)	258 (8)	726 (8)
	Unit value (per short ton)				
West Germany	$1,705	$1,843	$1,695	$1,838	$1,852
Sweden	3,398	4,094	3,524	3,516	3,494
Japan	2,055	3,158	2,631	2,602	2,781
Brazil	1,397	1,680	2,447	2,579	2,112
Austria	2,220	2,854	2,592	2,640	2,409
Italy	1,220	1,861	1,518	1,854	1,382
United Kingdom	2,056	2,896	4,174	4,408	3,209
Canada	1,728	1,863	2,299	2,481	1,744

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

Note.--Figures in parentheses indicate rank of sources.

Prices

U.S. producers of tool steel publish list prices on an f.o.b.-mill basis. 1/ Base prices depend on grade, finish, and size. Actual transaction prices may vary from published list prices depending on market conditions. The Commission requested data on average net selling prices for specific tool steel products (primarily tool steel bar and rod) from domestic producers and from importers.

High-speed tool steel bar.--Price data for two representative products of high-speed tool steel bar (products 2 and 3) 2/ were received from five domestic producers for sales to end users and from two domestic producers for sales to service centers/distributors. Domestic prices ranged from * * * to * * * per short ton during the period for which data were collected. Prices for sales to end users increased by an average of 6.7 percent from January-March 1980 to July-September 1981, but generally declined thereafter (table 19). Prices for sales to service centers/distributors were relatively stable over the entire period, increasing by an average of 1.2 percent from January-March 1980 to April-June 1982 (table 20).

Two importers of West German high-speed tool steel bar provided price data for sales to end users, and one provided price data for sales to service centers/distributors. A comparison of these data with domestic price data is presented in tables 21 and 22. Prices of West German high-speed tool steel bar ranged from * * * to * * * per short ton. In 1981, this product accounted for * * * percent of all tool steel bar imported from West Germany.

West German high-speed tool steel bar generally undersold the domestic product during the period covered by the investigation, with margins of underselling ranging from 9 percent * * * to 19 percent * * *. Margins of underselling were greatest in 1981 for sales of product 3 to end users, but these margins declined in the first half of 1982. Import prices for this product increased by 7.2 percent from January-March 1981 to April-June 1982. In the first half of 1982 West German tool steel prices for product 2 to end users were higher than domestic prices for product 2 to end users, but this West German price represented sales of only 0.1 ton in each quarter. These data are not adequate to analyze trends in product 2 prices.

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.

Unlike transportation costs for carbon steel, transportation costs for tool steel bar and rod are a relatively small portion of prices, normally less than 2 percent. Therefore, domestic producers' and importers' f.o.b. prices can be used for the purpose of computing margins of underselling or overselling without distorting the results.

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

Table 19.--Tool steel: Indexes of U.S. producers' prices for to end users, by types, and by quarters, January 1980-June 1982 1/

(January-March 1980 = 100.0)

Period	High-speed tool steel bar		Cold-work tool steel bar		Chipper knife steel bar	High-speed tool steel rod	Hot-work tool steel bar
	Product 2	Product 3	Product 5	Product 6	Product 1	Product 4	Product 7
1980:							
Jan.-Mar---	100.0	100.0	100.0	100.0	***	100.0	100.0
Apr.-June--	99.7	100.8	108.3	104.0	***	99.9	101.2
July-Sept--	101.8	104.1	110.7	101.0	***	117.4	97.3
Oct.-Dec---	104.0	106.0	109.9	103.7	***	115.1	99.0
1981:							
Jan.-Mar---	106.2	107.2	108.2	114.6	***	114.4	105.4
Apr.-June--	99.4	106.4	108.7	115.2	***	113.4	106.4
July-Sept--	109.5	105.7	120.0	112.0	***	111.1	105.3
Oct.-Dec---	102.5	104.7	115.2	117.9	***	110.6	102.0
1982:							
Jan.-Mar---	102.3	103.6	120.8	93.4	***	110.6	108.1
Apr.-June--	101.2	103.0	127.7	97.2	***	110.9	101.7

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

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

Table 20.--Tool steel: Indexes of U.S. producers' prices for to service centers/distributors, by types and by quarters, January 1980-June 1982 1/

(January-March 1980=100.0)

Period	High-speed tool steel bar		Cold-work tool steel bar		Hot-work tool steel bar
	Product 2	Product 3	Product 5	Product 6	Product 7
1980:					
January-March	100.0	100.0	100.0	100.0	100.0
April-June	99.5	98.7	103.0	109.7	103.5
July-September	98.0	98.0	98.0	113.9	110.8
October-December	99.3	95.9	113.1	103.4	114.4
1981:					
January-March	100.2	99.2	115.9	114.9	116.8
April-June	94.6	99.6	112.6	107.8	116.5
July-September	100.2	102.1	117.5	113.9	119.0
October-December	100.2	102.1	117.5	113.4	124.2
1982:					
January-Mar	100.2	102.1	118.1	101.9	125.2
April-June	100.2	102.1	115.1	119.3	123.1

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

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

Table 21.--High-speed tool steel bar: Weighted-average net selling prices by domestic producers and by importers for sales to service center/distributors, and margins of underselling, by types and by quarters, January 1980-June 1982 1/

(Per short ton)

Period	Domestic price	Imports from West Germany			Imports from Brazil		
		Price	Margin		Price	Margin	
			Amount	Percent		Amount	Percent
	Product 2						
1980:							
Jan.-Mar.	***	2/	-	-	2/	-	-
Apr.-June	***	2/	-	-	2/	-	-
July-Sept	***	2/	-	-	2/	-	-
Oct.-Dec.	***	2/	-	-	2/	-	-
1981:							
Jan.-Mar.	***	2/	-	-	2/	-	-
Apr.-June	***	2/	-	-	2/	-	-
July-Sept.	***	2/	-	-	2/	-	-
Oct.-Dec.	***	2/	-	-	2/	-	-
1982:							
Jan.-Mar.	***	***	***	9	2/	-	-
Apr.-June	***	***	***	9	2/	-	-
	Product 3						
1980:							
Jan.-Mar.	***	2/	-	-	2/	-	-
Apr.-June	***	2/	-	-	2/	-	-
July-Sept.	***	2/	-	-	2/	-	-
Oct.-Dec.	***	2/	-	-	2/	-	-
1981:							
Jan.-Mar.	***	2/	-	-	***	***	7
Apr.-June	***	2/	-	-	***	***	7
July-Sept.	***	2/	-	-	***	***	9
Oct.-Dec.	***	2/	-	-	***	***	9
1982:							
Jan.-Mar.	***	***	***	10	***	***	9
Apr.-June	***	***	***	10	***	***	9

1/ See product list for specifications, app. G.
2/ Not reported.

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

Table 22.--High-speed tool steel bar: Weighted-average net selling prices by domestic producers and by importers for sales to end users, and margins of underselling, (or overselling), by types and by quarters, January 1980-June 1982 1/

Period	Domestic price	Imports from West Germany			Imports from Brazil		
		Price	Margin		Price	Margin	
			Amount	Percent		Amount	Percent
	Product 2						
1980:							
Jan.-Mar	***	2/	-	-	2/	-	-
Apr. June	***	2/	-	-	2/	-	-
July-Sept	***	2/	-	-	2/	-	-
Oct.-Dec	***	2/	-	-	2/	-	-
1981:							
Jan.-Mar	***	2/	-	-	2/	-	-
Apr.-June	***	2/	-	-	2/	-	-
July-Sept	***	2/	-	-	2/	-	-
Oct.-Dec	***	2/	-	-	2/	-	-
1982:							
Jan.-Mar	***	***	***	(4)	2/	-	-
Apr.-June	***	***	***	(6)	2/	-	-
	Product 3						
1980:							
Jan.-Mar	***	2/	-	-	2/	-	-
Apr.-June	***	2/	-	-	2/	-	-
July-Sept	***	2/	-	-	2/	-	-
Oct.-Dec	***	2/	-	-	2/	-	-
1981:							
Jan.-Mar	***	***	***	19	2/	-	-
Apr.-June	***	***	***	18	***	***	10
July-Sept	***	***	***	19	***	***	9
Oct.-Dec	***	***	***	13	***	***	8
1982:							
Jan.-Mar	***	***	***	9	***	***	7
Apr.-June	***	***	***	10	***	***	6

1/ See product list for specifcations, app. G.
2/ Not reported.

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

One importer of Brazilian high-speed tool steel bar provided price data for sales of product 3 to end users and service centers/distributors. In 1981, high-speed tool steel bar accounted for 35 percent of Brazil's tool steel bar exports to the United States. But this percentage decreased to 16 percent in the first half of 1982. In 1981 and the first half of 1982, prices for Brazilian tool steel were * * * for sales to service centers/ distributors and * * * for sales to end users.

Margins of underselling ranged from 6 percent * * * to 10 percent * * * in 1981 and 1982. Prices reported by this importer did not change during the period covered by the investigation.

Cold-work tool steel bar.--Price data for two representative sample specifications of cold-work tool steel bar (products 5 and 6) were received from five domestic producers for sales to end users and from three domestic producers for sales to service centers/distributors. Domestic prices ranged from * * * to * * * per short ton (tables 23 and 24). Prices for sales of product 5 to end users increased relatively steadily over the period, by 28 percent from January-March 1980 to April-June 1982 (tables 19 and 20). However, prices for sales of product 6 to end users declined 3 percent, with all the decline occurring in 1982. Prices for sales to service centers/distributors increased by an average of 17 percent over the same period.

Three importers of West German cold-work tool steel provided price data for sales to end users, and two provided price data for sales to service centers/distributors for products 5 and 6 (tables 23 and 24). Import prices ranged from * * * to * * * per short ton. Margins of underselling ranged from 3 percent * * * to 45 percent * * *, increasing to their highest levels in the first half of 1982, averaging 31 percent * * *. Prices for the West German product were higher than the price for the U.S. product in sales to service centers/distributors in the first two quarters of 1980. Such import prices decreased in the last quarter of 1981 and in the first half of 1982. In the last quarter of 1982, the price to end users for the West German product was the lowest since October-December 1980.

Two importers of Brazilian cold-work tool steel provided price data for sales to end users and to service centers/distributors for 1981 and January-June 1982. Import prices ranged from * * * to * * * per short ton. Margins of underselling were greatest for product 6 in sales to both end users and service centers/distributors, ranging from 12 percent * * * to 27 percent * * *. Margins of underselling for product 5 ranged from 3 percent * * * to 19 percent * * *. The average price for product 6 declined by 7 percent from January-June 1981 to April-June 1982; the average price of product 5 increased by 5 percent over the same period.

Hot-work tool steel bar.--Price data for one representative sample product of hot-work tool steel bar (product 7) were received from four domestic producers for sales to end users and from two domestic producers for sales to service centers/distributors. Domestic prices ranged from * * * to * * * per short ton over the period covered in the investigation (table 25). Prices for sales to end users increased 8 percent from January-March 1980 to

Table 23.--Cold-work tool steel bar: Weighted-average net selling prices by domestic producers and by importers for sales to service center/distributors and margins of underselling (or overselling), by types and by quarters, January 1980-June 1982 1/

Period	Domestic price	Imports from West Germany			Imports from Brazil		
		Price	Margin		Price	Margin	
			Amount	Percent		Amount	Percent
	Product 5						
1980:							
Jan.-Mar-------	***	***	***	(9)	2/	-	-
Apr. June------	***	***	***	(6)	2/	-	-
July-Sept------	***	***	***	6	2/	-	-
Oct.-Dec-------	***	***	***	4	2/	-	-
1981:							
Jan.-Mar-------	***	***	***	6	***	***	12
Apr.-June------	***	***	***	3	***	***	3
July-Sept------	***	***	***	7	***	***	9
Oct.-Dec-------	***	***	***	18	***	***	7
1982:							
Jan.-Mar-------	***	***	***	27	***	***	8
Apr.-June------	***	***	***	23	***	***	5
	Product 6						
1980:							
Jan.-Mar-------	***	***	***	9	2/	-	-
Apr.-June------	***	***	***	17	2/	-	-
July-Sept------	***	***	***	20	2/	-	-
Oct.-Dec-------	***	***	***	12	2/	-	-
1981:							
Jan.-Mar-------	***	***	***	20	***	***	20
Apr.-June------	***	***	***	15	***	***	21
July-Sept------	***	***	***	20	***	***	23
Oct.-Dec-------	***	***	***	21	***	***	23
1982:							
Jan.-Mar-------	***	***	***	27	***	***	15
Apr.-June------	***	***	***	37	***	***	27

1/ See product list for specifcations, app. G.
2/ Not reported.

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

Table 24.--Cold-work tool steel bar: Weighted-average net selling prices by domestic producers and by importers for sales to end users, and margins of underselling (or overselling), by types and by quarters, January 1980-June 1982 1/

Period	Domestic price	Imports from West Germany			Imports from Brazil		
		Price	Margin		Price	Margin	
			Amount	Percent		Amount	Percent
	Product 5						
1980:							
Jan.-Mar-------	***	***	***	(3)	2/	-	-
Apr. June------	***	***	***	5	2/	-	-
July-Sept------	***	***	***	7	2/	-	-
Oct.-Dec-------	***	***	***	37	2/	-	-
1981:							
Jan.-Mar-------	***	***	***	29	***	***	8
Apr.-June------	***	***	***	33	***	***	10
July-Sept------	***	***	***	38	***	***	14
Oct.-Dec-------	***	***	***	36	***	***	11
1982:							
Jan.-Mar-------	***	***	***	37	***	***	15
Apr.-June------	***	***	***	45	***	***	19
	Product 6						
1980:							
Jan.-Mar-------	***	***	***	13	2/	-	-
Apr.-June------	***	***	***	16	2/	-	-
July-Sept------	***	***	***	14	2/	-	-
Oct.-Dec-------	***	***	***	16	2/	-	-
1981:							
Jan.-Mar------	***	***	***	33	***	***	24
Apr.-June------	***	***	***	35	***	***	24
July-Sept------	***	***	***	37	***	***	26
Oct.-Dec-------	***	***	***	26	***	***	26
1982:							
Jan.-Mar-------	***	***	***	20	***	***	12
Apr.-June------	***	***	***	34	***	***	19

1/ See product list for specifcations, app. G.
2/ Not reported.

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

Table 25.--Hot-work tool steel bar: Weighted-average net selling prices by domestic producers and by importers for sales to service center/distributors and end users, and margins of underselling, by types and by quarters, January 1980-June 1982 1/

Period	Domestic price	Imports from West Germany			Imports from Brazil		
		Price	Margin		Price	Margin	
			Amount	Percent		Amount	Percent
	Product 7, service centers/distributors						
1980:							
Jan.-Mar-------	***	2/	-	-	2/	-	-
Apr. June------	***	2/	-	-	2/	-	-
July-Sept------	***	2/	-	-	2/	-	-
Oct.-Dec-------	***	2/	-	-	2/	-	-
1981:							
Jan.-Mar-------	***	***	***	4	***	***	4
Apr.-June------	***	***	***	3	***	***	3
July-Sept------	***	***	***	5	***	***	5
Oct.-Dec-------	***	***	***	7	***	***	7
1982:							
Jan.-Mar-------	***	***	***	18	2/	-	-
Apr.-June------	***	***	***	16	2/	-	-
	Product 7, end users						
1980:							
Jan.-Mar-------	***	2/	-	-	2/	-	-
Apr.-June------	***	2/	-	-	2/	-	-
July-Sept------	***	2/	-	-	2/	-	-
Oct.-Dec-------	***	3/	211	7	2/	-	-
1981:							
Jan.-Mar-------	***	***	***	14	***	***	3
Apr.-June------	***	***	***	13	***	***	4
July-Sept------	***	***	***	1	***	***	3
Oct.-Dec-------	***	***	***	3	***	***	3/
1982:							
Jan.-Mar-------	***	***	***	6	2/	-	-
Apr.-June------	***	***	***	1	2/	-	-

1/ See product list for specifications, app. G.
2/ Not reported.
3/ Less than 0.5 percent.

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

January-March 1982, and declined by about 6 percent in April-June 1982. Prices for sales to service centers/distributors increased by 23 percent from January-March 1980 to April-June 1982. The volume of sales to end users was much larger than that of sales to service centers/distributors.

Two importers of West German hot-work tool steel bar provided price data for sales to end users and service centers/distributors. Import prices ranged from * * * per short ton. Margins of underselling ranged from 1 percent * * * to 14 percent * * * for sales to end users and from 3 percent * * * to 18 percent * * * for sales to service centers/distributors (table 25). Prices for sales to end users increased by 13 percent from January-March 1981 to July-September 1982, but decreased to slightly lower levels in the first half of 1982. Prices for sales to service centers/distributors decreased by 8 percent, with all of the decrease occurring in 1982.

One importer of Brazilian hot-work tool steel bar provided price data for sales to end users and service centers/distributors. Import prices in 1981 and the first half of 1982 were * * * for sales to service centers/ distributors and * * * for sales to end users. Margins of underselling ranged from 3 percent * * * to 7 percent * * * in 1981 for both markets. The Brazilian product was priced higher than the domestic product by a small margin in October-December 1981 for sales to end users. Prices reported by this importer did not change during the year.

Chipper knife tool steel bar.--Price data for one representative sample product of chipper knife tool steel bar (product 1) were received from one domestic producer for sales to end users. Domestic prices ranged from * * * to * * * per short ton over the period covered by the investigation. Prices * * * by an average of *** percent from January-March 1980 to April-June 1982. Most of the **** occurred in 1980, and domestic prices *** relatively *** in 1981 and the first half of 1982.

No questionnaire price data were received from the largest importer of chipper knife tool steel from West Germany. However, price data received from a large end user of chipper knife tool steel indicated that in April-June 1982, the West German product was selling for * * * per short ton. This represents a margin of underselling of * * * percent * * * in that quarter. This product is not currently exported to the United States from Brazil.

Factors affecting purchases.--Purchasers of tool steel were asked to indicate the importance of six factors in their purchasing decisions by rating the factors on a scale of 5 (high) to 1 (low). These factors were (1) availability of service, (2) delivery time, (3) price, (4) proximity of the vendor firm, (5) quality, and (6) reliability of the vendor firm. Twenty-eight purchasers of tool steel responded. They indicated that price was the most important consideration (4.3), followed by quality (4.2), delivery (4.0), reliability (4.0), availability of service (3.8), and proximity (2.6). Seventeen of these firms indicated that they had paid premiums for certain of the nonprice factors. Of these firms, 16 had paid a higher price for domestic tool steel--12 because of faster delivery, 5 because of loyalty to U.S. producers, and 4 because of better quality. One purchaser, primarily a large purchaser of chipper knife tool steel, paid a premium for West German tool steel because of better quality and availability.

Exchange-rate fluctuations.--From January-March 1979 to April-June 1982 the West German mark depreciated by 24 percent. It generally appreciated relative to the U.S. dollar through July-September 1980, but declined therafter, reaching its lowest level in April-June 1982. The cruzeiro declined in value by 86.3 percent from January-March 1979 to April-June 1982 (table 26).

Table 26.--Indexes of exchange rates of the West German mark and Brazilian cruzeiro relative to the U.S. dollar, by quarters, January 1979-June 1982

(January-March 1979=100.0)

Period	West German mark	Brazilian cruzeiro
1979:		
January-March	100.0	100.0
April-June	101.1	89.4
July-September	107.2	80.4
October-December	107.9	64.5
1980:		
January-March	96.2	48.7
April-June	106.2	44.0
July-September	103.1	40.1
October-December	95.6	35.8
1981:		
January-March	88.9	31.0
April-June	78.1	26.2
July-September	80.4	22.0
October-December	82.8	18.6
1982:		
January-March	77.4	15.9
April-June	76.0	13.7

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

It is possible that a portion of any decline in West German or Brazilian tool steel prices in the U.S. market reflects the depreciation of the mark or cruzeiro. However, the net effect of such depreciation on West German or Brazilian tool steel prices is difficult to ascertain. Changes in prices of imported tool steel in the most recent quarters could reflect exchange-rate changes in earlier quarters, because orders for tool steel are generally placed several months before actual importation. The relationship between the inflation rate in a foreign country and the exchange rate will also affect the price of a foreign product in the U.S. market. This factor is especially relevant to Brazil, which has a very high internal inflation rate. In addition, the stronger U.S. dollar may have had the effect of increasing the foreign producers' cost for raw materials, especially alloying elements, if payments for such alloying elements is made in dollars. Several importers of West German tool steel stated that the stronger dollar had the net effect of stabilizing or decreasing prices of West German tool steels to some extent.

Lost sales

The Commission was able to confirm three sales lost to tool steel imports from West Germany. In each instance, the purchaser stated that price was the major factor in the decision to buy the imported product.

One purchase involved * * * tons during 1981. The purchaser indicated that it usually bought * * * at a time depending on the current price. The purchases alternated between * * * and * * *, depending on the daily prices; the purchaser indicated that * * * prices were generally 10 percent below * * * a difference sufficient to cause the purchase of the imported product. This purchaser also indicated that because * * * had lowered its prices to meet * * * it shifted more purchases to the domestic product.

A second purchaser shifted its purchases of large steel bars (up to 30 inches) from * * * product to the West German product nearly 5 years ago. The purchaser stated that * * * had recently lowered its price to meet this competition and, * * *.

The third instance of a lost sale involved purchases of * * * dollars' worth of * * * steel; the transactions were in amounts of * * * or less. The purchaser indicated that it shifted to the West German product because of the 5- to 15-percent price difference.

In general, lost-sales information was difficult to obtain because tool steels are purchased in small quantities in a large number of transactions for which documentation is somewhat limited. In addition, it is difficult to trace the origin of imported tool steel through the distribution system to the ultimate consumer because the importers (often referred to as super distributors or foreign mill deposits) frequently import from multiple sources and sell to another layer of U.S. sevice centers/distributors, many of which are smaller and widely spread to be located near end users.

APPENDIX A

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATIONS

Issued: August 2, 1982.

Donald K. Duvall,

Chief Administrative Law Judge.

[FR Doc. 82-21781 Filed 8-10-82; 8:45 am]

BILLING CODE 7020-02-M

[Investigations Nos. 701-TA-187 and 731-TA-100 (Preliminary)]

Certain Tool Steels From Brazil and the Federal Republic of Germany

AGENCY: United States International Trade Commission.

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

EFFECTIVE DATE: July 30, 1982.

SUMMARY: The United States International Trade Commission hereby gives notice of the institution of an investigation 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 tool steel bar and wire rod, provided for in items 606.93, 606.94, 606.95, 607.28, 607.34, 607.46, and 607.54 of the Tariff Schedules of the United States, which are alleged to be subsidized by the Government of Brazil (investigation No. 701-TA-187 (Preliminary)); and institution of an investigation under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of such imports from the Federal Republic of Germany which are alleged to be sold in the United States at less than fair value (investigation No. 731-TA-100 (Preliminary)).

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

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted in response to petitions filed July 30, 1982, in behalf of 9 U.S. producers of tool steel bar and rod and the United Steelworkers of America. Copies of the petitions are available for public inspection in the Office of the Secretary, U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. The Commission must make its determinations in these investigations within 45 days after the date of the filing of the petitions or by September 13, 1982 (19 CFR 207.17). Persons wishing to participate in these investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided for in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than seven (7) days after the publication of this notice in the Federal Register. Any entry of appearance filed after this date will be referred to the Director of Operations, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the notice.

Service of documents.—The Secretary will compile a service list from the entries of appearance filed in these investigations. Any party submitting a document in connection with the investigations shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth in § 201.16(b) of the rules (19 CFR 201.16(b)).

In addition to the foregoing, each document filed with a Commission in the course of the investigations must include a certificate of service setting forth the manner and date of such service. This certificate will be deemed proof of service of the document. Documents not accompanied by a certificate of service will not be accepted by the Secretary.

Written submissions.—Any person may submit to the Commission on or before August 26, 1982, a written statement of information pertinent to the subject matter of these investigations (19 CFR 207.15). A signed original and fourteen (14) copies of such statements must be submitted (19 CFR 201.8).

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

Conference. The Director of Operations of the Commission has scheduled a conference in connection with these investigations for 9:30 a.m., on August 23, 1982, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. Parties wishing to participate in the conference should contact the supervisory investigator for the investigation, Mr. William Fry, telephone 202-523-0301, not later than August 16, 1982, to arrange for their appearance. Parties in support of the imposition of countervailing and/or antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference.

For further information concerning the conduct of these investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, part 207, subparts A and B (19 CFR Part 207, 47 FR 6182, February 10, 1982), and part 201, subparts A through E (19 CFR Part 201, 47 FR 6182, February 10, 1982). Further information concerning the conduct of the conference will be provided by Mr. Fry.

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

Issued: August 5, 1982.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-21779 Filed 8-10-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX B

U.S. DEPARTMENT OF COMMERCE NOTICES OF INVESTIGATIONS

DEPARTMENT OF COMMERCE

International Trade Administration

Tool Steel From Brazil; Initiation of Countervailing Duty Investigation

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of countervailing duty investigation.

SUMMARY: On the basis of a petition filed in proper form with the U.S. Department of Commerce, we are initiating a countervailing duty investigation to determine whether producers, manufacturers, or exporters in Brazil of tool steel 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 tool steel are materially injuring, or threatening to materially injure, a U.S. industry. If the investigation proceeds normally, the ITC will make its preliminary determination on or before September 13, 1982, and we will make ours on or before October 25, 1982.

EFFECTIVE DATE: August 24, 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)/377-2786.

SUPPLEMENTARY INFORMATION:

Petition

On July 30, 1982, we received a petition from counsel for A1 Tech Specialty Steel Corporation; Braeburn Alloy Tool Steel Division, Continental Copper & Steel Industries, Inc.; Carpenter Technology Corporation; Columbia Tool Steel Corporation; Crucible Specialty Metals Division, Colt Industries, Inc.; Cyclops Corporation; Guterl Special Steel Corporation; Jessop Steel Company; Latrobe Steel Company; on behalf of the U.S. industry producing tool steel and the United Steelworkers of America, AFL/CIO. The petitioners allege that manufacturers, producers, or exporters in Brazil of tool steel receive benefits that constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act). The petitioners further allege that imports of this product 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; accordingly, title VII of the Act applies and an injury determination is required.

Scope of the Investigation

For Purposes of this investigation, the term "tool steel" covers hot-finished tool steel, cold-finished tool steel, high speed tool steel, chipper knife steel and band saw steel bars and rods as currently provided for in items 606.9300, 606.9400, 606.9505, 606.9510, 606.9520, 606.9525, 606.9535, 606.9540, 607.2800, 607.3405, 607.3420, 607.4600, 607.5405, and 607.5420 of the *Tariff Schedules of the United States Annotated* (TSUSA).

Initiation of Investigation

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 a countervailing duty investigation, and whether it contains information reasonably available to the petitioner supporting these allegations. We have examined the petition on tool steel and have found that it meets these requirements.

Based on our review of the petition, we have determined there is sufficient evidence of subsidization of the manufacture, production, or exportation of tool steel and of material injury, or threat thereof, to an industry in the United States to warrant initiation of a countervailing duty investigation.

Therefore, in accordance with section 702(c) of the Act, we are initiating a countervailing duty investigation to determine whether manufacturers, producers, or exporters in Brazil of tool steel as specified in the "Scope of the Investigation" section of this notice receive benefits that constitute subsidies within the meaning of section 771(5) of the Act. If the investigation proceeds normally, we will make our preliminary determination by October 25, 1982.

Allegations of Subsidies

The petitioners allege that producers, manufacturers, or exporters in Brazil of tool steel benefit from the following subsidies: capital subsidies funded by IPI rebates, subsidized capital loans, excessive remission of the IPI, income tax exemption, exemption of capital equipment from import duties and the IPI, extension of the period for carrying tax losses forward, special amortization of pre-operational expenses, preferential working capital financing for exports, and reduced freight rates.

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 made 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.

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Tool Steel From the Federal Republic of Germany; Initiation of Antidumping Investigation

AGENCY: International Trade Administration, Commerce.

ACTION: Initiation of antidumping investigation.

SUMMARY: On the basis of a petition filed in proper form with the United States Department of Commerce, we are initiating an antidumping investigation to determine whether tool steel from the Federal Republic of Germany is being sold, or is likely to be sold, in the United States at less than fair value. We are notifying the United States International Trade Commission (ITC) of this action so that it may determine whether imports of tool steel are materially injuring, or are threatening to materially injure, a United States industry. If the investigation proceeds normally, the ITC will make its determination on or before September 13, 1982, and we will make ours on or before January 6, 1983.

EFFECTIVE DATE: August 24, 1982.

FOR FURTHER INFORMATION CONTACT: Raymond G. Busen, Office of Investigations, Import Administration, International Trade Administration, United States Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 377-1784.

SUPPLEMENTARY INFORMATION:

Petition

On July 30, 1982, we received a petition filed by counsel on behalf of A1 Tech Specialty Steel Corporation; Continental Copper & Steel Industries, Inc., Braeburn Alloy Steel Division; Carpenter Technology Corporation; Columbia Tool Steel Corporation; Colt Industries, Inc., Crucible Specialty Metals Division; Cyclops Corporation; Guterl Special Steel Corporation; Jessop Steel Company; and Latrobe Steel Company, on behalf of the United States industry producing tool steel, and the United Steelworkers of America AFL-CIO/CLC. In compliance with the filing requirements of § 353.36 of the Commerce regulations (19 CFR 353.36), the petition alleges that imports of tool steel from the Federal Republic of Germany are being sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (19 U.S.C. 1673) (the Act), and that these imports are materially injuring, or are threatening to materially injure, a United States industy. The petition further alleges that this product is being sold in the United States and in the Federal Republic of Germany at less than the cost of production.

Initiation of Investigation

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

Therefore, in accordance with section 732 of the Act, we are initiating an antidumping investigation to determine whether tool steel from the Federal Republic of Germany is being sold, or is likely to be sold, in the United States at less than fair value. We will also investigate whether sales in the home market of tool steel have been made at less than the cost of production. If the investigation proceeds normally, we will make our preliminary determination by January 6, 1983.

Scope of the Investigation

The product covered by this investigation is tool steel as used in hand tools or for cutting, shaping, forming, and blanking of materials at either ordinary or elevated temperatures. Tool steel covers hot-finished tool steel and cold-finished tool steel, high speed tool steel, chipper knife steel, and band saw steel bars and rods. It is currently classified under item numbers 606.9300, 606.9400, 606.9505, 606.9510, 606.9520, 606.9525, 606.9535, 606.9540, 607.2800, 607.3405, 607.3420, 607.4600, 607.5405, and 607.5420 of the *Tariff Schedules of the United States Annotated.*

Notification of ITC

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

Preliminary Determination by ITC

The ITC will determine by September 13, 1982, whether there is a reasonable indication that imports of tool steel from the Federal Republic of Germany are materially injuring, or are threatening to materially injure, a United States industry. If its determination is negative, this investigation will terminate; otherwise, the investigation will proceed according to statutory procedures.

Gary N. Horlick,

Deputy Assistant Secretary for Import Administration.

August 18, 1982.

[FR Doc. 82-23114 Filed 8-23-82; 8:45 am]

BILLING CODE 3510-25-M

National Bureau of Standards

National Voluntary Laboratory Accreditation Program (NVLAP); Preliminary Finding of Need to Accredit Laboratories That Test Window and Door Products

AGENCY: National Bureau of Standards, Commerce.

ACTION: Request for comments on a preliminary finding of need to accredit laboratories that test window and door products.

SUMMARY: Under the procedures of the National Voluntary Laboratory Accreditation Program (NVLAP) (15 CFR Part 7a) this notice announces the National Bureau of Standards' preliminary finding of need to accredit testing laboratories that test window and door products (aluminum, plastic, steel, and wood). The initial set of test methods proposed by the requestor, The Associated Laboratories, Inc., Dallas, Texas, for inclusion in this laboratory accreditation program (LAP) is set forth in the Appendix. This notice sets out the basis for the preliminary finding of need, including how accreditation of laboratories that test window and door products would benefit the public interest. Comments are invited.

DATES:

Written comments are due on or before October 25, 1982.

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S CONFERENCE

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-187 and 731-TA-100 (Preliminary)

CERTAIN TOOL STEELS FROM BRAZIL AND THE FEDERAL REPUBLIC OF GERMANY

Those listed below have appeared as witnesses at the United States International Trade Commission's conference held in connection with the subject investigations beginning at 9:30 a. m., e.d.t., Monday, August 23, 1982, in the hearing room of the USITC Building, 701 E Street, N.W., Washington, D.C.

In support of the imposition of countervailing duties and/or antidumping duties

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

Al Tech Specialty Steel Corp.
Braeburn Alloy Steel Division,
Continental Copper & Steel Industries, Inc.
Carpenter Technology Corp.
Columbia Tool Steel Co.
Crucible Specialty Metals Division
Colt Industries Inc.
Cyclops Corp.
Guterl Special Steel Corp.
Jessop Steel Co.
Latrobe Steel Co.
United Steelworkers of America, AFL-CIO/CLC

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

Mr. Howard J. Miller, Director of Marketing
Services, Crucible Specialty Metals Div.,
Colt Industries Inc.

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

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

In opposition to the imposition of countervailing duties and/or antidumping duties

Graubard, Moskovitz & McCauley--Counsel
Washington, D.C.
on behalf of

Thyssen Specialty Steels, Inc.
Thyssen Edelstahlwerke A.G.

Alfred R. McCauley)
Beatrice A. Brickell) --OF COUNSEL
Patrick J. Hines)

Coudert Brothers--Counsel
Washington, D.C.
on behalf of

Krupp Stahl AG
Edelstahlwerke Burderus A.G.

Milo Coerper--OF COUSEL

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

Instituto Brasileiro de Siderurgia (Brazilian
Iron and Steel Institute)

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

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APPENDIX D

LIST OF TOOL STEEL TRADE NAMES

Tool Steel Trade Name Index

December 1980

Based on "Steel Products Manual — Tool Steels," March 1978, AISI

GRADES ↓

		Al-Tech	Atlas Steels	Bethlehem	Braeburn	Carpenter	Columbia	Crucible	Guterl	Ingersoll Johnson	Jessop	Latrobe	Teledyne Vasco	Universal Cyclops
high speed **T** (TUNGSTEN TYPES)	T1	LXX	SPARTAN-7	BETHLEHEM T-1	VINCO	STAR-ZENITH	CLARITE	REX AA	RED STREAK		SUPREMUS	E #1	RED CUT SUPERIOR	
	T2	ML			TWINVAN		VANITE		LOCK PORT SPECIAL			E #19	E.V.M.	
	T4	PANTHER SPECIAL			COBALT		ACMITE	REX AAA	TUNCO		PURPLE LABEL	E COBALT	RED CUT COBALT	
	T5	SUPER PANTHER	NIPIGON		BONDED CARBIDE JR		COBITE		SUPER COBALT			SUPER COBALT	CIRCLE C	
	T6						COBITE II					ULTRA COBALT		
	T8						MAXITE	REX 95			JESSOP T8			
	T15	PANTHER 5	SABRE		BRAEBURN T15		MAXITE 15	CPM REX T-15			JESSOP T-15	DYNAVAN	VASCO SUPREME	
high speed **M** (MOLYBDENUM TYPES)	M1	LMW	MOHICAN-8	BETHLEHEM M-1	MOCUT	STARMAX	MOLITE I	REX TMO	STM			TATMO	8-N-2	MOTUNG
	M2	DBL-2	SIXIX	BETHLEHEM M-2	BRAEMOW; MOCARB	SPEED STAR; SPEED STAR FM	MOLITE 2	REX M-2 CPM REX M-2	MOLVAT	IJ-M2	MUSTANG	DOUBLE SIX	VASCO M-2	MOTUNG 652
	M3-1	DBL-2 ½	ATLAS M-3		BRAEVAN		MOLITE 3 CLASS 1	REX M-3-1	MOLVA TC 1			CORSAIR	VAN CUT TYPE 1	UNCUT
	M3-2	DBL-3			BRAEVAN 2		MOLITE 3 CLASS 2	REX M-3-2 CPM REX M3-2	MOLVA TC 2			CRUSADER	VAN CUT TYPE 2	
	M4	DBL-4	ATLAS M-4		BRAEFOUR	FOUR STAR	MOLITE 4	CPM REX M4	MOLVA HC			STARK	NEATRO	CYCLOPS M4
	M6				CONGO									
	M7	LMW-V	ATLAS M-7	BETHLEHEM M-7	MOTUF	SEVEN STAR	MOLITE 7	REX M-7	MOLVA C			TATMO V	VASCO M-7	MOTUNG CV
	M10	VLM		BETHLEHEM M-10	MOTEMP	TEN STAR	MOLITE 10	REX VM	MOLVA			TNW	VAN LOM	
	M30	SUPER LMW			COMO		MOLITE 30					LACOMO	8-N-2 COBALT	
	M33	SUPER LMW EXTRA			BRAEBURN M33		MOLITE 33	REX M-33	STMCO			KELVAN	8-N-2 COBALT 8	SUPER MOTUNG 33
	M34	SPECIAL LMW SPECIAL					MOLITE 34					TATMO COBALT		
	M36	SUPER DBL			MOCO		MOLITE 36					CO-6	VICTORY COBALT	
	M41						MOLITE 41	REX 49			JESSOP RC 70			
	M42	EXOCUT			BRAEMAX	SUPER STAR	MOLITE 42	REX M-42; CPM REX M-42	STMCO HC			H8-100; DYNAMAX	VASCO HYPERCUT	CYCLOPS M-42
	M43						MOLIE 43					DYNACUT		
	M44				BRAECUT									
	M46	AL-46						REX M-46						
	M47	EXOHARD												

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hot work	**H** CHROMIUM TYPES	H10	AL-173			PRESSURDIE 6		COLUMBIA H10	PEERLESS 56				DART		
		H11	POTOMAC A	ATLAS H-11	CROMO-V	PRESSURDIE 3L	882; 882 FM	FIREDIE	NU-DIE; HALCOMB 218	HOWORD A	IJ-H11	DICA-8 (MODIFIED)	DYCAST No. 1	HOT FORM NO. 2	THERMOLD H11
		H12	POTOMAC	CRODI	CROMO-W	PRESSURDIE 2	345; 345 FM	ALCODIE	CHRO-MOW	HOWORD B	IJ-H12	DICA-8	LPD	HOT FORM NO. 1	THERMOLD H12
		H13	POTOMAC M	V.A.D.-13; DIEVAC	CROMO-HIGH-V	PRESSURDIE 3	883; 883 FM	FIREDIE 13	NU-DIE V	HOWORD C	IJ-H13	DICA 8 VANADIUM	VDC; VISCOUNT 20; VISCOUNT 44	HOT FORM V	THERMOLD H13
		H14		RED INDIAN		PRESSURDIE 1		FIREDIE 14					LUMDIE		
		H19	B-47	ATLAS H-19		PRESSURDIE C		FIREDIE 19	HALCOMB 425			H 19	LESCO 19	W.C.C.	
		H21	ATLAS A	SENECA	57 HW	T-ALLOY A	TK	FORMITE 21	PEERLESS A	9WC		2-BLC	CLW	MARVEL	THERMOLD H21
		H22	ATLAS B			T-ALLOY	TK (MODIFIED)	FORMITE 22							
	TUNGSTEN TYPES	H23				HCA		FORMITE 23				H-23	KALKOS	W.W. HOT WORK	
		H24	MOHAWK			T-ALLOY B		FORMITE 24					CHW	S.C. SPECIAL	
		H25				T-ALLOY C								FORGE DIE	
		H26		SPARTAN-5		VINCO HOT WORK	CARPENTER H-26	CLARITE; HW 26	REX AA PX				E #5	RED CUT SUPERIOR	
	MOLYBDENUM TYPE	H42											E #7		
cold work	**D** HIGH CARBON HIGH CHROMIUM TYPES	D2	ONTARIO	FNS	LEHIGH H	SUPERIOR 3	610; 610 FM	ATMODIE	AIRDI 150	CCM	IJ-D2	CNS-1	OLYMPIC	OHIO DIE	ULTRADIE 3
		D3	HURON			SUPERIOR 1	HAMPDEN	SUPERDIE		HCCM		CNS-2	GSN		
		D4		NN		AT-2		ATMODIE 4	HYCC			CNS-3	GSN + MO	CROCAR	
		D5	AL-D-5			SUPERIOR		ATMODIE 5				3 C SPECIAL	COBALT CHROME		
		D7	HURON V					ATMODIE V	HYCV	ARS		TRUWEAR	BR-4		
	A MEDIUM ALLOY AIR HARDENING TYPES	A2	SAGAMORE	CROMOLOY	A-H5	AIRQUE	484; 484 FM	E-Z-DIE	AIRKOOL	AIR-TRUE	IJ-A2	WINDSOR	SELECT 8	AIRHARD	SPARTA
		A3													
		A4			AIR-4										
		A6	APACHE	NUTHERM	A-6		VEGA; VEGA FM	UNI-DIE	CSM 6		IJ-A6	JESS-AIR			LO-AIR
		A7	SAGAMORE V					E-Z-DIE V	AIRKOOL V	A7W		BX 3	BR-3	CHROMEWEAR	
		A8	AL-158		CROMO-W55	PRESSURDIE 16	CARPENTER A8	COLUMBIA A-8		AIRTRUE LC			MGR	HOT FORM NO. 3	
		A9					CARPENTER A9	FORMDIE		AIRTRUE NI					THERMOLD J
		A10 *													
	O OIL HARDENING TYPES	O1	SARATOGA	KEEWATIN	BTR	KISKI	CARPENTER O-1	EXL-DIE	KETOS	TEENAX	IJ-O1	TRUFORM	BADGER	COLONIAL NO. 6	WANDO
		O2	DEWARD				STENTOR DRILL ROD								
		O6 **	OILGRAPH		O-6 GRAPHITIC		CARPENTER O-6	COL-GRAPH	HALGRAPH			TRUGLIDE			
		O7	UTICA					TAPDIE		BFD			W TAP	RED STAR TUNGSTEN	
shock resisting	**S**	S1	SEMINOLE	FALCON-6	67 CHISEL	VIBRO	EXCELLO	BUSTER ALLOY	ATHA PNEU	COMMANDO	IJ-S1	TOP NOTCH	XL CHISEL	PAR-EXC	
		S2				TRITON	SOLAR			HAVOC					VENANGO SPECIAL
		S5	AL-609	MONARK-2	OMEGA	ALLOY 10	481	SILICO ALLOY	LA BELLE SILICON #2	ORLEANS	IJ-S5	259 GRADE	LANARK	MOSIL	CYCLOPS S5
		S6						COLUMBIA S6	LA BELLE HT						
		S7	AL-7		BEARCAT		CARPENTER S-7	SHOCK-DIE	CRUCIBLE S-7	NIAGARA 7	IJ-S7	SUPER SHOCK 7	SIMOCH		

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mold	**P**	**P2**		DURAMOLD B									
		P4				SUPER SAMSON							
		P5				SAMSON EXTRA						VASCO CHROMOLD VM	
		P6		SUPER IMPACTOR PQ	DURAMOLD N	158							
		P20	ALMOLD 20	MOLD SPECIAL	BETHLEHEM P-20			CSM #2					
		P21									CASCADE		
special purpose	**L** LOW ALLOY TYPES	**L2**	CAROGA		TOUGH M			COLUMBIA L2	HALVAN		IJ-L2		CROWN SUPERB	VANADIUM TYPE H	CYCLOPS L2
		L3	TETON												
		L6	TIOGA	ATLAS L-6	BETHALLOY		R.D.S	NICRODIE	CHAMPALOY		IJ-L6		NDS	NIKRO M	CYCLOPS L6
water hardening	**W**														
		W1	POMPTON	X-10; X-12; ALPHA; XX 95	X; XCL; XX; COLD HEADER DIE	EXTRA	II SPECIAL; II COMET; II TITAN; READING TAP; H-8 DOUBLE HEADER; GREEN LABEL DRILL ROD	COLUMBIA SPECIAL; EXTRA, EXTRA HEADERDIE; STANDARD	SANDERSON EXTRA; LABELLE COLD HEADER; BLACK DIAMOND	RED LABEL, BLUE LABEL, DIAMOND S, GREEN LABEL	IJ-W1	WASHINGTON LION, LION EXTRA; NEW PROCESS COLD HEADER	CARBON TYPES	COLONIAL NO. 14	
		W2	PYTHON	ASA 10	BEST SUPERIOR	COLDIE	NITRO; SPECIAL VANADIUM	VANADIUM EXTRA; STANDARD	ALVA EXTRA	RED LABEL EXTRA	IJ-W2	LION VAN; LION EXTRA	CARBON VANADIUM	COLONIAL NO. 7	
		W5	CROW	ATLAS "Q"	BETHLEHEM W-5	BRAEBURN W-5	U.D.R.	WATERDIE EXTRA; STANDARD				W-5	CFS		

Published by Committee of Tool Steel Producers, American Iron and Steel Institute,
1000 16th Street, N.W., Washington, D.C. 20036. Phone: 202—452-7262

Companies Represented on the Committee:

Al Tech Specialty Steel Corp., P.O. Box 152, Dunkirk, N.Y. 14048
Atlas Steels Co., A Div. of Rio Algom Ltd., Welland, Ontario, Canada
Bethlehem Steel Corp., Bethlehem, Pennsylvania 18016
Braeburn Alloy Steel Div., Continental Copper & Steel Industries, Inc., Braeburn, Lower Burrell, Pa. 15068
Carpenter Technology Corporation, P.O. Box 662, Reading, Pa. 19603
Columbia Tool Steel Co., Lincoln Highway & State St., Chicago Heights, Ill. 60411
Crucible Specialty Metals Div., Colt Industries, P.O. Box 977, Syracuse, N.Y. 13201
Guterl Special Steel Corp., Lockport, N.Y. 14094
Ingersoll Johnson Steel Co., 2400 E. Devon Ave., Des Plaines, Ill. 60018
Jessop Steel Company, Washington, Pa. 15301
Latrobe Steel Co., Subs. of The Timken Co., Latrobe, Pa. 15650
Teledyne Vasco, P.O. Box 151, Latrobe, Pa. 15650
Universal Cyclops Specialty Steel Div., Cyclops Corp., 650 Washington Rd., Pittsburgh, Pa. 15228

Alloy Supplier Represented

Climax Molybdenum Co., One Greenwich Plaza, Greenwich, CT 06830

Products made by

The Timken Co., 1835 Dueber Ave., S.W., Canton, OH 44706
* Graph-Air®
** Graph-MO®

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APPENDIX E

AIS 10T AUGUST 1980 - EXHIBIT B OF CONFERENCE STATEMENT BY COUNSEL FOR THYSSEN, AUG. 23, 1982

...00 16th Street, N. W.
...Washington, D. C. 20036

This report must reflect the shipments of ... following that for which the report is made.

SHIPMENTS OF STEEL PRODUCTS – TOOL STEELS (Excluding Hollow Drill Steel)

(All tonnages should be reported in net tons, eliminating all fractions of tons) REV. 1.1 69

AIS 10-T

Company: Totals for Industry — Month: – AUGUST - 1980

		SHIPMENTS (NET TONS) Year 1979	To Date This Y
HIGH SPEED TOOL STEELS			
Molybdenum Types	M2, M3	8,896	4,837
	M7 Class 1 and 2, M6	1,723	943
	M1, M7, M10	10,616	6,647
	M6, M15, M30, M33, M34, M35, M36, Other M	2,905	2,038
Tungsten Types	T1, T2, T3, T7, T9	413	209
	T4, T5, T6, T8, T15	639	371
	Total	25,192	15,045
HOT WORK TOOL STEELS			
Chromium Types	H10, H11, H12, H13, H14, H15, H16, H19	13,110	7,628
Tungsten Types	H20, H21, H22, H23, H24, H25, H26	274	173
Molybdenum Types	H41, H42, H43	12	1
	Total	13,396	7,802
COLD WORK TOOL STEELS			
High Chromium Types	D1, D2, D3, D4, D5, D7	10,731	5,464
Medium Chromium Types	A2, A3, A7, A8, A9	8,829	5,374
Low Chromium Types	A4, A5, A6, A10	2,759	1,653
Oil Hardening Types	O1, O2, O6, O7	11,160	6,079
	Total	33,479	18,570
SHOCK RESISTING TOOL STEELS			
	S1, S2, S3, S4, S5, S6, S7 Total	7,078	4,278
MOLD TOOL STEELS			
Low Carbon	P1, P2, P3, P4, P5, P6		
Other Mold	P20, P21		
	Total		
SPECIAL PURPOSE ALLOY TOOL STEELS			
L1, L2, L3, L4, L5, L6 and L7; F1, F2 and F3; Other Alloy	Total	10,349	5,998
WATER HARDENING TOOL STEELS			
	W1, W2, W3, W4, W5, W6, W7 Total	6,345	3,465
* Total shipments including exports and shipments to reporting companies for conversion into further finished products or for resale		95,839	55,158
*Shipments to reporting companies for conversion into further finished products or for resale.		1,279	609
* Net shipments (excluding shipments to reporting companies for conversion into further finished products or for resale.) (8/79) 64,632		94,560	54,549

(Year 1978) 91,816

APPENDIX F

AIS 10T-AUGUST 1980

AIS 10 T

NOT FOR PUBLICATION
INFORMATION FOR REPORTING COMPANIES ONLY

AMERICAN IRON AND STEEL INSTITUTE
1000 16th Street, N. W.
Washington, D. C. 20036

Total Number of Companies Included 15

Month AUGUST - 1980

TOOL STEELS
(Excluding Hollow Drill Steel)

		SHIPMENTS (NET TONS)	
		Current Month	To Date This Year
HIGH SPEED TOOL STEELS			
Molybdenum Types	M2, M8	505	4,837
	M3 Class 1 and 2, M4	86	943
	M1, M7, M10	776	6,647
	M6, M15, M30, M33, M34, M35, M36, Other M	166	2,038
Tungsten Types	T1, T2, T3, T7, T9	14	209
	T4, T5, T6, T8, T15	48	371
	Total	1,595	15,045
HOT WORK TOOL STEELS			
Chromium Types	H10, H11, H12, H13, H14, H15, H16, H19	767	7,628
Tungsten Types	H20, H21, H22, H23, H24, H25, H26	21	173
Molybdenum Types	H41, H42, H43	-	1
	Total	788	7,802
COLD WORK TOOL STEELS			
High Chromium Types	D1, D2, D3, D4, D5, D7	471	5,464
Medium Chromium Types	A2, A3, A7, A8, A9	511	5,374
Low Chromium Types	A4, A5, A6, A10	203	1,653
Oil Hardening Types	O1, O2, O6, O7	544	6,079
	Total	1,729	18,570
SHOCK RESISTING TOOL STEELS			
	S1, S2, S3, S4, S5, S6, S7 Total	386	4,278
MOLD TOOL STEELS			
Low Carbon	P1, P2, P3, P4, P5, P6	*	*
Other Mold	P20, P21	*	*
	Total	*	*
SPECIAL PURPOSE ALLOY TOOL STEELS			
L1, L2, L3, L4, L5, L6 and L7; F1, F2 and F3; Other Alloy	Total	652	5,998
WATER HARDENING TOOL STEELS			
	W1, W2, W3, W4, W5, W6, W7 Total	420	3,465
Total shipments including exports and shipments to reporting companies for conversion into further finished products or for resale		5,570	55,158
Shipments to reporting companies for conversion into further finished products or for resale.		65	609
Net shipments (excluding shipments to reporting companies for conversion into further finished products or for resale.)		5,505	54,549
	Net Shipments in Like Period 1979...	7,517	64,632

Type symbols refer to AISI Steel Products Manual on "Tool Steels" – April 1963

* Included with Special Purpose Alloy Tool Steels.

(x) Includes revisions for previous months.

10/1/80

APPENDIX G

PRODUCT LIST