CERTAIN CARBON STEEL PRODUCTS FROM SPAIN

Determinations of the Commission in Investigations Nos. 701-TA-155, 157, 158, 159, 160, and 162 (Final) Under Section 705(a) of the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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UNITED STATES INTERNATIONAL TRADE COMMISSION

COMMISSIONERS

Alfred E. Eckes, Chairman

Paula Stern

Veronica A. Haggart

Kenneth R. Mason, Secretary to the Commission

This report was prepared by--

Bob Eninger, Investigator
Howard Gooley, Office of Economics
Gerald Benedick, Office of Economics
Norman Elrod, Office of Economics
Richard Weible, Office of Industries
Patrick Magrath, Office of Industries
Wayne Herrington, Office of the General Counsel
Lynn Featherstone, Supervisory Investigator

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

C O N T E N T S

CONTENTS

Tables

CONTENTS

Note.--Information which would reveal the confidential operations of individual concerns may not be published and, therefore, has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigations Nos. 701-TA-155, 157, 158, 159, 160, and 162 (Final)

CERTAIN CARBON STEEL PRODUCTS FROM SPAIN

Determinations

On the basis of the record 1/ developed in the subject investigations, the Commission determines, pursuant to section 705(b)(1) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)(1)), that an industry in the United States is materially injured by reason of imports of the following products which have been found by the Department of Commerce to be subsidized by the Government of Spain:

Hot-rolled carbon steel plate (investigation No. 701-TA-155 (Final)); 2/ 3/
Cold-rolled carbon steel sheet (investigation No. 701-TA-157 (Final)); 4/
Galvanized carbon steel sheet (investigation No. 701-TA-158 (Final)); 5/ 6/

1/ The record is defined in sec. 207.2(i) of the Commission's Rules of Practice and Procedure (19 CFR § 207.2(i), 47 F.R. 6190, Feb. 10, 1982).

2/ For purposes of this investigation, hot-rolled carbon steel plate is provided for in items 607.6615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (TSUSA).

3/ Commissioner Stern determines that there is no material injury but that there is threat of material injury to an industry in the United States by reason of subsidized imports of hot-rolled carbon steel plate from Spain. Accordingly, pursuant to section 705(b)(4)(B) of the Tariff Act (19 U.S.C. § 1671d(b)(4)(B)), Commissioner Stern further determines that she would have found material injury but for any suspension of liquidation of entries of this merchandise.

4/ For purposes of this investigation, cold-rolled carbon steel sheet is provided for in items 607.8320 and 607.8344 of the TSUSA.

5/ For purposes of this investigation, galvanized carbon steel sheet is provided for in items 608.0710, 608.0730, 608.1100, and 608.1300 of the TSUSA.

6/ Commissioner Stern dissenting.

Carbon steel structural shapes (investigation No. 701-TA-159 (Final)); 1/ 2/
Hot-rolled carbon steel bar (investigation No. 701-TA-160 (Final)); 3/ 4/ and
Cold-formed carbon steel bar (investigation No. 701-TA-162 (Final)). 5/ 4/

Background

The Commission instituted these investigations effective August 25, 1982, following preliminary determinations by the Department of Commerce that there was a reasonable basis to believe or suspect that subsidies were being provided to manufacturers, producers, or exporters of the subject carbon steel products in Spain.

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register on September 15, 1982 (47 F.R. 40725). The hearing was held in Washington, D.C., on November 9, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

1/ For purposes of this investigation, carbon steel structural shapes are provided for in items 609.8005, 609.8015, 609.8035, 609.8041, and 609.8045 of the TSUSA.

2/ In its final countervailing duty determination (47 F.R. 51438, Nov. 15, 1982) the Department of Commerce found, pursuant to section 705(a)(2) of the Tariff Act (19 U.S.C. § 1671d(a)(2)), that critical circumstances exist with respect to imports of subsidized carbon steel structural shapes from Spain. Accordingly, pursuant to section 705(b)(4)(A) of the act (19 U.S.C. § 1671d(b)(4)(A)), the Commission determines, Commissioner Stern dissenting, that material injury was not by reason of massive imports of the subsidized merchandise over a relatively short period.

3/ For purposes of this investigation, hot-rolled carbon steel bar is provided for in items 606.8310, 606.8330, and 606.8350 of the TSUSA.

4/ Commissioner Stern dissenting.

5/ For purposes of this investigation, cold-formed carbon steel bar is provided for in items 606.8805 and 606.8815 of the TSUSA.

VIEWS OF THE COMMISSION

I. INTRODUCTION

These views set forth the reasons supporting the determinations of the Commission in these six final countervailing duty investigations. Chairman Eckes, Commissioner Stern and Commissioner Haggart join in the discussion of the appropriate domestic industries and the conditions of those industries. The joint views of Chairman Eckes and Commissioner Haggart are set forth following the section on the condition of the domestic industries. The separate views of Commissioner Stern follow.

Definition of the domestic industries

The domestic industry against which the impact of the imports under investigation is to be gauged is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 1/ "Like product" is defined in section 771(10) 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 . . . ." 2/

These investigations concern subsidized imports from Spain of six different types of steel products. These six types are: (1) hot-rolled carbon steel plate; (2) cold-rolled carbon steel sheet; (3) galvanized carbon steel sheet; (4) carbon steel structural shapes; (5) hot-rolled carbon steel

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1/ 19 U.S.C. § 1677(4)(A).
2/ 19 U.S.C. § 1677(10).

bar; and (6) cold-formed carbon steel bar. These same products were among the nine products which were the subject of the recent preliminary investigations involving certain steel products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany. In those cases the Commission 3/ found that each of the different product categories under investigation constituted a separate like product and noted:

> Each [product category] has physical characteristics of size, shape, or composition that are unlike those of the others. Moreover, they have varying uses, and products of one type generally do not compete with products of another type. As noted in the Commission determination in the 1980 steel products antidumping investigations, "Although raw steel constitutes much of the value of each of the . . . product groups under investigation, competition in the U.S. market between domestically produced steel products and the alleged LTFV [and subsidized] imports occurs in each of the . . . separate and distinct product groups." In these investigations the domestic producers have been able to identify production and profitability data in terms of each of the groups, allowing the Commission to examine the impact of imports on each group separately. 4/

The Commission recognized that within each of the nine product categories there may have been slightly different characteristics and uses for articles having different specifications, but the record contained no information to warrant making any meaningful distinctions among them. In the absence of "clear dividing lines among the products in each group," each was treated in

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3/ Commissioner Haggart was not a member of the Commission at that time.

4/ Investigations Nos. 701-TA-86 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Investigations Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226 (1982), at 14-15 (footnote omitted). Specific descriptions of the products, their characteristics and uses, and methods of manufacture may be obtained by reference to the Commission's Views and the Report in those investigations.

its entirety as a separate like product. 5/ Thus, the Commission determined that there was a separate industry corresponding to each of the product groups.

In these six final investigations we have determined that the same analysis should apply. The record developed in these final investigations regarding the same imported products from Spain contains no additional information that would suggest a revision of the definitions. Moreover, no party has objected to these industry definitions. Thus, we determine that there are six domestic industries corresponding to the six product groups.

Condition of the domestic industries

1. Hot-rolled carbon steel plate

The U.S. industry producing hot-rolled carbon steel plate has been in decline during most of the period under investigation. Production and capacity have fallen since 1979. Production fell from 6.6 million tons in 1979 to 5.9 million tons in 1981, a decrease of 11 percent. This decline continued in the first three quarters of 1982 as production was only 2.1 million tons compared with 4.1 million tons in the same period of 1981. 6/ Paralleling the decline in production, U.S. producers' shipments of carbon steel plate decreased steadily from 1979 to 1981 and fell rapidly in the first three quarters of 1982. 7/ Production capacity shrank from 10.4 million tons in 1979 to 9.6 million tons in 1981. Despite the decline in capacity, the loss of production yielded a continued decline in capacity utilization from 63.9 percent in 1979 to 61.9 percent in 1980 and 61.2 percent in 1981.

5/ Id. at 15-16.
6/ Report at A-11.
7/ Id. at A-9, A-11.

Capacity utilization fell greatly in the first three quarters of 1982 to 32.7 percent. 8/

Declining production has adversely affected employment and profitability levels as well. Employment of workers engaged in producing hot-rolled carbon steel plate fell from 20,625 in 1979 to 19,758 in 1980 and 18,378 in 1981, an 11 percent decline over the period. Employment and wages dropped sharply in January-September 1982 by approximately 40 percent from the levels in the corresponding period in 1981. 9/

U.S. producers' operating profits declined from $93 million in 1979, to $34 million in 1980, and increased to $67 million in 1981. However, net sales dropped sharply in the first three quarters of 1982, and producers suffered operating losses totalling $122 million during that period. The ratio of operating profits to net sales decreased irregularly from 3.8 percent in 1979 to 2.6 percent in 1981. During the first nine months of 1982, the ratio of operating losses to net sales was 11.8 percent as compared with a ratio of operating profit to net sales of 3.0 percent during the corresponding period in 1981.

2. Cold-rolled carbon steel sheet

Production in this industry fell sharply between 1979 and 1980, from 13.4 million to 10.4 million tons, then increased to 11.3 million tons in 1981. However, a sharp decline occurred in the first three quarters of 1982 as production was only 6.3 million tons compared with 9.2 million tons during the corresponding period in 1981. 10/ Shipments declined irregularly from 1979 to

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8/ Id. at A-11.
9/ Id. at A-14, A-16.
10/ Id. at A-11.

1981, then fell off sharply in the first three quarters of 1982. 11/ Capacity remained relatively stable throughout the period, increasing or decreasing only marginally from year to year. Capacity utilization declined from 79.9 percent in 1979 to 70.5 percent in 1981. Capacity utilization reached a low of 52.1 percent in the first three quarters of 1982. 12/

Although fluctuating from year to year, employment generally declined from 1979 to 1981. The number of workers then decreased significantly in the first three quarters of 1982 by 27 percent compared to the identical period in 1981. 13/

The industry has suffered declining profitability since 1979. Net profits were $53 million in 1979, but the industry then experienced losses of $383 million in 1980, $293 million in 1981, and $484 million in the first three quarters of 1982. The ratio of operating profits to net sales was 1.0 percent in 1979. The ratio of operating losses to net sales was 9.2 percent in 1980, 5.9 percent in 1981, and 16.9 percent in the first three quarters of 1982, as compared with 4.3 percent in the first three quarters of 1981.

3. Galvanized carbon steel sheet

The galvanized carbon steel sheet industry has experienced a downturn since 1979. Production fell from 4.7 million tons in 1979 to 3.7 million tons in 1980. Although production rose to 4.4 million tons in 1981, a sharp drop in production occurred in the first 9 months of 1982, with only 2.8 million

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11/ Id. at A-9, A-11.
12/ Id. at A-11.
13/ Id. at A-14.

tons being produced, in contrast to the 3.7 million tons produced in the same period in 1981. 14/ Shipments have similarly decreased. 15/ While capacity for producing galvanized sheet has remained roughly constant since 1979, capacity utilization fell from 70.4 percent in 1979 to 59.4 percent in 1980. After rebounding to 70.7 percent in 1981, capacity utilization fell to 60.9 percent in the first three quarters of 1982. 16/ Employment of production and related workers, which had peaked at 16,900 in the first three quarters of 1981, declined to 13,684 by the first three quarters of 1982 as production declined. 17/

From operating profits of $135 million in 1979, the industry declined to losses of $91 million in 1980, and $29 million in 1981. In the first three quarters of 1982, the industry experienced a loss of $190 million compared with a loss of $3 million in the same period in 1981. The ratio of operating profits to net sales was 5.8 percent in 1979. The ratio of operating losses to net sales was 4.8 percent in 1980, 1.2 percent in 1981, and 12.5 percent in the first three quarters of 1982. 18/

4. Carbon steel structural shapes

The industry producing carbon steel structural shapes is also experiencing serious difficulty. Production has declined from 4.3 million tons in 1979 to 3.9 million tons in 1981. Production continued to decline to 1.9 million tons in the first three quarters of 1982 compared to 2.9 million

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14/ Id. at A-11.
15/ Id. at A-9, A-11.
16/ Id. at A-11.
17/ Id. at A-14.
18/ Id. at A-21.

tons in the same period of 1981. Trends for U.S. producers' shipments corresponded to the decline in production. 19/ Although capacity decreased slightly between 1979 and 1981, capacity utilization decreased steadily from 65.6 percent 1979 to 61.2 percent in 1981. Capacity utilization then fell sharply in the first three quarters of 1982 to 41.0 percent as compared with 62.2 percent in the same period in 1981. 20/

Average employment of production and related workers declined steadily from 13,444 workers in 1979 to 12,304 in 1981. In the first three quarters of 1982, employment fell approximately 30 percent to 8,327 as compared with 11,848 in the same period in 1981. 21/

Although this industry's net sales increased irregularly between 1979 and 1981 before dropping sharply in the first three quarters of 1982, the industry experienced losses during most of the period. Operating profits were $34 million in 1979. Thereafter, the industry incurred losses of $30 million, $26 million, and $140 million in 1980, 1981, and the first three quarters of 1982, respectively. The ratio of operating profits to net sales was 2.2 percent in 1979. The ratio of operating losses to net sales was 2.0 percent in 1980 and 1.6 percent in 1981. In January-September 1982, the ratio of operating losses to net sales amounted to 16.6 percent as compared with 1.3 percent in the first three quarters of 1981.

5. Hot-rolled carbon steel bar

U.S. production of hot-rolled carbon steel bar dropped sharply from 1979 to 1980, from 6.2 million tons to 4.5 million tons, recovered slightly in 1981

19/ Id. at A-9, A-11.
20/ Id. at A-11.
21/ Id. at A-14.

reaching 4.8 million tons, then fell again in the first three quarters of 1982 to 2.0 million tons compared with 3.3 million tons in the same period in 1981. Shipments during the period of investigation declined in a similar manner. 22/ While production capacity fluctuated somewhat during the period under investigation, capacity utilization fell from 67.6 percent in 1979 to 51.2 percent in 1980, increased slightly to 54 percent in 1981, then declined to 34.4 percent in the first three quarters of 1982. 23/

Employment of production and related workers declined by 26 percent between 1979 and 1980. After increasing marginally in 1981, employment dropped 33 percent in the first three quarters of 1982 compared with the same period in 1981. Employment in the first three quarters of 1982 stood at 10,455, a full 10,000 workers fewer than the 1979 total. 24/

The industry's net sales declined irregularly from 1979 to 1981, then plunged in the first three quarters of 1982. Operating profits were $50 million in 1979, but the industry suffered operating losses of $84 million in 1980, $10 million in 1981, and $214 million in the first three quarters of 1982. The ratio of operating profits to net sales was 2.2 percent in 1979. Thereafter, the ratio of operating losses to net sales was 5.1 percent in 1980 and 0.5 percent in 1981. In the first three quarters of 1982, the ratio of operating losses to net sales reached 25.6 percent as compared with 0.4 percent in the corresponding period in 1981. 25/

22/ Id. at A-10, A-12.
23/ Id. at A-12.
24/ Id. at A-15.
25/ Id. at A-22.

6. Cold-formed carbon steel bar

The domestic cold-formed carbon steel bar industry has experienced declines in production as well as financial losses during most of the period under investigation. Production decreased irregularly from 1.3 million tons in 1979 to 946 thousand tons in 1980 and 1.0 million tons in 1981. 26/ Shipment data essentially mirror the production trends. 27/ During the same period, capacity utilization declined by more than 20 percentage points from 66.1 percent in 1979 to 45.4 percent in 1981. During the first nine months of 1982, both production and capacity utilization were lower than in the corresponding period in 1981.

After experiencing an operating profit of $21 million in 1979, the domestic industry sustained operating losses of $4 million for 1980, $2 million for 1981, and $29 million for the first three quarters of 1982. The ratio of operating profit to net sales was 4.0 percent in 1979. The ratio of operating losses to net sales was 0.9 percent in 1980 and 0.4 percent in 1981. In the period January-September 1982, the ratio of operating loss to net sales was 14.6 percent as compared with an operating profit of 4.0 percent in the same period in 1981. 28/

26/ Id. at A-12.
27/ Id. at A-10, A-12.
28/ Id. at A-22.

VIEWS OF CHAIRMAN ECKES AND COMMISSIONER HAGGART

Before proceeding with our analysis of the relationship between the condition of the domestic industries and the imports subject to these investigations, two issues should be addressed:

1. Whether the Commission, in determining causation, is required to establish a causal link between subsidized imports and injury to the domestic industry or between the net subsidy determined by the Department of Commerce (ITA) and the injury to the domestic industry; and
2. whether the Commission should "cumulate" imports of a particular product from a country subject to a countervailing duty investigation with imports of the same product from other countries.

A resolution of both of these issues requires examination of the statutory language and the legislative history. 29/

Causation

With respect to the issue of whether any material injury experienced by the domestic industry must be by reason of subsidized imports or the net subsidy calculated by the ITA, the statute is clear as to what the Commission is required to do when making a final determination of material injury. According to section 705(a)(1) of the Tariff Act of 1930 as amended by the Trade Agreements Act of 1979, ("the Act") (19 U.S.C. §1671d (a)(1)):

> Within 75 days after the date of its preliminary determination under section 703(b) . . . [the ITA] shall

29/ See Commissioner Haggart's Additional Views on these issues.

> make a final determination of whether or not a subsidy is being provided with respect to the merchandise.

After the ITA makes an affirmative determination that a subsidy is being provided, section 705(b) of the Act (19 U.S.C. § 1671d (b)) directs the Commission to determine whether there is material injury to a domestic industry "by reason of imports" of the merchandise subject to investigation. The statute reads:

> (b) Final Determination by Commission.
> (1) In General - The Commission shall make a final determination of whether--
> (A) An industry in the United States--
> (i) is materially injured, or
> (ii) is threatened with material injury, or
> (B) the establishment of an industry in the United States is materially retarded,
> by reason of imports of the merchandise with respect to which. . . [the ITA] has made an affirmative determination under subsection (a) of this section.

Sections 771(7)(B) and (C) of the Act (19 USC §1671(7)(B)(C)) set forth the general factors the Commission is required to consider in reaching its determination of material injury by reason of subsidized imports. These sections instruct the Commission to examine the volume of imports, the effect of such imports on prices in the United States of the "like" product, and the impact of imports of such merchandise on domestic producers of the "like" product. More specifically, these sections of the Act set out certain aspects of these general factors which are to be examined in considering the effect of imports. Concerning the volume of imports, the Commission is to determine whether the volume is significant, or whether there is any significant absolute or relative increase in that volume. With respect to prices, the Commission is to consider whether there has been significant price undercutting by the imported merchandise, and whether such imports have

resulted in significant price suppression or depression. In examining the impact of imports on the domestic industry producing the like product, the Commission is directed to consider the impact of imports in terms of declines in output, sales, return on investment, capacity utilization, domestic prices, and other specified factors. Furthermore, the statute instructs the Commission to consider "all relevant economic factors which have a bearing on the state of the industry."

The statute does not direct the Commission to consider the amount of the net subsidy in determining whether there is material injury. At most, the amount of the net subsidy is a factor which the Commission may consider under section 771(7)(B) of the Act. The relationship of the net subsidy to material injury should not be dispositive of the issue of causation. We conclude that once the ITA makes an affirmative determination the Commission must only establish a causal link between the subsidized imports under investigation and any injury to the domestic industry. 30/

The countervailing duties which will be imposed as the result of our determinations are intended to offset the net subsidies found by the ITA. These duties are not intended to remedy the injury we have found the industry to be experiencing; they are intended to ensure that imports compete in the market on a fair basis. In assessing the impact of such imports, an analysis which focuses on the ultimate benefit to the domestic industry resulting from the imposition of duties is not consistent with the purpose of the statute.

Cumulation

This is not the first time that the issue of whether the Commission should cumulate imports from more than one country for purposes of determining

30/ See Commissioner Haggart's Additional Views, infra.

material injury has been raised. However, in each prior investigation where the issue has been presented, we have made our determinations on a case-by-case basis and have not cumulated imports from more than one country. In view of the "conditions of trade" 31/ which exist in the carbon steel industries which are the subject of investigation, we have adopted a similar approach in these investigations. 32/

There are no specific references to cumulation either in the Trade Agreements Act of 1979 itself or in the accompanying legislative history. The only injury determinations in which the Commission's discretionary authority to cumulate imports from more than one country has been upheld by the courts, or sanctioned by Congress, were antidumping cases under the Antidumping Act of 1921. Although the Commission may have the discretion to cumulate imports in countervailing duty investigations as well as in antidumping investigations, cumulation of imports from several countries is not the basis for our decisions in each of these investigations. However, we note that the Commission may consider imports from all sources as part of the conditions of trade in making its injury analysis with respect to imports from a particular country.

Conditions of Trade

It was the intent of Congress that in countervailing duty investigations the assessment of the impact of subsidized imports is to be made with regard to the particular conditions of trade, competition, and development of the

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31/ See discussion of "Conditions of Trade", infra.
32/ See Commissioner Haggart's Additional Views, infra.

relevant industry. 33/ The statutory scheme for determining the appropriate "like product", and in turn, the industry against which the Commission assesses the impact of imports, further assures that the focus of our inquiry is on the nature of the imported product that is the subject of these investigations and those characteristics of trade involving both the relevant domestic and imported products.

As set forth above, we have determined those products being produced in the United States which are "like" the imported merchandise. Further, we have considered the economic condition of the respective domestic industries producing those products and have found them to be experiencing material injury. In the following section, we will set forth our views on a case-by-case basis regarding the causal relationship between this injury and the subsidized imports.

Certain conditions of trade with regard to these products are critical in establishing the framework for our analyses. One fundamental characteristic of each of the products under consideration is its inherent fungibility and price sensitivity. 34/ Fungibility is established once certain objective criteria are met to the satisfaction of the purchaser. 35/ Price then becomes a major factor in the decision to purchase. 36/ Although much of the domestic steel is sold directly to end users, whereas the majority of imported steel is

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33/ See Sen. Rept. No. 96-249, 96th Cong., 1st Sess. (1979) at p. 57 and p. 88; H. Rept. No. 96-317, 96th Cong., 1st Sess. (1979) at p. 46.

34/ See the "like product" discussion, supra, p. 3.

35/ See Report at A-45 ff.

36/ With regard to the fungibility question, we note that during the course of these investigations, some purchasers were unable to indicate the country or company of origin of the imported steel they had purchased. See, e.g., Report at A-45, A-48, A-50.

primarily sold first to service centers/distributors, ultimately imported and domestic steel compete on the basis of price in the same end-user market. In a market where discounting is now commonplace, the mere presence of an offer from an importer of steel at a lower price can have a discernible impact. Such offers affect the ability of the domestic steel producer to price competitively, to cover fixed costs, and to generate funds for needed capital improvements.

Another important condition of trade relevant to these products is that these subsidized imports are entering the U.S. market at the same time as imports from a variety of sources. Additionally, in some cases, subsidized imports have either entered the U.S. market or have further increased their penetration levels during the most recent period when U.S. consumption for these products turned downward and the domestic industries were operating at very low levels of capacity utilization. Given these conditions of trade, the impact of seemingly small import volumes and penetrations is magnified in the marketplace. In these steel industries, each of which is characterized by a high level of fixed costs, the loss of even a few sales means that revenues cannot be maintained at levels sufficient to cover fixed costs. The ability to cover these costs is vital to the ongoing viability of these industries. All of the above factors regarding the conditions of trade relating to these industries are significant in our analyses of the impact of subsidized imports from Spain.

Our causation analysis reflects Congressional intent that the effects from subsidized imports are not to "be weighed against the effects associated with other factors . . . which may be contributing to overall injury to an

industry." 37/ The record in these investigations suggests that there are a number of causes associated with the problems experienced by the domestic industry, such as high labor costs, reduced productivity levels, and the appreciation of the dollar. In an affirmative determination, the statute directs that we determine whether the material injury experienced by the domestic industry is "by reason of" subsidized imports. There is no requirement that subsidized imports be a "principal, a substantial, or a significant cause of material injury." 38/ Congress was explicit in its purpose for providing this guidance:

> Any such requirement has the undesirable result of making relief more difficult to obtain for industries facing difficulties from a variety of sources; such industries are often the most vulnerable to subsidized imports. 39/

The case-by-case determinations which follow are based upon these fundamental perceptions regarding the conditions of trade affecting these domestic industries. Our analysis indicates these industries find themselves increasingly susceptible to injury from subsidized imports.

The information developed in investigations cannot be expected to be comprehensive with regard to all areas of inquiry. With respect to some areas, such as import volume and penetration, the record in these investigations provides information which is comprehensive. The record provides less comprehensive information with regard to transaction prices,

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37/ See Sen. Rept., supra, at p. 57, and H. Rept., supra, at p. 47
38/ Id
39/ Id.

lost sales, 40/ and price suppression or depression. However, we view such data as indicative of the impact of imports in the market. The totality of data regarding import trends and their effect in the market forms the basis for our determinations in each of these investigations.

Material Injury by Reason of Subsidized Imports

1. Hot-Rolled Carbon Steel Plate

Imports from Spain increased from their 1979 level of 74,000 tons to 110,000 tons in 1980 and decreased to 99,000 in 1981. Imports declined over the first three quarters of 1982 compared to the same period in 1981, but they still remained above the level of imports for all of 1979. The ratio of imports to apparent domestic consumption increased from 0.9 percent in 1979 to 1.4 percent in 1980, and decreased slightly in 1981 to 1.3 percent. In January-September 1982, imports from Spain climbed to 2.3 percent of domestic consumption compared with 1.6 percent for the corresponding period in 1981. Although available pricing data cannot be used in making pricing comparisons between the domestic product and imports from Spain, 41/ information relating to lost sales provides a clear indication of underselling. Six instances of lost sales were confirmed in the preliminary investigation and five instances

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40/ See Acrylic Yarn from Japan and Italy, Inv. Nos. 731-TA-1 (Final) and 731-TA-2 (Final), March 1980, Views of Commissioner Stern and former Vice-Chairman Calhoun:

> While information on lost sales is normally difficult to obtain and actual occurrences are difficult for the Commission to verify, such instances, when confirmed, can be symptomatic of broader practice.

41/ Report at A-36, A-37, A-45.

of lost sales have been confirmed in this final investigation. 42/ In all these cases, the principal reason cited for the purchase of the Spanish product was the lower price of the imports, which may have been as much as $40 to $140 below comparable domestic products. In addition, two instances of price suppression or depression were confirmed, involving price reductions by domestic producers in order to meet competition from lower-priced Spanish products.

For the foregoing reasons, we find that there is material injury to the affected domestic industry by reason of the subject imports.

2. Cold-Rolled Carbon Steel Sheet

While imports from Spain steadily decreased in both absolute terms and in relation to apparent U.S. consumption from 1979 to 1980, imports and import penetration rose sharply in 1981, signalling a reentry into the United States market. Imports rose from 8,000 tons in 1980 to 62,000 tons in 1981 and the levels for the first three quarters of 1982 are significantly higher than the same period in 1981. Import penetration rose from 0.1 percent in 1980 to 0.4 percent in 1981 and the figure for the first three quarters of 1982 is 0.5 percent compared with 0.2 percent in the corresponding period in 1981. Imports from Spain increased at a time when the domestic industry was operating at 52 percent of capacity. It is apparent that these recent sharp increases in the levels of imports have contributed to the accelerating downturn in the industry's performance and have thus caused material injury.

42/ Id. at A-45, A-46.

In addition, in the final investigation two instances of lost sales were confirmed. Price was the most important factor in these lost sales, with the imports underselling the domestic product by $80 to $100 per ton. 43/

For the foregoing reasons, we find material injury to the domestic industry by reason of subsidized imports of cold-rolled carbon steel sheet from Spain.

3. Galvanized carbon steel sheet

Although imports from Spain fell steadily from their 1979 level of 39,000 tons to 19,000 tons in 1981, Spanish imports increased significantly to 27,000 tons in the first three quarters of 1982 alone, 44/ an influx that was substantially in excess of that in the entire year 1981. 45/ Import penetration followed a similar trend, reaching 0.6 percent in the first nine months of 1982, compared with 0.1 percent in the corresponding period in 1981. On a quarterly basis imports from Spain were concentrated in the last half of 1981 and the first quarter of 1982, when imports accounted for 1.8 percent of domestic consumption. The significant increase in Spanish imports coincided with the serious downturn in domestic production, and profitability in the first three quarters of 1982.

43/ One purchaser of Spanish sheet indicated that the price gap between Spanish and domestic cold-rolled sheet widened since 1981 and, as a result, this purchaser is buying proportionally more Spanish sheet in 1982 than it did in 1981. Another purchaser indicated that importers of Spanish cold-rolled sheet were targeting their sales to a few dealers. Report at A-46, A-47.

44 We note that one purchaser of Spanish galvanized sheet reported that a Spanish mill cancelled delivery of an order made in 1981 because of the institution of this countervailing duty investigation. Report at A-47.

45/ Report at A-28.

Other information also strongly supports our conclusion of material injury by reason of subsidized imports. Three allegations of sales lost by domestic firms to imports of galvanized sheet were confirmed in the final investigation. 46/ Price was the most important factor in these lost sales, with the imports underselling the domestic product by approximately $100 a ton. In addition, in the preliminary investigation, five transactions were confirmed in which a domestic firm lost revenues by lowering its prices in order to meet price competition by Spanish imports. 47/

For the foregoing reasons, we determine that imports of galvanized carbon steel sheet from Spain are causing material injury to the domestic industry.

4. Carbon Steel Structural Shapes

Imports steadly increased from 96,000 tons in 1979 to 238,000 tons in 1981, accounting for a growing share of the U.S. market increasing from 1.5 percent in 1979 to 4.1 percent in 1981. Although the level of imports from Spain dropped somewhat in the first three quarters of 1982 compared with the corresponding period in 1981, they still amounted to 4.5 percent of total consumption during this period. 48/ Information shows that the industry has lost sales to Spanish imports on the basis of price. Of the ten allegations of lost sales, seven firms confirmed that they had bought the Spanish product primarily because of its lower price. 49/ In addition, a number of domestic

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46/ Id. at A-47.
47/ Id. at A-52.
48/ Id. at A-28, A-30.
49/ Id at A-48, A-49.

firms submitted allegations of instances in which prices were lowered or adjusted in order to meet competition from Spain. Six allegations were confirmed representing over $220,000 loss of revenue or an average discount of approximately 11 percent. 50/

Based on the foregoing, we determine that there is material injury to the domestic industry producing carbon steel structural shapes by reason of imports from Spain.

Critical Circumstances

In its final determination, the ITA found that "critical circumstances" existed with respect to imports of structural shapes from Spain. 51/ This finding, under 19 U.S.C. § 1671d(a)(2), is a finding that these imports benefit from a subsidy inconsistent with the subsidies agreement implemented by the Trade Agreements Act of 1979 and that there have been massive imports over a relatively short period. Given this finding by ITA and our own finding of material injury, we are required by 19 U.S.C. § 1671d(b)(4)(A) to make an additional finding as to whether there is material injury which will be difficult to repair and whether the material injury was by reason of the massive imports over a relatively short period of time (March to June 1982) as defined by the ITA. 52/ In light of historical import trends since 1980, we find that the material injury was not by reason of the massive imports over a

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50/ Id. at A-52.
51/ 47 Federal Register 51438, 51448 (November 15, 1982), reproduced as Appendix A of our Report in these investigations.
52/ See, 47 Federal Register 38167 (August 30, 1982).

relatively short period referred to by the ITA. Therefore, we have made a negative additional finding with respect thereto.

5. Hot-Rolled Carbon Steel Bar

Imports of hot-rolled carbon steel bar from Spain increased irregularly from 28,000 tons in 1979 to 34,000 tons in 1981. Imports during the first three quarters of 1982 were 18,000 tons, compared with 26,000 tons in the same period in 1981. The ratio of Spanish imports to apparent U.S. consumption increased steadily from 0.4 percent in 1979 to 0.7 percent in 1981. 53/ Despite the decrease in absolute imports in 1982, the ratio for the January-September 1982 period rose to 0.8 percent compared with 0.7 percent for the same period in 1981. 54/

In the preliminary investigation, one instance of a lost sale because of lower priced imports from Spain was confirmed, 55/ as was a price concession because of a purchaser's intention to buy a less expensive Spanish import. 56/

Based on the foregoing, we find that there is material injury by reason of subsidized imports of hot-rolled carbon steel bar from Spain.

6. Cold-formed carbon steel bar

Imports, both in absolute terms and as a percentage of apparent U.S. consumption, rose dramatically in 1981 compared with imports in 1979 and 1980. The quantity of Spanish imports more than tripled from 5,000 tons in 1980 to 17,000 tons in 1981. This high level has continued; the

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53/ Id. at A-29, A-31.
54/ Id. at A-31. This increase in import penetration occurred at the same time this industry was operating at 34.4 percent of its capacity. Thus, the impact of these imports on the domestic industry was magnified.
55/ Id. at A-49.
56/ Id. at A-52, A-53..

January-September 1982 import figure of 12,000 tons is the same as it was for the corresponding period in 1981. 57/ The substantial increase in Spanish imports between 1979 and 1981 resulted in a tripling of the import penetration level. 58/ The ratio of Spanish imports to apparent U.S. consumption increased from 0.4 percent in 1980 to 1.2 percent in 1981. The ratio of imports increased further in the first three quarters of 1982 to 1.6 percent.

The Commission confirmed four lost sales of 635 tons in its final investigation, in addition to those confirmed in the preliminary investigation. 59/ Purchasers of the Spanish product indicated that price was the most important factor in their decisions to buy Spanish bar instead of domestic bar.

For the foregoing reasons, we find that there is material injury to a domestic industry by reason of imports of cold-formed carbon steel bar from Spain.

57/ Id. at A-29.
58/ Id. at A-31.
59/ Id. at A-50.

ADDITIONAL VIEWS OF COMMISSIONER HAGGART

As noted in the majority views, there are two central issues in these investigations which warrant further discussion. I have concluded that, as a matter of law, the Commission is only required to find a causal nexus between material injury and the subsidized imports. In addition, because of the "conditions of trade" which exist in these carbon steel industries, I have not cumulated imports from Spain with imports from other countries in making my determinations in these investigations.

Relation of Subsidy to Material Injury

The issue has been raised in these investigations as to whether sections 701(a) and 705(b) of the Trade Agreements Act of 1979 (the Act) and Article 6, paragraph 4, of the Agreement on Interpretation and Application of Articles VI, XVI and XXIII of the General Agreement on Tariffs and Trade (the Subsidies Code) require the Commission to establish a causal link between the net subsidy determined by the Department of Commerce and injury to the domestic industry. Counsel for petitioners assert that the statute does not require the Commission to relate the amount of the net subsidy to the injury to the domestic industry in determining whether there is a causal link between subsidized imports and that injury. As indicated in the majority views, I concur with this view. My conclusion is based on an examination of the statutory language, the relevant legislative history, and the provisions of the Subsidies Code as they relate to U.S. law.

Insofar as U.S. law is concerned, the MTN agreements, including the Subsidies Code, are Congressionally authorized executive agreements. 1/ These agreements are not self-executing; therefore, their effectiveness is dependent on U.S. implementing legislation. Consequently, it was necessary for Congress to pass the Trade Agreements Act of 1979 in order to give the Subsidies Code domestic legal effect. 2/ It is therefore incumbent upon us to examine the statute itself in order to determine how Congress implemented into U.S. law the obligations assumed by the United States under the Subsidies Code.

According to the Senate Report accompanying the Act, Section 705 of the Tariff Act, as amended by section 101 of the Trade Agreements Act of 1979, codifies U.S. obligations under the Subsidies Code into U.S. law. 3/ Section 705(b) provides that injury is to be "by reason of imports of the merchandise with respect to which the administering authority has made an affirmative determination under subsection (a) of this section [705(a)]". Article 6,

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1/ Senate Committee on Finance, Trade Agreements Act of 1979, S. Rep. No. 96-249, 96th Cong., 1st Sess., 36 (1979) [hereinafter cited as S. Rept.]; House Committee on Ways and Means, Trade Agreements Act of 1979, H.R. No. 96-317, 96th Cong., 1st Sess., 1 (1979) [hereinafter cited as H. Rept.]. See Cohen, The Trade Agreements Act of 1979: Executive Agreements, Subsidies, and Countervailing Duties, 15 Texas Int. Law Journal 96 (1980), for an analysis of the different types of executive agreements.

2/ The Trade Agreements Act of 1979 added Title VII to the Tariff Act of 1930, which replaced the Antidumping Act of 1921, and amended the countervailing duty statute. Section 102 of the Trade Act of 1974 authorized the President to negotiate trade agreements with foreign countries subject to procedures for the approval and implementation of such agreements by Congress. These procedures outlined in the Trade Act of 1974 represented "a unique Constitutional experiment". According to the Senate Report, ". . . virtually all the provisions of H.R. 4537 [the Trade Agreements Act of 1979] reflect the decision of the Committee of Ways and Means of the House of Representatives and Senate Finance Committee," as coordinated in joint meetings with representatives of the administration and other relevant House and Senate Committees." Congress had agreed that the bill as reported out of Committee would either be enacted without amendment or rejected.

3/ S. Rept. at 57.

paragraph 4, of the Code states that a countervailing duty will not be imposed on the product of any country which is a party to the GATT unless it is demonstrated that "the subsidized imports, through the effects of the subsidy, [are] causing injury . . . ."

Congress could have used the specific language of the Code in the statute; however, it chose not to do so. Instead, Congress elected to require the Commission to make a final determination of whether an industry is materially injured "by reason of imports of the merchandise". 4/ Thus, within the context of the issue of causality, the plain meaning of the statute requires us to trace any injury to imports of the subsidized merchandise from a particular country. The statute does not require the Commission to relate the amount of the subsidy to the injury being experienced by a domestic industry.

During its consideration of the Trade Agreements Act, Congress was aware that the relationship between the trade agreements and domestic law was a sensitive issue. The Senate Report states: "This bill is drafted with the intent to permit U.S. practice to be consistent with the obligations of the agreement, as the United States understands those obligations" 5/ (Emphasis

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4/ The language "by reason of imports" is articulated in sections 701 and 705. In addition, Congress focused on the "volume of imports," the "effect of imports" on prices, and "the impact of imports" on domestic producers. Section 771(7)B. In contrast, in section 771(7)(E), which pertains only to threat cases, Congress directed the Commission to consider "the effects likely to be caused by the subsidy," in addition to the other factors. This is the only provision of the statute that directs the Commission to take cognizance of the effect of the foreign subsidy. Had Congress intended the Commission to take congnizance of the effect of the subsidy, it is logical to assume that it would have used the language employed in section 771(7)(E) in other sections of the statute.

5/ S. Rept. at 36.

added). Further, Congress was acutely aware that the U.S. law did not repeat the precise language of the agreements. Congress observed that greater precision in our law is required than the "often vague terms of the agreements or implementing regulations of other countries" because our trade laws are subject to administrative and judicial review processes. 6/ Congress further stated that: "Unfamiliar terms in the agreements, or terms which may have a different meaning in United States law than in international practice or another country's laws, need to be rendered into United States law in a way which insures maximum predictability and fairness." 7/

The function of the Commission is to abide by the Congressional statutory scheme. 8/ When the legislative history as a whole does not demonstrate that a literal reading of the statutory language results in an interpretation of the law that is clearly contrary to Congressional intent, rules of statutory construction do not require the Commission to look behind the clear language of the statute. There is no compelling reason to rely upon certain portions of the legislative history to interpret statutory language which is not

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6/ Id.

7/ Id.

8/ Within another context involving the administration of the countervailing duty provisions, Judge Watson of the Court of International Trade observed:

> Congress has explicitly enacted this legislation to conform to trade agreements entered into by the United States and has defined those procedures which constitute conformity in the initiation of investigations. Thus, the petition determination by the ITA and the preliminary injury determination by the ITC were considered together to implement the code requirement that before a countervailing duty investigation is initiated the existence of a subsidy and injury must be considered. [Citation omitted]. The ITA's first duty in determining the sufficiency of a petition is to adhere to the procedures contained in the law and not to assume a larger responsibility by looking beyond the law to the codes or trade agreements it implements. (Emphasis added). Republic Steel, et al. v. United States et al., Slip Op. 82-58, at 14, July 22, 1982.

ambiguous. 9/ In the instant case, the legislative history does not contradict the plain meaning of the statute. Accordingly, the statutory language should be accorded its plain meaning.

Interpreting Congressional intent in conformity with the plain meaning of the statute is not inconsistent with the Subsidies Code. The relationship between the provisions of the Subsidies Code and the provisions of Title VII can be better understood by a comparison of certain articles of the Code with certain sections of Title VII. Section 771(7)(B) employs language very similar to Article 6, paragraph 1, of the Code with regard to the volume of imports, the effect of imports on prices, and the impact of imports on producers. Sections 771(7)(C)(i) and (ii) also closely parallel Article 6, paragraph 2, of the Code. These provisions refer to absolute or relative increases in the volume of imports, significant price undercutting, and imports as a cause of price depression or suppression. Similarly, section 771(7)(C)(iii) closely parallels Article 6, paragraph 3, of the Code, inasmuch as both refer to an evaluation of all relevant economic factors which have a bearing on examining the impact on the industry concerned. Both provisions specifically include the following factors: actual and potential decline in output, sales, market share, profits, return on investment, utilization of capacity, factors affecting prices, actual and potential negative affects on cash flow, etc.

9/ Although the legislative history refers to the term "net subsidy" and "subsidization" in conjunction with injury to the domestic industry, e.g., S. Rept. at 57-58, H.R. at 46, focusing on these references in the legislative history in preference to the numerous references, e.g., S. Rept. at 43-45, 47-60, 84-89, H. Rept. 46-58, 73-75, in the same legislative history that strongly support the plain meaning of the statutory language is not justified.

The provisions of the Trade Agreements Act and of the Code central to the dispute of whether the Act implements the Code are section 705(b) and Article 6, paragraph 4, respectively. Section 705(b), in relevant part, reads:

> . . . The Commission shall make a final determination of whether --
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> . . . an industry . . . is materially injured
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> . . . by reason of imports of the merchandise with respect to which the administering authority has made an affirmative determination. (Emphasis added).

Article 6, paragraph 4, in relevant part, states:

> It must be demonstrated that the subsidized imports are, through the effects 19/ of the subsidy, causing injury within the meaning of this Agreement . . . (Emphasis added).

19/ As set forth in paragraph 2 and 3.

Footnote 19 to Article 6, paragraph 4, specifically cross-references paragraphs 2 and 3 and, therefore, paragraph 4 must be examined in conjunction with paragraphs 2 and 3 of Article 6. As indicated above, Article 6, Paragraph 2, is implemented in section 771(C)(i) and (ii) of the statute, and Article 6, Paragraph 3, is implemented in section 771(7)(C)(iii) of the statute.

The methodology contemplated in Article 6 for tracing the effects of the subsidy to any material injury experienced by the domestic producers in the importing country is to determine the effects of the volume of subsidized imports on the prices in the product markets of the importing country and their impact on the domestic producers. These are the same effects that sections 771(7)(B) and (C) direct the Commission to consider. Thus, section 771 implements Article 6, paragraphs 2, 3, and 4, of the Code. Therefore, the

argument that the statute fails to implement the provision of Article 6, Paragraph 4, of the Code is not persuasive. For these reasons, the literal language of the Code cannot be relied upon to defeat the argument that the Commission must follow the plain meaning of Title VII in making its injury determinations.

Although the statute directs us to determine whether injury is "by reason of imports of the merchandise", we are not precluded from considering the amount of the subsidy or the likely effect of the subsidy as one of the non-specified factors in the Commission's analysis under section 771(7)(B). 10/ However, the presence or absence of a causal nexus between the amount of the net subsidy and material injury should not be dispositive with respect to the issue of the cause of any material injury since "the presence or absence of any factor which the Commission is required to evaluate under subparagraph (C) or (D) shall not necessarily give decisive guidance with respect to the determination by the Commission of material injury." 11/ If the presence or absence of a specified factor is not decisive, then a fortiori, the presence or absence of a non-specified factor should not be dispositive.

10/ Section 771(7)(B) states: "The Commission shall consider, among other factors" (Emphasis added), the volume of imports, the effect of imports on prices, and the impact of imports on domestic producers. The reference to "other factors" can properly be construed as referring to factors other than those enumerated which could include the effects of the net subsidy. As the Senate Report states, "In determining whether injury is 'by reason of' subsidized imports, the ITC now looks at the effects of such imports on the domestic industry. [The Commission] also considers, among other factors, the quantity, nature, and rate of importation of the imports subject to investigation, and how the effects of the net bounty or grant relate to injury . . . ". S. Rept. at 57.

11/ Section 771(7)(E)(ii).

Other considerations support the conclusion that the amount of the net subsidy should not be relied upon in determining material injury by reason of subsidized imports. There is no compelling reason to presume that there is a causal relationship between the amount of the net subsidy calculated by the Department of Commerce and any price differential in the U.S. market between domestic products and imported subsidized products. Commerce's net subsidy calculation reflects a determination of the value of a foreign subsidy. Essentially, foreign accounting principles are used in determining whether a program is a subsidy and assessing the benefits accruing to the foreign manufacturer because of the subsidy. Caution is warranted in relying upon this net subsidy calculation in light of the fact that accounting calculations may not accurately reflect economic phenomena outside the system within which they are used. 12/

Although there may be some logic in assuming that a less than fair value dumping margin will manifest itself through price differentials in the market, this may not be the case with a subsidy. Subsidies may be utilized by foreign producers for a number of purposes such as to improve cash flow, to achieve economies of scale through encouraging production, to encourage employment, or to contribute to product development. Imports still may be a cause of material injury even if there is no evidence of underselling in the market. 13/ Thus, a negative determination based on the fact that the net

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12/ As a general proposition, accounting calculations "do not provide valid measurements that can be used for answering or gaining insights into most economic questions." George J. Benton, "Accounting Numbers and Economic Values", XXVII The Antitrust Bulletin 161 (1982).

13/ Section 771(7)(E)(ii).

subsidy calculated by the Department of Commerce does not account for a certain portion of the underselling would not comport with the plain meaning of the statute and Congressional intent.

Moreover, the period of investigation covered by the Department of Commerce does not always correspond with the period of investigation covered by the Commission. In these investigations, the period of investigation for the Commission ended in September of 1982. By comparison, the period used by Commerce for measuring subsidization for the Spanish producers was the 1981 calendar year. Thus, certain analytical obstacles exist in drawing conclusions from the relationship between the net subsidies and margins of underselling, when the latter are based on a time period that is not analogous to the period for which the net subsidies were calculated.

In light of these problems, a compelling argument can be made that the amount of the net subsidy calculation may have no methodological connection with any attempt to assess the effects in the U.S. market likely to be caused by certain foreign subsidy practices. Consequently, in these investigations, I have relied on the existence of a causal nexus between the subsidized imports and injury, rather than attempting to relate the amount of the net subsidy to the injury.

This conclusion is consistent with the bifurcated statutory scheme established by Congress. 14/ Under the statutory scheme, there are two basic determinations required before a countervailing duty is imposed. The law states that the Department of Commerce shall make a final determination as to whether a subsidy is being provided. The Commission is then required to make

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14/ Section 705(a)(1) and Section 705(b)(1).

a final determination as to whether an industry is materially injured or threatened with material injury "by reason of the imports" of the merchandise with respect to which the Department of Commerce has made an affirmative final subsidy determination. As stated in the Senate Report, "[a] domestic industry must be materially injured by reason of subsidized imports before a countervailing duty could be imposed." 15/ If both the finding of the Department of Commerce and the Commission are affirmative, the Department of Commerce is required to publish upon notification from the Commission, a countervailing duty order and duties are assessed in accordance with that order. 16/

"Title VII is not punitive, it is a limited remedy statute. Under the scheme [only] the amount of the advantage enjoyed [subsidy] by the imports is offset by a corresponding duty. Imports are still permitted full access to the U.S. market." 17/ Thus, the statutory scheme results in an offset of the advantage the net subsidy bestows on the imported product. To the extent the subsidy adversely affects the U.S. market, such distortive impact is negated by the countervailing duty. As a result, the statute affords protection to the domestic industry from the distortive effects of subsidization while still permitting imports of subsidized merchandise into the market.

The Commission should not be required to project what effect an affirmative determination will have in the market. The statute is only designed to insure that subsidized imports which cause material injury do not compete in the U.S. market without an offsetting of the subsidy.

15/ S. Rept. at 44.
16/ Section 705(c)(2) and Section 706(a).
17/ Additional views of Vice-Chairman Calhoun, Certain Steel Wire Nail from the Republic of Korea, Inv. No. 701-TA-145, March 1982.

Based on the foregoing, I have concluded that a causal link between the amount of the subsidy and material injury is not required to be established before an affirmative final determination can be made by the Commission. In other words, an analysis of the effect of the subsidy should not be dispositive. The relationship of the level of net subsidy to material injury is, at best, a non-specified factor that the Commission may consider at its discretion under 771(7)(B) of the Act.

Cumulation

In each of the subject investigations, I have made my determination on a case-by-case basis and have not cumulated imports from more than one country. The statute expressly gives the Commission the discretion to consider imports from all sources in making its injury analysis with respect to the imports from a particular country. Section 771(7) of the Tariff Act of 1930 directs the Commission to "evaluate all relevant economic factors which have a bearing on the state of the industry". Further, both the Senate and House Reports accompanying the Trade Agreements Act specifically note that the Commission is to consider all factors and conditions of trade in the relevant industry. 18/ Imports from all countries can and should be considered as part of the conditions of trade in assessing the impact of imports from a particular country on the domestic industry. The mere existence in the market of these imports is plainly a "factor or condition of trade" that would bear on an injury analysis conducted on a case-by-case basis.

18/ Sen Rept. at p. 57 and p. 88, H. Rept at p. 45.

This analysis, however, is different from cumulation inasmuch as it does not require the Commission to determine that imports from each country are a contributing cause of material injury; nor does it result in a finding of material injury with respect to imports from one country solely by reason of aggregating that country's imports with imports from other countries. Rather, imports from other countries are one of many factors to be considered in the market in determining whether imports from a particular country themselves are a cause of material injury. 19/

"Material injury" means "harm which is not inconsequential, immaterial, or unimportant". 20/ According to the statute, in making a final determination of material injury pursuant to section 771(d), the Commission shall consider, among other factors --

(i) the volume of imports of the merchandise which is the subject of the investigation,

(ii) the effect of imports of that merchandise on prices in the United States for like products, and

(iii) the impact of imports of such merchandise on domestic producers of like products. 19 U.S.C. § 1677(7)(b) (Emphasis added).

According to the Senate Report, the significance of each factor affecting the industry will depend on the facts of each case. Neither the presence nor absence of any such factor necessarily gives decisive guidance with respect to whether an industry is materially injured and the Commission has the

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19/ The distinction between these two approaches should not be minimized. Under the latter approach, the Commission's determination is made without reliance upon the cumulative impact of imports subject to sequential investigations, suspension agreements, or settlement agreements. A case-by-case analysis will result in the Commission's final determinations having the advantage of more stability and repose.

20/ Section 771(7)(A).

discretion to decide what significance should be assigned to particular factors. In deciding the weight to give to a particular factor, the Commission should consider the conditions of trade, competition, and development with respect to the industry concerned. 21/ More specifically, according to section 771(7)(C)(i),

> "In evaluating the volume of imports of merchandise, the Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant" (19 U.S.C. § 1677(7)(C)).

The Senate Report points out that "for some industries an apparently small volume of imports may cause harm that is not inconsequential (Emphasis added)." 22/

Whether a certain volume of imports is capable of causing harm which is not inconsequential depends on the facts present in each investigation. For example, a certain volume of imports in a market dominated by the domestic industry may be incapable of causing material injury. However, that same volume of imports in a market characterized by severe price competition from several sources, both domestic and foreign, may be considered significant in light of the conditions of trade in the industry, the nature of the industry itself, and the economic condition of the industry at the time that the imports became a factor in the market. A relatively healthy industry facing competition from only one foreign source may be in a position to withstand certain lost sales. The same lost sales, however, may have a more significant impact on an industry which has not only lost these particular sales, but has

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21/ S. Rept. at 88.
22/ Id.

also lost numerous additional sales to other unfairly traded imports. In addition, the effect on prices that a certain volume of imports may have also depends on the conditions of trade in existence at the time. Significant price depression or suppression may occur in one set of circumstances whereas the same volume of imports priced at the same level may not have a significant impact under a different set of circumstances. Consequently, harm which may be inconsequential in one context can be considered not inconsequential in another context. Accordingly, the statute gives the Commission the discretion to weigh all relevant factors in making its material injury determination. The Senate Report states:

> " . . . (J)udgments as to whether the facts in a particular case actually support a finding of injury are for the Commission to determine, subject to judicial review for substantial evidence on the record.

Counsel for petitioners have argued that cumulation is warranted in these investigations because the subject imports are fungible along product lines, compete on the basis of price, and they are indistinguishable once they enter the U.S. market. These factors, among others, should be taken into consideration as part of the conditions of trade which relate to the assessment of the impact of imports from a particular country on the domestic industry. In these investigations involving certain carbon steel industries, the record with respect to the conditions of trade has been sufficiently developed and, consequently, I have made my determinations on a case-by-case basis.

Applying the above principles to the cases currently before us, it is evident that the domestic steel industries in their present distressed condition are industries as to which even an apparently small volume of

imports can have a significant adverse market effect. With respect to all six products involved in these investigations, the industries can be characterized by high fixed costs and relatively low variable costs, thereby requiring relatively high levels of capacity utilization and sales to cover those costs. As capacity utilization decreases, average costs per unit rise at a disproportionately steep rate. When capacity utilization is low, industry profits are more adversely affected by lost sales. Any additional increment of import volume or penetration may have a more severe effect under these circumstances. In many of these cases, import penetration increased significantly at a time when the domestic industry was experiencing its most difficult problems.

I have made an affirmative determination in these investigations because the record provides sufficient information to conclude that the levels of imports from Spain are such that those imports are capable of causing material injury in light of the conditions of trade which exist in these industries. Whether or not these imports have in fact caused material injury also depends on a more detailed analysis of the existence of underselling, price supression or depression, lost sales, and other factors regarding the effect of these imports on competition in the marketplace. The presence or absence of any of these factors is not decisive. 23/ The weight to be given the presence or absence of each factor is dependent on the facts of each case. When information on the record supports a conclusion of material injury by reason of the imports from an individual country, there is no need to cumulate the imports from several countries while ignoring the impact, or lack thereof, of imports from an individual country.

23/ Section 771(7)(E)(i).

VIEWS OF COMMISSIONER PAULA STERN

In these cases on imports from Spain, as in the other recent cases on various carbon steel imports 1/, my determinations have diverged from those of my colleagues on the question of causality. All six product lines under consideration here are experiencing severe problems reflected in virtually all the economic indicators examined in these investigations. The link between these difficulties and subsidized imports from Spain, however, varies by product line.

I have presented in detail the general legal and analytical framework I am utilizing to assess causality in my opinion in Certain Carbon Steel Products from Belgium, France, Italy, Luxembourg, the United Kingdom and the Federal Republic of Germany. 2/ I incorporate those views by reference in

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1/ Certain Carbon Steel Products from Belgium, France, Italy, Luxembourg, the United Kingdom, and the Federal Republic of Germany, Inv. Nos. 701-TA-86 to 701-TA-128 (numbers not inclusive); Carbon Steel Wire Rod from Belgium and France, Inv. Nos. 701-TA-148 and 701-TA-150, Carbon Steel Wire Rod From Brazil and Trinidad and Tobago, Inv. Nos. 731-TA-113 and 731-TA-114.

2/ Id. My opinion in these cases appears at pages 1*-71* of USITC Pub. No. 1316 (November 1982). These cases were terminated by the Commission, despite my dissent. I believe that the Commission did not have the legal authority to terminate these cases. I found that action to be inconsistent with the public interest and contrary to sound, responsible agency practice. On the latter point, I note that termination of cases on the basis of settlements after the Commission votes places the Commission's independent status in jeopardy as its votes can become a part of the Executive Branch's negotiating process.

The Commission's final determinations in those carbon steel cases took place at the time of the votes on October 15, 1982. According to the statute, 19 U.S.C. 1671d(d):

> (d) Publication of notice of determinations - Whenever the administering authority or the Commission makes a determination under this section, it shall notify the petitioner, other parties to the investigation, and the other agency of the determination and the facts and conclusions of law upon which the determination is based, and it shall publish notice of its determination in the Federal Register.

(Footnote continued)

this opinion. 3/ My views on the general conditions of trade and competition in the carbon steel industry are also set forth in that opinion. 4/ I have considered these conditions in reaching my determinations in the cases under consideration here.

In these views I would like to emphasize the need to consider the level of subsidization in reaching a determination in cases brought under this unfair trade statute. 5/ 6/ This point is brought into sharp focus in these cases on imports from Spain because comparative purchase price data are not available and thus a full analysis comparing the margin of subsidization with the margin of underselling is not possible. Still, the magnitude of the subsidization is relevant in assessing causality.

(Footnote continued)
The requests for withdrawal of the petitions and the settlement agreement were not on the record of those investigations which closed at the time of the vote and was not subsequently reopened. Thus, the Commission was legally bound to issue its determination and transmit its views to the Commerce Department.

I note that the sequence of events that occurred in those carbon steel cases was without precedent. Prior to those cases, settlements of unfair trade cases had consistently been made before the Commission's votes in line with both the statute and the public interest. For my full views on this matter see my memorandum, CO2-F-74, relative to Commission action jacket GC-82-143, dated October 22, 1982.

3/ See in particular pages 1*-38* of that opinion which include discussion of margins analysis, de minimis subsidies, circumstances for cumulation and the meaning of lost sales. ITC Pub. No. 1316 (November 1982).

4/ See pages 54*-70* of that opinion. ITC Pub. No. 1316 (November 1982).

5/ I note that the sequence of the bifurcated administrative process established by the Congress for countervailing duty cases supports the view that the level of subsidization is relevant to the Commission's final determination. As a matter of law, the Commission's final determination on the injury question awaits the Commerce Department's final determination of the margin of subsidization. If this final margin were irrelevant to the Commission and we were to consider only "the imports' as some have suggested, our final injury determination could just as well precede that of the Commerce Department. This sequence, however, is precluded by the statute.

6/ That is not to say that the level of subsidization alone is dispositive. It is one of a myriad factors which the Commission should consider in drawing a final conclusion on the question of injury.

In recent cases, I am increasingly struck by the danger of this statute becoming a means of obtaining protection, albeit limited, from fair rather than unfair competition. The Congress has established standards for relief from fair competition which are considerably more stringent than those that apply to unfair competition. 7/ Theories on causality which suggest that the level of subsidization is irrelevant to the Commission's analysis of the impact of "subsidized imports" on the domestic industry can lead to a breakdown of the carefully constructed framework that Congress 8/ has established for providing protection consistent with the public interest and U.S. international obligations.

An affirmative finding in any unfair trade case is premised on a finding of potentially unfair trade, 9/ i.e., the existence of subsidization or less than fair value imports. This very basic element was missing in a number of recent cases before the Commission (and yet there were some affirmative votes). 10/ Even when the subsidy level is not zero, as in the cases before us here, its significance must still be examined to determine whether it -- the potentially unfair trade practice -- has resulted or is likely to result

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7/ The standards for relief from fairly traded imports are set forth in section 201 of the Trade Act of 1974. In a section 201 investigation, the Commission must determine whether "an article is 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 . . . " (emphasis added).

8/ The framework is part of international agreements negotiated over the last thirty-five years under the General Agreement on Tariffs and Trade.

9/ It is unfair only if material injury or threat of material injury to a U.S. industry results.

10/ In the following cases, Commerce made affirmative determinations despite the fact that for most or all of the subject imports subsidies were evaluated at zero:

Hot-rolled Stainless Steel Bar from Spain, Inv. No. 701-TA-176.
Cold-formed Stainless Steel Bar from Spain, Inv. No. 701-TA-177.

(Footnote continued)

in volume or price effects. 11/ Only if this has occurred as a result of the subsidy does the potential for material injury or threat of material injury caused by the subsidized imports exist within the meaning of the statute. This is clear from the legislative history. In pointing out that the significance of various factors will differ from industry to industry, the Senate noted:

> Similarly, for one type of product, price may be a factor in making a decision as to which product to purchase and a small price differential resulting from the amount of the subsidy or the margin of dumping can be decisive; for others the size of the differential may be of lesser significance. 12/ (Emphasis added.) 13/

The Congress was concerned about price differences resulting from a subsidy which could affect the condition of a domestic industry, and so am I. As a legal matter, the impact of the subsidy needs to be assessed on the basis of the best information available in a particular case. That this task will at times prove difficult provides neither an excuse nor legal justification for us to avoid making an effort toward such assessment.

Though my position on this matter is taken strictly as a result of the direction of the statute and the legislative history, I point out that it is

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(Footnote continued)
Hot-rolled Carbon Steel Plate from Belgium and the FRG*, Inv. Nos. 701-TA-86 and 701-TA-93.
Hot-rolled Carbon Steel Sheet and Strip from the FRG*, Inv. No. 701-TA-101.
Cold-rolled carbon steel sheet and strip from the FRG*, Inv. No. 701-TA-109.
Carbon Steel Structural Shapes from the FRG Inv. Nos. 701-TA-124 and 701-TA-121.
An asterisk indicates that subsidies on all the subject imports were evaluated at zero by the Department of Commerce.

11 19 U.S.C. § 1677(7)(B)(i)-(ii).

12/ S. Rep. 96-249, 96th Cong., 1st Sess. (1979) p. 88. See also pp. 57-58 and H. Rep. 96-317, 96th Cong., 1st Sess. (1979) p. 46.

13/ In the carbon steel industries price is important and the products are relatively fungible. Even here, however, other factors such as quality and reliability of supplier do play a role. Thus, very small subsidies are unlikely to affect the level of imports.

also based on sound economic and public policy. In brief, if subsidies have no material influence on import prices or volume (as when the subsidy is very small or when it is insignificant in relation to the margin by which the foreign product undersells the U.S. product), corresponding countervailing duties do not correct a problem. Instead, they impose a cost on the U.S. economy and become a nuisance to trade. They result in American penalties for foreign government intervention in their economies even in those instances where the intervention does not materially affect the competing U.S. industry. From a public policy point of view, affirmative Commission findings in cases where the potentially unfair practice itself has not been a cause of injury to the domestic industry fosters a myopic public perception of the factors necessary to strengthen U.S. competitiveness.

The following are my views on the specific cases covered in these investigations.

I. Hot-rolled carbon steel plate

1. Imports from Spain

Imports rose from 74,000 tons in 1979 to 110,000 tons in 1980 and then fell to 99,000 tons in 1981. Imports in January-September 1982 amounted to 76,000 tons, 17 percent below the level for the same period of 1981. The ratio of these imports to apparent U.S. consumption rose from 0.9 percent in 1979 to 1.3 percent in 1981. In the first three quarters of 1982 the market share rose to 2.3 percent compared to 1.6 percent for the like period of 1981. 14/

2. Prices and Lost Sales 15/

Comparisons of delivered prices paid by purchasers for the subject import and the domestic product are not available. 16 17/

14/ Report at A-28, A-30.

15/ Lost sales information presented in this opinion relates only to data gathered in the final investigations. Lost sales information gathered in the preliminary investigations is presented in the Report at A-45 to A-51.

16/ This point applies to all cases covered here. Therefore, I will not discuss price data in subsequent product-line discussions.

17/ Some may argue that margins of underselling based on lost sales information should be used as a substitute for purchase price comparisons. Margins calculated on the basis of lost sales, however, generally have only limited value. Purchase price data ideally provide a representative sample of different transactions for both domestic and imported merchandise reported in confidential responses to official Commission questionnaires. These data include both domestic and imported prices in actual market transactions. In contrast, lost sales information is gathered through telephone inquiries concerning petitioners' allegations of purchases of imports in lieu of domestic products. The sample is suggested by an interested party to the investigation. Though it is sometimes possible to derive margins of underselling based on lost sales conversations, these margins are often based on the purchaser's recollection of the price of the imported product in a given transaction in comparison with what the purchaser perceived to be the prevailing domestic price at the time.

Of 15 lost sales allegations checked, 5 were confirmed, all because of price. Confirmed lost sales covered 0.2 percent of the subject sales. Purchasers noted that Spanish prices were from $40.00-$120.00 per ton below domestic prices.

3. Subsidy

The size of subsidies found on the subject steel product was 10.12 percent.

4. Determination

In light of the level of market penetration of imports of hot-rolled carbon steel plate from Spain and other information on the record, in my judgment the facts before us most clearly support an affirmative finding on the basis of threat of material injury. The criteria suggested in the legislative history of the Trade Agreements Act of 1979 for a finding of threat are satisfied in this case. 18/

Import penetration is increasing and the rate of increase is accelerating. These trends are likely to continue. Importers' inventories are already substantial. Spanish raw steel capacity has been steadily increasing and Spain has the capacity to generate increased exports. 19/ The

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18/ Sen. Rep. 96-249, 96th Cong., 1st sess. (1979), pp. 88-89.
19/ Report at A-23 to A-26.

United States is a likely market for increased Spanish production. Spanish domestic consumption is depressed and Spain's access to another important foreign market, the EC, is subject to restrictions. 20/ In 1979 Spain shipped 20% of its total exports of this product to the United States. By 1981 this figure was 32.8%. The sizeable subsidy - 10.12 per cent--provided to the sole Spanish exporter of this product, Ensidesa, provides a competitive advantage which assures a "real and imminent" increase in Spanish exports to the U.S. market resulting in a further deterioration of the U.S. industry.

Given the current weakened state of the domestic industry, even a very small additional increase in these imports would result in material injury. Thus, I have further determined that the industry would have been materially injured by reason of the subsidized imports but for the suspension of liquidation of entries thereof. 21/

II. Cold-rolled carbon steel sheet

1. Imports from Spain

Imports fell from 48,000 tons in 1979 to 8,000 tons in 1980, but then increased to 62,000 tons in 1981. Imports in January-September 1982 amounted to 48,000 tons, almost twice the level for the same period of 1981. The ratio of imports from Spain to apparent U.S. consumption fell from 0.4 in 1978 percent to 0.1 percent in 1980, then rose to 0.4 percent in 1981. In the first three quarters of 1982 the market share rose to 0.5 percent compared to 0.2 percent for the like period of 1981. 22/

20/ Staff Report on Certain Steel from Belgium et al, Investigation Nos. 701-TA-86 - 128 (not inclusive), at pp. E2-E10.

21/ This additional finding is required by 19 USC §1671d(B)(4)(B), when a finding of threat of material injury is made.

22/ Report at A-28, A-30.

2. Prices and Lost Sales

Two lost sales allegations were checked, and both were confirmed, principally because of price. In this particular case, the confirmed lost sales covered a significant share, 10.7 percent, of the subject sales. Purchasers indicated that Spanish prices were $80.00-$100.00 per ton below domestic prices and that the price gap had recently widened.

3 Subsidy

The size of subsidies found on the subject steel product ranged from 10.12 to 38.25 percent. The weighted average subsidy was 30.54 percent. 23/

4. Determination

Spanish imports taken alone are not sufficient to cause or threaten material injury. During the entire period of this investigation, however, subsidized imports, which I found to be injurious when cumulated, entered the United States from France and Italy. 24/ The substantial Spanish subsidies on this product, most at 38 percent, have been instrumental in enabling Spanish producers to offer substantially lower prices to U.S. purchases as confirmed in lost sales reports.

For an affirmative finding of present injury, we are to judge whether material injury occurred during the period of the investigation by reason of the subsidized imports. During the entire period of this investigation subsidized imports (not subject to countervailing duties or a settlement

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23/ Weighted average subsidies were obtained from calculations performed by the Office of Investigations. See Confidential Memorandum INV-F-190.

24/ See my opinion in Certain Carbon Steel Products from Belgium et al. published in USITC Pub. No. 1316 (November 1982).

agreement) entered the U.S market from Spain, Italy and France. In light of the imports from France and Italy and the large subsidy margins, I voted in the affirmative in this case on imports from Spain.

III. Galvanized carbon steel sheet

1. Imports from Spain

Imports fell from 39,000 tons in 1979 to 24,000 tons in 1980 and again fell in 1981 to 19,000 tons. In January-September 1982 imports amounted to 27,000 tons, compared to 7,000 tons for the same period of 1981. The ratio of these imports from Spain to apparent U.S. consumption fell from 0.5 percent in 1979 to 0.3 percent in 1981. In the first three quarters of 1982 the market share was to 0.6 percent compared to 0.1 percent for the like period of 1981. 25/

2. Prices and Lost Sales

Three lost sales allegations were checked and all three were confirmed, principally because of price. Confirmed lost sales covered 9.2 percent of the subject sales.

3. Subsidy

The size of subsidies found on the subject steel product ranged from 4.54 to 10.12 percent. Most sales benefitted from subsidies of 4.54 percent. The weighted average subsidy was 5.71 percent.

4. Determination

The tiny presence of imports of galvanized sheet from Spain in the United States market is simply not enough to cause or threaten material injury. Cumulation was not an issue in this case. Therefore, I found in the negative.

25/ Report at A-28, A-30.

IV. Carbon steel structural shapes

1. Imports

Imports rose from 96,000 tons in 1979 to 174,000 tons in 1980 and 238,000 tons in 1981. Imports in January-September 1982 amounted to 149,000 tons, 30 percent below the level for the same period of 1981. The ratio of these imports to apparent U.S. consumption rose from 1.0 percent to 4.1 percent in 1981. In the first three quarters of 1982 the market share was 4.5 percent compared to 4.6 percent for the like period of 1981. 26/

2. Prices and Lost Sales

Of 10 lost sales allegations checked, 7 were confirmed, principally because of price. Confirmed lost sales covered 0.2 percent of the subject sales.

3. Subsidy

The size of subsidies found on subject steel product ranged from 1.64 to 10.12 percent. The weighted average subsidy was 7.31 percent.

4. Determination

I have determined that subsidized imports of structural shapes from Spain are causing material injury to the domestic industry. The major considerations in my determination include the significance of the subsidies in maintaining the competitiveness of Spanish steel and the

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26/ Report at A-28, A-30.

level of current penetration by these imports. Moreover Spain has been increasing the share of its total exports of this product to the United States. In 1979 12 per cent of Spanish exports went to this country. In 1981 this figure was 18 per cent. The EC is now considering a dumping action against Spanish wide flange beams. 27/ Material injury to the U.S. industry has already taken place and further injury is imminent without a countervailing duty order.

On the question of the retroactive application of countervailing duties, unlike my colleagues, I have voted in the affirmative. The difference in our votes relates to a difference in interpretation of the facts on the record, rather than to a difference in legal interpretation. I find the jump in penetration of the U.S. market by imports from Spain during the period we are concerned with here (March - June, 1982) to be unusual. Quarterly data available show that for April-June 1982 Spanish penetration of the U.S. market was 5.9 percent. This is the highest penetration level recorded for that period in recent years. It also is a sharp increase from the previous quarter's level of 3.7 percent. I believe that such an increase is evidence of actions by importers to avoid the bond and the possibility of countervailing duties. Thus, an affirmative additional finding is warranted.

V. Hot-rolled carbon steel bar

1. Imports

Imports fell from 28,000 tons in 1979 to 24,000 tons in 1980, but then increased to 34,000 tons in 1981. Imports in January-September 1982 amounted to 18,000 tons, 31 percent below the level for the same period of 1981. The

27/ Metal Bulletin, June 29, 1982.

ratio of these imports to apparent U.S. consumption rose from 0.4 percent in 1979 to 0.7 percent in 1981. In the first three quarters of 1982 the market share rose to 0.8 percent compared to 0.7 percent for the like period of 1981. 28/

2. Prices and Lost Sales

One lost sale was alleged, but it could not be confirmed.

3. Subsidy

The size of subsidies found on the subject steel product ranged from 1.59 to 15.08 percent. The weighted average subsidy margin was 2.82 percent, but nearly all imports entered benefitted from subsidies of either 1.59 percent or 1.74 percent. One producer, Pedro Orbegozo y Cia. S.A., was continued by Commerce with no current subsidy margin.

4. Determination

My determination in this case was in the negative. Spanish exports to the United States and Spanish U.S. market penetration are both small. Nearly all Spanish imports benefit from only a small subsidy, ranging from 1.59 to 1.74 per cent. These imports have no significance in the market place. The small subsidy is not sufficient to trigger increased import penetration by Spain. Therefore, I find no present injury and no "real and imminent" threat of injury to the domestic industry by these imports. 29/

28/ Report at A-29, A-31.

29/ In Certain Carbon Steel from Belgium et al. I voted affirmatively on imports of hot-rolled carbon steel bar from the U. K. In that case penetration of subsidized imports was higher and the level of subsidization was meaningful. Imports from Spain have not contributed to a hammering effect.

VI. Cold-formed carbon steel bar

1. Imports

Imports rose from 6,000 tons in 1979 to 17,000 tons in 1981. Imports in January-September 1982 amounted to 12,000 tons, the same level as for the same period of 1981. The ratio of these imports to apparent U.S. consumption rose from 0.3 percent in 1979 to 1.2 percent in 1981. In the first three quarters of 1982 the market share rose to 1.6 percent compared to 1.1 percent for the like period of 1981. 30/

2. Prices and Lost Sales

Of 11 lost sales allegations checked, 4 were confirmed, principally because of price. Confirmed lost sales covered 1.9 percent of the subject sales.

3. Subsidy

Virtually all the subject steel product benefitted from subsidies of 1.56 percent. One producer, Pedro Orbegozo y Cia, S.A., was continued by Commerce with no current subsidy.

4. Determination

I have found in the negative in this case. Spanish exports to the U.S. are small as is import penetration. The subsidies provided to the largest Spanish exporter amount to only 1.56 percent. These imports are not significant in the market and the subsidy level is not sufficient to distort trade patterns. Thus, there is neither present material injury nor a "real and immenent" threat of such injury as a result of subsidized imports from Spain.

30/ Report at A-29, A-31.

INFORMATION OBTAINED IN THE INVESTIGATIONS

Introduction

Following preliminary determinations by the United States Department of Commerce that there is a reasonable basis to believe or suspect that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930 (19 U.S.C. § 1671) are being provided in Spain to manufacturers, producers, or exporters of certain carbon steel products, the United States International Trade Commission, effective August 25, 1982, instituted the following investigations under section 705(b) of the act (19 U.S.C. § 1671d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of the specified merchandise:

Product	Investigation No.
Hot-rolled carbon steel plate	701-TA-155 (Final)
Cold-rolled carbon steel sheet	701-TA-157 (Final)
Galvanized carbon steel sheet	701-TA-158 (Final)
Carbon steel structural shapes	701-TA-159 (Final)
Hot-rolled carbon steel bar	701-TA-160 (Final)
Cold-formed carbon steel bar	701-TA-162 (Final)

Effective November 15, 1982, the Department of Commerce made affirmative final countervailing duty determinations concerning imports of all of the above-cited products from Spain. Critical circumstances, pursuant to section 703(e)(1) of the Tariff Act of 1930, were found with respect to imports of carbon steel structural shapes. 1/

Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of September 15, 1982 (47 F.R. 40725). The hearing was held in Washington, D.C., on November 9, 1982. 2/ The briefing and votes in the investigations were held on December 7, 1982.

The applicable statute directs that the Commission make its determinations in these investigations before the latter of--

> (A) the 120th day after the day on which the administering authority (Commerce) makes its affirmative preliminary subsidy determination, or
>
> (B) the 45th day after the day on which the administering authority makes its affirmative final subsidy determination.

1/ A copy of Commerce's final determinations, as published in the Federal Register of Nov. 15, 1982 (47 F.R. 51438), is presented in app. A.

2/ A copy of the Commission's notice and a list of witnesses appearing at the hearing are presented in app. B.

Background and Discussion of Report Format

On January 11, 1982, petitions were filed with the Department of Commerce by 7 U.S. steel producers 1/ alleging that imports of certain steel products from 11 countries--Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, West Germany, Spain, and the Republic of South Africa (South Africa)--were being subsidized by their respective Governments (countervailing duty petitions) and/or sold in the United States at less than fair value (LTFV) (antidumping petitions). On the basis of the petitions, the Department of Commerce instituted countervailing duty and/or antidumping investigations to determine whether such merchandise from the 11 cited countries was being subsidized and/or sold at LTFV. 2/

With respect to imports of certain steel products from the first 10 countries cited above, the Commission instituted and conducted preliminary countervailing duty and/or antidumping investigations under sections 701(a) and 733(a), respectively, of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. 3/ A summary of the current status (as of Nov. 30, 1982) of each of these cases which involve the products covered by the instant investigations is presented in appendix D. The Commission did not institute investigations on products from South Africa since that country has not signed the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade (GATT) (GATT Subsidies Code) and is, therefore, not considered a "country under the Agreement" and is not entitled to an injury determination by the Commission.

This report is designed to be used in conjunction with the staff reports to the Commission in the following recent investigations concerning imports of

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1/ United States Steel Corp. (U.S. Steel), Bethlehem Steel Corp. (Bethlehem), Republic Steel Corp. (Republic), Inland Steel Co. (Inland), Jones & Laughlin Steel, Inc. (J&L), National Steel Corp. (National), and Cyclops Corp. (Cyclops).

2/ On May 7, 1982, petitions were filed with the Commission and the Department of Commerce by U.S. Steel alleging that imports of certain carbon steel products from the Republic of Korea (Korea) were being subsidized by the Government of that country. Accordingly, the Commission instituted and conducted preliminary countervailing duty investigations under sec. 701(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 an industry in the United States is materially retarded, by reason of imports of such merchandise. Commerce made preliminary affirmative countervailing duty determinations involving imports of those allegedly subsidized products from Korea on Oct. 4, 1982. The scheduled date of Commerce's final determinations is Dec. 20, 1982.

3/ A copy of the Commission's determinations in its preliminary countervailing duty investigations involving imports of certain steel products from Spain is shown in app. C. The Commission's determinations in these investigations were made following Spain's becoming a "country under the Agreement."

certain steel products:

(1) Staff report to the Commission, dated February 12, 1982, entitled "Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany." This report is hereafter referred to as the February report.

(2) Prehearing report to the Commission, dated August 16, 1982, entitled "Certain Carbon Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, the United Kingdom, and the Federal Republic of Germany." This staff report is hereafter referred to as the August report.

(3) Staff report to the Commission, dated September 23, 1982, entitled "Certain Carbon Steel Products from Belgium, France, Italy, Luxembourg, the United Kingdom, and the Federal Republic of Germany." This report is hereafter referred to as the September report.

Part I in all three of the cited staff reports contained general information on U.S. and foreign steel operations, as well as some summary information on the specific products covered by the investigations. Parts II through X in the February report (pts. II through VII in the August report, and pts. II through VI in the September report) presented detailed information on each of the products under investigation.

The three cited staff reports are extensive, and much information contained therein is not repeated in this report. For example, the prior reports have sections in part I dealing with the steelmaking process; Western European and other foreign producers (other than Spain); channels of distribution; transportation costs; general information on U.S. producers, including their overall financial experience, capital expenditures, and research and development costs; and general information on pricing. Parts dealing with each of the products under investigation contain detailed sections on descriptions and uses of each product, tariff treatment, U.S. producers, importers, imports from countries other than Spain, and the ratio of such imports to apparent U.S. consumption and producers' shipments. Finally, the prior reports contain appendixes on the Trigger-Price Mechanism and the Davignon Plan.

For the specific carbon steel products from Spain herein under investigation, the following tabulation shows the most current information previously presented in the three cited reports:

Product	Report
Plate	September (pt. II)
Cold-rolled sheet	September (pt. IV)
Galvanized sheet	February (pt. V)
Structural shapes	September (pt. V)
Hot-rolled bar	September (pt. VI)
Cold-formed bar	August (pt. VII)

Nature and Extent of Subsidies

The Department of Commerce published its final countervailing duty determinations on the products subject to these investigations in the Federal Register of November 15, 1982. The programs that were found to confer benefits which constitute subsidies, based on an examination of those programs during 1981, were preferential loans (short-, medium-, and long-term), capital infusions, and cash grants. The complete text of Commerce's determinations is presented in appendix A.

As indicated previously, critical circumstances were found with respect to imports from Spain of carbon steel structural shapes. Accordingly, suspension of liquidation of import entries of such merchandise is retroactive to June 1, 1982 (90 days prior to the suspension of liquidation for the other products on Aug. 30, 1982). 1/ Commerce determined that critical circumstances do not exist with respect to imports from Spain of the other carbon steel products under investigation.

The subsidy determinations, which were made on a company-specific basis, are shown in the following tabulation (in percent ad valorem):

Empresa Nacional Siderurgica, S.A. 1/2/3/4/	10.12
Altos Hornos del Mediterraneo, S.A. 2/	38.25
Altos Hornos de Vizcaya, S.A. 3/	4.54
Jose Maria Aristrain, S.A. 4/	1.64
Industrias del Besos, S.A. 5/	1.59
Tuyper, S.A. 6/	1.56
Forjas Alavesas, S.A. 5/6/	1.74
S.A. Echevarria 5/6/	15.08
All other manufacturers, producers, and exporters:	
Hot-rolled carbon steel plate	10.12
Cold-rolled carbon steel sheet	38.25
Galvanized carbon steel sheet	10.12
Carbon steel structural shapes	10.12
Hot-rolled carbon steel bar	15.08
Cold-formed carbon steel bar	15.08

1/ Hot-rolled carbon steel plate.
2/ Cold-rolled carbon steel sheet.
3/ Galvanized carbon steel sheet.
4/ Carbon steel structural shapes.
5/ Hot-rolled carbon steel bar.
6/ Cold-formed carbon steel bar.

One producer and/or exporter of hot-rolled carbon steel bar and cold-formed carbon steel bar, Pedro Orbegozo y Cia., S.A., was found to have received no subsidies during the period of Commerce's investigation. However,

1/ Commerce stated that, "We have further finally determined that carbon steel structural shapes benefited from Privileged Circuit Exporter Credits, which are an export subsidy . . . inconsistent with the Subsidies Code."

Commerce did not exclude this firm from its affirmative countervailing duty determinations, "because of its financial condition and its past participation in certain programs known to convey countervailable benefits."

The Products

The products covered in these investigations are as follows: Hot-rolled carbon steel plate, provided for in items 607.6615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (TSUSA); cold-rolled carbon steel sheet, provided for in TSUSA items 607.8320 and 607.8344; galvanized carbon steel sheet, provided for in TSUSA items 608.0710, 608.0730, 608.1100, and 608.1300; carbon steel structural shapes, provided for in TSUSA items 609.8005, 609.8015, 609.8035, 609.8041, and 609.8045; hot-rolled carbon steel bar, provided for in TSUSA items 606.8310, 606.8330, and 606.8350; and cold-formed carbon steel bar, provided for in TSUSA items 606.8805 and 606.8815. 1/

All of the above products are produced in rolling mills by passing semifinished steel products through a series of grooved or reducing rolls. A discussion of the steelmaking process and the relative importance of these products compared with all carbon steel and/or alloy steel products was presented in part I of the previously cited staff reports. Detailed descriptions of the specific products herein under investigation and discussions of their methods of production, principal markets, and U.S. tariff treatment were presented in parts II through X of the February report (pts. II through VII in the August report, and pts. II through VI in the September report) in the sections entitled "The Product."

U.S. Producers

There are about 100 firms in the United States that produce, or are capable of producing, one or more of the steel products covered by these investigations. Table 1 shows the principal producers of each product and each firm's share of aggregate U.S. producers' shipments (as reported by the American Iron & Steel Institute (AISI)) of that product in 1981. The seven largest domestic producers of raw steel, 2/ which together account for about 75 percent of total U.S. production of raw steel, also accounted for 70 percent or more of total U.S. producers' shipments of hot-rolled plate, cold-rolled sheet, galvanized sheet, structural shapes, and hot-rolled bar. However, these seven firms supplied less than 30 percent of aggregate U.S. producers' shipments of cold-formed carbon steel bar in 1981.

1/ For the Department of Commerce's description of the merchandise which is the subject of its investigations, see pp. A-67 and A-68 in app. A. The definitions of cold-rolled carbon steel sheet and galvanized carbon steel sheet include some products classified as "plate" in the TSUSA.

2/ U.S. Steel, Bethlehem, LTV Corp. (which owns J&L), National, Republic, Inland, and Armco, Inc. (Armco).

Table 1.--Certain carbon steel products: Principal U.S. producers, 1981

(In percent)

Firm	Share of total U.S. producers' shipments (as reported by AISI) in 1981					
	Hot-rolled carbon steel plate	Cold-rolled carbon steel sheet and strip	Galvanized carbon steel sheet	Carbon steel structural shapes	Hot-rolled carbon steel bar	Cold-formed carbon steel bar
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Concentration ratios:						
Four largest producers shown above----------	72.6	48.7	54.4	78.9	66.9	47.9
Seven largest U.S. raw steel producers 2/--------	81.1	70.2	71.4	73.2	74.3	29.3

1/ Less than 0.05 percent.
2/ Armco, Bethlehem, Inland, J&L, National, Republic, and U.S. Steel.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from data of the American Iron & Steel Institute.

U.S. Importers

The net importer file maintained by the U.S. Customs Service identifies about 100 firms that import from Spain one or more of the steel products subject to these investigations. Table 2 shows the principal importers of such merchandise from Spain, by products, during October 1980-July 1982. Some of the largest importers are trading companies that deal in a variety of steel products from a number of countries. At least five importers shown in table 2, (* * *) are wholly or partly owned by firms in Spain, and several other importers are owned by or affiliated with firms in other foreign countries.

Apparent U.S. Consumption

Apparent U.S. consumption of the carbon steel mill products subject to these investigations during 1978-81, January-September 1981, and January-September 1982 is shown in table 3. Consumption of most of these products declined moderately in 1979, fell more sharply in 1980, and then increased in 1981. However, apparent consumption of all of the products again dropped sharply in January-September 1982 compared with consumption in the corresponding period of 1981, as indicated in the following tabulation (in percent):

Item	Decrease in consumption
Hot-rolled plate	44
Cold-rolled sheet	24
Galvanized sheet	15
Structural shapes	28
Hot-rolled bar	34
Cold-formed bar	35

Consideration of Material Injury to an Industry in the United States

U.S. production, capacity, capacity utilization, shipments, exports, and producers' inventories

For each of the steel products covered by these investigations, table 4 shows data reported by domestic producers in response to the Commission's questionnaires on their production, capacity, capacity utilization, total shipments, export shipments, and end-of-period inventories during 1978-81, January-September 1981, and January-September 1982. 1/ In general, the trends among the various products were similar during the period covered. Production, capacity utilization, and producers' shipments fell very sharply in January-September 1982 compared with the corresponding economic indicators in January-September 1981; capacity generally remained unchanged, and producers' end-of-period inventories decreased.

1/ Table 3 shows aggregate U.S. producers' shipments (as reported by the AISI) and total U.S. exports (as reported by the U.S. Department of Commerce) of each of these products during those periods.

Table 2.--Certain carbon steel products from Spain: Principal U.S. importers, by products, October 1980-July 1982

Item	Products imported					
	Hot-rolled carbon steel plate	Cold-rolled carbon steel sheet	Galvanized carbon steel sheet	Carbon steel structural shapes	Hot-rolled carbon steel bar	Cold-formed carbon steel bar
Firm:						
* * *----------:				X		X
* * *----------:	X	X	X	X		
* * *----------:	X			X		
* * *----------:					X	X
* * *----------:				X		
* * *----------:		X	X			
* * *----------:					X	
* * *----------:					X	X
* * *----------:	X		X	X		
* * *----------:		X				
* * *----------:	X					
* * *----------:				X		
* * *----------:		X	X			
* * *----------:	X			X	X	X
* * *----------:			X			
* * *----------:	X	X	X			
* * *----------:				X		
* * *----------:	X			X	X	
* * *----------:		X	X			
* * *----------:	X					
* * *----------:	X	X				
* * *----------:	X			X		
* * *----------:			X			
* * *----------:	X					
* * *----------:				X		
* * *----------:				X	X	X
* * *----------:	X			X		
Imports by above firms------tons--:	167,186	106,005	51,259	288,656	38,964	28,059
Total U.S. imports----------do----:	211,342	110,057	50,508	409,208	57,232	28,239
Total number of importing firms---:	31	13	12	62	17	10

Source: Compiled from data obtained from the U.S. Department of Commerce.

Table 3.--Certain carbon steel products: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, by products, 1978-81, January-September 1981, and January-September 1982

Product and period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Shipments	Consumption
	1,000 short tons				Percent	
Hot-rolled carbon steel plate:						
1978	6,588	1/ 1,982	118	8,452	30.1	23.4
1979	6,803	1,252	169	7,886	18.4	15.9
1980	6,242	1,571	162	7,651	25.2	20.5
1981	5,772	2/ 1,827	169	7,430	31.7	24.6
Jan.-Sept.--						
1981	4,577	2/ 1,425	132	5,870	31.1	24.3
1982	2,461	910	58	3,313	37.0	27.5
Cold-rolled carbon steel sheet:						
1978	17,235	3,123	101	20,257	18.1	15.4
1979	16,616	2,322	77	18,861	14.0	12.3
1980	12,745	1,415	100	14,060	11.1	10.1
1981	13,748	1,546	46	15,248	11.2	10.1
Jan.-Sept.--						
1981	11,118	988	38	12,068	8.9	8.2
1982	8,023	1,132	17	9,138	14.1	12.4
Galvanized carbon steel sheet:						
1978	6,414	2,313	54	8,673	36.1	26.7
1979	6,300	2,139	41	8,398	34.0	25.5
1980	5,167	1,350	36	6,481	26.1	20.8
1981	5,802	1,304	50	7,056	22.5	18.5
Jan.-Sept.--						
1981	4,672	864	41	5,495	18.5	15.7
1982	3,846	856	15	4,687	22.3	18.3
Carbon steel structural shapes:						
1978	4,057	1,771	103	5,725	43.7	30.9
1979	4,515	1,850	126	6,239	41.0	29.7
1980	4,121	1,725	120	5,726	41.9	30.1
1981	3,962	1,959	107	5,814	49.4	33.7
Jan.-Sept.--						
1981	3,178	1,539	88	4,629	48.4	33.2
1982	2,184	1,183	37	3,330	54.2	35.5

See footnotes at end of table.

Table 3.--Certain carbon steel products: U.S. producers' shipments, imports for consumption, exports of domestically produced merchandise, and apparent U.S. consumption, by products, 1978-81, January-September 1981, and January-September 1982--Continued

Product and period	Shipments	Imports	Exports	Apparent consumption	Ratio of imports to--	
					Shipments	Consumption
	1,000 short tons				Percent	
Hot-rolled carbon steel bar:						
1978	6,150	587	42	6,695	9.5	8.8
1979	5,875	438	68	6,245	7.5	7.0
1980	4,023	356	81	4,298	8.8	8.3
1981	4,204	405	91	4,518	9.6	9.0
Jan.-Sept.--						
1981	3,353	302	53	3,602	9.0	8.4
1982	2,176	237	25	2,388	10.9	9.9
Cold-formed carbon steel bar:						
1978	1,691	141	18	1,814	8.3	7.8
1979	1,816	95	15	1,896	5.2	5.0
1980	1,253	86	12	1,327	6.9	6.5
1981	1,298	131	9	1,420	10.1	9.2
Jan.-Sept.--						
1981	1,030	95	6	1,119	9.2	8.5
1982	651	85	4	732	13.1	11.6

1/ Adjusted to exclude 167,500 tons of slab greater than 6 inches in thickness imported from Poland.

2/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness imported from Belgium/Luxembourg.

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

Table 4.--Certain carbon steel products: U.S. producers' reported production, practical capacity, 1/ capacity utilization, shipments, exports, and end-of-period inventories, by products, 1978-81, January-September 1981, and January-September 1982

Product and period	Production	Capacity	Capacity utilization	Shipments		End-of-period inventories
				Total	Exports	
	-1,000 short tons-		Percent	-----1,000 short tons-----		
Hot-rolled carbon steel plate:						
1978	6,136	9,647	63.6	6,080	40	308
1979	6,651	10,404	63.9	6,623	62	321
1980	6,113	9,881	61.9	6,133	104	292
1981	5,890	9,632	61.2	5,537	86	263
Jan.-Sept.--						
1981	4,057	6,407	63.3	4,062	55	225
1982	2,093	6,407	32.7	2,115	20	146
Cold-rolled carbon steel sheet: 2/						
1978	13,206	15,595	84.7	13,102	33	878
1979	13,359	16,717	79.9	13,480	19	757
1980	10,416	16,073	64.8	10,399	50	775
1981	11,317	16,049	70.5	11,258	32	847
Jan.-Sept.--						
1981	9,240	12,037	76.8	9,178	23	816
1982	6,274	12,037	52.1	6,367	4	670
Galvanized carbon steel sheet:						
1978	4,530	6,229	72.7	4,519	29	333
1979	4,698	6,673	70.4	4,666	24	377
1980	3,749	6,310	59.4	3,766	11	349
1981	4,400	6,226	70.7	4,299	13	450
Jan.-Sept.--						
1981	3,666	4,670	78.5	3,588	11	434
1982	2,843	4,670	60.9	2,866	5	343
Carbon steel structural shapes:						
1978	3,971	6,466	61.4	3,986	65	256
1979	4,339	6,616	65.6	4,351	57	233
1980	4,050	6,493	62.4	4,032	91	253
1981	3,937	6,436	61.2	3,904	48	279
Jan.-Sept.--						
1981	2,933	4,716	62.2	2,925	43	245
1982	1,935	4,716	41.0	1,851	14	226

See footnotes at end of table.

Table 4.--Certain carbon steel products: U.S. producers' reported production, practical capacity, 1/ capacity utilization, shipments, exports, and end-of-period inventories, by products, 1978-81, January-September 1981, and January-September 1982--Continued

Product and period	Production	Capacity	Capacity utilization	Shipments		End-of-period inventories
				Total	Exports	
	-1,000 short tons-		Percent	-----1,000 short tons-----		
Hot-rolled carbon steel bar:						
1978	5,680	8,614	65.9	5,581	63	385
1979	6,174	9,128	67.6	6,217	78	355
1980	4,464	8,713	51.2	4,471	173	333
1981	4,765	8,823	54.0	4,738	129	321
Jan.-Sept.--						
1981	3,268	5,832	56.0	3,263	49	303
1982	2,011	5,849	34.4	1,987	12	225
Cold-formed carbon steel bar:						
1978	1,255	1,918	65.4	1,255	4	140
1979	1,333	2,016	66.1	1,343	6	156
1980	946	2,026	46.7	995	7	129
1981	1,044	2,300	45.4	1,029	6	141
Jan.-Sept.--						
1981 3/	419	632	66.3	393	1	56
1982 3/	307	721	42.6	302	0	66

1/ Capacity shown for the January-September periods is 75 percent of the annual reported capacity as of Sept. 30.

2/ Includes operations on strip.

3/ Because of the limited number of producers supplying information, the data are not entirely comparable with annual data shown for 1978-81.

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

U.S. employment, wages, and productivity

Table 5 shows, for 1978-81, January-September 1981, and January-September 1982, the average number of total employees and the average number of, and hours worked by, all production and related workers in U.S. establishments in which each of the steel products covered in these investigations was produced. The table also shows the average number of production and related workers engaged specifically in producing each subject product, the hours worked by such employees, and their productivity. Wages and total compensation paid to production and related workers in establishments producing the subject products and unit labor costs in the production of such items are shown in table 6. Employment of, hours worked by, and wages paid to production and related workers engaged in producing each of the steel products under investigation during January-September 1982 tended to follow changes in U.S. production and shipments of those products; that is, such indicators fell substantially from levels prevailing in the corresponding period of 1981.

Financial experience of U.S. producers

Profit-and-loss data relative to 17 U.S. steel producers' 1/ overall corporate operations for accounting years 1978-81 are shown in table 7. Net sales of all products rose irregularly from $44.1 billion in 1978 to a peak of $55.2 billion in 1981. In the aggregate, the proportion of these firms' overall corporate sales revenue derived from the sale of various types of steel products declined from 75 percent in 1978 to 69 percent in 1980, but then increased to 72 percent in 1981.

Net sales of all steel products by the 17 producers increased irregularly from $33.3 billion in 1978 to $39.5 billion in 1981 (table 8). Operating profit on steel operations for these firms declined from $1.7 billion in 1978 to $723 million in 1980, and then rose to $1.6 billion in 1981. The ratio of operating profit to net sales dropped from 5.0 percent in 1978 to 2.0 percent in 1980, and then doubled to 4.1 percent in 1981; the ratio of operating profit to identifiable assets followed the same trend. Capital expenditures for steel-related projects increased from $1.8 billion in 1978 to $2.4 billion in 1980, and then slipped to $2.1 billion in 1981. One firm reported operating losses in 1978, two firms reported losses in 1979 and 1980, and one firm did so in 1981.

1/ These 17 producers accounted for an estimated 82 percent of raw steel production in the United States in 1980. Data for 1981 are for 16 producers; data were not available for 1 firm currently operating under ch. XI of the Federal Bankruptcy Act.

Table 5.--Average number of employees, total and production and related workers, in U.S. establishments producing certain carbon steel products, hours paid 1/ for the latter, and labor productivity, by products, 1978-81, January-September 1981, and January-September 1982

Product and period	Employment			Hours paid for production and related workers producing--		Labor productivity
	All persons	Production and related workers producing--				
		All products	Subject product	All products	Subject product	
				Thousands		Tons per hour
Hot-rolled carbon steel plate:						
1978	160,761	134,868	19,177	278,353	39,119	0.1564
1979	179,131	149,083	20,625	304,976	41,806	.1577
1980	147,360	121,025	19,758	238,302	38,726	.1565
1981	144,830	119,999	18,378	238,343	36,527	.1596
Jan.-Sept.--						
1981	142,196	123,483	16,455	186,532	25,373	.1582
1982	107,232	90,776	9,198	132,116	13,759	.1500
Cold-rolled carbon steel sheet: 2/						
1978	200,111	170,957	37,632	350,195	77,220	.1692
1979	218,673	185,113	39,223	375,457	80,023	.1636
1980	186,396	155,664	32,050	303,557	62,874	.1627
1981	192,070	162,176	35,303	317,954	70,071	.1588
Jan.-Sept.--						
1981	199,644	172,193	38,005	257,930	57,589	.1588
1982	147,496	123,337	28,440	178,193	41,882	.1485
Galvanized carbon steel sheet: 3/						
1978	174,049	148,821	13,123	304,678	26,475	.1654
1979	194,005	164,433	13,883	333,511	27,652	.1647
1980	164,190	137,014	12,046	267,232	23,209	.1568
1981	167,624	141,245	13,919	276,726	27,107	.1567
Jan.-Sept.--						
1981	174,749	150,959	16,900	226,139	25,414	.1442
1982	129,090	108,222	13,684	155,578	19,760	.1439
Carbon steel structural shapes:						
1978	107,171	94,410	11,738	196,200	23,865	.1664
1979	124,317	107,947	13,444	237,712	28,019	.1549
1980	109,133	94,478	12,861	190,254	25,574	.1584
1981	103,607	89,462	12,304	181,901	24,644	.1598
Jan.-Sept.--						
1981	108,216	96,435	11,848	146,165	17,787	.1649
1982	79,795	69,775	8,327	101,869	12,372	.1564

See footnotes at end of table.

Table 5.--Average number of employees, total and production and related workers, in U.S. establishments producing certain carbon steel products, hours paid 1/ for the latter, and labor productivity, by products, 1978-81, January-September 1981, and January-September 1982--Continued

Product and period	Employment			Hours paid for production and related workers producing--		Labor productivity
	All persons	Production and related workers producing--		All products	Subject product	
		All products	Subject product			
				-----Thousands----		Tons per hour
Hot-rolled carbon steel bar:						
1978	171,738	151,820	21,257	313,497	43,367	0.1372
1979	189,140	165,289	20,723	338,730	41,862	.1425
1980	166,113	144,061	15,308	282,552	29,448	.1456
1981	166,421	144,785	15,565	286,163	30,391	.1501
Jan.-Sept.--						
1981	170,492	151,537	15,576	226,835	22,746	.1379
1982	117,873	101,700	10,455	142,482	14,233	.1356
Cold-formed carbon steel bar:						
1978	47,776	38,036	4,477	77,417	8,659	.1040
1979	65,577	51,532	4,701	105,688	8,916	.1068
1980	56,057	43,928	3,611	85,919	6,325	.1051
1981	54,429	42,821	3,332	83,083	6,324	.1119
Jan.-Sept.--						
1981	54,901	46,187	2,537	69,735	3,761	.0864
1982	41,726	34,000	2,124	44,257	2,993	.0771

1/ Includes hours worked plus hours of paid leave time.
2/ Includes operations in producing strip.
3/ Data were received from seven firms for 1978-81 and from eight firms for the January-September periods.

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

Table 6.--Wages and total compensation 1/ paid to production and related workers in U.S. establishments producing certain carbon steel products, and unit labor costs in the production of such items, by products, 1978-81, January-September 1981, and January-September 1982

Product and period	Wages paid to production and related workers producing--		Total compensation paid to production and related workers producing--		Hourly compensation	Unit labor cost
	All products	Subject product	All products	Subject product		
	Million dollars					Per ton
Hot-rolled carbon steel plate:						
1978	3,018	420	3,827	538	$13.74	$87.86
1979	3,695	501	4,691	637	15.24	96.61
1980	3,258	517	4,260	673	17.39	111.10
1981	3,621	530	4,748	691	18.93	118.62
Jan.-Sept.--						
1981	2,700	359	3,513	459	18.08	114.26
1982	2,156	207	2,999	277	20.17	134.45
Cold-rolled carbon steel sheet: 2/						
1978	3,889	879	4,923	1,109	14.36	84.85
1979	4,632	1,003	5,878	1,268	15.85	96.87
1980	4,215	894	5,504	1,161	18.47	113.54
1981	4,785	1,030	6,260	1,401	20.00	125.93
Jan.-Sept.--						
1981	3,817	767	4,974	1,100	19.11	120.35
1982	3,056	598	4,101	894	21.34	143.73
Galvanized carbon steel sheet: 3/						
1978	3,358	297	4,271	379	14.31	86.56
1979	4,092	345	5,209	440	15.91	96.60
1980	3,683	324	4,830	425	18.31	116.78
1981	4,140	411	5,444	540	19.94	127.28
Jan.-Sept.--						
1981	3,320	293	4,347	489	19.25	133.49
1982	2,553	240	3,571	431	21.80	151.47
Carbon steel structural shapes:						
1978	2,145	259	2,716	327	13.69	82.29
1979	2,638	329	4,001	410	14.64	94.50
1980	2,537	334	3,290	374	14.63	92.38
1981	2,651	351	3,466	450	18.27	114.37
Jan.-Sept.--						
1981	2,151	254	2,804	328	18.44	111.83
1982	1,662	186	2,312	253	20.44	130.70

See footnotes at end of table.

Table 6.--Wages and total compensation 1/ paid to production and related workers in U.S. establishments producing certain carbon steel products, and unit labor costs in the production of such items, by products, 1978-81, January-September 1981, and January-September 1982--Continued

Product and period	Wages paid to production and related workers producing--		Total compensation paid to production and related workers producing--		Hourly compensation	Unit labor cost
	All products	Subject product	All products	Subject product		
	Million dollars					Per ton
Hot-rolled carbon steel bar:						
1978	3,377	465	4,286	589	$13.58	$99.00
1979	4,024	491	5,101	620	14.80	103.91
1980	3,752	392	4,870	509	17.27	118.61
1981	4,134	432	5,413	563	18.54	123.50
Jan.-Sept.--						
1981	3,289	323	4,296	421	18.51	134.22
1982	2,324	213	3,243	292	20.54	151.42
Cold-formed carbon steel bar:						
1978	833	86	1,078	111	12.78	122.89
1979	1,286	100	1,662	129	14.50	135.84
1980	1,177	78	1,569	104	16.46	156.61
1981	1,256	86	1,677	114	17.97	160.56
Jan.-Sept.--						
1981	1,056	55	1,409	74	19.62	227.23
1982	735	48	1,079	69	23.14	300.24

1/ Includes wages and contributions to social security and other employee benefits.

2/ Includes operations in producing strip.

3/ Data were received from seven firms for 1978-81 and from eight firms for the January-September periods.

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

Table 7.--Selected financial data on the overall corporate operations of 17 U.S. steel producers, 1/ accounting years 1978-81

Item	1978	1979	1980	1981 2/
Net sales---million dollars	44,090	52,677	51,164	55,214
Cost of goods sold and operating expenses---million dollars	41,862	50,375	49,796	52,606
Operating profit---do	2,228	2,302	1,368	2,608
Other income---do	345	600	1,158	1,838
Interest expense---do	(688)	(724)	(723)	(713)
Net profit before taxes on income---million dollars	1,885	2,178	1,803	3,733
Depreciation and amortization expense included above million dollars	1,530	1,755	1,827	1,913
Cash flow from operations---do	3,415	3,933	3,630	5,646
Total assets---million dollars	35,646	37,340	40,197	42,761
Net investment in assets 3/ million dollars	27,725	28,897	31,006	33,097
Shareholders' equity---do	16,172	16,660	16,860	19,656
Ratio of operating profit to net sales---percent	5.1	4.4	2.7	4.7
Ratio of net profit before taxes on income to--				
Net sales---percent	4.3	4.1	3.5	6.8
Total assets---do	5.3	5.8	4.5	8.7
Net investment in assets---do	6.8	7.5	5.8	11.3
Shareholders' equity---do	11.7	13.1	10.7	19.0
Number of firms reporting operating losses	1	1	4	0
Number of firms reporting net losses	2	1	2	0
Ratio of steel sales to total company sales---percent	75	74	69	72

1/ These 17 producers accounted for an estimated 82 percent of total U.S. production of raw steel in 1980 as reported by the American Iron & Steel Institute.

2/ Data are for 16 producers. Data were not available for 1 producer currently operating under ch. XI of the Federal Bankruptcy Act.

3/ Total assets minus current liabilities.

Source: Compiled from data extracted from annual reports to stockholders and/or 10-K forms of U.S. producers.

Table 8.--Selected financial data on the steel-manufacturing operations of 17 U.S. producers, 1/ accounting years 1978-81

Item	1978	1979	1980	1981 2/
Net sales---------million dollars--	33,274	38,926	35,441	39,531
Cost of goods sold and operating expenses--------million dollars--	31,608	37,330	34,718	37,921
Operating profit----------do----	1,666	1,596	723	1,610
Depreciation and amortization expense included above million dollars--	1,255	1,439	1,477	1,573
Cash flow from operations 3/ million dollars--	2,921	3,035	2,200	3,183
Identifiable assets million dollars--	24,693	25,767	26,898	26,817
Capital expenditures---------do----	1,787	2,307	2,386	2,103
Ratio of operating profit to--				
Net sales----------percent--	5.0	4.1	2.0	4.1
Identifiable assets--------do----	6.7	6.2	2.7	6.0
Ratio of capital expenditures to cash flow from operations percent--	61.2	76.0	108.5	66.1
Number of firms reporting operating losses----------	1	2	2	1

1/ These 17 producers accounted for an estimated 82 percent of total U.S. production of raw steel in 1980 as reported by the American Iron & Steel Institute.

2/ Data are for 16 producers. Data were not available for 1 producer currently operating under ch. XI of the Federal Bankruptcy Act.

3/ Operating profit plus depreciation and amortization. These figures are not directly comparable with the cash flow figures in table 7.

Source: Compiled from data extracted from annual reports to stockholders and/or 10-K forms of U.S. producers.

Profit-and-loss data relative to U.S. producers' operations on the steel products subject to these investigations are shown in table 9 for accounting years 1978-81, January-September 1981, and January-September 1982. For all such products, the financial returns to domestic producers deteriorated very sharply in the first 9 months of 1982 compared with those in the corresponding period of 1981. Producers reported aggregate net operating losses during January-September 1982 on each of the products included in these investigations. Such losses ranged from $29 million on cold-formed carbon steel bar to $484 million on cold-rolled carbon steel sheet. The ratio of operating losses to net sales during January-September 1982 ranged from 11.8 percent on hot-rolled carbon steel plate to 25.6 percent on hot-rolled carbon steel bar.

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

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the rate of increase in subsidized imports, the rate of increase in U.S. market penetration by such imports, the amounts of imports held in inventory in the United States, and the capacity of producers in countries subject to the investigations to generate exports (including the availability of export markets other than the United States). A discussion of the rates of increase in imports from Spain of the products covered by these investigations and of their U.S. market penetration is presented in the section entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and Subsidized Imports." Discussions of importers' inventories of such merchandise imported from Spain and the information available on that country's capacity to generate exports follow.

U.S. importers' inventories

End-of-period inventories of imports from Spain of the steel products covered by these investigations, as reported in response to the Commission's questionnaires, are shown in table 10. Such inventories of carbon steel structural shapes imported from Spain peaked on June 30, 1982. Importers' stocks of hot-rolled carbon steel plate and cold-formed carbon steel bar as of that date, although not at peak levels for the entire period covered, were larger than end-of-period stocks on most other dates shown. Importers' inventories of hot-rolled carbon steel bar fluctuated greatly, 1/ and, as noted in the table, no inventories of cold-rolled carbon steel sheet or galvanized carbon steel sheet imported from Spain were reported.

1/ One importer that reported large inventories of hot-rolled carbon steel bar from Spain on the other dates shown in 1981 and 1982 did not provide data on stocks of such merchandise on June 30 of those years.

Table 9.--Profit-and-loss experience of U.S. producers on their operations producing certain carbon steel products, by products, accounting years 1978-81, January-September 1981, and January-September 1982

Product and period	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating profit or (loss)	Ratio of operating profit or (loss) to net sales
	Million dollars					Percent
Hot-rolled carbon steel plate:						
1978	2,106	1,955	151	69	82	3.9
1979	2,466	2,302	164	71	93	3.8
1980	2,538	2,428	110	76	34	1.3
1981	2,602	2,452	150	83	67	2.6
Jan.-Sept.--						
1981	1,929	1,814	115	56	59	3.0
1982	1,031	1,100	(69)	53	(122)	(11.8)
Cold-rolled carbon steel sheet: 1/						
1978	4,690	4,454	236	122	114	2.4
1979	5,264	5,084	180	127	53	1.0
1980	4,150	4,414	(264)	119	(383)	(9.2)
1981	4,946	5,095	(149)	144	(293)	(5.9)
Jan.-Sept.--						
1981	4,022	4,082	(60)	114	(174)	(4.3)
1982	2,866	3,235	(369)	115	(484)	(16.9)
Galvanized carbon steel sheet:						
1978	2,046	1,885	161	53	108	5.3
1979	2,338	2,147	191	56	135	5.8
1980	1,914	1,948	(34)	57	(91)	(4.8)
1981	2,383	2,345	38	67	(29)	(1.2)
Jan.-Sept.--						
1981	1,902	1,854	48	51	(3)	(.2)
1982	1,517	1,651	(134)	56	(190)	(12.5)
Carbon steel structural shapes:						
1978	1,302	1,245	57	35	22	1.7
1979	1,531	1,460	71	37	34	2.2
1980	1,520	1,511	9	39	(30)	(2.0)
1981	1,588	1,570	18	44	(26)	(1.6)
Jan.-Sept.--						
1981	1,277	1,257	20	37	(17)	(1.3)
1982	842	946	(104)	36	(140)	(16.6)

See footnote at end of table.

Table 9.--Profit-and-loss experience of U.S. producers on their operations producing certain carbon steel products, by products, accounting years 1978-81, January-September 1981, and January-September 1982--Continued

Product and period	Net sales	Cost of goods sold	Gross profit or (loss)	General, selling, and administrative expenses	Operating profit or (loss)	Ratio of operating profit or (loss) to net sales
	Million dollars					Percent
Hot-rolled carbon steel bar:						
1978	1,973	1,897	76	56	20	1.0
1979	2,239	2,123	116	66	50	2.2
1980	1,652	1,678	(26)	58	(84)	(5.1)
1981	1,932	1,875	57	67	(10)	(.5)
Jan.-Sept.--						
1981	1,454	1,413	41	47	(6)	(.4)
1982	837	1,005	(168)	46	(214)	(25.6)
Cold-formed carbon steel bar:						
1978	371	343	28	13	15	4.0
1979	529	488	41	20	21	4.0
1980	428	410	18	22	(4)	(.9)
1981	484	461	23	25	(2)	(.4)
Jan.-Sept.--						
1981	272	252	20	9	11	4.0
1982	198	217	(19)	10	(29)	(14.6)

1/ Includes operations on strip.

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

Table 10.--U.S. importers' inventories of certain carbon steel products from Spain, by products, as of specified dates during 1979-81, Mar. 31, 1982, and June 30, 1982

Product and date	Quantity	Ratio of inventories to reported imports from Spain 1/
	Short tons	Percent
Hot-rolled carbon steel plate:		
Dec. 31, 1979	***	***
Dec. 31, 1980	***	***
Mar. 31, 1981	***	***
June 30, 1981	***	***
Dec. 31, 1981	***	***
Mar. 31, 1982	***	***
June 30, 1982	***	***
Carbon steel structural shapes:		
Dec. 31, 1979	***	***
Dec. 31, 1980	***	***
Mar. 31, 1981	***	***
June 30, 1981	***	***
Dec. 31, 1981	***	***
Mar. 31, 1982	***	***
June 30, 1982	***	***
Hot-rolled carbon steel bar:		
Dec. 31, 1979	0	-
Dec. 31, 1980	0	-
Mar. 31, 1981	***	***
June 30, 1981 2/	0	-
Dec. 31, 1981	***	***
Mar. 31, 1982	***	***
June 30, 1982 2/	***	3/
Cold-formed carbon steel bar:		
Dec. 31, 1979	***	***
Dec. 31, 1980	***	***
Mar. 31, 1981	***	***
June 30, 1981	***	***
Dec. 31, 1981	***	***
Mar. 31, 1982	***	***
June 30, 1982	***	***

1/ Ratios were computed from annualized imports.

2/ One importer that reported large inventories of hot-rolled carbon steel bar from Spain on the other dates shown in 1981 and 1982 did not provide data on stocks of such merchandise on June 30 of those years.

3/ No imports reported.

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

Note.--No inventories of imports of cold-rolled carbon steel sheet or galvanized carbon steel sheet from Spain were reported.

The Spanish industry

Production of raw steel in Spain increased without interruption from 12 million tons in 1977 to 14 million tons in 1981, or by about 16 percent. Concurrently, Spanish steelmaking capacity increased from 15 million tons to 19 million tons, or by 27 percent. The increases in production and capacity occurred despite a 14-percent decline in apparent consumption. The industry operated at about 75 percent of capacity during 1978-81, as indicated in the following tabulation: 1/

Year	Production capacity	Production	Capacity utilization	Apparent consumption
	Million tons	Million tons	Percent	Million tons
1977	14.99	12.31	82.1	11.16
1978	16.98	12.50	73.6	9.30
1979	17.75	13.50	76.1	8.81
1980	18.63	13.94	74.8	9.56
1981	19.07	14.24	74.7	9.59

Partly due to the relatively stagnant demand for steel products in Spain and the continued growth in the industry's steelmaking capability during 1977-81, exports increased steadily during the period. Imports fluctuated during those years, but remained generally at or somewhat above 1 million tons, as shown in the following tabulation (in millions of tons):

	Exports	Imports
1977	2.95	1.23
1978	4.54	.86
1979	4.67	1.18
1980	5.00	1.43
1981 1/	5.04	1.22

1/ Estimated.

The industry in Spain consists of three integrated producers and numerous nonintegrated firms. 2/ Approximately 83,000 workers are employed; however,

1/ Capacity data were obtained from the Organization for Economic Cooperation and Development; production data were from the International Iron & Steel Institute. Apparent consumption data were obtained from the 1981 annual report of Altos Hornos de Vizcaya, S.A.; such consumption does not equal the total of production plus imports less exports.

2/ According to information received chiefly from the U.S. Department of State, there are 14 producers of bars, 1 producer of plate, 6 producers of cold-rolled sheet, 3 producers of galvanized sheet, and 16 producers of structural shapes.

this figure represents a gradual decline from the approximately 90,000 workers in the industry in 1974. The three Spanish integrated producers are Empresa Nacional Siderurgica, S.A. (ENSIDESA), Altos Hornos de Vizcaya, S.A. (AHV), and Altos Hornos del Mediterraneo, S.A. (AHM). ENSIDESA is the largest, having produced 5.2 million tons of raw steel in 1980. It operates several facilities, employs more than 25,000 workers, and produces a wide range of steel mill products, most notably plate, hot-rolled sheet and strip, cold-rolled sheet, structural shapes, rails, and galvanized sheet. AHV was the second largest Spanish raw steel producer in 1980, with a production total of 1.4 million tons. The firm operates several facilities, employs some 12,000 workers, and primarily markets its products in the domestic (i.e., Spanish) market (84 percent in 1980). AHV produces primarily hot-rolled and cold-rolled sheet, galvanized sheet, tinplate, and pipes and tubes. AHM is an integrated producer that manufactures primarily semifinished products, cold-rolled sheet, and structural shapes. It produced 725,585 tons of raw steel in 1980 and shipped a total of 634,850 tons, with 88 percent going to the domestic market.

The available data on Spain's capacity, production, and exports of the specific steel mill products subject to these investigations are discussed in the following sections.

Hot-rolled carbon steel plate.--Spanish production of hot-rolled carbon steel plate is believed to be limited to that by ENSIDESA. In 1981, the firm produced 962,000 tons of plate; it has platemaking capacity of 1.1 million tons. Production and capacity figures for other recent years are not available, but capacity has declined in the last 2 years due to ENSIDESA's closing of two plate mills having a capacity of 140,000 tons (closed in 1980) and 180,000 tons (closed in 1981), respectively. Spain's exports of plate steadily declined in 1979-81, although exports to the United States fluctutated but generally increased (table 11).

Cold-rolled carbon steel sheet.--Spain's production of cold-rolled carbon steel sheet is primarily limited to that of ENSIDESA, AHV, and AHM. Production increased from 2.0 million tons in 1979 to 2.1 million tons annually in 1980 and 1981; data on capacity and capacity utilization are not available. Exports fluctuated during those years, dropping from 1979 to 1980, but then increasing significantly in 1981. Exports to the United States accounted for 21 percent of total exports in 1981, well above the 10-percent level in 1980, but slightly less than the level recorded in 1979 (table 11).

Galvanized carbon steel sheet.--Spain's production of galvanized carbon steel sheet is primarily limited to that by ENSIDESA and AHV. Spanish production dropped 5 percent from 1979 to 1980, but then increased 14 percent in 1981. Capacity figures for 1979 and 1980 are not available; capacity in 1981 was 435,000 tons, resulting in a capacity utilization rate of 81 percent for that year. Similar to production, exports declined from 1979 to 1980 but then increased in 1981. In 1981, exports to the United States accounted for 36 percent of Spain's total exports of galvanized carbon steel sheet and for almost 12 percent of its production of that product (table 11).

Table 11.--Certain carbon steel products: Spain's production, production capacity, capacity utilization, and exports, by products, 1979-81

Product and period	Production	Production capacity	Capacity utilization	Exports		
				Total	To the United States	
					Quantity	Share of total
	--1,000 short tons--		Percent	-1,000 short tons-		Percent
Hot-rolled carbon steel plate:						
1979	1/	1,422	2/	429	86	20.0
1980	1/	1,282	2/	376	80	21.3
1981	962	1,102	87.2	271	89	32.8
Cold-rolled carbon steel sheet:						
1979	1,969	2/	2/	232	50	21.6
1980	2,099	2/	2/	138	14	10.1
1981	2,070	2/	2/	351	72	20.5
Galvanized carbon steel sheet:						
1979	325	2/	2/	83	35	42.2
1980	310	2/	2/	61	21	34.4
1981	353	435	81.1	114	41	36.0
Carbon steel structural shapes:						
1979	1,805	2/	2/	919	114	12.4
1980	1,867	2/	2/	1,088	196	18.0
1981	2,106	2/	2/	1,086	200	18.4
Hot-rolled carbon steel bar:						
1979	2/	2/	2/	673	13	1.9
1980	2/	2/	2/	728	17	2.3
1981	2/	2/	2/	521	35	6.7
Cold-formed carbon steel bar:						
1979	2/	2/	2/	25	8	32.0
1980	2/	2/	2/	37	4	10.8
1981	2/	2/	2/	35	14	40.0

1/ Shipments (domestic and export) of hot-rolled carbon steel plate during 1979-81, as reported by Mr. Egge, were as follows (in thousands of short tons): 1979--998, 1980--1,145, and 1981--1,132.

2/ Not available.

Source: Data provided by the U.S. Department of State and by Mr. George Egge, counsel for the Spanish Steel Producers Association (UNESID), and from the 1981 annual report of Altos Hornos de Vizcaya, S.A.

Carbon steel structural shapes.--There are approximately 16 producers of carbon steel structural shapes in Spain. However, only ENSIDESA and Jose Maria Aristrain, S.A., have universal mills capable of making wide flange beams, which account for the bulk of Spanish exports to the United States. Spanish production of structural shapes increased from 1.8 million tons in 1979 to 2.1 million tons in 1981, or by 17 percent. About half of Spain's production of carbon steel structural shapes during 1979-81 was exported; exports to the United States accounted for 18 percent of total exports in 1980 and 1981 (table 11). 1/

Hot-rolled carbon steel bar.--Data are not available on Spain's production of, or capacity to produce, hot-rolled carbon steel bar. Spanish exports of this product rose 8 percent from 1979 to 1980, but then dropped 28 percent in 1981. Exports to the United States--principally by Industrias del Besos, S.A., and Forjas Alavesas, S.A.--doubled in 1981 and accounted for about 7 percent of total exports in that year (table 11).

Cold-formed carbon steel bar.--Data are not available on Spain's production of, or capacity to produce, cold-formed carbon steel bar. Spanish exports of this product rose substantially from 1979 to 1980, but then declined somewhat in 1981. In contrast, exports to the United States--principally by Tuyper, S.A., and Forjas Alavesas, S.A.--fell 50 percent in 1980, and then more than tripled in 1981, when they accounted for 40 percent of total exports of cold-formed carbon steel bar (table 11).

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

U.S. imports and market penetration

U.S. imports, from all sources and from Spain, of each of the steel products covered by these investigations during 1978-81, January-September 1981, and January-September 1982 are shown in table 12. The ratios of such imports to apparent U.S. consumption and to U.S. producers' shipments are shown in table 13. In addition, table 14 shows the ratios of imports to consumption and producers' shipments, by quarters, during January 1980-September 1982. 2/

1/ According to information received from the U.S. Department of State * * *.

2/ Tables 12, 13, and 14 in this report present data for each subject product only on aggregate imports and imports from Spain. For data on, and discussions of, imports of such products from other principal suppliers, see the relevant parts of the three previously cited staff reports.

Table 12.--Certain carbon steel products: U.S. imports for consumption, from all sources and from Spain, by products, 1978-81, January-September 1981, and January-September 1982

Product and period	Imports from all sources			Imports from Spain		
	Quantity	Value	Unit value	Quantity	Value	Unit value
	1,000 short tons	Million dollars	Per ton	1,000 short tons	Million dollars	Per ton
Hot-rolled carbon steel plate:						
1978	1/ 2,150	517	$241	244	56	$230
1979	1,252	386	308	74	24	320
1980	1,571	512	326	110	36	330
1981	2/ 1,841	677	368	99	37	372
Jan.-Sept.--						
1981	2/ 1,439	525	365	92	34	372
1982	910	316	347	76	24	319
Cold-rolled carbon steel sheet:						
1978	3,123	892	286	90	24	265
1979	2,322	780	336	48	16	337
1980	1,415	502	355	8	3	319
1981	1,546	603	390	62	26	411
Jan.-Sept.--						
1981	988	381	386	25	10	396
1982	1,132	432	381	48	19	388
Galvanized carbon steel sheet:						
1978	2,313	841	363	82	25	306
1979	2,139	892	417	39	15	378
1980	1,350	597	443	24	8	350
1981	1,304	604	463	19	9	473
Jan.-Sept.--						
1981	864	401	464	7	3	455
1982	856	391	457	27	12	459
Carbon steel structural shapes:						
1978	1,771	445	251	56	12	223
1979	1,850	579	313	96	27	285
1980	1,725	575	333	174	56	320
1981	1,959	708	361	238	86	362
Jan.-Sept.--						
1981	1,539	554	360	213	77	359
1982	1,183	422	358	149	55	366

See footnotes at end of table.

Table 12.--Certain carbon steel products: U.S. imports for consumption, from all sources and from Spain, by products, 1978-81, January-September 1981, and January-September 1982--Continued

Product and period	Imports from all sources			Imports from Spain		
	Quantity	Value	Unit value	Quantity	Value	Unit value
	1,000 short tons	Million dollars	Per ton	1,000 short tons	Million dollars	Per ton
Hot-rolled carbon steel bar:						
1978	587	153	$261	36	9	$244
1979	438	143	326	28	9	313
1980	356	124	350	24	8	342
1981	405	157	388	34	12	369
Jan.-Sept.--						
1981	302	115	380	26	9	357
1982	237	95	400	18	8	431
Cold-formed carbon steel bar:						
1978	141	57	404	1	1	451
1979	95	47	496	6	3	493
1980	86	44	516	5	3	535
1981	131	77	586	17	10	604
Jan.-Sept.--						
1981	95	55	582	12	7	611
1982	85	49	576	12	7	601

1/ Includes 167,500 tons of slab greater than 6 inches in thickness imported from Poland.

2/ Includes 13,600 tons of slab greater than 6 inches in thickness imported from Belgium/Luxembourg.

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

Note.--Unit values computed from unrounded data.

Table 13.--Certain carbon steel products: Ratios of imports, total and from Spain, to apparent U.S. consumption and to U.S. producers' shipments, 1978-81, January-September 1981, and January-September 1982

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Spain to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Hot-rolled carbon steel plate:				
1978 1/	23.4	30.1	2.9	3.7
1979	15.9	18.4	.9	1.1
1980	20.5	25.2	1.4	1.8
1981 2/	24.6	31.7	1.3	1.7
Jan.-Sept.--				
1981 2/	24.3	31.1	1.6	2.0
1982	27.5	37.0	2.3	3.1
Cold-rolled carbon steel sheet:				
1978	15.4	18.1	.4	.5
1979	12.3	14.0	.3	.3
1980	10.1	11.1	.1	.1
1981	10.1	11.2	.4	.5
Jan.-Sept.--				
1981	8.2	8.9	.2	.2
1982	12.4	14.1	.5	.6
Galvanized carbon steel sheet:				
1978	26.7	36.1	.9	1.3
1979	25.5	34.0	.5	.6
1980	20.8	26.1	.4	.5
1981	18.5	22.5	.3	.3
Jan.-Sept.--				
1981	15.7	18.5	.1	.1
1982	18.3	22.3	.6	.7
Carbon steel structural shapes:				
1978	30.9	43.7	1.0	1.4
1979	29.7	41.0	1.5	2.1
1980	30.1	41.9	3.0	4.2
1981	33.7	49.4	4.1	6.0
Jan.-Sept.--				
1981	33.2	48.4	4.6	6.7
1982	35.5	54.2	4.5	6.8

See footnotes at end of table.

Table 13.--Certain carbon steel products: Ratios of imports, total and from Spain, to apparent U.S. consumption and to U.S. producers' shipments, 1978-81, January-September 1981, and January-September 1982--Continued

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Spain to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Hot-rolled carbon steel bar:				
1978	8.8	9.5	0.5	0.6
1979	7.0	7.5	.4	.5
1980	8.3	8.8	.6	.6
1981	9.0	9.6	.7	.8
Jan.-Sept.--				
1981	8.4	9.0	.7	.8
1982	9.9	10.9	.8	.8
Cold-formed carbon steel bar:				
1978	7.8	8.3	.1	.1
1979	5.0	5.2	.3	.3
1980	6.5	6.9	.4	.4
1981	9.2	10.1	1.2	1.3
Jan.-Sept.--				
1981	8.5	9.2	1.1	1.2
1982	11.6	13.1	1.6	1.8

1/ Adjusted to exclude 167,500 tons of slab greater than 6 inches in thickness imported from Poland.

2/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness imported from Belgium/Luxembourg.

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

Note.--Ratios computed from unrounded data.

Table 14.--Certain carbon steel products: Ratios of imports, total and from Spain, to apparent U.S. consumption and to U.S. producers' shipments, by quarters, January 1980-September 1982

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Spain to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Hot-rolled carbon steel plate:				
1980:				
Jan.-Mar	16.3	19.2	1.1	1.3
Apr.-June	21.7	26.6	.9	1.1
July-Sept	21.5	26.7	1.3	1.6
Oct.-Dec	23.1	29.2	2.3	2.9
1981:				
Jan.-Mar	20.3	25.0	.8	1.0
Apr.-June	24.5	31.3	1.7	2.2
July-Sept. 1/	28.3	38.1	2.2	3.0
Oct.-Dec	25.8	33.6	.5	.6
1982:				
Jan.-Mar	22.3	28.1	.7	.8
Apr.-June	30.9	44.2	4.5	6.4
July-Sept	31.5	44.1	2.1	2.9
Cold-rolled carbon steel sheet:				
1980:				
Jan.-Mar	10.3	11.4	2/	.1
Apr.-June	11.3	12.6	.1	.1
July-Sept	10.2	11.3	.1	.1
Oct.-Dec	8.7	9.5	2/	2/
1981:				
Jan.-Mar	4.6	4.8	.2	.2
Apr.-June	7.5	8.1	2/	2/
July-Sept	12.6	14.4	.5	.5
Oct.-Dec	17.6	21.2	1.2	1.4
1982:				
Jan.-Mar	13.7	15.9	.9	1.0
Apr.-June	12.2	13.9	.6	.7
July-Sept	11.2	12.5	.1	.1

See footnotes at end of table.

Table 14.--Certain carbon steel products: Ratios of imports, total and from Spain, to apparent U.S. consumption and to U.S. producers' shipments, by quarters, January 1980-September 1982--Continued

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Spain to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Galvanized carbon steel sheet:				
1980:				
Jan.-Mar	24.1	31.7	0.6	0.8
Apr.-June	24.0	31.5	.2	.3
July-Sept	19.4	23.7	.3	.3
Oct.-Dec	15.9	18.7	.3	.3
1981:				
Jan.-Mar	10.3	11.4	2/	2/
Apr.-June	14.6	17.0	2/	2/
July-Sept	22.4	28.6	.4	.5
Oct.-Dec	28.1	38.9	.7	1.0
1982:				
Jan.-Mar	21.2	26.8	1.8	2.2
Apr.-June	15.6	18.4	.1	.1
July-Sept	18.3	22.3	2/ .4	2/ .5
Carbon steel structural shapes:				
1980:				
Jan.-Mar	28.6	39.3	2.1	2.9
Apr.-June	34.1	49.9	2.9	4.3
July-Sept	31.5	44.5	3.3	4.7
Oct.-Dec	26.6	35.1	3.9	5.3
1981:				
Jan.-Mar	27.5	36.8	5.2	6.9
Apr.-June	35.6	53.9	4.6	6.9
July-Sept	36.6	56.1	4.1	6.2
Oct.-Dec	35.4	53.6	2.1	3.2
1982:				
Jan.-Mar	32.3	47.2	3.7	5.4
Apr.-June	38.5	61.6	5.9	9.5
July-Sept	36.0	55.4	3.8	5.8

See footnotes at end of table.

Table 14.--Certain carbon steel products: Ratios of imports, total and from Spain, to apparent U.S. consumption and to U.S. producers' shipments, by quarters, January 1980-September 1982--Continued

(In percent)

Product and period	Ratio of imports from all sources to--		Ratio of imports from Spain to--	
	Apparent U.S. consumption	U.S. producers' shipments	Apparent U.S. consumption	U.S. producers' shipments
Hot-rolled carbon steel bar:				
1980:				
Jan.-Mar	7.3	7.8	0.3	0.3
Apr.-June	9.0	9.6	.9	1.0
July-Sept	9.5	10.2	.5	.5
Oct.-Dec	7.8	8.3	.6	.6
1981:				
Jan.-Mar	6.5	6.9	.4	.5
Apr.-June	8.4	9.1	.8	.9
July-Sept	10.3	11.3	.9	1.0
Oct.-Dec	11.2	12.0	.8	.8
1982:				
Jan.-Mar	9.2	10.0	1.2	1.3
Apr.-June	11.0	12.1	.7	.8
July-Sept	9.6	10.6	.3	.3
Cold-formed carbon steel bar:				
1980:				
Jan.-Mar	5.7	5.9	.4	.4
Apr.-June	6.6	7.0	.3	.3
July-Sept	7.3	7.8	.2	.2
Oct.-Dec	6.8	7.3	.5	.5
1981:				
Jan.-Mar	6.8	7.3	1.0	1.1
Apr.-June	8.5	9.2	1.2	1.3
July-Sept	10.4	11.5	.9	1.0
Oct.-Dec	11.9	13.4	1.9	2.1
1982:				
Jan.-Mar	8.8	9.6	1.2	1.3
Apr.-June	13.1	15.0	2.1	2.4
July-Sept	13.8	15.9	1.7	1.9

1/ Adjusted to exclude 13,600 tons of slab greater than 6 inches in thickness imported from Belgium/Luxembourg.

2/ Less than 0.05 percent.

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

As summarized in the following tabulation showing imports from Spain in 1981 and their ratio to apparent U.S. consumption, the largest volume products imported from that country (and those products having the greatest penetration of the domestic market) were carbon steel structural shapes and hot-rolled carbon steel plate:

Item	Imports (1,000 short tons)	Ratio of imports to consumption (percent)
Hot-rolled plate	99.4	1.3
Cold-rolled sheet	62.2	.4
Galvanized sheet	18.6	.3
Structural shapes	238.1	4.1
Hot-rolled bar	33.7	.7
Cold-formed bar	17.2	1.2

Prices

Market conditions in industries that require steel as an input, such as automobiles, construction, energy, and utilities, have long affected demand in the steel industry. For example, demand for carbon steel sheet products depends heavily on the automobile industry, which has always been sensitive to the business cycle and has been greatly influenced since the mid-1970's by an accompanying structural change resulting from its down-sizing efforts because of declining demand for large cars. The production of smaller, lighter cars has reduced the demand for carbon steel sheet products and in turn has had a dampening effect on carbon steel sheet prices.

Demand for carbon steel structural shapes, and to a lesser extent carbon steel plate, and their respective prices depend largely on the level of activity in the construction industry. The construction industry, in turn, is highly influenced by the business cycle, particularly movements in interest rates, and the level of Government spending. Because of falling construction levels, demand for carbon steel structural shapes decreased in 1980 and fell sharply in January-June 1982, compared with demand in January-June 1981. As demand for structural shapes falls, competition and discounting increase and the price of structurals softens. Public nonresidential building construction, measured by value put in place, was down 9.2 percent in real terms in 1981 from its peak in 1978. 1/ Nonbuilding construction on the same basis was 19.4 percent below the 1978 level. 2/ Private nonresidential building construction (office buildings) was the only strong segment of this market in 1981 and January-June 1982. Public nonresidential and nonbuilding construction continued their downward trend during January-June 1982,

1/ These percentages are based on Bureau of Census data on the value of construction put in place, in constant 1972 dollars.

2/ Nonbuilding construction includes such construction project categories as bridges, military facilities, development projects such as dams, sewer and water supply systems, railways, and subways.

declining by 11 and 13 percent, respectively, in real terms, from the levels of January-June 1981.

Demand for steel bar is largely determined by conditions in the automotive, and machinery and industrial equipment sectors. The automotive consumes the most hot-rolled steel bar; machinery and industrial equipment is second. The machinery and industrial equipment sector consumes the most cold-formed bar, and the automotive sector is second. Both of these sectors are highly influenced by the business cycle, so a decline in the general level of economic activity probably will lead to a decline in the demand for steel bar.

U.S. producers usually quote prices for carbon steel products on an f.o.b. mill basis. 1/ Importers of the product from Spain generally quote prices f.a.s. port-of-entry or f.o.b. warehouse. Prices consist of a base price for each product plus additional charges for extras such as differences in length, width, thickness, chemistry, and so forth. Prices can be changed by changing the base price, the charges for extras, or both.

According to Bureau of Labor Statistics data, there were seven announced base price increases for hot-rolled carbon steel plate and structural shapes during January 1979-June 1982, the most recent ones having occurred in April 1982. During the same period, there were five announced base price increases and one decrease for carbon steel sheet products. The most recent base price increase for sheet occurred in July 1981; the single base price decrease was announced in July 1980.

The major steel producers have announced six base price increases and one base price decrease for steel bars since January 1, 1979. The most recent base price increase for hot-rolled carbon steel bar occurred in July 1981, and for cold-formed carbon steel bar, in June 1981. The single base price decrease was announced in July 1980.

U.S. producers maintain published list prices, but discounting from list prices has become an increasing practice. Discounting can take several forms. Freight absorption is one method. Another is to forego the cost of extras, or discounts can be simply a reduction in base price. Domestic producers sometimes quote prices at time of shipment; importers quote prices at time of order. Pricing of primary quality steel mill products as secondary quality is yet another method of discounting.

The Commission requested data on average net selling prices for specific products from domestic producers and importers. These prices are used to analyze trends in prices. In order to make direct comparisons of prices, the Commission also requested data on prices paid by steel purchasers.

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

Trends in prices.--The Commission asked domestic producers and importers for their average net selling prices to steel service-center/distributor and end-user customers for 17 specified steel mill products, by quarters, for January-March 1980 through July-September 1982. 1/ Domestic producers' selling prices requested were weighted-average f.o.b. mill prices, net of all discounts and allowances (including freight allowances), and excluding inland freight charges. Importers' selling prices requested were weighted-average duty-paid prices, ex-dock, port of entry, net of all discounts and allowances, and excluding U.S. inland freight charges. These are average prices charged in many different transactions and do not include delivery charges. Such data cannot be used to compare the levels of domestic producers' and importers' prices from the purchasers' viewpoint, but are useful for comparing trends in these prices and should reflect any discounting that may have occurred.

Hot-rolled carbon steel plate.--Price data on sales of hot-rolled carbon steel plate were received from seven domestic producers of plate products 10 and 12 and eight domestic producers of plate products 9 and 11. As shown in table 15, domestic producers' prices to end users for the four plate products increased more (13 to 19 percent) during January 1980-December 1981 than did domestic producers' prices to service centers/distributors (7 to 13 percent). However, for each plate product, regardless of customer, the domestic producers' price during July-September 1982 was sharply lower than that in July-September 1981. In most instances, this reflected a reversal in 1982 of the upward trend in domestic hot-rolled carbon steel plate prices established throughout 1980 and 1981.

Three importers reported prices on hot-rolled carbon steel plate products 10 and 11 imported from Spain, and four importers provided prices on product 12. The data cover plate products 10 and 11 sold to service centers/distributors during July 1980-September 1982, and plate product 12 sold in that market during July 1980-September 1982 and sold to end users during January-March and October-December 1981. Because of the limited number of price observations on steel plate imported from Spain, no clear price trends emerge. However, with respect to plate products 10 and 12 imported from Spain, the prices to service-center/distributor customers declined steadily during January-September 1982, as did domestic plate prices.

Cold-rolled carbon steel sheet.--Nine domestic producers furnished price data on sales of cold-rolled carbon steel sheet. As shown in table 16, domestic producers' prices of cold-rolled sheet product 4 sold to both service-center/distributor and end-user customers increased approximately 12 percent from January-March 1980 through July-September 1982. However, product 4 prices to both groups of customers have generally declined since

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1/ As a basis for price trend comparisons, the Commission selected 17 representative steel mill products covering the 6 product categories subject to these investigations. These products and their respective specifications are listed by product category in app. E. The representative products to be found in the product list are as follows: cold-rolled carbon steel sheet, 4-5; galvanized carbon steel sheet, 6-8; hot-rolled carbon steel plate, 9-12; carbon steel structural shapes, 13-18; hot-rolled carbon steel bar, 19; and cold-formed carbon steel bar, 20.

Table 15:Ranges and weighted average net selling prices for sales of imports from Spain and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-June 1982

Hot-rolled carbon steel plate

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg
Product 9												
1980												
January-March	-	-	-	391	524	400	-	-	-	400	460	414
April-June	-	-	-	401	531	416	-	-	-	395	651	431
July-September	-	-	-	343	523	409	-	-	-	416	532	434
October-December	-	-	-	351	551	417	-	-	-	418	484	439
1981												
January-March	-	-	-	394	706	415	-	-	-	415	588	448
April-June	-	-	-	405	563	417	-	-	-	416	530	462
July-September	-	-	-	384	599	423	-	-	-	430	531	468
October-December	-	-	-	379	665	427	-	-	-	425	716	468
1982												
January-March	-	-	-	386	636	431	-	-	-	418	757	474
April-June	-	-	-	379	651	422	-	-	-	428	537	476
July-September	-	-	-	344	459	412	-	-	-	420	525	449
Product 10												
1980												
January-March	-	-	-	390	429	412	-	-	-	390	435	408
April-June	-	-	-	412	445	429	-	-	-	415	445	428
July-September	-	-	-	397	448	423	-	-	-	415	448	428
October-December	-	-	-	414	465	435	-	-	-	419	466	437
1981												
January-March	-	-	-	430	476	450	-	-	-	430	474	444
April-June	-	-	-	431	506	465	-	-	-	454	494	471
July-September	***	***	***	435	512	463	-	-	-	462	503	476
October-December	***	***	***	420	514	466	-	-	-	473	526	487
1982												
January-March	***	***	***	420	498	454	-	-	-	451	508	470
April-June	***	***	***	401	511	437	-	-	-	434	511	468
July-September	***	***	***	390	510	415	-	-	-	425	493	441
Product 11												
1980												
January-March	-	-	-	390	437	400	-	-	-	389	473	408
April-June	-	-	-	401	498	413	-	-	-	419	470	428
July-September	-	-	-	342	434	408	-	-	-	416	488	434
October-December	-	-	-	349	493	412	-	-	-	418	488	439
1981												
January-March	-	-	-	398	479	417	-	-	-	417	530	446
April-June	-	-	-	405	480	421	-	-	-	416	505	467
July-September	-	-	-	383	482	421	-	-	-	427	528	473
October-December	-	-	-	381	504	429	-	-	-	435	530	487
1982												
January-March	-	-	-	385	551	425	-	-	-	432	522	473
April-June	***	***	***	381	513	421	-	-	-	428	529	461
July-September	***	***	***	345	451	411	-	-	-	408	591	433
Product 12												
1980												
January-March	-	-	-	409	482	442	-	-	-	409	482	450
April-June	-	-	-	425	478	460	-	-	-	426	502	464
July-September	-	-	-	423	496	459	-	-	-	429	496	464
October-December	-	-	-	449	528	470	-	-	-	426	528	446
1981												
January-March	-	-	-	453	515	476	***	***	***	443	515	491
April-June	-	-	-	449	563	497	-	-	-	479	563	522
July-September	***	***	***	475	569	495	-	-	-	476	569	523
October-December	***	***	***	470	565	493	***	***	***	441	565	537
1982												
January-March	-	-	-	453	506	483	-	-	-	466	551	518
April-June	***	***	***	430	524	462	-	-	-	477	531	512
July-September	***	***	***	405	508	432	-	-	-	428	519	493

1/ See product list for specifications.
SOURCE: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 16:Ranges and weighted average net selling prices for sales of imports from Spain and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-June 1982

Cold-rolled carbon steel sheet

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg
Product 4												
1980												
January-March	-	-	-	362	405	378	-	-	-	365	405	399
April-June	-	-	-	365	424	388	-	-	-	368	419	412
July-September	***	***	***	345	407	373	***	***	***	353	406	395
October-December	-	-	-	345	420	372	-	-	-	353	415	401
1981												
January-March	-	-	-	360	431	400	-	-	-	376	444	429
April-June	-	-	-	381	443	418	***	***	***	403	448	434
July-September	-	-	-	409	453	443	***	***	***	428	476	458
October-December	-	-	-	411	458	441	-	-	-	428	474	457
1982												
January-March	-	-	-	389	481	429	-	-	-	392	470	451
April-June	-	-	-	381	476	424	-	-	-	430	462	449
July-September	-	-	-	353	472	425	-	-	-	388	470	448
Product 5												
1980												
January-March	-	-	-	357	396	364	-	-	-	379	400	393
April-June	-	-	-	324	404	376	-	-	-	388	417	405
July-September	***	***	***	338	384	343	***	***	***	355	410	390
October-December	-	-	-	338	386	354	-	-	-	377	404	395
1981												
January-March	***	***	***	360	415	393	-	-	-	385	428	415
April-June	***	***	***	389	420	407	***	***	***	403	432	416
July-September	-	-	-	411	441	431	***	***	***	427	464	444
October-December	-	-	-	406	445	426	***	***	***	409	459	438
1982												
January-March	-	-	-	384	453	420	-	-	-	393	457	428
April-June	-	-	-	384	444	404	-	-	-	395	455	418
July-September	-	-	-	381	449	403	-	-	-	391	459	423

1/ See product list for specifications.
SOURCE: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

July-September 1981, the lone exception being an increase of less than 1 percent in prices to service centers/distributors in July-September 1982. Domestic producers' prices of cold-rolled sheet product 5 increased about 11 percent on sales to service centers/distributors and 8 percent on sales to end users from January-March 1980 through July-September 1982. However, since July-September 1981, product 5 prices to both groups of customers also generally declined.

One importer reported prices of cold-rolled carbon steel sheet imported from Spain. The data covered only one quarter in 1980, two or three quarters in 1981, depending on product and customer type, and one quarter in 1982. Conclusive price trends are not apparent from these limited observations. However, comparison of 1981 prices with those in 1980 suggests that the price of cold-rolled sheet product 5 imported from Spain and sold to service centers/distributors may have increased by approximately 10 percent. Similarly, the prices of cold-rolled sheet products 4 and 5 imported from Spain and sold to end users may have increased by approximately 13 percent during the same period, but then declined by 8 percent in 1982.

Galvanized carbon steel sheet.--Price data on sales of galvanized carbon steel sheet were received from six domestic producers of galvanized sheet product 6, seven domestic producers of galvanized sheet product 7, and two domestic producers of galvanized sheet product 8. 1/ As shown in table 17, domestic producers' prices to service centers/distributors increased approximately 3 percent on galvanized sheet products 6 and 7 from January-March 1980 through July-September 1982. Although generally increasing during much of the period, domestic producers' prices of galvanized sheet product 8 were about 3 percent less in July-September 1982 than in April-June 1980. Prices to service centers/distributors of galvanized sheet products 6 and 7 have generally decreased since October-December 1981. The lone exception is the product 6 price, which increased approximately 1 percent in July-September 1982. Prices of product 8 plummeted by approximately 26 percent in April-June 1982, before partially recovering in July-September 1982.

From January-March 1980 through July-September 1982, domestic producers' prices to end users increased by approximately 26 percent for galvanized sheet product 6, 15 percent for galvanized sheet product 7, and 22 percent for galvanized sheet product 8. Prices of galvanized sheet products 6 and 7 sold to end users fluctuated without any clear trends during this period. Prices of galvanized sheet product 8 increased notably in January-March 1982, by 15 percent from prices in the previous quarter.

One importer reported prices in July-September 1981 of galvanized sheet product 6 imported from Spain and prices during April-December 1980 and July-September 1981 of galvanized sheet product 7 imported from Spain; no importers reported prices on galvanized sheet product 8 imported from Spain. All prices reported were for galvanized sheet sold to service centers/distributors. Because of the lack of sufficient data, no conclusive trends in prices of galvanized sheet imported from Spain emerge.

1/ Price data furnished by domestic producers of galvanized carbon steel sheet product 8 do not include sales to service centers/distributors during January-March 1980 or sales to end users during April-June 1980.

Table 17:Ranges and weighted average net selling prices for sales of imports from Spain and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-June 1982

Galvanized carbon steel sheet

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg
Product 6												
1980												
January-March	-	-	-	527	621	568	-	-	-	539	568	541
April-June	-	-	-	513	637	590	-	-	-	547	629	562
July-September	-	-	-	490	673	587	-	-	-	552	630	573
October-December	-	-	-	537	692	649	-	-	-	554	660	604
1981												
January-March	-	-	-	556	699	645	-	-	-	532	639	580
April-June	-	-	-	540	715	649	-	-	-	579	652	601
July-September	***	***	***	571	732	668	-	-	-	554	678	614
October-December	-	-	-	577	732	671	-	-	-	585	674	600
1982												
January-March	-	-	-	403	746	668	-	-	-	386	641	618
April-June	-	-	-	505	648	577	-	-	-	519	706	661
July-September	-	-	-	562	668	583	-	-	-	518	698	684
Product 7												
1980												
January-March	-	-	-	468	485	480	-	-	-	492	568	496
April-June	***	***	***	482	637	492	-	-	-	506	525	509
July-September	***	***	***	470	673	499	-	-	-	489	552	499
October-December	***	***	***	467	692	541	-	-	-	486	660	506
1981												
January-March	-	-	-	487	699	524	-	-	-	514	552	521
April-June	-	-	-	500	715	550	-	-	-	520	579	530
July-September	***	***	***	517	732	593	-	-	-	548	588	562
October-December	-	-	-	512	732	597	-	-	-	543	585	558
1982												
January-March	-	-	-	489	746	549	-	-	-	531	641	544
April-June	-	-	-	459	555	502	-	-	-	507	698	544
July-September	-	-	-	463	617	495	-	-	-	507	698	568
Product 8												
1980												
January-March	-	-	-	-	-	-	-	-	-	568	568	568
April-June	-	-	-	637	637	637	-	-	-	-	-	-
July-September	-	-	-	673	673	673	-	-	-	552	552	552
October-December	-	-	-	692	692	692	-	-	-	660	660	660
1981												
January-March	-	-	-	699	699	699	-	-	-	532	532	532
April-June	-	-	-	715	715	715	-	-	-	579	579	579
July-September	-	-	-	732	732	732	-	-	-	554	554	554
October-December	-	-	-	732	732	732	-	-	-	585	585	585
1982												
January-March	-	-	-	448	746	740	-	-	-	641	700	673
April-June	-	-	-	381	555	550	-	-	-	686	698	696
July-September	-	-	-	617	617	617	-	-	-	638	698	694

1/ See product list for specifications.
SOURCE: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Carbon steel structural shapes.--Price data on the six selected carbon steel structural shapes sold to service centers/distributors and end users were received from six domestic producers for products 13 and 14, five producers for product 17, four producers for products 15 and 16, and three producers for product 18. As shown in table 18, domestic prices climbed during 1980 and 1981. Domestic producers' prices to end users for the six structural shapes increased slightly more (18 to 23 percent) during January 1980-December 1981 than did producers' prices to service centers/distributors (11 to 20 percent). During 1982, the upward trend reversed; prices of the six selected carbon steel structural shapes sold to service centers/distributors during July-September 1982 show a decline when compared with those in October-December 1981. Prices to end users reflect a similar downtrend except for product 18, which shows a steady increase in 1982.

Four importers reported prices of carbon steel structural shapes imported from Spain. The data chiefly cover sales of products 13, 14, 16, and 17 to service centers/distributors. The limited number of observations indicate that the prices of the four types of Spanish structural shapes have declined since mid-1981.

Hot-rolled carbon steel bar.--Price data on hot-rolled carbon steel bar were received from 10 domestic producers (table 19). Prices for product 19 sold to service centers/distributors and end users fluctuated, but generally increased, from January-March 1980 through July-September 1982. During this period, average prices to service centers/distributors increased approximately 18 percent and such prices to end users increased about 27 percent. Importers did not provide data on average prices of hot-rolled carbon steel bar from Spain.

Cold-formed carbon steel bar.--Price data on cold-formed carbon steel bar were received from five domestic producers and two importers (table 20). According to the Customs net import file, one of these importers accounted for * * * imports of this product from Spain in 1981.

Domestic producers' average prices of the sample cold-formed carbon steel bar product (product 20) sold to service centers/distributors increased by approximately 19 percent from January-March 1980 through October-December 1981, and such prices to end users increased by about 18 percent. Since October-December 1981, domestic producers' prices to both groups of customers have decreased about 3 percent.

The average price of cold-formed bar product 20 imported from Spain and sold to service centers/distributors increased by approximately 10 percent from January-March 1980 through January-March 1982; similarly, the price to end users increased by 11 percent. Since January-March 1982, prices to service centers/distributors have declined about 9 percent, and prices to end users have fallen almost 12 percent.

Purchase prices.--The Commission also asked purchasers to furnish the delivered prices they paid for the 17 imported and domestically produced steel mill products detailed in the preceding section. Purchasers were asked for prices, including delivery charges, paid in specific transactions. For comparability, the purchasers were identified by their location, and

Table 18: Ranges and weighted average net selling prices for sales of imports from Spain and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-June 1982

Carbon steel structural shapes

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg
Product 13												
1980												
January-March	-	-	-	375	419	389	-	-	-	395	407	401
April-June	-	-	-	376	431	389	-	-	-	405	428	420
July-September	-	-	-	379	423	387	-	-	-	399	423	415
October-December	-	-	-	380	446	388	-	-	-	404	446	427
1981												
January-March	-	-	-	396	444	406	-	-	-	416	446	433
April-June	-	-	-	431	490	446	-	-	-	450	477	463
July-September	***	***	***	429	477	438	-	-	-	441	478	463
October-December	***	***	***	442	493	461	***	***	***	452	499	481
1982												
January-March	***	***	***	428	502	440	-	-	-	448	500	471
April-June	***	***	***	420	496	443	-	-	-	461	500	491
July-September	***	***	***	383	466	389	-	-	-	380	494	431
Product 14												
1980												
January-March	-	-	-	367	408	387	-	-	-	379	401	393
April-June	-	-	-	365	413	375	-	-	-	384	413	405
July-September	-	-	-	367	403	377	-	-	-	374	407	401
October-December	-	-	-	368	429	379	-	-	-	394	429	415
1981												
January-March	-	-	-	380	426	393	-	-	-	392	429	418
April-June	-	-	-	426	458	437	-	-	-	428	463	448
July-September	***	***	***	409	448	420	-	-	-	423	457	446
October-December	***	***	***	414	476	441	-	-	-	432	484	467
1982												
January-March	***	***	***	410	480	422	-	-	-	418	484	455
April-June	***	***	***	410	500	431	-	-	-	420	494	474
July-September	***	***	***	370	465	385	-	-	-	371	479	440
Product 15												
1980												
January-March	-	-	-	384	385	384	-	-	-	384	385	385
April-June	-	-	-	395	408	402	-	-	-	403	408	405
July-September	-	-	-	394	403	400	-	-	-	394	405	401
October-December	-	-	-	401	424	411	***	***	***	400	424	412
1981												
January-March	-	-	-	406	421	412	-	-	-	410	424	415
April-June	-	-	-	440	449	444	-	-	-	433	455	444
July-September	-	-	-	424	449	440	-	-	-	434	455	447
October-December	-	-	-	430	473	460	-	-	-	458	483	472
1982												
January-March	-	-	-	455	488	466	-	-	-	463	483	472
April-June	-	-	-	412	474	461	-	-	-	463	489	479
July-September	-	-	-	440	510	452	-	-	-	447	484	467
Product 16												
1980												
January-March	-	-	-	346	388	360	-	-	-	374	400	389
April-June	-	-	-	364	408	381	-	-	-	385	412	405
July-September	-	-	-	359	408	372	-	-	-	375	405	401
October-December	-	-	-	368	425	381	-	-	-	391	425	413
1981												
January-March	-	-	-	380	423	392	-	-	-	395	429	415
April-June	-	-	-	411	459	429	-	-	-	416	458	450
July-September	***	***	***	407	455	417	-	-	-	389	458	429
October-December	***	***	***	399	477	419	-	-	-	430	488	468
1982												
January-March	***	***	***	405	477	430	-	-	-	421	487	464
April-June	***	***	***	408	480	429	-	-	-	405	490	470
July-September	***	***	***	364	429	390	-	-	-	369	474	447
Product 17												
1980												
January-March	-	-	-	357	473	383	-	-	-	365	424	412
April-June	-	-	-	317	433	386	-	-	-	344	439	432
July-September	-	-	-	296	430	383	-	-	-	277	437	422
October-December	-	-	-	303	436	396	-	-	-	306	449	436
1981												
January-March	-	-	-	296	442	404	-	-	-	311	453	436
April-June	-	-	-	314	478	427	-	-	-	319	483	467
July-September	***	***	***	319	469	420	-	-	-	319	487	473
October-December	***	***	***	316	486	424	-	-	-	312	503	485
1982												
January-March	***	***	***	290	501	410	-	-	-	293	499	466
April-June	***	***	***	277	524	399	-	-	-	281	514	468
July-September	***	***	***	347	512	357	-	-	-	349	518	437
Product 18												
1980												
January-March	-	-	-	396	430	411	-	-	-	393	445	443
April-June	-	-	-	407	436	427	-	-	-	436	459	458
July-September	-	-	-	410	448	428	-	-	-	425	457	456
October-December	-	-	-	429	443	437	-	-	-	422	469	468
1981												
January-March	-	-	-	427	440	435	-	-	-	441	473	472
April-June	-	-	-	455	474	469	-	-	-	452	503	501
July-September	-	-	-	465	468	467	-	-	-	448	507	506
October-December	-	-	-	481	496	494	-	-	-	481	523	521
1982												
January-March	-	-	-	462	506	499	-	-	-	499	519	518
April-June	-	-	-	459	525	518	-	-	-	489	534	533
July-September	-	-	-	366	523	452	-	-	-	378	538	535

1/ See product list for specifications.

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

Table 19:Ranges and weighted average net selling prices for sales of imports from Spain and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-June 1982

Hot-rolled carbon steel bars

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg
Product 19												
1980												
January-March---	-	-	-	305	426	316	-	-	-	314	478	368
April-June------	-	-	-	304	434	322	-	-	-	304	487	377
July-September--	-	-	-	283	430	321	-	-	-	290	468	366
October-December	-	-	-	284	418	331	-	-	-	292	495	377
1981												
January-March---	-	-	-	293	447	329	-	-	-	304	534	404
April-June------	-	-	-	302	446	338	-	-	-	315	533	419
July-September--	-	-	-	304	503	342	-	-	-	316	564	428
October-December	-	-	-	280	504	336	-	-	-	299	575	400
1982												
January-March---	-	-	-	278	517	347	-	-	-	285	536	408
April-June------	-	-	-	267	519	333	-	-	-	278	550	401
July-September--	-	-	-	186	523	374	-	-	-	327	571	468

1/ See product list for specifications.
SOURCE: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Table 20:Ranges and weighted average net selling prices for sales of imports from Spain and for sales of domestic products, by types of customers, by types of products, and by quarters, January 1980-June 1982

Cold-formed carbon steel bars

Product and Period 1/	Prices to service centers/distributors						Prices to end users					
	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg	Spain low	Spain hi	Spain avg	Domestic low	Domestic hi	Domestic avg
Product 21												
1980												
January-March---	***	***	***	588	674	662	***	***	***	608	674	667
April-June------	***	***	***	610	697	688	***	***	***	627	697	686
July-September--	***	***	***	602	706	691	***	***	***	603	706	693
October-December	***	***	***	620	704	694	***	***	***	628	704	690
1981												
January-March---	***	***	***	645	746	733	***	***	***	646	746	730
April-June------	***	***	***	655	760	737	***	***	***	649	760	737
July-September--	***	***	***	662	792	782	***	***	***	684	787	778
October-December	***	***	***	657	801	787	***	***	***	685	794	789
1982												
January-March---	***	***	***	675	798	780	***	***	***	671	777	765
April-June------	-	-	-	679	780	770	-	-	-	647	780	763
July-September--	-	-	-	766	766	766	-	-	-	763	763	763

1/ See product list for specifications.
SOURCE: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

questionnaires were sent to firms located in six metropolitan areas: Atlanta, Chicago, Detroit, Houston, Los Angeles, and Philadelphia.

Few of the 38 purchasers responding to the questionnaire in the final investigations gave import price information with respect to Spain on any of the representative carbon steel products. Several purchasers provided very limited price data on imported Spanish plate and structural shapes. In many instances, the reported purchase prices on plate and structural products produced domestically and the single examples of prices of such products imported from Spain did not correspond by quarters or metropolitan areas. With respect to all other steel mill products for which purchase prices were requested, no domestic purchaser furnished prices on products imported from Spain. It is not possible to adequately compare the levels of importers' and domestic producers' prices based on such meager data on market transactions.

Lost sales

Hot-rolled carbon steel plate.--In the preliminary investigation, 3 domestic producers cited 17 specific instances involving 12 firms to which they allegedly lost sales of 82,791 tons of hot-rolled carbon steel plate during 1980 and 1981 because of plate imported from Spain. Ten firms were contacted regarding 14 of the allegations. Two firms could not be reached.

Six instances involving a total of 3,467 tons of lost plate sales to five firms were confirmed. 1/ One firm alleged to have purchased * * * tons of plate imported from Spain in each of the years 1980 and 1981 indicated that, although this was possible, the country of origin could not be verified with certainty because it purchased steel products from many different brokers. In all cases, price was cited as the single most important consideration for purchasing imported steel in general, and steel plate imported from Spain in particular. 2/ Often, the contacted parties confirming lost sales qualified their remarks by indicating that purchasing imported steel was the only way they could remain competitive or stay in business. Steel plate imported from Spain and other European countries was priced from $40 per ton to as much as $140 per ton below comparable domestic steel plate, the latter figure representing a 27-percent margin of underselling.

Of the four firms denying domestic steel producers' allegations, two indicated no purchases of steel plate imported from Spain, and two could not confirm the country of origin of their purchases of imported plate, but felt it was not likely to have been Spain. One firm which confirmed one of two alleged lost sales indicated that the other allegation pertained to purchases of alloy plate imported from Italy.

1/ Another firm indicated that part of the * * * tons alleged to have been lost could have resulted from its purchase of steel plate from Spain. This firm suggested that it was equally likely that the alleged lost sales could have been placed with other domestic producers, although it also bought imported steel plate from several different countries.

2/ Quality was generally perceived to be uniform regardless of the origin of imported or domestically produced steel plate.

In the final investigation, 3 domestic producers submitted 15 specific instances of lost sales involving 9 firms and a total of 4,481 tons of hot-rolled carbon steel plate allegedly imported from Spain. All nine firms were contacted. Five instances involving purchases by three firms of a total of 602 tons of imported Spanish plate were verified. In every instance, price was the reason cited for the purchase. Purchasing managers of these firms repeatedly stated that, given the spread of $80 to $120 between domestic and import prices for plate, buying the imported product was a necessity to remain competitive. Several purchasers noted that inventories of imported plate purchased several months ago are not currently cost competitive. According to * * *, this is largely because of large quantities of dock stock available in ports throughout the Southeast and gulf coast areas.

Two of the six remaining firms cited by domestic producers, * * * and * * *, stated that the alleged plate purchases of * * * tons could have been imported from Spain, but that they could not be certain of the source country. * * * does not get mill certificates for purchases from importers, and emphasized that for such purchases the country of origin is unimportant if the plate meets minimum specifications. * * * labeled the alleged amount, * * * tons, a "small order" not easily identifiable among hundreds of purchase orders placed by the firm during the period cited.

An alleged lost sale of * * * tons attributed to a purchase of Spanish plate by * * * was emphatically contested. The firm has a stated policy of not buying foreign steel. * * * presently buys its plate from * * * and * * *. The * * *, an alleged purchaser of * * * tons of Spanish plate, agreed to check the allegation but has not responded as yet. * * * also has not yet replied to the allegation of a purchase of * * * tons of Spanish plate.

The remaining firm, * * *, is * * * and would not respond directly to the inquiry. The firm attributed * * *.

Cold-rolled carbon steel sheet.--In the preliminary investigation, two domestic producers submitted three specific instances involving three firms to which alleged sales of 37,263 tons of cold-rolled carbon steel sheet were lost during 1980 and 1981 as a result of cold-rolled carbon steel sheet imports from Spain. One purchaser indicated never having purchased such products imported from Spain, one purchaser indicated not having purchased such products from Spain since 1979, and the third purchaser could not be reached for comment.

In the final investigation, two domestic producers submitted two specific instances of sales of cold-rolled carbon steel sheet that were allegedly lost to imports from Spain in 1981 and 1982. These allegations amounted to approximately 12,600 tons. Purchasers reported buying all of the tonnage alleged to be lost sales.

* * * purchased * * * tons of Spanish sheet at prices approximately $100 per ton less than those of competing domestic sheet. * * * stated that price was the most important factor in his decision to buy Spanish sheet instead of domestic sheet. * * * reported that the price gap between Spanish and domestic cold-rolled carbon steel sheet has widened since 1981. As a result, * * * is buying proportionately more Spanish sheet in 1982 than it did in

1981 (as a share of its annual purchases of cold-rolled carbon steel sheet from all sources). * * * further stated that, although the quality of Spanish sheet was comparable with that of domestic sheet, delays in shipment tended to make the Spanish product less desirable than the domestic product.

* * * purchased * * * tons of Spanish sheet at a price approximately $80 per ton less than that of competing domestic sheet. * * *, a buyer of steel sheet for * * *, stated that price was the most important factor in his decision to buy Spanish sheet instead of domestic sheet. * * * further stated that the price gap between Spanish and domestic cold-rolled carbon steel sheet has widened since 1980 and that the quality of Spanish sheet was comparable with that of domestic sheet. Finally, * * * explained that * * *.

Galvanized carbon steel sheet.--In the preliminary investigation, one domestic producer submitted four specific instances involving three firms to which alleged sales of 9,300 tons of galvanized carbon steel sheet had been lost during 1980 and 1981 as a result of galvanized carbon steel sheet imports from Spain. All firms were contacted, one of which confirmed the domestic producer's alleged lost sales of * * * tons in 1980 and * * * tons in 1981. The purchaser did not indicate its reason for buying imports from Spain, but suggested that everyone else was buying imported steel products from Spain as well. The second firm indicated that, although it did purchase some steel products from Spain, it could not verify the domestic producer's allegation. The third firm was unaware that Spain produced galvanized carbon steel sheet.

In the final investigation, two domestic producers submitted three specific allegations of sales of galvanized carbon steel sheet that were allegedly lost to imports from Spain in 1981 and 1982. These allegations amounted to approximately 6,440 tons. Purchasers reported buying all of the tonnage alleged to be lost sales.

* * * accounted for * * * allegations of lost sales amounting to approximately * * * tons of Spanish sheet. * * * purchased approximately * * * tons in 1981 and * * * tons in 1982 at prices approximately $100 per ton less than those of competing domestic sheet. * * * stated that price was the most important factor in his decision to buy Spanish sheet instead of domestic sheet. * * * reported that the price gap between Spanish and domestic galvanized carbon steel sheet has widened since 1980. As a result, * * * is buying proportionately more Spanish sheet in 1982 than it did in 1980 (as a share of its annual purchases of galvanized carbon steel sheet from all sources). * * * further stated that, although the quality of Spanish sheet was comparable with that of domestic sheet, delays in shipment tended to make the Spanish product less desirable than the domestic product.

* * * purchased approximately * * * tons of Spanish sheet at a price approximately $100 per ton less than the price of competing domestic sheet. * * * stated that price was the most important factor in his decision to buy Spanish sheet instead of domestic sheet. However, the Spanish mill canceled delivery of this * * *-ton order and * * * never received the sheet. According to * * *, the institution of the current countervailing duty investigations prompted the Spanish mill to take this action. * * * reported

that the cancellation forced * * * to purchase higher priced galvanized carbon steel sheet elsewhere (he would not disclose the alternate source). As a result, * * *.

Carbon steel structural shapes.--In the preliminary investigation, three domestic producers submitted 49 specific instances of sales totaling 34,166 tons of carbon steel structural shapes allegedly lost due to imports from Spain in 1980, 1981, and January-March 1982. Twenty-one purchasers involved in the allegations were contacted by the staff. Six reported no purchases of Spanish steel, four could not be reached, and one stated that it would reply by letter.

Most of the purchasers contacted stated that they purchased structurals from Spain mainly because of the imported product's lower price, and on occasions when the domestic product was not readily available. Of all purchasers contacted, only one company stated that it would continue buying Spanish steel even if the prices for domestic products were competitive. One of the purchasers claimed that the volume of its imports has increased since the suspension of the Trigger-Price Mechanism in 1981. Several purchasers stated that they had to purchase lower priced foreign steel in order to remain competitive.

Some sales reported lost to Spanish imports were in fact lost to domestic minimills. The Commission staff has learned that some domestic minimills were selling structural shapes at prices lower than those of imported products, however, such minimills did not have the capacity to provide a full range of products. A number of purchasers stated that they could not distinguish Spanish steel from other imports, and in many cases did not know the origin of the imported products. Some purchasers were not interested in the origin, only in a good price and an acceptable quality. Most purchasers stated that the quality of Spanish structurals equaled that of the domestic product. Three firms advised that they did not purchase structurals from Spain because of specification problems.

One purchaser, located in * * *, indicated that it purchased structurals from South Africa, rather than from Spain, because of prices which were as much as $160 per ton lower than domestic prices. Being located near the seaport, this company pays inland freight of * * * per hundredweight for delivery of imported steel, whereas the inland freight for delivery from the nearest domestic mill (* * *) is * * * per hundredweight. The freight alone makes the imported structurals $40 per ton cheaper than the domestic product. Three purchasers reported that domestic structurals sold at 25 to 26 cents per pound, while the imports were offered at 20 to 22 cents per pound, or 15 to 20 percent below the domestic price. Other purchasers quoted price differentials of between 15 and 25 percent in favor of imports.

In the final investigation, two producers alleged 10 additional lost sales, totaling more than 7,400 tons, to imports of carbon steel structural shapes from Spain. Nine purchasers were contacted regarding these allegations.

Seven firms confirmed purchases of Spanish structural shapes totaling more than 1,200 tons. Another firm could not be certain of the source of the imported structurals. Price was the determinant in the purchase decisions of

these companies. Spanish structural shapes undersold the competing domestic product by $100 per ton or more. Purchasers agreed that the spread between import and domestic prices has increased recently, even in the face of greater discounting by domestic producers in 1982. Prices of imported Spanish structural shapes were $17 to $19 per hundredweight, compared with $22 to $24 per hundredweight for domestic structural shapes on an f.o.b. basis. Freight differentials often increased the spread in favor of the imported structurals.

Purchasers repeatedly emphasized that their purchases of imported structurals were split among a number of sources, including Spain, France, West Germany, Canada, and South Africa. This pattern diluted the large tonnage involved in several allegations. The * * *-ton allegation involving * * * was split among five import source countries, with Spanish structurals accounting for an estimated * * * tons. A * * *-ton purchase by * * * was split among Spain, West Germany, and South Africa, with Spanish structurals accounting for * * * tons. An official of * * * added that Spanish mills made only certain sizes of structural shapes.

* * * noted that much of its inventory is now over-costed because prices of imported structurals have softened in the past several months. The reason is the availability of dock stock at $16 per hundredweight for imported structurals in Houston. However, the low prices are not regional, but pervasive, according to purchasers. A spokesman for * * * stated that imported structural prices are less than $17 per hundredweight on futures, $16.50 for January 1983 delivery, and $15.50 for March delivery. The purchasing manager of * * * was recently offered imported structurals at * * * per hundredweight.

* * * confirmed an alleged lost sale purchase order of * * * tons of Spanish structurals, but the transaction was never consummated, because the importer, * * *, needed to sell * * * tons to justify bringing in a vessel. The structurals were offered in September 1982 at prices of * * * to * * * per hundredweight, * * * tons minimum order. Even at these prices, existing inventories of unsold structurals in the market dampened demand.

Hot-rolled carbon steel bar.--In the preliminary investigation, one domestic producer submitted six specific instances of sales of hot-rolled carbon steel bar allegedly lost due to imports from Spain in 1980 and 1981. Each of the four purchasers involved was contacted. Only one instance was confirmed. It involved * * * tons of steel, valued by the domestic producer at * * *. The purchaser involved bought approximately 5 percent of its total requirements of hot-rolled carbon steel bar from foreign sources because the imports were substantially cheaper. The firm stated that the quality of imports and the domestic product are comparable. However, it bought primarily from domestic sources because imports had to be ordered too far in advance and because it wanted to support the U.S. industry. The other three purchasers did not buy hot-rolled carbon steel bar from Spain. They bought primarily domestically produced bar; the imports they had purchased were from Italy, Japan, and the United Kingdom.

In the final investigation, one domestic producer submitted a single allegation of a sale of hot-rolled carbon steel bar that was lost to imports from Spain in 1982. This allegation amounted to approximately * * * tons.

The Commission staff has not checked this allegation, because the purchaser would not discuss it on the telephone.

Cold-formed carbon steel bar.--In the preliminary investigation, three domestic producers submitted 10 specific instances of sales of cold-formed carbon steel bar allegedly lost to imports from Spain in 1980 and 1981. Two of the nine purchasers involved could not be contacted. Two purchasers confirmed two instances of lost sales involving approximately 4,000 tons, for which the total value of the domestic producers' rejected quotations was about $2.8 million. One of these purchasers, * * * of * * *, accounted for * * * tons of lost sales. This firm is * * *. A spokesman for * * * was willing to discuss the firm's experience in competing with domestic firms, and stated that * * *, a domestic minimill, regularly undersold it. This importing firm reported that it can compete, however, because it has better quality merchandise, because it will sell in smaller quantities than will * * *, and because freight charges allowed it to undersell * * *'s delivered prices in some areas.

The second purchaser, accounting for * * * tons of lost sales, regularly asks both importers and domestic producers for price quotes on orders, and accepts the lowest bid. Sometimes the lowest bid is from a domestic producer, and sometimes it is from an importer. Importers handling Spanish cold-formed carbon steel bar supply approximately 20 percent of this purchaser's needs; most of the remainder comes from domestic sources. The quality of the domestic and imported bar purchased by the firm is comparable.

Of the other five purchasers, one bought about 60 percent of its cold-formed bar from foreign sources, but most of those imports were from Japan. Because the firm buys some steel from brokers, the purchaser did not know the origin of all of its steel. Therefore, while the firm had not knowingly bought cold-formed carbon steel bar from Spain, it could not rule out the possibility of such purchases. That purchaser noted that all imports were priced the same, and that their price was approximately the same as that of the domestic product. The spokesman believed that imports were generally of superior quality.

The other four purchasers bought no cold-formed carbon steel bar from Spain. Three of these purchasers bought almost entirely from domestic sources. The fourth bought entirely from Japan until the middle of 1981, when it shifted to * * * because of the latter's lower prices.

In the final investigation, one domestic producer submitted 11 specific instances of sales of cold-formed carbon steel bar that were allegedly lost to imports from Spain in 1981 and 1982. These allegations amounted to approximately 3,265 tons. In four instances, purchasers reported buying approximately 635 tons, or * * * tons less than the domestic producer alleged. In three other allegations, amounting to approximately * * * tons, purchasers denied buying Spanish bar. In two other allegations, amounting to approximately * * * tons, the purchasers were not able to verify the origin of the alleged lost sales. These latter two purchasers bought from brokers that sell unmarked cold-formed carbon steel bar from many sources, domestic as well as foreign. In the final two allegations, amounting to approximately * * * tons, the Commission staff was unable to contact the purchasers.

* * * and * * * accounted for the four confirmed purchases of Spanish cold-formed carbon steel bar (635 tons) mentioned above. * * * purchased * * * tons of Spanish bar at a price approximately $100 per ton less than that of competing domestic bar. * * *, the buyer of steel bar for the firm, stated that price was the most important factor in his decision to buy Spanish bar instead of domestic bar. * * * reported that the price gap between Spanish and domestic cold-formed carbon steel bar has widened from approximately $60 per ton in 1980 to $100 per ton in 1982. As a result, * * * is buying proportionately more Spanish bar in 1982 than it did in 1980 (as a share of its annual purchases of cold-formed carbon steel bar from all sources). * * * stated that he preferred to support domestic mills, but that he must buy the cheaper Spanish bar to stay competitive. * * * further stated that the quality of Spanish bar was comparable with that of domestic bar.

* * * purchased * * * tons of Spanish bar at prices ranging from $90 to $100 per ton less than those of competing domestic bar. * * *, the buyer of steel bar for the firm, stated that price was the most important factor in his decision to buy Spanish bar instead of domestic bar. * * * reported that the price gap between Spanish and domestic cold-formed carbon steel bar has narrowed from more than $100 per ton in 1980 to less than $100 per ton in 1982. As a result, * * * is buying proportionately less Spanish bar in 1982 than it did in 1980. * * * further stated that the quality of Spanish bar was better than that of domestic bar.

* * * purchased * * * tons of Spanish bar at prices ranging from $40 to $50 per ton less than those of competing domestic bar. * * *, the buyer of steel bar for * * *, stated that price was the most important factor in his decision to buy Spanish bar instead of domestic bar. * * * reported that the price gap between Spanish and domestic cold-formed carbon steel bar has disappeared in 1982. As a result, * * * did not buy any Spanish bar in 1982. * * * further stated that the quality of Spanish bar was comparable with that of domestic bar.

* * * purchased * * * tons of Spanish bar at a price approximately $50 per ton less than that of competing domestic bar. * * *, the buyer of steel bar for * * *, stated that price was the most important factor in his decision to buy Spanish bar instead of domestic bar. * * * reported that the price gap between Spanish and domestic cold-formed carbon steel bar remained unchanged from 1980 through late-1982. This * * * tons was the only foreign bar that * * * purchased; it represented less than 1 percent of * * *'s annual purchases of steel bar. * * * stated that he does not intend to buy any more Spanish bar, because his firm prefers to support domestic mills. He further stated that the quality of Spanish bar was comparable with that of domestic bar.

Price suppression and/or price depression

Hot-rolled carbon steel plate.--In the preliminary investigation, two domestic producers each submitted one instance in which their prices of hot-rolled carbon steel plate were reduced or otherwise adjusted during 1981 in order to meet competition from hot-rolled carbon steel plate imported from Spain. Both allegations were confirmed in telephone inquiries to purchasers.

The discounts involved alleged potential sales of * * * which were ultimately secured at * * *, representing a loss of * * * in revenue, or average discounts amounting to nearly 14 percent. One of the purchasers contacted indicated that by necessity it had to buy steel at the lowest price regardless of source, and that on numerous occasions domestic mills have had to lower prices to meet import competition.

In the final investigation, one producer cited a single specific example of price suppression/depression by reason of competing prices from imported Spanish plate. The firm named in the allegation, * * *, found it difficult to trace the transaction cited. Moreover, * * * noted that, although import competition from Spanish plate is a factor, it is indirect. * * *.

Cold-rolled carbon steel sheet.--In the preliminary investigation, the one firm alleged to have benefited from a total price reduction of * * * on sales of * * * of cold-rolled carbon steel sheet during 1981 did not respond to the Commission staff's telephone inquiries. No specific price suppression/depression information was provided in the final investigation.

Galvanized carbon steel sheet.--In the preliminary investigation, one domestic producer reported five instances of lost revenues from lowered prices required to meet import competition from Spain. The five instances were confirmed and the total revenue loss amounted to * * * on actual sales of * * * during 1980; * * * on actual sales of * * * in 1981; and * * * on actual sales of * * * during January-March 1982. Both firms indicated price to be the determining factor in their purchases of galvanized sheet products imported from Spain. One firm indicated that the amount of discount offered by the domestic producer reflected "normal" business in today's steel market, and that all domestic producers are required to discount. No specific price suppression/depression information was provided in the final investigation.

Carbon steel structural shapes.--In the preliminary investigation, three domestic producers submitted several allegations of instances in which prices of carbon steel structural shapes were reduced or otherwise adjusted in order to meet competition from structurals imported from Spain. Six allegations were confirmed in telephone inquiries to purchasers. The discounts involved potential sales of * * * which were secured at * * *, representing a loss of * * * in revenue, or an average discount amounting to nearly 11 percent.

According to a large distributor, * * *, two * * * firms, * * * and * * *, both importers of Spanish structurals, are in a position to undercut any offers made by * * * by $10 to $40 per ton when purchases are made in truckloads. Several other purchasers of structurals also identified * * * as being an importer (and source) of Spanish structurals in the past, but now viewed that company as a direct-sale competitor that offered lower prices.

Hot-rolled carbon steel bar.--In the preliminary investigation, domestic producers were asked to provide information on price reductions (discounts) and/or rollbacks of announced price increases made to avoid losing sales to competitors selling hot-rolled carbon steel bar from Spain. They provided only one example of a purchaser that allegedly got such a discount in both 1980 and 1981. In each year, the discount involved * * * tons and the

accepted quotation was * * *. The purchaser denied the allegation, and stated that it had never bought that much bar but had * * *. No specific price suppression/depression information was provided in the final investigation.

Cold-formed carbon steel bar.--In the preliminary investigation, domestic producers were asked to provide information on price reductions (discounts) and/or rollbacks of announced price increases made to avoid losing sales to competitors selling cold-formed carbon steel bar from Spain. One domestic producer gave five examples of such discounts. The five purchasers involved were all contacted by the Commission staff. One purchaser refused to comment, and the other four denied ever receiving a discount due to the possibility that they might buy imports. No specific price suppression/depression information was provided in the final investigation.

APPENDIX A

U.S. DEPARTMENT OF COMMERCE'S FINAL DETERMINATIONS AS PUBLISHED IN THE FEDERAL REGISTER

Final Affirmative Countervailing Duty Determinations; Certain Steel Products From Spain

AGENCY: International Trade Administration, Commerce.

ACTION: Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Spain.

SUMMARY: We have determined that certain benefits which constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Spain of certain steel products, as described in the "Scope of Investigations" section of this notice. The estimated net subsidy for each firm and for each product is indicated in the "Suspension of Liquidation" section of this notice. The U.S. International Trade Commission (ITC) will determine within 45 days of the publication of this notice whether these imports are materially injuring, or threatening to materially injure, a U.S. industry.

EFFECTIVE DATE: November 15, 1982.

FOR FURTHER INFORMATION CONTACT: Holly Kuga, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230, telephone: (202) 377-0171.

SUPPLEMENTARY INFORMATION:

Final Determinations

Based upon our investigations, we have determined that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), are being provided to manufacturers, producers, or exporters in Spain of certain steel products, as described in the "Scope of Investigations" section of this notice. The following programs are found to confer subsidies:

- Medium- and long-term preferential loans
- Short-term preferential loans (Privileged Circuit Exporter Credits which are working-capital loans)
- Capital infusions
- Cash grants

We determine the estimated net subsidy to be the amount indicated for each firm and for each product in the "Suspension of Liquidation" section of this notice.

Case History

On January 11, 1982, we received petitions from United States Steel Corporation, and counsel for Republic Steel Corporation, Inland Steel Company, Jones & Laughlin Steel, Inc., National Steel Corporation, and Cyclops Corporation, filed on behalf of the U.S. industry producing carbon steel structural shapes, hot-rolled carbon steel plate, cold-rolled carbon steel sheet, galvanized carbon steel sheet, hot-rolled carbon steel bars, cold-formed carbon steel bars, hot-rolled carbon steel sheet, hot-rolled alloy steel bars, and cold-formed alloy steel bars. The petitioners alleged that certain benefits which constitute bounties or grants within the meaning of section 303 of the Act are being provided, directly, or indirectly, to the manufacturers, producers, or exporters in Spain of the steel products listed above. Counsel for petitioners also alleged that "critical circumstances" existed, as defined in section 703(e) of the Act.

We reviewed the petitions and on February 1, 1982, determined that countervailing duty investigations should be initiated (47 FR 5753).

In the notice announcing these investigations, we stated that we expected to issue preliminary determinations by April 6, 1982.

Section 303(c) of the Act applied to these investigations when they were initiated because at that time, Spain was not a "country under the Agreement" within the meaning of section 701(b) of the Act and the products at issue were dutiable. Therefore, the domestic industry was not required to allege that, and the ITC was not required to determine whether, imports of these products caused or threatened to cause material injury to the U.S. industry in question.

On April 14, 1982, the Office of the U.S. Trade Representative announced

that Spain had become a "country under the Agreement" as defined in section 701(b) of the Act. As a result, Title VII of the Act applies to all countervailing duty investigations concerning merchandise from Spain. Accordingly, on April 29, 1982, we published a notice in the **Federal Register** (47 FR 18402) of our termination of the investigations begun on February 1, 1982 under section 303, and our initiation of investigations under Title VII of the Act as of April 14, 1982. Unless extended, the preliminary determinations in these investigations were due no later than June 18, 1982. We subsequently determined that these investigations were "extraordinarily complicated" as defined in section 703(c) of the Act, and extended the deadline for making our preliminary determinations to August 23, 1982 (47 FR 25393).

Since injury determinations are required for investigations involving a country under the Agreement, we advised the ITC of our initiation of investigations under Title VII and made information from our files available to it, in accordance with section 355.25(b) of the Commerce Department Regulations. On June 10, 1982, the ITC preliminarily determined that there is a reasonable indication that imports of carbon steel structural shapes, hot-rolled carbon steel plate, cold-rolled carbon sheet, galvanized carbon steel sheet, hot-rolled carbon steel bars and cold-formed carbon steel bars are materially injuring, or threatening to materially injure, a U.S. industry.

We presented questionnaires concerning the allegations to the government of Spain at its embassy in Washington, D.C. on February 19, 1982. On May 17, 1982, we received the responses to the questionnaires. Supplemental responses were subsequently recieved. Data that could not be considered in making our preliminary determinations have been considered in making our final determinations in these cases.

We found in our preliminary determinations (47 FR 38161) that the government of Spain was providing its manufacturers, producers or exporters of certain steel products, as described in the "Scope of the Investigations" section of this notice, with benefits which constitute subsidies. The programs preliminarily determined to bestow countervailable benefits were:

- Medium- and long-term preferential loans
- Short-term preferential loans (Privileged Circuit Exporter Credits, which are working-capital loans)
- Capital infusions

Scope of the Investigations

The products covered by these investigations are:

- Carbon steel structural shapes
- Hot-rolled carbon steel plate
- Cold-rolled carbon steel sheet
- Galvanized carbon steel sheet
- Hot-rolled carbon steel bars
- Cold-formed carbon steel bars

The products are fully described in Appendix 1 to this notice. The product definition of cold-formed carbon steel bars has been amended since the initiation of these investigations (47 FR 28121, 34609).

Empresa Nacional Siderurgica, S.A. (ENSIDESA); Altos Hornos Del Mediterraneo, S.A. (AHM); Altos Hornos De Vizcaya, S.A. (AHV); Jose Maria Aristrain, S.A. (Aristrain); Industrias Del Besos, S.A. (IDB); Pedro Orbegozo y Cia, S.A. ((Oregozo); Tuyper, S.A. (Tuyper); Hierros Madrid, S.A.; Aceros De Llodio, S.A.; Forjas y Aceros De Reinosa, S.A.; Forjas Alavesas, S.A. (FASA); S.A. Echevarria (Echevarria); and Babcock & Wilcox Espanola, S.A. are the only known producers and exporters in Spain of the subject products which were exported to the United States. The period for which we are measuring subsidization is the 1981 calendar year.

Analysis of Programs

In its responses, the government of Spain provided data for the applicable periods. Additionally, we received information from the following firms, which produced and exported to the United States the products under investigation:

Firms	Product
ENSIDESA	Carbon steel structural shapes, hot-rolled carbon steel plate, cold-rolled carbon steel sheet and galvanized carbon steel sheet.
AHM	Cold-rolled carbon steel sheet.
AHV	Galvanized carbon steel sheet.
Jose Maria Aristrain.	Carbon steel structural shapes.
Pedro Orbegozo.	Hot-rolled carbon steel bars and cold-formed carbon steel bars.
Industrias del Besos.	Hot-rolled carbon steel bars.
Tuyper	Cold-formed carbon steel bars.
Forjas Alavesas.	Hot-rolled carbon steel bars, cold-formed carbon steel bars.

FASA submitted its response subsequent to our preliminary determinations in these investigations. While Forjas y Aceros de Reinosa responded, it did not allow us to verify its response. The Department received no response from Echevarria but had information from this and other investigations that indicated that Echevarria specifically received significant countervailable benefits. We used this and subsequent information as the best information available to determine the subsidy on Echevarria's exports to the United States. In addition, we received no response from Hierros Madrid, S.A., Aceros de Llodio, S.A., and Babcock & Wilcox Espanola, S.A. Therefore, for these companies we are applying the highest subsidy rate for each product under these investigations.

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

Decree 669/74 of March 14, 1974 (Concerted Action)—This decree established the National Steel Industry Program, 1974–1982. To achieve the specific goals established by this program, the government authorized certain benefits for the integrated and non-integrated steel firms which included preferential loans and loan terms, accelerated amortization of non-liquid investments, substantial reduction of certain taxes, and expropriation of land for new plant construction.

Law 60/1978 of December 23, 1978—This law authorized government aid in the form of preferential loans and loan terms and capital infusions for the three integrated steel producers, ENSIDESA, AHM and AHV.

Royal Decree 878/1981 of May 8, 1981—This decree, also known as the Integral Iron and Steel Reconversion Plan, provided aid to the integrated steel producers in the form of preferential interest rates and terms on outstanding loans, new loans with preferential interest rates and terms, loan guarantees and capital infusions.

Reference will be made throughout this notice to a public holding company, the Instituto Nacional de Industria (INI). This company was created in 1941 as an autonomous government agency to promote and stimulate the industrial development of Spain. INI's responsibilities cover a variety of sectors ranging from basic services to basic industries such as iron and steel.

General principles applied by the Department of Commerce to the facts of these investigations are described in detail in Appendix 2. Unless otherwise noted, one subsidy rate is calculated for each company for all products under investigation produced by that company. Based upon our analysis of the petitions, responses to our questionnaires, our verification and oral and written comments by interested parties, we determine the following:

I. Programs Determined To Confer Subsidies

We determine that subsidies are being provided to manufacturers, producers, or exporters in Spain of the products under investigation under the programs listed below.

A. Preferential Loans

Petitioners alleged benefits which constitute subsidies in the form of preferential loans, loan terms and loan guarantees. The Department requested from each of the companies under investigation information on all loans outstanding during the period for which we are measuring subsidization. We note that a number of the loans applicable to the Spanish steel producers were authorized in 1981 by the government under Royal Decree 878/1981. Since loans made in 1981 would not usually have any payments due in 1981, we believe that the benefits conferred by such loans do not arise until 1982. If ITC's final injury determination is affirmative and a countervailing duty order is issued, these benefits will be examined during annual administrative reviews under section 751 of the Act.

1 *Medium- and Long-Term Preferential Loans.* Medium-term financing in Spain is from two to five years. Long-term financing is less prevalent and is currently for approximately ten years. Each of the companies under investigation reported medium- and long-term loans outstanding during the period for which we are measuring subsidization. We examined each loan reported to determine if the government was lending or had directed a bank to lend these funds to certain companies, sectors or regions in Spain at preferential rates or terms.

To calculate any subsidy on these loans, we used the loan methodology detailed in Appendix 2. In those cases where our methodology required a national commercial interest rate, we used as our benchmark, the average maximum interest rates published by the Banco de Espana for the year in which the loan was received. Where published, the appropriate monthly or quarterly rates were used. The only published information available to us for 1962–1969 was the fixed minimum rates established for that period by the government of Spain. From 1972–1977, rates were published for commercial and industrial banks. We used the industrial banks' maximum rate since these banks lent funds to industry and were the primary source of long-term money during this period. Commercial bank rates were used during all other time periods as industrial bank rates were not published.

Normally we would use a national average interest rate as the benchmark rate for loans made under the Concerted Action Program for the steel industry because the program is available to all steel companies. In these investigations, however, we considered the benchmark to be the private commercial experience of the individual companies, due to the long-term nature of the program and the widely varying degrees of participation in this program. Where comparable and contemporaneous loans from private commercial sources were not available, we used as best information available the national average commercial rate discussed previously.

The majority of loans reported by the responding Spanish firms contained provisions for deferred principal repayments. We verified that loans made at preferential interest rates to these companies and loans made at commercial rates within and outside of Spain contained similar deferral provisions. Therefore, for purposes of these final determinations, we are not treating deferred principal repayments as a countervailable benefit.

In our preliminary determinations, we treated loans guaranteed or directed by INI as having been guaranteed or mandated by the government of Spain. Our preliminary determinations did not change in this respect.

A discussion of our treatment of these loans by company follows:

1. ENSIDESA. As stated in our preliminary determinations, petitioners alleged that ENSIDESA is uncreditworthy. We had treated ENSIDESA as creditworthy for our preliminary determinations because it had reported many loans from private commercial sources. We reconsidered our preliminary determination that ENSIDESA is creditworthy because at verification we learned that many of these loans are guaranteed by INI.

Prior to 1979, ENSIDESA had obtained a considerable portion of its financing from private commercial sources. From 1979–1981, ENSIDESA primarily received government or government guaranteed credit. Some commercial credit did exist during this time period but the loan amounts were insignificant when compared to ENSIDESA's borrowings in general. The loans that did exist consisted principally of short- and medium-term credits or credits that had been renewed for a number of years.

We know that ENSIDESA has lost money consistently in recent years, losing 763 million pesetas in 1975, 663 million pesetas in 1976, 10,902 million pesetas in 1977, 12,214 million pesetas in 1978, 7,661 million pesetas in 1979, 15,625 million pesetas in 1980 and 20,870 million pesetas in 1981.

We also examined several standard financial ratios. These ratios indicated an uncreditworthy situation. The key ratios in which ENSIDESA exhibited unhealthy financial behavior in the years 1977 through 1981 are times interest earned (operating income divided by interest charges), and net income as a present of sales and cash flow.

We also considered the government's intervention in ENSIDESA in 1978 and again in 1981 with Law 60/1978 and Royal Decree 878/1981 described above. Under these measures the government purchased capital in ENSIDESA and provided it funds to finance investments or working capital.

Given the government's heavy involvement in ENSIDESA by 1979, increasing losses and the continuing deterioration of the company's financial position, we determine for purposes of these investigations that ENSIDESA has been uncreditworthy since 1979. Having decided to consider ENSIDESA uncreditworthy, loans and loan guarantees issued or directed by the government of Spain during the period of uncreditworthiness are treated essentially as equity investments for the reasons described in Appendix 2. Using the equity methodology described in Appendix 2, we compared the national rate of return on equity in Spain to the rate realized by ENSIDESA. To prevent countervailing a higher subisdy amount than if the loan had been an outright grant to the company, we limited the 1981 benefit under this methodology to the result that would be found if the loans were treated as grants under the grant methodology discussed in Appendix 2.

ENSIDESA also received benefits from several types of preferential loans in the years we consider it creditworthy. ENSIDESA's loans were from INI, and domestic and foreign banks. ENSIDESA is approximately 95 percent owned by INI. INI, as mentioned previously, is a public agency of the government of Spain. We consider funds from INI to represent money from the Spanish government. Loans from domestic banks included Banco Credito Industrial (BCI), a government credit institution which issues loans directed by the government to the Spanish steel industry. Among the loans from foreign and domestic banks were those carrying INI guarantees. In creditworthy years we consider

payment of this guarantee fee to be part of ENSIDESA's cost of debt. We found a subsidy flowing from these loans when the interest rate was less than the benchmark interest rate. Generally we did not have comparable loans to ENSIDESA from private commercial sources. Therefore, we used as the best information available the national average commercial interest rate discussed previously. In those instances where we did not know the month in which a loan was obtained, the highest quarterly interest rate prevalent in that year was used. For loans in 1962 and 1963 for which we did not have benchmark interest rates, we used as best information available the interest rate in 1964.

Multiple disbursements from a single loan were treated as individual loans. In such cases we used as the benchmark the commercial interest rate at the time of the disbursement.

Two other categories of loans were not countervailed: (a) Loans of ENSIDESA which reportedly carried no INI or government guarantee and were not the result of a government mandate; and (b) loans from non-Spanish official lending institutions (e.g. U.S. Export-Import Bank) which were guaranteed by INI. Such guarantees are commonly required by Ex-Im type institutions as a condition of this type of lending activity, and therefore the provision of a guarantee by INI does not confer a benefit in connection with these types of loans.

The countervailable benefit from each loan was allocated over the total sales value of steel production of the company. We determine that the *ad valorem* subsidy for preferential medium- and long-term loans to ENSIDESA is 6.26 percent.

2. Altos Hornos del Mediterraneo, S.A. (AHM). As stated in our preliminary determinations, petitioners alleged that AHM was uncreditworthy. We indicated that the firm had incurred significant losses ranging from approximately twenty-five to forty-nine percent of sales in each year since 1977. In addition, cash flow has been negative and certain significant financial ratios indicate an uncreditworthy situation since 1977. AHM had not identified any loans from private commercial sources in the data submitted. We also considered that during this period of large financial losses, the government of Spain purchased equity in AHM. The government of Spain acquired a significant percentage of the company in 1978. In 1979, the government purchased the remainder of the company. While government ownership is not in itself indicative of uncreditworthiness, its growing equity participation in the absence of similar investments from private sources is an indication of the company's difficulty in acquisition of capital. On the basis of this information, we decided for purposes of the preliminary determinations to consider AHM uncreditworthy since 1977.

At verification we learned that since 1977 AHM obtained supplier credits and private commercial loans without government affiliation only in 1979. Since the risk involved and the basis for giving supplier credits is qualitatively different than for long-term loans, we did not interpret the presence of supplier credits as an indication of creditworthiness. The remaining loans were solely medium-term loans, used principally to make interest payments on previously issued company bonds. Given the heavy involvement of the Spanish government in this firm and its unhealthy financial status since 1977, the Department does not consider these medium-term loans sufficent proof that AHM was creditworthy in 1979.

This determination is consistent with our final determinations in the recent countervailing duty investigations of certain steel products, which were published in August 1982 (beginning at 47 FR 39304). In the instant case, the small generation of private loans since 1977 is outweighed by other factors. Therefore, for these final determinations we continue to consider AHM uncreditworthy during the period 1977 through 1981. Because we consider AHM to have been uncreditworthy, loans and loan guarantees issued or directed by the government of Spain during the period of uncreditworthiness are treated essentially as equity investments using the methodology for loans to uncreditworthy companies in Appendix 2.

AHM reported obtaining a loan from BCI and three loans from other banks under the auspices of government programs prior to the period during which we consider it uncreditworthy. We treated as individual loans the three disbursements that were made on the BCI loan. Only one disbursement occurred during AHM's period of creditworthiness. We did not have similar and contemporaneous loans to AHM from private commercial sources. As best information available, we used the national average commercial interest rate as our benchmark interest rate. We used the methodology for creditworthy companies described in Appendix 2 to calculate the subsidy flowing from the BCI disbursement and the three loans from other banks.

The countervailable benefit from each loan was allocated over the total sales value of steel production of the company. We determine that the *ad valorem* subsidy for preferential medium- and long-term loans to AHM is 11.10 percent.

3. Altos Hornos de Vizcaya, S.A. (AHV). Petitioners alleged that AHV is uncreditworthy. We treated AHV as creditworthy for our preliminary determinations because it had reported loans from private commercial sources.

Certain significant financial ratios suggest an uncreditworthy situation and indicate that the health of the company has been consistently declining since 1977. We have found that since and including 1977 AHV has incurred significant losses in net income ranging from approximately seven to twenty-one percent of sales. Also AHV experienced significant negative cash flows in each year since 1977, the cumulative effect of which is twenty-three billion pesetas over the five years. Prior to 1979, AHV had obtained a significant portion of its loans from private commercial sources. These loans did not result from an INI or government of Spain mandate or appear to be otherwise subsidized. From 1979 through 1981, however, AHV received significant government credit: Over 10 billion pesetas in 1979 as a result of the 1978 reconversion law, and over 30 billion pesetas in 1981 due to Royal Decree 878/1981 described above. Some private commercial credit did exist, but none of this credit was long term and given the significant involvement of the Spanish government in this firm and its unhealthy financial status, we do not consider the commercial loans that did exist to be sufficient proof of AHV's creditworthiness. In light of these findings we consider AHV to have been uncreditworthy since 1979. We are using the methodology for loans to uncreditworthy companies described in Appendix 2 to determine any subsidies to AHV from loans during its uncreditworthy period.

AHV also reported outstanding medium-and long-term loans that were obtained prior to the years in which it is considered uncreditworthy. These included loans that the government had specifically issued to AHV or directed to the steel industry.

Two of these loans were from a government credit institution and were given at zero percent interest. AHV also reported a loan received in 1975 under the Concerted Action Program for the steel industry. In addition, there were several loans from BCI.

We found a subsidy flowing from these loans when the interest rate was less than our benchmark interest rate. We found no comparable commercial

loans during this time period for AHV. Therefore, we used as best information available the national commercial loan rate.

The normal deferral period on the few private commercial loans obtained by AHV, at approximately the same time as the preferential loans, is about three years. AHV reported deferrals of one year on some of the preferential loans under discussion. We considered this deferral not to be a countervailable benefit.

For the preliminary determinations we did not have sufficient information on three loans to determine if they were preferential, because AHV did not provide the original loan amount, issuance date, loan length or interest rate. We obtained this information during verification and concluded they were preferential.

We did not have benchmark interest rates for the preferential loans in the period 1959 to 1963. We used as best information available the interest rate on bonds issued by AHV in the year or within one year of the date of each of these loans.

We also found a number of loans that were not countervailable. These were loans from private commercial sources reported by the company as not having resulted from a government act or bearing a government guarantee.

The countervailable benefit from each loan were allocated over the total sales value of steel production of the company. We determine that the *ad valorem* subsidy for preferential medium- and long-term loans to AHV is 3.01 percent.

4. Aristrain. Aristrain had only one long-term loan outstanding during the period for which we are measuring subsidization. This loan was from BCI. We used the methodology for loans to creditworthy companies to calculate the subsidy.

The countervailable benefit from this loan was allocated over the total sales value of steel production of the company. We determine that the *ad valorem T1 subsidy to Aristrain for this preferential long-term loan is 0.11 percent.*

5. IDB. IDB reported long-term loans outstandin during the period for which we are measuring subsidization. These loans were from BCI. We used the methodology for loans to creditworthy companies to calculate the subsidy.

The countervailable benefit from this loan was allocated over the total sales value of steel production of the company. We determine that the *ad valorem* subsidy to IDB for preferential long-term loans is 0.06 percent.

6. Orbegozo. POC entered into receivership on September 29, 1980. This effectively suspended payments of principal and interest on all debt of the company. In October 1982, a receivership referee submitted to the court a plan recommending how POC should proceed. A decision is not expected on this plan until February, 1983. The pre-receivership debt consisted primarily of bank loans and loans from suppliers. The bank loans were comprised of normal short- and long-term commercial credits including privileged circuit working-capital loans and loans from BCI. Post-receivership debt consists primarily of credit from suppliers.

In limited cases such as this, where the court has specifically recognized a company's receivership, we find the benefits associted with loans incorporated in the receivership debt cease to exist. As no preferential loans were found in the post-receivership period, we have determined that POC is not receiving benefits from loans during the period for which we are measuring subsidization.

7. Tuyper. Tuyper reported outstanding loans during the period for which we are measuring subsidization. Two loans were obtained from BCI. We used the methodology for loans to creditworthy companies to calculate the subsidy.

Any countervailable benefits from these loans were allocated over the total sales value of steel production of the company. We determine that the *ad valorem* subsidy to Tuyper for preferential long-term loans is 0.03 percent.

8. FASA. FASA reported loans outstanding during the period for which we are measuring subsidization. They included loans from BCI, two of which were obtained under the concerted Action Program for the steel industry. We found a subsidy flowing from these loans when the interest rates were less than the benchmark rate discussed earlier. Multiple disbursements were made under both of these loans. Each disbursement was treated as a separate loan for purposes of these determinations.

The countervailable benefit from this loan was allocated over the total sales value of steel production of the company. We determine that the *ad valorem* subsidy to FASA for its preferential medium- and long-term loans is 0.21 percent.

9. Echevarria. Echevarria did not respond to our questionnaire but was identified by the government of Spain as a producer and exporter of the products under investigation. In our preliminary determinations, we applied to it the subsidy rates for all other manufacturers, producers or exporters of the investigated certain steel products. However, in the Department's concurrent investigations involving certain stainless steel products from Spain, we have information (which we quantified) on certain benefits directed to Echevarria by the Spanish government. We considered this information to be the best available information in these investigations as well. As these benefits were not attributed to specific products, we are using this quantification in these final determinations as the best available information on the benefits received by this firm.

Therefore, we determine that the *ad valorem* subsidy for these loans to Echevarria is 11.48 percent.

2. *Short-term Preferential Loans.* In Spain short-term borrowing is for any period up to 18 months. The only short-term borrowing reported by the companies under investigation was that obtained under the Privileged circuit Exporter Credits.

The government of Spain requires all Spanish commercial banks to maintain a specific percentage of their lendable funds in privileged circuit accounts. These funds are made available to exporters at preferential interest rates through a variety of credit programs. While there is no direct outlay of government funds, the benefits conferred on the companies are the result of a government-mandated program to promote exports. Of the four privileged circuit programs identified in the notice of initiation, we determine that certain steel producers benefited from one, the working-capital loans program.

Under the privileged circuit program, firms may obtain working-capital loans for less than one year, the total of which is not to exceed a specified percentage of their previous year's exports. In 1981 this percentage for firms without exporter's cards was 20 percent until November, when it was decreased to 18 percent. For firms with government-issued exporter's cards, the applicable rates were 30 percent before November and 24 percent thereafter. On April 14, 1982, the percentage was further reduced to 22.5 percent for firms with exporter's cards and to 15 percent for firms without such cards. All respondents in these investigations have exporter's cards.

In 1981, the privileged circuit working-capital loan interest rate ceiling mandated by the government was 10 percent, including fees and

commissions. Working-capital loans are available throughout Spain to all exporters meeting eligibility requirements. In such instances we calculated the subsidy by comparing the preferential interest rate with the national average commercial interest rate on loans with similar terms and conditions.

The loans obtained by the manufacturers, producers, and exporters in Spain of the products under investigation were approximately one year in length. We determined that for June through December, 1981, the period when most firms received their working-capital loans, the average prime interest rate was 16.94 percent for loans of approximately one year and that the average borrower paid 2 percentage points over the prime rate for loans of this type. As the 10 percent working-capital loan rate includes fees and commissions, we also made an addition of 0.5 percent to the commercial rate, which by Spanish law is the maximum allowable charge for fees and commissions. Based on this data we determined the national average commercial interest rate to average borrowers to be 19.44 percent for one-year loans, including fees and commissions.

To determine the benefit, the interest differential of 9.44 percent was applied to the total privileged circuit working-capital loans of producers exporting the subject merchandise to the United States in 1981. The total working-capital loan figure for 1981was comprised of the actual loans received by ENSIDESA, AHM, AHV, Aristrain, Tuyper, IDB, and FASA. While Orbegozo had used the program in the past, it had not obtained privileged circuit working-capital loans as recently as calendar year 1981. Forjas y Aceros de Reinosa indicated participation in the program, but did not give us enough information to calculate a rate. Therefore, we are not including it. The total working-capital loan figure was prorated over the sales values of all exports of these seven companies in 1981 to arrive at an *ad valorem* subsidy to certain steel products,with the exception of Orbegozo, of 1.53 percent.

As mentioned earlier, Orbegozo is in receivership. We consider any benefits associated with pre-receivership privileged circuit working-capital loans to have been lost when the loans were incorporated into Orbegozo's receivership debt. However, Orbegozo received these benefits in the past and if its financial condition improves, Orbegozo could again qualify for and obtain benefits under this program in the futuew. For that reason, Orbegozo is not being excluded from the final determinations in these investigations.

B. Capital Infusions

The petitioners allege that the integrated steel companies have received equity infusions from the government of Spain under Law 60/1978 and Decree 878/1981.

A discussion of these capital infusions on a company-by-company basis follows:

1. *ENSIDESA.* INI purchased new stock issuances of ENSIDESA in 1979 and 1981. We do not consider such equity infusions by the government or its agencies to be subsidies *per se*. They are subsidies only when the investments are made on terms inconsistent with commercial considerations. As discussed earlier, ENSIDESA has recorded significant and persistent losses in each year since 1977. Where such losses exist, and other financial indicators are such as to discourage normal commercial investors, we treat equity infusions as potentially giving rise to a subsidy on the subject merchandise.

We have further determined that these equity infusions in 1979 and 1981 were available to cover losses and thus we expensed, in the year it was received, the amount of the subsidy that was used to cover losses of the previous year (See Appendix 2). This subsidy is equal to the difference between the market price and the government's purchase price of the equity. Since ENSIDESA's stock is traded on the stock market, we obtained the average stock price of the company prior to the time of INI's purchases. We then compared the market price of the new stock issued to the government with the actual value to the company of the government's equity purchases. If the actual value was greater than the market value, we found the difference to be a subsidy. We used the market price for ENSIDESA's stock as our comparison because the stock was traded on the Spanish stock exchange and our countervailing duty law indicates a strong presumption for using market-based methods of value.

The equity infusions in 1979 exceeded ENSIDESA's cash-based losses. We treated the excess as a grant and allocated it over 15 years, the average useful life of capital assets in steel mills. While the 1981 entire stock issuance by ENSIDESA was subscribed by INI, we included in this determination only those shares paid for by INI in that year. This portion of the equity infusion was less than 1980 cash-based losses and was entirely expensed in 1981, the year it was received.

We allocated the 1981 portions of these equity infusions in ENSIDESA over its total sales value of steel production to arrive at an *ad valorem* subsidy of 2.33 percent.

2. *AHM.* AHM is owned entirely by INI. As stated earlier, these shareholdings were obtained during a period when AHM was experiencing significant and persistent losses. We treated these infusions as potentially giving rise to a subsidy on the subject merchandise because these equity purchases were made on terms inconsistent with commercial considerations at the time of purchase.

AHM's stock has never been traded on the market. We review the return the government received on its equity investments where, as in this case, there is no market price. To the extent that in any year the government's rate of return on its investment is less than the average rate of return on equity investments in Spain in that year, its equity infusion is a subsidy.

AHM issued 12 billion pesetas worth of new shares of stock in 1978. INI bought 4 billion pesetas worth of stock and private stockholders bought 8 billion pesetas, increasing its ownership from zero percent in 1977 to 33.3 percent in 1978. In 1979, INI bought the existing 8 billion pesetas of stock from private shareholders, which they had just purchased in 1978, as well as all other privately held stock, which was of marginal value. Private shareholdings in the company dropped from 66.6 percent in 1978 to zero in 1979. Government shareholdings increased in 1979 to 100 percent. Any benefit from the price INI paid for the 1979 purchase of stock from private shareholders would be passed to these shareholders and not to AHM. Therefore, we did not treat this purchase as potentially giving rise to a subsidy on the subject merchandise.

In 1980, INI owned 100 percent of AHM. New issuances of stock in that year were purchased entirely by INI. While INI subscribed to six billion pesetas worth of stock, it only paid 2.79 billion pesetas of this amount in 1980. The remaining 3.21 billion was paid in 1981.

Royal Decree 878/1981 authorizes INI to purchase 8.0 billion pesetas of stock from AHM in 1981. At verification we learned that INI subscribed to nine billion pesetas worth of new stock in 1981. INI paid, however, only three billion pesetas of this amount, the remainder to be due later. Therefore, the amount AHM actually received from INI in 1981 from sales of stock was 6.21 billion pesetas. For these final determinations, we are including in our

analysis only the amount paid for equity purchases in AHM.

To determine if the government's investments gave rise to a subsidy on the merchandise under investigation, we compared the rate of return the government received on its investment in AHM with the average rate of return on equity investments in Spain in 1981. We used earnings yield as the nationwide benchmark for return on equity. Since the government's return from its holdings in AHM was less than the average return for the country as a whole, we treated these equity purchases as subsidies.

We have further determined that these equity infusions were used to cover AHM's cash-based losses. The equity infusion in 1980 was exceeded by AHM's cash-based losses in 1979, and was entirely expensed in the year it was received. The equity infusion in 1978 and 1981 exceeded AHM's losses in 1977 and 1980 respectively. We treated these excess infusions as grants and allocated them over 15 years using the methodology for grants in Appendix 2.

We allocated the amount of the equity investments in AHM received in 1981 and its excess capital infusions in 1978 over its total sales value of steel production to arrive at an *ad valorem* subsidy of 25.62 percent.

3. *AHV.* At verification we learned that INI purchased 0.925 percent of AHV's stock in 1981. This is the only stock of AHV held by any government agency. INI bought this stock not from AHV but from private shareholders. AHV does not own any of its own stock and has not issued any new shares since 1979. Since AHV did not receive any funds as a result of this transaction, we determine that there is no subsidy.

Therefore, we determine that AHV has not received subsidies as a result of government equity infusions.

C. Grants

1. *Orbegozo.* At verification, we learned that Orbegozo had received funds from Aceriales, the specialty steel association. Aceriales is comprised of representatives of the specialty steel industry and the government. Through the end of 1981, virtually all of Aceriales' funds came from the Spanish central or Basque regional governments. Aceriales' disbursement to Orbegozo took the form of an untied cash grant and was intended to maintain Orbegozo until a reconversion plan could be implemented. We find this grant to be a subsidy. We further determined that this grant was available to cover the losses of the previous year, and thus we expensed it in the year it was received. (See Appendix 2)

2. *Echevarria.* In its investigations concerning certain stainless steel products from Spain as previously mentioned, the Department has information which it quantified on certain benefits directed to Echevarria by the Spanish government. These benefits included untied cash grants from Aceriales. As these benefits were not attributed to specific products, we are using this quantification in these final determinations as the best available information on the benefits received by this firm.

Therefore, we determine that the *ad valorem* subsidy for these grants to Echevarria is 2.07 percent.

II. Programs Determined Not To Confer Subsidies

We determined that subsidies are not being provided to manufacturers, producers, or exporters in Spain of the products under investigation, under the following programs.

A. Desgravacion Fiscal a la Exportacion (DFE)

Spain employs a cascading tax system. A turnover tax (IGTE) is levied on each sale of a product through its various stages of production, up to (but not including) the ultimate sale at the retail level. The DFE is the mechanism used in Spain for the rebate of these accumulated taxes (hereafter referred to as "indirect taxes") upon exportation of that product. In calculating the DFE payments to be rebated to exporters, the Spanish used an input-output table of the economy that estimated indirect tax incidences on a sectoral basis. This is the basis for a schedule of border taxes (ICGI) designed to subject imported goods to a tax burden equivalent to that borne by an identical or similar item produced in Spain. The DFE is tied by law to the level of the ICGI.

To demonstrate the indirect tax incidence on each product under investigation, the government of Spain provided a "structure of cost" analysis of each product. This identified inputs incorporated into each product, the percentage each input comprised of the export price of each product, and the indirect tax incidence burdening each input. The "structure of cost" indicated that billets, the major input physically incorporated into hot-rolled carbon steel bars, accounted for approximately 79 percent of the export price of the product. For cold-formed carbon steel bars, the physically incorporated input of hot-rolled bars comprised approximately 69 percent of its export price. Blooms and slabs, the major inputs in structural shapes and hot-rolled carbon steel plate, accounted for approximately 66 percent and 80 percent respectively, of these investigated products' export prices. Reduced coils and zinc slabs represented approximately 85 percent of the export price of galvanized carbon steel sheet. The major input identified in cold-rolled carbon steel sheet was hot-rolled coils accounting for approximately 85 percent of its export price. The remaining factors in the cost of producing each of the subject products were not identified in the "structure of cost" and, therefore, were not considered in calculating of the total indirect tax incidence of items physically incorporated into the production of these products. We verified the inputs and their relationships to the export price of the finished product from each company's production records. Our verification of these figures indicated that the government of Spain's "structure of cost" inputs and percentages reasonably represented the investigated companies' actual experience.

Based on the 1980 IGTE tax rate of 2.4 percent, the total indirect tax burden (including two final stage taxes) in 1980 on each product under investigation was 10.31 percent for carbon steel structural shapes, 12.28 percent for hot-rolled carbon steel plate, 13.47 percent for galvanized carbon steel sheet, 12.19 percent on hot-rolled carbon steel bars, 11.32 percent on cold-formed carbon bars and 14.07 percent on cold-rolled carbon steel sheet. The DFE rate in 1980 did constitute an overrebate of indirect taxes because the DFE rebate for each product was 14.5 percent.

However, in January 1981, the government of Spain increased the IGTE rate by 58 percent to 3.8 percent; and in January 1982, further increased the IGTE to 4.6 percent. As a result of these increases in the tax rate, the indirect tax burden on each product exceeds the 14.5 percent DFE rate and the overrebate is eliminated. Therefore, we determine that the current DFE rebate of 14.5 percent is less than the indirect tax burden currently borne by each product under investigation and thus, in these cases, the DFE does not confer a subsidy.

B. Amendment of Annual Finance Investment Plans

The government of Spain allowed ENSIDESA and AHM to obtain additional loans by permitting amendments to the companies' annual finance plans. This, in itself, is not a subsidy. Benefits that result from the loans this amendment made possible are dealt with in the manner described in the loans section of this notice.

C. Research and Development (R&D) Incentives

Firms located in Spain may receive government loans covering up to 50 percent of the cost of R & D projects. Up to 90 percent of the government's share may be forgiven. The remaining 10 percent is treated as an interest-free loan. Earlier projects received interest-free loans for a maximum of 50 percent of the cost of the project without the grant feature. We have determined that ENSIDESA, AHV, and Echevarria were part of a consortium which recived a R & D loan in 1974. ENSIDESA received additional assistance for a three-year project in 1981. We verified that this funding is not awarded on a regional or industry-specific basis. In view of the general availability of this assistance on equal terms, we do not consider participation in the program to convey a subsidy under the Act.

D. Export Credit Insurance

The Compania Espanola de Seguros de Credito a la Exportacion, S.A. (CESCE), 51 percent of which is owned by the government of Spain, provides export insurance to cover commercial and political risks, exchange rate fluctuations and inflation risks. No other insurance company provides similar coverage in Spain. Only Aristrain used CESCE insurance on certain of its shipments to the United States. In our preliminary determinations we stated that we did not have sufficient information about CESCE to evaluate its operations.

The government owns a majority of CESCE's stock and holds six of fourteen seats on CESCE's Board of Directors. CESCE receives no funds from the government. According to CESCE's recent annual report, its insurance premiums cover the long-term costs of the insurance program. Therefore, we determine that respondent's use of CESCE export insurance is not a subsidy.

E. Deferral of Tax and Social Security Debt

In our preliminary determinations we stated that Decree 878/1981 permits the integrated steel producers to defer payment of the tax debt the companies have with the public Treasury and Social Security. At verification we learned that this is not the case. The authority for deferrals is general legislation. Such deferrals are available on equal terms to all firms in Spain. The Royal Decree discourages the integrated steel producers from using this general legislation. The Decree states that as a condition to obtaining the benefits contained in the Decree, the integrated steel companies must pay all new amounts due the Public Treasury and Social Security. We have consequently determined that the Spanish steel producers did not receive a countervailable benefit from their deferrals of these debts.

F. Financial Assistance in Reduction of Labor Force

Certain workers who retire as a result of the reconversion of the steel industry are eligible for assistance under the general Social Security System in Spain. In our preliminary determinations, we stated that Decree 878/1981 indicates that fifty percent of the financing for this assistance will be borne by the affected company and fifty percent will come from the Investment Plan for Labor Protection. We learned at verification that this is not the case. This Decree gives workers between the ages of 60 and 65 the option of working or retiring. Employees electing to retire receive until age 65 compensation equivalent to the salary they would have received from the company had they continued working. The company must pay the difference between the employee's pension amount and the employee's salary. In addition, social security payments must continue to be made on the employee. The company is responsible for one-half of this amount. The second half, normally paid by the employee, is paid by the government through the Investment Plan for Labor Protection. Any benefit from this arrangement passes to the retiree and not the steel company. Therefore, we have determined that this assistance does not give rise to a subsidy on the subject merchandise.

III. Programs Determined Not To Be Used

We have determined that the following programs which were identified in the notice of "Initiation of Countervailing Duty Investigations of Certain Steel Products from Spain" are not used by the manufacturers, producers, or exporters in Spain of the products under investigation.

A. Certain Privileged Circuit Exporter Credits

Privileged Circuit Exporter Credits were discussed in general previously in this notice. One program, working-capital loans, has been determined to provide subsidies to manufacturers, producers or exporters of the products under investigation. The three remaining privileged circuit programs identified in our notice of initiation were not utilized. They are:

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

B. Warehouse Construction Loans

Exporters desiring to construct warehouse facilities adjacent to loading zones may borrow 70–75 percent of the total investment. Respondents state they received no loans under this program. Our verification of company records and loan documents corroborates this statement.

C. Regional Investment Incentive Programs

The government of Spain, as well as regional and municipal authorities, provides investment incentive programs which vary according to the region of the country. We have determined that none of the steel companies in these investigations has participated in these regional programs.

D. Accelerated Depreciation and Reduction in Taxes

Decree 669/74 permits the steel industry to employ accelerated depreciation of non-liquid investments and to obtain a substantial reduction in certain taxes. At verification we found no evidence of these allegations.

IV. Petitioners' Comments

Comment 1

Petitioners argue that ENSIDESA's and AHV's financial conditions demonstrate that these companies are uncreditworthy.

DOC Position

We find ENSIDESA and AHV uncreditworthy for the reasons described under the section for these companies in the part of this notice entitled "Preferential Loans."

Comment 2

The petitioners state that we should include cold-rolled sheet in our determination of critical circumstances, since imports of this product were very high from the third quarter of 1981 through the second quarter of 1982.

DOC Position

Recent import tonnage levels are only one of the factors we consider in determining whether there is a reasonable basis to believe or suspect that there have been massive imports over a relatively short period. We also consider the following: recent import penetration levels; changes in import penetration levels; whether recent imports are significantly above the average calculated over the last 3½-year

(January 1979–August 1982); and whether the pattern of imports over that 3½ years period may be explained by seasonal swings. Based upon our consideration, we have determined that in the context of the steel industry, imports of cold-rolled carbon steel sheet from Spain do not appear massive over a relatively short period (March through August).

Comment 5

The petitioners note in their posthearing brief that the government of Spain may have provided new subsidies to the integrated steel industry during 1981–1983.

DOC Position

If countervailing duty orders are eventually issued, these benefits will be examined during annual administrative reviews under section 751 of the Act.

Comment 6

The petitioners state that we should change our methodology so that we may countervail loans received in 1981. If countervailing duty orders are issued, petitioners state that the benefit from these 1981 loans will not be ascertained until sometime in the future. Petitioners argue that this is an unjustifiably long delay.

DOC Position

Most of the loans made in 1981 do not have any payments made in 1981. Consequently, we believe that the benefits conferred by such loans do not arise until 1982. If countervailing duties orders are issued in these investigations, these benefits will be examined during annual administrative reviews under section 751 of the Act. In that case, additional duties would be collected on subsequent shipments to the extent that the net subsidies determined during the annual review are greater than the countervailing duties under the order.

Comment 7

The petitioners allege that when companies become delinquent on their social security and tax bills, this delay in payment acts as a subsidy.

DOC Position

The government of Spain penalizes companies which are delinquent in their payments of taxes. There is no moratorium or forgiveness of the debt. This is standard policy applicable to all Spanish industries, steel included. Therefore no subsidy exists.

Comment 8

The petitioners state that the Spanish steel companies receive reductions in certain taxes and can accelerate depreciation.

DOC Position

We found no evidence that the Spanish steel producers took advantage of these benefits.

Comment 9

The petitioners state that the government of Spain, in order to decrease the number of workers, gives incentives to the steel companies so that they will allow workers to take early retirement.

DOC Position

Any benefits from early retirement are passed on to the employee, not the steel company. (For a more detailed discussion of this program, see the section entitled "Financial Assistance in Reduction of Labor Force" under "Programs Determined Not To Confer Subsidies.")

Comment 10

Counsel for petitioners argues that the DFE is a subsidy under section 771(5) and item (g) of Annex A to the Subsidies Code and may not be offset by the indirect taxes paid. They further argue that the legislative history of the Act did not intend for tax systems such as the Spanish cascade system to be brought under the administrative practice of finding that the non-excessive remission of indirect taxes is not a subsidy.

DOC Position

The Department addressed this issue in detail in the *Final Affirmative Countervailing Duty Determination—Prestressed Concrete Steel Wire Strand from Spain (47 FR 28723).* The Department does not consider the non-excessive rebate of indirect taxes to be a subsidy. The Court of International Trade upheld the Department's position on this matter in *Industrial Fasteners Group American Importers Association v. United States,* 2 CIT ———, slip. Op. 81–99, October 29, 1981. Therefore, the use of offsets is not an issue here. The Department notes further that the non-excessive remission of cascading taxes is specifically provided for in Item h of the Illustrative List of Export Subsidies and that this list, which is an annex to the Agreement on Interpretation and Application of Articles VI, XVI, and XXIII of the General Agreement on Tariffs and Trade, is incorporated by reference in our countervailing duty laws.

Comment 11

Counsel argues that the amount of IGTE tax burden borne by a product does not depend on the number of components physically incorporated in the product, but rather on the number of stages of turnover that the inputs went through before being assembled into a product. The data obtained from input-output tables does not reflect the definitive turnovers that require the payment of tax; therefore, the tables produce only imprecise estimates of the actual tax burden on products.

DOC Position

The methodology has been reviewed by the Chief Economist in Import Administration who has concluded that proper techniques were applied to make a reasonable estimate of the indirect tax incidence borne by the products and linked to the rebate. We believe that the input-output study reasonably estimates the average number of turnovers in the Spanish economy, including the steel industry.

Comment 12

Counsel for petitioners argues that the input-output tables are outdated.

DOC Position

The data base for the calculation of the rebates is the current-dollar, value-based coefficients of industry input relative to total industry input in 1958. These coefficients are subject to change as the technical structure of production and prices of unit inputs shift over time. We have accepted the data base and methodology used by the Spanish in estimating the tax rebate associated with the DFE. In addition, we believe that since price changes, productivity increases, technical changes in the production function and industry substitutions of inputs and outputs have a long-term tendency to compensate for each other, on the average, any additional precision that would be obtained from using more recent values and coefficients would have only a *de minimis* effect on that calculation.

Comment 13

Counsel argues that the ICGI rates are not meant to subject imported goods to a tax burden equivalent to that borne by an identical or similar item produced in Spain but rather serve to act as a Customs tariff. They cite examples in which, for similar products, the ICGI more closely corresponds to the Customs tariff than the DFE.

DOC Position A-64

We believe that the examples given by counsel are exceptions in a system which by and large operates as described earlier in this notice.

Governments often decide for policy reasons to impose a border tax which is not necessarily in the full amount of the internal tax burden of a particular product.

Comment 14

Counsel questions why the Spanish have not increased the ICGI and DFE to correspond to increases in the IGTE taxes in 1981 and again in 1982.

DOC Position

We accept the explanation of Spanish officials that the IGTE increases are part of their plan to convert to a value-added tax system. Adjustments to the existing system are not part of this plan and would be a burden administratively. While the indirect taxes have increased, neither Commerce nor Treasury before it has ever taken the position that a tax rebate must be at least as much as the tax incidence.

Comment 15

Counsel for petitioners alleges that the physically incorporated inputs presented by the Spanish in the "structure of cost" for each product under investigation do not reflect the level of inputs appropriate to determine the indirect taxes borne by the final product. Counsel argues that a lower level of physically incorporated inputs than those presented in the structure of cost by the Spanish should be used to calculate the indirect tax incidence for the integrated steel producers.

DOC Position

In considering which factors of production failed to satisfy the directly related test, only those final stage inputs which were not physically incorporated in the exported products are disallowed. This is consistent with past practice in this area when it was determined that to apply the test to any previous stage would create insurmountable administrative difficulties. We did not use a lower level of physically incorporated inputs than those presented by the Spanish in the "structure of costs" because we consider those inputs to be final stage inputs physically incorporated into the investigated products.

Comment 16

Counsel for petitioners states that subsidies from preferential loans are understated because we have inconsistently considered the time value of money in our calculations. Counsel suggests that in our methodology we ignored the time value of money when we allocated the present value of the subsidy back over time.

DOC Position

While it may not be clear from our notice of preliminary determinations in these cases, we did consider the time value of money when we reallocated the present value of loan benefits back over the life of the loan in question. Our methodology in the preliminary determinations has not changed in this respect.

V. Respondents' Comments

Comment 1

Counsel for the respondents states that AHM should be considered creditworthy since 1978 because it sold stock to private shareholders in 1978. Counsel also argues that several of the companies whose creditworthiness is in question have obtained private loans in this recent period of losses, which shows that they are worthy of credit.

DOC Position

We find AHM, ENSIDESA and AHV uncreditworthy for the years and reasons described under the section for these companies in the part of this notice entitled "Preferential loans."

Comment 2

Counsel for respondents states that capital received by them from the government does not constitute a countervailable benefit. He reasons that the Spanish government in the mid 1970's suppressed prices and the steel companies consequently lost money. Now, it argued, the government is making up for the losses that it caused the industry earlier.

DOC Position

Domestic subsidies are countervailable where they are "provided or required by government action to a specific enterprise or industry or group of enterprises or industries." The statute does not permit us to offset a subsidy even though the government claims it was given to compensate for some regional or other disadvantage.

Comment 3

Counsel for respondents argues that the benchmark interest rates used in the preliminary determinations are extraordinarily high so that banks may recover operating losses incurred when they participate in statutorily mandated, public interest investment programs which involve low interest loans, such as the privileged circuit program. The steel industry borrows significant amounts commercially as well as participates in the priviledged circuit programs. Counsel contends that the steel industry in fact receives no subsidy since it ends up paying for the lower privileged circuit rates through the higher commercial rates and charges. If the program is determined to convey a countervailable benefit, counsel argues that the benchmark rates should be adjusted downward.

DOC Position

The banks may have increased their commercial interest rates to pay for the cost of the privileged circuit program. The fact that everyone, including the steel companies, pays these higher commercial rates does not eliminate the benefits conveyed to exporters participating in the program. We do no agree that for this reason the benchmark interest rates should be adjusted downward. We are, in fact, proscribed by law from making the kind of offset that counsel suggests. The benchmark interest rates used in these final determinations represent the commercially available rates on comparable loans.

Comment 4

Counsel argues that in the preliminary determinations the Department overstated the weighted-average subsidy in connection with the working-capital loans by not using short-term commercial interest rates published by the Bank of Spain reflecting rates actually charged for short-term loans and by not taking into account the prepayment of interest on working-capital loans.

DOC Position

The Bank of Spain interest rates referred to by counsel were first published for the period June through December 1982. They are described in a Bank of Spain publication as the weighted-average medium rates for loans with personal guarantees. During verification we found short-term loans with and without guarantees. We are not using the rates proposed by counsel because these rates do not take into consideration loans made with other forms of guarantees or loans without benefit of gurantees.

Concerning prepayment of interest, the payment terms on these loans are not mandated by the government. They are negotiated with the bank and vary with the company. It is not our policy on broad, national lending programs such as this one to make adjustments on a loan-by-loan basis. Furthermore we do not believe that our calculations would be significantly affected since commercial loans carry the same terms and would similarly be adjusted.

Comment 5

Counsel contends that privileged circuit working-capital loans of one year or less are taken out in approximately June of each year and, therefore, any calculation of interest differential for loans obtained in 1980 and paid in the first 6 months of 1981 should reflect the difference between the applicable June 1980 working-capital rate and short-term commercial interest rates.

DOC Position

Our calculations include the privileged circuit working-capital loans *obtained* in 1981. Therefore, we used the interest differential in effect in 1981 when these loans were received to calculate any benefit.

Comment 6

Respondent's counsel argue that a company-specific benchmark should be used to determine the benefit conferred to a company from the privileged circuit working-capital loan program. One counsel argues that it is inherently unfair to use the same benchmark for both a company in poor financial condition and one in good financial condition.

DOC Position

If the preferential loan is part of a broad, national lending program such as this one, we use a national average commercial interest rate as our benchmark. However, in general, we did not find the commercial rates on comparable short-term loans to vary significantly according to the financial health of the company.

Comment 7

Counsel for the respondent argues that Commerce is in error in determining that imports of structurals and plate were "massive . . . over a relatively short period of time". Counsel further disagrees that the operating capital loan program is inconsistent with the Code because such financing is in accord with the OECD arrangement on export credits and is, therefore, consistent with Item k of the Illustrative List of Export Subsidies (the List) which is an annex to the Code.

DOC Position

For the reasons described in the section of this notice entitled "Critical Circumstances" and in our preliminary determinations, we continue to believe that there have been massive imports of carbon steel structural shapes over a relatively short period. However, in view of decreased import penetration and tonnage levels, we no longer find that there have been massive imports of carbon steel plate over a relatively short period.

With regard to the issue of Code consistency, the Department believes that short-term credits are not covered by the OECD arrangement, which applies to loans of not less than two years duration. Therefore, the provisions of paragraph 2 of Item k of the Illustrative List are not relevant. Since the loans are made available at less than the cost of money to the Spanish Government, the Department has concluded that the program is inconsistent with the terms of paragraph 1 of Item k and, therefore, with the Code.

Critical Circumstances

In our preliminary determinations, we preliminarily found critical circumstances to exist with respect to carbon steel structural shapes and carbon steel plate, but not to exist with respect to the other products subject to these investigations. However, we noted that Spain had recently acceded to the Subsidies Code with a time-limited reservation concerning its current export subsidy programs. We indicated that prior to our final determinations, we would consult with the Office of the U.S. Trade Representative as to what, if any, legal effect this reservation has upon our critical circumstances determinations.

Upon further consideration of data available to us at the time of our preliminary determinations and, more importantly, of newly available data concerning imports in July and August, we reaffirm our earlier view that there have been massive imports of carbon steel structural shapes from Spain over a relatively short period. However, in view of significantly decreased import penetrations and tonnage levels in July and August, we determine that imports of carbon steel plate from Spain were not massive over a relatively short period. Therefore, we determine that critical circumstances do not exist for carbon steel plate.

We have further finally determined that carbon steel structural shapes benefited from Privileged Circuit Exporter Credits, which are an export subsidy. The only remaining issue is whether that export subsidy "is inconsistent with the Agreement" (Subsidies Code) despite Spain's reservation to its accession to the Code.

We have carefully considered the precise text of Spain's reservation, and have consulted with the Office of the U.S. Trade Representative. We have concluded that Spain's reservation does not preclude us from finding, for purposes of a critical circumstances determination, that Privileged Circuit Exporter Credits are inconsistent with the Subsidies Code.

Therefore, we determine that critical circumstances exist with respect to imports of carbon steel structural shapes from Spain, and do not exist for any other product subject to these investigations.

Verification

In accordance with section 776(a) of the Act, we have verified data used in making our final determination. During this verification, we followed normal procedures, including discussions with government officials, inspection of documents, and inspection of manufacturers records. In certain cases where no information was provided, we used best information available as discussed in the notice.

Administrative Procedures

The Department has afforded interested parties an opportunity to present oral views in accordance with its regulations (19 CFR 355.35). A public hearing was held on October 1, 1982. In accordance with the Department's regulations (19 CFR 355.34(a)), written views have been received and considered.

Suspension of Liquidation

The suspension of liquidation ordered in our preliminary affirmative countervailing duty determinations shall remain in effect until further notice. In the case of carbon steel plate, we are directing the U.S. Customs Service to terminate the retroactive suspension of liquidation ordered on this product at the time of the preliminary determinations and to release any bond and refund any cash deposit required with respect to entries of this merchandise the liquidation of which was suspended retroactively under section 703 of the Act. The retroactive suspension of liquidation ordered on carbon steel structural shapes at the time of the preliminary determinations shall continue.

The estimated net subsidy for each firm and for each product is changed as follows:

Manufacturers, producers, exporters	Ad valorem rate (percent)
Empresa Nacional Siderurgica, S.A.:	
Carbon steel structural shapes	10.12
Hot-rolled carbon steel plate	10.12
Cold-rolled carbon steel sheet	10.12
Galvanized carbon steel sheet	10.12
Altos Hornos Del Mediterraneo, S.A., Cold-rolled carbon steel sheet	19.25
Altos Hornos De Vizcaya, S.A.: Galvanized carbon steel sheet	1.64

Manufacturers / producers / exporters	Ad valorem rate (percent)
Jose Maria Anstrain, S.A.: Carbon steel structural shapes	1.64
Industrias Del Besos, S.A.: Hot-rolled carbon steel bars	1.59
Pedro Orbegozo y Cia, S.A.:	
Hot-rolled carbon steel bars	
Cold-formed carbon steel bars	
Tuyper, S.A.: Cold-formed carbon steel bars	1.56
Forjas Alavesas:	
Hot-rolled carbon steel bars	1.74
Cold-formed carbon steel bars	1.74
S.A. Echevarna:	
Hot-rolled carbon steel bars	15.08
Cold-formed carbon steel bars	15.08
All other manufacturers, producers, and exporters of the product under investigation, as follows:	
Carbon steel structural shapes	10.12
Hot-rolled carbon steel plate	10.12
Cold-rolled carbon steel sheet	38.25
Galvanized carbon steel sheet	10.12
Hot-rolled carbon steel bars	15.08
Cold-formed carbon steel bars	15.08

As explained above, we have determined that no subsidy is currently being provided to Pedro Orbegozo y Cia, S.A. Therefore, all estimated countervailing duties deposited subsequent to the preliminary determinations on entries of merchandise manufactured by Orbegozo shall be refunded and the appropriate bonds released. However, because of its financial condition and its past participaton in certain programs known to convey countervailable benefits, Orbegozo is not being excluded from these final affirmative countervailing duty determinations.

We are directing the United States Customs Service to require a cash deposit or bond in the amount indicated above for ecah entry of the subject merchandise entered on or after the date of publication of this notice in the **Federal Register.** Where the manufacturer is not the exporter, and the manufacturer is known, the rate for the manufacturer shall be used in determining the amount of cash deposit or bond. If the manufacturer is unknown, the rate for all other manufacturers/producers/exporters shall be used.

Where a compnay specifically listed above has not exported one of the products under investigation during the period for which we are measuring subsidization, the cash deposit or bond amount for these products shall be based on the highest rate for the investigated products that were exported by that company.

This suspension will remain in effect until further notice.

ITC Notifications

In accordance with section 705(d) of the Act, we will notify the ITC of our determinations. In addition, we are making available to the ITC all nonprivileged and nonconfidential information relating to these investigations. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine within 45 days of the publication of this notice whether these imports are materially injuring, or threatening to materially injure, a U.S. industry. If the ITC determines that material injury, or threat of material injury, does not exist, this proceeding will be terminated and any bonds posted, or cash deposited as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, within 7 days of notification by the ITC of that determination, we will issue a countervailing duty order, directing Customs officers to assess countervailing duties on certain steel products from Spain entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the net subsidy determined or estimated to exist as a result of the annual review process prescribed by section 751 of the Act. The provision of section 707(a) of the Act will apply to the first directive for assessment.

This notice is published pursuant to section 705(d) of the Act and § 355.33 of the Department of Commerce Regulations (19 CFR 355.33).

Lawrence J. Brady.

Assistant Secretary for Trade Administration.

Appendix 1—Description of Products

For purpose of these investigations:

1. the term *"carbon steel structural shapes"* covers hot-rolled, forged, extruded, or drawn, or cold-formed or cold-finished carbon steel angles, shapes, or sections, not drilled, not punched, and not otherwise advanced, and not conforming completely to the specifications given in the headnotes to Schedule 6, Part 2 of the *Tariff Schedules of the United States Annotated (TSUSA),* for blooms, billets, slabs, sheet bars, bars, wire rods, plates, sheets, strip, wire, rails, joint bars, tie plates, or any tubular products set forth in the *TSUSA,* having a maximum cross-sectional dimension of 3 inches or more, as currently provided for in items 609.8005, 609.8015, 609.8035, 609.8041, or 609.8045 of the *TSUSA.* Such products are generally referred to as structural shapes.

2. the term *"hot-rolled carbon steel plate"* covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled; not cold-rolled; not in coils; not cut, not pressed, and not stamped to non-rectangular shape; 0.1875 inch or more in thickness and over 8 inches in width; as currently provided for in items 607.6615, or 607.94, of the *Tariff Schedules of the United States annotated ("TSUSA");* and hot- or cold-rolled carbon steel plate which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710 and 608.11 of the *TSUSA.* Semifinished products of solid rectangular cross section with a width at least four times the thickness in the as cast condition or processed only through primary mill hot rolling are not included.

over 12 inches in width; as currently provided for in items 608.1920, 608.2120, or 608.2320 of the *TSUSA.* Hot-rolled carbon steel strip originally rolled less than 12 inches in width and containing over 0.25 percent carbon is not included.

3. the term *"cold-rolled carbon steel sheet"* covers the following cold-rolled carbon steel products. Cold-rolled carbon steel sheet is a cold-rolled carbon steel product, whether or not corrugated or crimped and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; over 12 inches in width and in coils or if not in coils under 0.1875 inch in thickness; as currently provided for in items 607.8320 of 607.8344 of the *Tariff Schedules of the United States Annotated ("TSUSA"). PLEASE NOTE THAT THE DEFINITION OF COLD-ROLLED CARBON STEEL SHEET INCLUDES SOME PRODUCTS CLASSIFIED AS "PLATE" IN THE TSUSA (TEM 607.8320).*

4.the term *"galvanized carbon steel sheet"* covers hot- or cold-rolled carbon steel sheet which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.070, 608.0730, 608.11 or 608.13 of the *Tariff Schedules of the United States Annotated ("TSUSA"). NOTE THAT THE DEFINITION OF GALVANIZED CARBON STEEL SHEET INCLUDES SOME PRODUCTS CLASSIFIED AS "PLATE" IN THE TSUSA (ITEMS 608.0710 AND 608.11).* Hot- or cold-rolled carbon steel sheet

which has been coated or plated with metal other than zinc is not included.

5. the term *"hot-rolled carbon steel bars"* covers hot-rolled carbon steel products of solid section which have cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons, or octagons, not cold-formed, and not coated or plated with metal, as currently provided for in items 606.8310, 606.8330, or 606.8350 of the *Tariff Schedules of the United States Annotated.*

6. the term *"cold-formed carbon steel bars"* covers cold-formed carbon steel products of solid section which have cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons, or octagons,[1] as currently provided for in terms 606.8805 or 606.8815 of the *Tariff Schedules of the United States Annotated.*

Appendix 2—Methodology

Several basic issues are common to the countervailing duty investigations of certain steel products initiated by the Department of Commerce ("the Department") on February 1, 1982; *e.g.*, government assistance through loans, equity infusions, loss coverage, research and development projects and labor programs. This appendix describes in some detail the general principles applied by the Department when dealing with these issues as they arise within the factual context of these cases, including the investigations concerning Spain. This appendix, although reflecting substantially the same principles applied in the preliminary determinations (see "Preliminary Affirmative Countervailing Duty Determinations, Certain Steel Products from Spain (47 FR 38161), does describe some changes in methodology. These changes are principally in the area of funds for loss coverage.

Grants

Petitioner alleged that numerous grants have been provided to the respondent steel compaines for various purposes. Under section 771(5)(B) of the Tariff Act of 1930, as amended (the Act) (19 U.S.C. 1677(5)(B)), domestic subsidies are countervailable where they are "provided or required by government action to a *specific* enterprise or industry, or group of enterprises or industries" (emphasis added).

The legislative history of Title VII of the Act states that where a grant is "tied" to—that is, bestowed specifically to purchase—costly pieces of capital equipment, the benefit flowing from the grant should be allocated in relation to the useful life of that equipment. A subsidy for capital equipment should also be "front loaded" in these circumstances; that is, it should be allocated more heavily to the earlier years of the equipment's useful life, reflecting its greater commercial impact and benefit in those years.

Prior to these cases on certain steel products, the Department allocated the face value of the grant, in equal increments, over the appropriate time period. For large capital equipment, we used a period of half the useful life of the equipment purchased with the grant. In each year we countervailed only that year's allocated portion of the total grant. For example, a hypothetical grant of $100 million used to purchase a machine with a 20-year life would have been countervailed at a rate of $10 million per year (allocated over the appropriate product group) for 10 years, beginning in the year of receipt.

This allocation technique has been criticized for not capturing the entire subsidy because it ignores the fact that money has a changing value as it moves through time. It has been argued that $100 million today is much more valuable to a grant recipient than $10 million per year for the next 10 years, since the present value (the value in the initial year of receipt) of the series of payments is considerably less than the amount if initially given as a lump sum. We agree with this position. As long as the present value (in the year of grant receipt) of the amounts allocated over time does not exceed the face value of the grants, we are consistent with both our domestic law and international obligations in that the amount countervailed will not exceed the total net subsidy.

The present value of any series of payments is calculated using a discount rate. We have determined that the most appropriate discount rate for our purposes is the "risk-free" rate as indicated by the secondary market rate for long-term government debt (in the home country of the company investigation). The basic function of the "present value" exercise is to allocate money received in one year to other years. Domestic interest rates perform this function within the context of an economy. The foundation of a country's interest rate structure is usually its government debt interest rate (the risk-free rate). All other borrowings incorporate this risk-free rate and add interest overlays reflecting the riskiness of the funded investment.

When we allocate a subsidy over a number of years it is not the intention of the Department to comment on or judge the riskiness of the project undertaken with the subsidized funds, nor to evaluate the riskiness of the company as a whole. We do not intend either to speculate how a project would have been financed absent government involvement in the provision of funds. Rather, we simply need a financial mechanism to move money through time so as to accurately reflect the benefit the company receives. We believe that the best discount rate for our purposes is one which is risk free and applicable to all commercial actors in the country. Therefore we have used in this final determination long-term government debt rates (as reflected in the secondary market) as our discount rates.

For costly pieces of capital equipment, we believe that the appropriate time period over which to allocate the subsidy is its entire useful life. In the past, we allocated the subsidy over only half the useful life in order to "front load" the countervailing duties, thereby complying with the legislative intent of the Act. However, so long as we allocate the subsidy in equal nominal increments over the entire useful life, it will be effectively front loaded in real terms (as long as a positive discount rate is used) since money tomorrow is less valuable than money today.

For this steel investigation we have allocated a grant over the useful life of equipment purchased with it when the value of that grant was large (in these investigations, greater than $50 million) and specifically tied to pieces of capital equipment. Where the grant was small (generally less than one percent of the company's gross revenues and tied to items generally expensed in the year purchased, such as wages or purchases of materials), we have allocated the subsidy solely to the year of the grant receipt. We construe that a grant is "tied" when the intended use is known to the subsidy giver and so acknowledged prior to or concurrent with the bestowal of the subsidy. All other grants are allocated over 15 years, a period of time reflecting the average useful life of capital assets in steel mills. The 15-year period is based on Internal Revenue Service studies of actual experience in integrated mills in the U.S. We are using this time period because we sought a uniform period of time for these allocations and this was the best available estimate of the average steel assets life worldwide. We could not calculate the average life of capital assets on a company-by-company basis, since different accounting principles, extraordinary write-offs, and corporate

[1] Definition notice amended by deleting after "bars" "and not coated or plated with metal."

reorganizations yielded extremely inconsistent results.

Funds to Cover Losses

In the preliminary determinations we did not distinguish funds (either in the form of untied grants or equity infusions) which were available for loss coverage from other grants or equity infusions. We stated that since grants used for loss coverage often have the effect of helping keep the firm in business, we allocated the benefit over 15 years when the funds were in the form of a grant or used the appropriate equity methodology when the loss coverage funds were in the form of equity.

Between the preliminary and final determinations we received the comments and suggestions of various interested parties principally contained in the pre- and post-hearing briefs. In addition, we sought the advice of the Department's accountants and outside consultants on the issue of the appropriate treatment of funds for loss coverage. Based on the above, we have decided not to allocate the subsidy benefit of these funds over time but rather to allocate them to the year of receipt.

We have done so on the advice of these accounting experts in order to reflect the nature of the liabilities giving rise to the loss. These liabilities are generally the basic costs of operations (*e.g.*, wages, materials, certain overhead expenses)—items generally expensed in the year incurred.

We calculated the magnitude of the loss from a company's financial statements beginning with net earnings and working back to a cash-based measure of loss. We allocated to loss coverage only those grants and equity infusions which were truly cash inflows into the company and were actually available to cover losses.

In any instances in which infusions were specifically tied to loss coverage, we allocated such infusions accordingly. If infusions were not so tied, we concluded that general, untied grants were a more logical source of loss coverage assistance than general infusions of equity. Accordingly, in making these allocations we treated funds available from grants as the primary source of monies available for loss coverage. We allocated funds available from equity infusions to loss coverage only in the absence of grants or after available grant funds had been exhausted.

We generally treated such cash inflows as covering the losses incurred in the previous fiscal year and allocated the subsidy benefit flowing from such funds to the year of their receipt. An exception was made where losses were continually covered by a special arrangement with the government (as through the use of a special reserve account). In these cases, since the funds for loss coverage were accessible as the losses arose, we allocated the benefit flowing from these funds to the period in which the losses occurred.

Loans and Loan Guarantees for Companies Considered Creditworthy

In these investigations, various loan activities give rise to subsidies. The most common practices are the extension of a loan at a preferential interest rate where the government is either the actual lender or directs a private lender to make funds available at a preferential rate, or where the government guarantees the repayment of the loan made by a private lender. The subsidy is computed by comparing what a company would pay a normal commercial lender in principal and interest in any given year with what the company actually pays on the preferential loan in that year. We determine what a company would pay a normal commercial lender by constructing a comparable commercial loan at the appropriate market rate (the benchmark) reflecting standard commercial terms. If the preferential loan is part of a broad, national lending program, we used a national average commercial interest rate as our benchmark. If the loan program is not generally available—like most large loans to respondent steel companies—the benchmark used instead, where available, is the company's actual commercial credit experience (*e.g.*, a contemporaneous loan to the company from a private commercial lender). If there were no similar loans, the national commercial loan rate is used as a substitute rate. Finally, where a national loan-based interest rate was not available, an average industrial bond rate was used as best evidence.

For loans denominated in a currency other than the currency of the country concerned in an investigation, the benchmark is selected from interest rates (either national or company-specific, as appropriate) applicable to loans denominated in the same currency as the loan under consideration (where possible, rates on loans in that currency in the country where the loan was obtained; otherwise, loans in that currency in other countries, as best evidence). The appropriate discount rate remains the risk-free rate as indicated by the secondary market rate for long-term debt obligations of the company's home country government. The subsidy for each year is calculated in the foreign currency and converted at an exchange rate applicable for each year.

After calculating the payment differential in each year of the loan, we then calculated the present value of this stream of benefits in the year the loan was made, using the risk-free rate (as indicated by the secondary market for long-term government debt in Spain) as the discount rate. In other words, we determined the subsidy value of a preferential loan as if the benefits had been bestowed as a lump-sum grant in the year the loan was given. This amount was then allocated evenly over the life of the loan to yield the annual subsidy amounts. We did so with one exception: Where the loan was given expressly for the purchase of a costly piece of capital equipment, the present value of the payment differential was allocated over the useful life of the capital equipment concerned.

For loans not tied to capital equipment with mortgage-type repayment schedules, this methodology results in annual subsidies equivalent to those calculated under the methodology previously employed by the Department whereby we considered the difference in total repayments in each year of a loan's lifetime to be the subsidy *in that year.* For loans with constant principal repayments (*i.e.*, declining total repayments), loans with deferral of repayments, and loans for costly capital equipment, the value method results in even allocations of the subsidy over the relevant period. This effectively front loads countervailing duties on these loan benefits in the same manner as grants are front loaded.

A loan guarantee by the government constitutes a subsidy to the extent the guarantee assures more favorable loan terms than for an unguaranteed loan. The subsidy amount is quantified in the same manner as for a preferential loan.

If a borrowing company preferentially received a payment holiday from a government lending institution or from a private lender at government direction, an additional subsidy arises that is separate from and in addition to the preferential interest rate benefit. The subsidy value of the payment holiday is measured in the same manner as for preferential loans, by comparing what the company pays versus what it would pay on a normal commercial loan in any given year. A payment holiday early in the life of a loan can result in such large loan payments near the end of its term that, during the final years, the loan recipient's annual payments on the subsidized loan may be greater than they would have been on an

unsubsidized loan. By reallocating the benefit over the entire life of the loan through the present value methodology described above, we avoid imposing countervailing duties in excess of the net subsidy. Where we have sufficient evidence that deferment of principal is a normal and/or customary lending practice in the country under consideration, then such deferral has not been considered as conferring an additional subsidy.

Loans and Loan Guarantees for Companies Considered Uncreditworthy

In a number of cases petitioners have alleged that certain respondent steel companies were uncreditworthy for purposes of these investigations at the time they received preferential loans for guarantees, and that they could not have obtained any commercial loan without government intervention.

Where the company under investigation has a history of deep or significant continuing losses, and diminishing (if any) access to private lenders, we generally agree with petitioners. This does not mean that such a company is totally uncreditworthy for all purposes. Virtually all companies can obtain limited credit, such as short-term supplier credits, no matter how precarious their financial situation. Our use of the term uncreditworthy means simply that the company in question would not, in our view, have been able to obtain comparable loans in the absence of government intervention. Accordingly, in these situations neither national nor company-specific market interest rates provide an appropriate benchmark since, by definition, an uncreditworthy company could not receive loans on these or any terms without government intervention. Nor have we been able to find any reasonable and practical basis for selecting a risk premium to be added to a national interest rate in order to establish an appropriate interest benchmark for companies considered uncreditworthy. Therefore, we continue to treat loans to an uncreditworthy company as an equity infusion by or at the direction of the government. We believe this treatment is justified by the great risk, very junior status, and low probability of repayment of these loans absent government intervention or direction. To the extent that principal and/or interest is actually paid on these loans, we have adjusted our subsidy calculation (which is performed using our equity methodology, *infra*) to reflect this. We have applied the rate of return shortfall (the amount by which the corporate rate of return on equity was lower than the national average rate of return on equity) only to the outstanding principal in the year which we are measuring subsidization. From this amount, we additionally subtract any interest and fees paid in that year. Moreover, in no case do we countervail a loan subsidy to a creditworthy or uncreditworthy company more than if the government gave the principal as an outright grant.

Short-Term Credits

In all our cases, even the most financially troubled companies regularly receive short-term supplier credits. We find this type of debt different and easily distinguishable from the loans previously discussed. Where a company receives private-sourced supplier credits we have found this countervailable only where they were at preferential rates because of explicit government direction.

Where supplier credits were not given at a preferential rate directed by the government, we found no subsidy. Furthermore, since the risk involved a basis for giving supplier credits is qualitatively different than for long-term loans, we did not interpret the presence of supplier credits as an indication of creditworthiness.

Equity

Petitioners allege that government purchases of equity in respondent steel companies confer a subsidy equal to the entire amount of the equity purchased. Many respondents claim that such equity purchases are investments on commercial terms, and thus do not confer subsidies on these companies.

It is well settled that neither government equity ownership *per se*, nor any secondary benefit to the company reflecting the private market's reaction to government ownership, confers a subsidy. Government ownership confers a subsidy only when it is on terms inconsistent with commercial considerations. An equity subsidy potentially arises when the government makes equity infusions into a company which is sustaining deep or significant continuing losses and for which there does not appear to be any reasonable indication of a rapid recovery. If such losses have been incurred, then we consider from whom the equity was purchased and at what price, or, absent a market value for the equity, we examine the rate of return on the company's equity and compare it to the national average rate of return on equity.

If the government buys previously issued shares on a market or directly from shareholders rather than from the company, there is no subsidy to the company. This is true no matter what price the government pays, since any overpayment benefits only the prior shareholders and not the company.

If the government buys shares directly from the company (either a new issue or corporate treasury stock) and similar shares are traded in a market, a subsidy arises if the government pays more than the prevailing market price. The Department has a strong preference for measuring the subsidy by reference to a market price. This price, we believe, rightly incorporates private investors' perceptions of the company's future earning potential and worth. To avoid any effect on the market price resulting from the government's purchase or speculation in anticipation of such purchase, we used for comparison a market price on a date sufficiently preceding the government's action. Any amount of overpayment is treated as a grant to the company.

It is more difficult to judge the possible subsidy effects of direct government infusions of equity where there is no market price for the shares (as where, for example, the government is already sole owner of the company). Government equity participation can be a legitimate commercial venture. Often, however, as in many of these steel cases, equity infusions follow massive or continuing losses and are part of national government programs to sustain or rationalize an industry which otherwise would not be competitive. We respect the government's characterization of its infusion as equity in a commercial venture. However, to the extent in any year that the government realizes a rate of return on its equity investment in a particular company which is less than the average rate of return on equity investment for the country as a whole (thus including returns on both successful and unsuccessful investments), its equity infusion is considered to confer a subsidy. This "rate of return shortfall" (the difference between the company's rate of return on equity and the national average rate of return on equity) is multiplied by the original equity infusion (less any loss coverage to which the equity funds were applied) to yield the annual subsidy amount. Under no circumstances do we countervail in any year an amount greater than that which is calculated treating the government's equity infusion as an outright grant.

Research and Development Grants and Loans

Grants and preferential loans awarded by a government to finance

research that has broad application and yields results which are made publicly available do not confer subsidies. Programs of organizations or institutions established to finance research on problems affecting only a particular industry or group of industries (*e.g.*, metallurgical testing to find ways to make cold-rolled sheet easier to galvanize) and which yield results that are available only to producers in that country (or in a limited number of countries) confer a subsidy on the products which benefits from the results of the research and development (R&D). On the other hand, programs which provide funds for R&D in a wide range of industries are not countervailable even when a portion of the funds is provided to the steel sector.

Once we determine that a particular program is countervailable, we calculate the value of the subsidy by reference to the form in which the R&D was funded. An R&D grant is treated as an "untied" grant; a loan for R&D is treated as any other preferential loan.

Labor Subsidies

To be countervailable, a benefit program for workers must give preferential benefits to workers in a particular industry or in a particular targeted region. Whether the program preferentially benefits some workers as opposed to others is determined by looking at both program eligibility and participation. Even where provided to workers in specific industries, social welfare programs are countervailable only to the extent that they relieve the firm of costs it would ordinarily incur for example, a government's assumption of a firm's normal obligation partially to fund worker pensions.

Labor-related subsidies are generally conferred in the form of grants and are treated as untied grants for purposes of subsidy calculation. Where they are small and expensed by the company in the year received, we likewise allocated them only to the year of receipt. However, where they were more than one percent of gross revenues we allocated them over a longer period of time generally reflecting the program duration.

[FR Doc. 82-31204 Filed 11-12-82; 8:45 am]
BILLING CODE 3510-25-M

APPENDIX B

U.S. INTERNATIONAL TRADE COMMISSION NOTICE OF INVESTIGATIONS AND LIST OF WITNESSES APPEARING AT THE HEARING

[Investigations Nos. 701-TA-155, 157, 158, 159, 160, and 162 (Final)]

Certain Carbon Steel Products From Spain

AGENCY: International Trade Commission.

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

EFFECTIVE DATE: August 25, 1982.

SUMMARY: As a result of affirmative preliminary determinations by the United States Department of Commerce that there is a reasonable basis to believe or suspect that the Government of Spain is providing, directly or indirectly, subsidies with respect to the manufacture, production, or exportation of certain carbon steel products within the meaning of section 701 of the Tariff Act of 1930 (19 U.S.C. 1671), the United States International Trade Commission hereby gives notice of the institution of the following investigations under section 705(b) of the Act (19 U.S.C. 1671d(b)) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of the specified merchandise:

- Hot-rolled carbon steel plate, provided for in items 607.8615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (TSUSA) (investigation No. 701-TA-155 (Final));
- Cold-rolled carbon steel sheet, provided for in TSUSA items 607.8320 and 607.8344 (investigation No. 701-TA-157 (Final));
- Galvanized carbon steel sheet, provided for in TSUSA items 608.0710, 608.0730, 608.1100, and 608.1300 (investigation No. 701-TA-158 (Final));
- Carbon steel structural shapes, provided for in TSUSA items 609.3005,

A-74

609.8015, 609.8035, 609.8041, and 609.8045 (investigation No. 701-TA-159 (Final));

- Hot-rolled carbon steel bar, provided for in TSUSA items 606.8310, 606.8330, and 606.8350 (investigation No. 701-TA-160 (Final)); and
- Cold-formed carbon steel bar, provided for in TSUSA items 606.8805 and 606.8815 (investigation No. 701-TA-162 (Final)).

FOR FURTHER INFORMATION CONTACT: Mr. Robert Eninger (202-523-0312) or Mr. Daniel Leahy (202-523-1369), Office of Investigations, U.S. International Trade Commission.

SUPPLEMENTARY INFORMATION:

Background.—On June 10, 1982, the Commission determined, on the basis of the information developed during the course of its preliminary investigations, that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury by reason of allegedly subsidized imports of the subject carbon steel products from Spain. The preliminary investigations were instituted in response to petitions filed on January 11, 1982, by six U.S. steel producers. The Department of Commerce will make its final subsidy determinations in these cases on or before November 8, 1982. The Commission must make its final injury determinations in the investigations within 120 days after the date of Commerce's preliminary subsidy determinations or by December 22, 1982 (19 CFR 207.25). A public version of the staff report containing preliminary findings of fact will be placed in the public record on October 22, 1982, pursuant to section 207.21 of the Commission's Rules of Practice and Procedure (19 CFR 207.21).

Hearing.—The Commission will hold a hearing in connection with these investigations beginning at 10:00 a.m., e.s.t., on November 9, 1982, at the U.S. International Trade Commission Building, 701 E Street, NW., Washington, D.C. 20436. The hearing in these investigations will be held simultaneously with the hearing previously scheduled for antidumping investigations Nos. 731-TA-53, 58, 59, 60, 61, 62, 63, 67, 69, 70, 74, 82, 83, 85, and 86 (Final) concerning certain carbon steel products from Belgium, Brazil, France, Italy, Romania, the United Kingdom, and the Federal Republic of Germany (47 FR 38646). Requests to appear at the hearing should be filed in writing with the Secretary to the Commission not later than the close of business (5:15 p.m.) on October 21, 1982. All persons desiring to appear at the hearing and make oral presentations may file prehearing briefs and should attend a prehearing conference to be held at 10:00 a.m., e.d.t., on October 27, 1982, in Room 117 of the U.S. International Trade Commission Building. Prehearing briefs must be filed on or before November 3, 1982.

Testimony at the public hearing is governed by § 207.23 of the Commission's Rules of Practice and Procedure (19 CFR 207.23). This rule requires that testimony be limited to a nonconfidential summary and analysis of material contained in prehearing briefs and to new information. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with rule 207.22 (19 CFR 207.22). Posthearing briefs must conform with the provisions of rule 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on November 17, 1982.

Written submissions.—Any person may submit to the Commission a written statement of information pertinent to the subject of these investigations. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission on or before November 17, 1982. All written submissions except for confidential business data will be available for public inspection.

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

Service of documents.—Any interested person may appear in these investigations as a party, either in person or by representative, by filing an entry of appearance with the Secretary in accordance with section 201.11 of the Commission's rules (19 CFR 201.11). Each entry of appearance must be filed with the Secretary no later than 21 days after the publication of this notice in the **Federal Register.**

The Secretary will compile a service list from the entries of appearance filed in these final investigations and from the Commission's record in the preliminary investigations. Any party submitting a document in connection with these 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 section 201.16(b) of the rules (19 CFR 201.16(b)).

In addition to the foregoing, each document filed with the Commission in the course of these 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.

For further information concerning the conduct of the investigations, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and C (19 CFR 207, 44 FR 76457 as amended in 47 FR 6190 and 47 FR 17792) and Part 201, subparts A through E (19 CFR 201).

This notice is published pursuant to § 207.20 of the Commission's Rules of Practice and Procedure (19 CFR 207.20).

Issued: September 8, 1982.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-25364 Filed 9-14-82; 8:45 am]

BILLING CODE 7020-02-M

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 701-TA-155, 157, 158, 159, 160, and 162 (Final)

CERTAIN CARBON STEEL PRODUCTS FROM SPAIN

Those listed below appeared as witnesses at the United States International Trade Commission's hearing held in connection with the subject investigations on November 9, 1982, in the Hearing Room of the USITC Building, 701 E Street, NW., Washington, D.C.

In support of the imposition of countervailing duties

United States Steel Corp.
Pittsburgh, Pa.

Leslie Ranney, Attorney, United States Steel Corp.
Paul Fidel, Special Services, Import and Domestic, United States Steel Corp.

Law Offices of Eugene L. Stewart--Counsel
Washington, D.C.
on behalf of

Bethlehem Steel Corp.
Larry R. Mosser, Market Research Department
Armco, Inc.
L. Charles Currier, Armco Business Information Service

Eugene L. Stewart)
Terence P. Stewart) --OF COUNSEL

Cravath, Swaine & Moore--Counsel
New York, N.Y.
on behalf of

Republic Steel Corp.
Inland Steel Co.
Jones & Laughlin Steel, Inc.
National Steel Corp.
Cyclops Corp.

Alan J. Hruska--OF COUNSEL

In opposition to the imposition of countervailing duties

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

UNESID (Spanish Steel Producers Association)

George V. Egge--OF COUNSEL

APPENDIX C

DETERMINATIONS OF THE U.S. INTERNATIONAL TRADE COMMISSION IN ITS PRELIMINARY INVESTIGATIONS CONCERNING IMPORTS OF CERTAIN STEEL PRODUCTS FROM SPAIN

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701-TA-155 through 163 (Preliminary)]

Certain Steel Products From Spain

Determinations

On the basis of the record[1] developed in the subject investigations, 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 threatened with material injury by reason of imports of the following products which are alleged to be subsidized by the Government of Spain:

Hot-rolled carbon steel plate[2] (investigation No. 701-TA-155 (Preliminary));[3]

Cold-rolled carbon steel sheet[4] (investigation No. 701-TA-157 (Preliminary));[5]

Galvanized carbon steel sheet[6] investigation No. 701-TA-158 (Preliminary));[7 8]

Carbon steel structural shapes[9] (investigation No. 701-TA-159 (Preliminary));[10]

Hot-rolled carbon steel bar[11] (investigation No. 701-TA-160 (Preliminary));[12] and

Cold-formed carbon steel bar[13] (investigation No. 701-TA-162 (Preliminary)).[10]

The Commission determines that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports of the following products which are alleged to be subsidized by the Government of Spain:

Hot-rolled carbon steel sheet[14] (investigation No. 701-TA-156 (Preliminary));

Hot-rolled alloy steel bar[15] (investigation No. 701-TA-161 (Preliminary));[16] and

Cold-formed alloy steel bar[17] (investigation No. 701-TA-162 (Preliminary)).[16]

Background

On January 11, 1982, petitions were filed with the Deparment of Commerce by the United States Steel Corp. and by counsel for Republic Steel Corp., Inland Steel Co., Jones & Loughlin Steel, Inc., National Steel Corp., and Cyclops Corp. alleging that producers, manufacturers, or exporters in Spain of certain steel products receive bounties or grants within the meaning of section 303 of the Tariff Act of 1930 (19 U.S.C. 1303). Although Commerce subsequently initiated countervailing duty investigations on such merchandise under section 303, Spain was not at that time a "country under the Agreement" within the meaning of section 701(b) of the Act (19 U.S.C. 1671(b)), and there was no requirement for the Commission

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

[2] For purposes of these investigations, hot-rolled carbon steel plate is provided for in items 607.8615, 607.9400, 608.0710, and 608.1100 of the Tariff Schedules of the United States Annotated (TSUSA).

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

[4] For purposes of these investigations, cold-rolled carbon steel sheet is provided for in items 607.8320 and 607.8344 of the TSUSA.

[5] Chairman Alberger and Commissioner Eckes and Haggart determine that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of the subject imports. Commissioner Frank determines that there is a reasonable indication that an industry in the United States is materially injured by reason of the subject imports.

[6] For purposes of these investigations, galvanized carbon steel sheet is provided for in items 608.0730 and 608.1300 of the TSUSA.

[7] Chairman Alberger, Vice Chairman Calhoun, and Commissioner Stern dissenting.

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

[9] For purposes of these investigations, carbon steel structural shapes are provided for in items 609.8005, 609.8015, 609.8035, 609.8041, and 609.8045 of the TSUSA.

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

[11] For purposes of these investigations, hot-rolled carbon steel bar is provided for in items 606.8310, 606.8330, and 606.8350 of the TSUSA.

[12] Chairman Alberger and Commissioners Eckes and Haggart determine that there is a reasonable indications that an industry in the United States is threatened with material injury by reason of the subject imports. Commissioner Frank determines that there is a reasonable indication that an industry in the United States is materially injured by reason of the subject imports.

[13] For purposes of these investigations, cold-formed carbon steel bar is provided for in items 606.8305 and 606.8315 of the TSUSA.

[14] For purposes of these investigations, hot-rolled carbon steel sheet is provided for in items 607.8510, 607.8700, 607.8320, 607.8342, and 607.8400 of the TSUSA.

[15] For purposes of these investigations, hot-rolled alloy steel bar is provided for in item 606.9700 of the TSUSA.

[16] Commissioner Frank dissenting.

[17] For purposes of these investigations, cold-formed alloy steel bar is provided for in item 606.8900 of the TSUSA.

to conduct preliminary injury investigations pursuant to section 703(a). On April 14, 1982, the United States Trade Representative announced that Spain had become a "country under the Agreement" (47 FR 16697). On April 26, 1982, Commerce notified the Commission that it was terminating its investigations under section 303 and commencing investigations under section 702. Accordingly, effective April 26, 1982, the Commission, pursuant to section 703(a) of the Act (19 U.S.C. 1671b(a)), instituted preliminary countervailing duty investigations to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Spain of the merchandise which is the subject of the investigations by the Department of Commerce.

Notice of the institution of the Commission's investigations and of a conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the **Federal Register** of May 5, 1982 (47 FR 19486). The conference was held in Washington, D.C., on May 24, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

Views of the Commission

I. Introduction

The following constitute our views on the nine countervailing duty investigations involving certain carbon and alloy steel products from Spain. First, we summarize the standards for our determinations, and then we define the domestic industries against which the impact of the imports under investigation is to be assessed. Finally, in each investigation, we examine the conditions of the industry and then evaluate the causal relationship between the allegedly subsidized imports and this condition.

Standards for Determinations

In preliminary countervailing duty investigations the Commission must 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,[18] by reason of imports of the merchandise that is the subject of the investigation.[19] "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant."[20] In making determinations, the Commission must consider, among other factors, (1) the volume of imports of the merchandise which is the subject of the investigation, (2) the effect of imports of that merchandise on prices in the United States for like products, and (3) the impact of imports of such merchandise on domestic producers of like products.[21]

In making a determination as to whether there is a threat of material injury the Commission considers, among other factors, (1) the rate of increases of subsidized imports into the U.S. market, (2) the capacity in the exporting country to generate exports, and (3) the availability of other export markets.[22] Findings of a reasonable indication of threat of material injury must be based on a showing that the likelihood of harm is real and imminent, and not on mere supposition, speculation, or conjecture.[23]

Definition of the Domestic Industries

The domestic industry is defined in section 771(4)(A) of the Tariff Act of 1930 as "the domestic producers as a whole of a like product or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[24] "Like product" is defined in section 771(10) 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 * * *."[25]

These investigations concern allegedly subsidized imports from Spain of nine different types of steel products. These nine types are: (1) Hot-rolled carbon steel plate; (2) hot-rolled carbon steel sheet; (3) cold-rolled carbon steel sheet; (4) galvanized carbon steel sheet; (5) carbon steel structural shapes (angles, shapes and sections); (6) hot-rolled carbon steel bar; (7) hot-rolled alloy steel bar; (8) cold-formed carbon steel bar; and (9) cold-formed alloy steel bar.

These same products were the subject of the recent preliminary investigations involving certain steel products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany.[26] In those cases, the Commission found that each of the nine product categories constituted a separate like product and noted:

> Each [product category] has physical characteristics of size, shape, or composition that are unlike those of the others. Moreover, they have varying uses, and products of one type generally do not compete with products of another type. As noted in the Commission determination in the 1980 steel products antidumping investigations, "Although raw steel constitutes much of the value of each of the * * * product groups under investigation, competition in the U.S. market between domestically produced steel products and the alleged LTFV [and subsidized] imports occurs in each of the * * * separate and distinct product groups." In these investigations the domestic producers have been able to identify production and profitability data in terms of each of the nine groups, allowing the Commission ot examine the impact of imports on each group separately.[27]

The Commission recognized that within each of the nine product categories there may have been somewhat different characteristics and uses for articles having different specifications, but it lacked sufficient information to make any meaningful distinctions among them. In the absence of "clear dividing lines among the products in each group", each was treated in its entirety as a separate like product.[28] Thus, the Commission determined that there were nine industries corresponding to the nine product groups.

The record developed in these investigations contains no new information that would suggest a revision of the definitions. Additionally, no party has argued for a significant revision. We, therefore, find it appropriate to use the same industry definitions for purposes of the present preliminary investigations.[29]

[18] Material retardation of an industry is not an issue in these investigations.

[19] 19 U.S.C. 1671b, 1673b.

[20] 19 U.S.C. 1677(7)(A).

[21] 19 U.S.C. 1677(7)(B).

[22] 19 CFR 207.26(d).

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

[24] 19 U.S.C. 1677(4)(A).

[25] 19 U.S.C. 1677(10).

[26] Investigations Nos. 701-TA-86 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Investigations Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226 (1982). Specific descriptions of the products, their characteristics and uses, and methods of manufacture may be obtained by reference to the Commission's Views and the Report in those investigations.

[27] *Id.* at 14-15 (footnote omitted).

[28] *Id.* at 15-16.

[29] Commissioners Stern and Haggart emphasize that the definitions of the industries at this preliminary stage are based on information now available; they do not preclude the possibility of defining the domestic industries differently in any final investigation if the record developed supports a revision of the definitions of the industries.

Cumulation

Our determinations in these investigations have been made on a case-by-case basis, without aggregation of import data for each product category with the import data derived in earlier investigations regarding the same products imported from other counties.[30] [31] In the event that final investigations are conducted in these cases, however, we do not rule out cumulation if the record developed demonstrates its is appropriate.[32]

II. Hot-Rolled Carbon Steel Plate

With respect to hot-rolled carbon steel plate from Spain, we find that there is a reasonable indication of material injury or threat of material injury to the affected domestic industry by the subject imports.[33] We have made this determination in part on the basis of the substantial levels of Spanish imports that have entered during a period of decline in the domestic industry as well as indications that these imports may have caused price suppression or depression in the U.S. market and resulted in significant lost sales.

Condition of the Domestic Industry

The domestic industry producing hot-rolled carbon steel plate has suffered a serious decline in recent years. Domestic production has declined steadily from 5,897,000 tons in 1979 to 5,564,000 tons in 1980 and 5,161,000 tons in 1981.[34] Production again turned sharply downward in the first quarter of 1982, amounting to only 971,000 tons as compared to 1,542,000 tons in the same period of 1981.[35] Total domestic shipments of the product have similarly fallen.[36]

Annual production capacity in this steel sector has dropped from 9,713,000 tons in 1979 to 9,051,000 tons in 1981.[37] Utilization of this capacity, though, has fallen at a much sharper pace. Capacity utilization in 1978 stood at 62 percent and declined steadily to 57 percent in 1981. The first quarter of 1982 recorded a precipitous decline to 41.3 percent from 66.3 percent in the corresponding period of 1981.[38] Employment trends have followed the trends in production and shipments, declining steadily from 1979 to 1981, then falling drastically in January–March 1982 from the already depressed level of January–March 1981.[39]

Information on the profitability of this industry provides the most striking picture of its condition. The ratio of operating profit to net sales has decreased from 4 percent in 1978 to 3.9 percent in 1979, 1.4 percent in 1980, and 2.3 percent in 1981. The industry suffered losses in the first quarter of 1982, with an operating loss of $40 million and a ratio of operating losses to net sales of 7.8 percent.[40]

Reasonable Indication of Material Injury by Reason of Spanish Imports[41]

While declining domestic demand has surely had an adverse effect on the industry,[42] there is a reasonable indication that imports from Spain have caused material injury. Although absolute imports and imports as a percentage of apparent domestic consumption have generally declined over the period of investigation, they have remained at significant levels.[43]

Two instances indicative of possible price suppression or depression were confirmed, involving price reductions necessary to meet competition from lower-priced Spanish products. There are also ample indications that sales of domestic products have been lost to imports from Spain. Six instances of lost sales have been confirmed.[44] In all these cases, the principal reason cited was the lower price of the imports, which may have been as much as $40 to $140 below comparable domestic products. The latter figure corresponds to an underselling margin of 27 percent.[45]

Vice Chairman Calhoun and Commissioners Stern and Eckes base their finding on the above factors as well as on the following information. The United States is an increasingly major target for Spanish exports of plate, with exports to the United States rising from 20 percent of total exports in 1979 to 32.8 percent in 1981.[46] Data on Spanish capacity for the production of plate is available only for 1981, but that data suggests that some additional capacity may be devoted to producing exports for the U.S. market. Additionally, although U.S. importers' inventories of Spanish plate are down from the peak levels of 1980 and early 1981, they remain substantial.[47]

III. Hot-Rolled Carbon Steel Sheet

We determine that there is no reasonable indication that imports of hot-rolled carbon steel sheet from Spain have resulted in material injury or threat of material injury to the domestic industry. Among other factors, we have relied in our determination on the consistently low import penetration and the lack of substantial evidence of price suppression, price depression or lost sales caused by Spanish imports.

Condition of the Domestic Industry

The industry producing hot-carbon steel sheet, like other sectors of the overall steel industry, has suffered reverses in recent years. Production fell from 12,623,000 tons in 1979 to 9,855,000 tons in 1980, rebounded to 11,438,000 tons in 1981, then slumped to 1,916,000 tons in the first quarter of 1982 as compared to 2,375,000 tons in the first quarter of 1981.[48] Data on shipments are

[30] See additional views of Vice Chairman Calhoun.

[31] Commissioner Frank has cumulated in certain cases. See his additional views and his discussion on cumulation in certain Carbon Steel Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherlands, Romania, the United Kingdom, and West Germany, Invs. Nos. 701-TA-66 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Invs. Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226 (1982), at 127-129.

[32] Chairman Alberger and Commissioner Stern refer readers to their respective discussions of the practice of cumulation in Certain Carbon Steel Products from Belgium, the Federal Republic of Germany, France, Italy, Luxembourg, the Netherlands, and the United Kingdom, Invs. Nos. 731-TA-18-24 (Preliminary), USITC Pub. 1064 (1980), at 14-15 and 64-67, respectively.

See also our joint views in Certain Stee Products from Belgium, Brazil, France, Italy, Luxembourg, the Netherland, Romania, the United Kingdom, and West Germany, Invs. Nos. 701-TA-66 to 144, 701-TA-146, and 701-TA-147 (Preliminary), and Invs. Nos. 731-TA-53 to 86 (Preliminary), USITC Pubs. 1221 and 1226 (1982). The record developed in those investigations has been incorporated into the records of the present investigations. *See* Notice of Investigation, 47 FR 19486 (May 5, 1982).

Finally, *see* our views in Prestressed Concrete Steel Wire Strand from Brazil, France, and the United Kingdom, Invs. Nos. 701-TA-152 and 153 (Preliminary), and Inv. No. 731-TA-89, USITC Pub. 1240 (1982), at 3; Carbon Steel Wire Rod from Brazil, Belgium, France, and Venezuala, Invs. Nos. 701-TA-148 to 150 (Preliminary), and Inv. No. 731-TA-88 (Preliminary), USITC Pub. 1230 (1982).

[33] Chairman Alberger and Commissioners Frank and Haggart determine only that there is a reasonable indication of material injury, and therefore do not reach the issue of reasonable indication of threat of material injury.

[34] Report at A-12. All references to tonnage are to short tons.

[35] *Id.*

[36] *Id.* at A-9 and A-12.

[37] *Id.* at A-12.

[38] *Id.*

[39] *Id.* at A-14.

[40] *Id.* at A-11.

[41] Commissioner Frank has cumulated. See his separate views.

[42] Consumption fell from 8,482,000 tons in 1978 to 7,944,000 tons in 1981, and dropped 32 percent in the first quarter of 1982 compared to the same period in 1981. *Id.* at A-6 to A-9.

[43] Chairman Alberger and Commissioner Stern note that imports, although declining, are still a presence in the market at lower prices at a difficult time for the domestic industry and appear to be a contributing factor to the injury. These imports might be appropriately cumulated with those from other countries in a final determination.

[44] Report at A-30. Another purchaser was alleged to have bought an additional quantity of Spanish plate, but the origin of the products purchased could not be verified.

[45] *Id.* at A-33.

[46] *Id.* at A-27.

[47] *Id.* at A-24.

[48] *Id.* at A-12.

similar.[49] While domestic capacity for manufacture of these products fluctuated, utilization of capacity fell from 65.7 percent in 1978 to 65 percent in 1979, 52.5 percent in 1980, and rose to 59 percent in 1981. In the first quarter of 1982, it dropped sharply to 40.5 percent as production fell.[50]

Employment of production and related workers declined from 25,400 in 1979 to 20.432 in 1980 and increased to 22,404 in 1981. With the drop in production in early 1982, employment fell sharply to 17.456.[51]

This industry has experienced substantial recent losses. Operating profits fell from $162 million in 1978 to $95 million in 1979. The industry then suffered operating losses totalling $232 million in 1980, $139 million in 1981, and a further $136 million in the first quarter of 1982. The ratio of operating losses to net sales went from 7.5 percent in 1980 to 3.5 percent in 1981, then jumped to 18.3 percent in the first quarter of 1982.[52]

No Reasonable Indication of Material Injury by Reason of Spanish Imports [53]

The record developed in this investigation demonstrates no reasonable indication that the depressed condition of the domestic industry is attributable to imports from Spain. Imports are presently at insignificant levels, having fallen from 33,000 tons in 1978 to 5,000 tons in 1979, 1,000 tons in 1980, and 5,000 tons in 1981. Imports in January–March 1982 were only 2,000 tons.[54] As a percentage of domestic consumption these imports were only 0.2 percent in the peak year of 1978, falling to less than 0.05 percent in the three years 1979–81. Imports in the first quarter of 1982 reached a market penetration level of only 0.1 percent.[55]

One purchaser of hot-rolled carbon steel sheet confirmed that it had obtained a price discount on the domestically produced product in order to meet price competition from Spanish imports.[56] No instances of sales lost to Spanish imports, however, could be confirmed.[57]

No Reasonable Indication of Threat of Material Injury by Reason of Spanish Imports

We find that there is no reasonable indication of a threat of material injury to the domestic industry by reason of Spanish imports. As noted above, imports have consistently remained at low levels since 1979. Moreover, total Spanish exports to all countries have accounted for only a small percentage of Spanish production of this product, almost all production being devoted to domestic Spanish consumption.[58]

IV. Cold-Rolled Carbon Steel Sheet

We find a reasonable indication of threat of material injury to the domestic industry due to imports of cold-rolled carbon steel sheet.[59] This conclusion is based primarily on the rapidly rising level of Spanish imports of this product.

Condition of the Domestic Industry

As is true of other segments of the steel industry, the portion producing cold-rolled carbon steel sheet is in a severely weakened condition.

Production fell to 11,195,000 tons in 1981 from 13,225,000 tons in 1979. The first quarter of 1982 showed an even greater decline to 1,931,000 tons from 3,039,000 tons in the same quarter of 1981.[60] Shipments exhibited similar trends.[61] While production capacity fluctuated slightly between 1978 and 1981, utilization of that capacity declined irregularly from 84.7 percent in 1978 to 70.4 percent in 1981. It then plunged to 45.1 percent in January–March 1982, compared to 71 percent in the corresponding period in 1981.[62]

The decline in production negatively affected employment levels. Employment fell from a high of 39,223 workers in 1979 to 32,050 in 1980, but increased to 35.303 in 1981. It then dropped precipitously in the first quarter of 1982 to 23,859 workers.[63]

Financial losses in this industry have been severe. Operating profits declined from $114 million in 1978 to $53 million in 1979, then turned to losses of $383 million in 1980 and $293 million in 1981. Further losses of $170 million were recorded in the first quarter of 1982. As a ratio of net sales, these losses amounted to 9.2 percent in 1980, 5.9 percent in 1981, and 18.4 percent in the first quarter of 1982.[64]

Reasonable Indication of Threat of Material Injury by Reason of Spanish Imports [65]

During 1978, 1979, and 1980, imports from Spain have steadily decreased in both absolute terms and in relation to apparent U.S. consumption. Imports of cold-rolled carbon steel sheet from Spain declined from 90,000 tons in 1978 to 48,000 tons in 1979 and to 8,000 tons in 1980.[66] Import penetration exhibited a similar trend dropping from 0.4 percent in 1978 to 0.3 percent in 1979 and to 0.1 percent in 1980.[67] There is thus no visible relationship between these imports and the past problems associated with the domestic industry.

The period of 1981 and the first quarter of 1982, however, stands out in sharp contrast to the years 1978–80. Imports increased nearly eightfold in 1981 compared to he previous year and nearly fourfold in the first quarter of 1982 over the first quarter of 1981. In absolute terms imports jumped from 8,000 tons in 1980 to 62,000 tons in 1981 and from 7,000 tons in the first quarter of 1981 to 26,000 tons in the first quarter of 1982.[68] The import penetration figures from 1981 to the present show a similar upsurge in imports. The 1981 figure of 0.4 percent matched the prior peak set in 1978 and penetration in the first quarter of 1982 claimbed to 0.9 percent in contrast to a figure of 0.2 percent in the first quarter of 1981.[69] There are indications that these recent sharp increases in the levels of imports are contributing to the accelerating downturn in the industry's performance and thus threaten material injury.

V. Galvanized Carbon Steel Sheet

Views of Commissioners Alfred Eckes, Eugene Frank, and Veronica Haggart

We determine that there is a reasonable indication that imports of galvanized carbon steel sheet from Spain are causing material injury to the domestic industry.[70]

The galvanized carbon steel sheet industry has experienced a downturn since 1979. Production fell from 4,698,000 tons in 1979 to 3,749,000 tons in 1980. Although production rose to 4,400,000

[49] *Id.* at A–9 and A–12.
[50] *Id.* at A–12.
[51] *Id.* at A–14.
[52] *Id.* at A–21.
[53] See Commissioner Frank's separate views.
[54] *Id.* at A–30.
[55] *Id.* at A–32.
[56] *Id.* at A–56.
[57] *Id.* at A–53.
[58] *Id.* at A–27.
[59] The vote language of Vice Chairman Calhoun and Commissioner Stern reflects a determination of material injury or threat of material injury. Section 703(a) of the Tariff Act of 1930, 19 U.S.C. 1673(a). Commissioner Frank determined that there is a reasonable indication of present material injury to the domestic injury with respect to the investigation on cold-rolled carbon steel sheet and did not reach the issue of threat. See his separate views.
[60] Report at A–12.
[61] *Id.* at A–9 and A–12.
[62] *Id.* at A–12.
[63] *Id.* at A–14.
[64] *Id.* at A–21.
[65] Commissioner Frank found a reasonable indication of present material injury and cumualated. See his separate views.
[66] *Id.* at A–30.
[67] *Id.* at A–32.
[68] *Id.* at A–30.
[69] *Id.* at A–32.
[70] Commissioner Eckes finds a reasonable indication of material injury or threat of material injury. Chairman Alberger, Vice Chairman Calhoun, and Commissioner Stern, as discussed in their separate views, find no reasonable indication of material injury or threat of material injury.

tons in 1981. a sharp drop in production occurred in the the first 3 months of 1982. with only 365.000 tons being produced. in contrast to the 1.289.000 tons produced in the same period in 1981.[71] Shipments have similarly decreased.[72] While capacity for producing galvanized sheet has remained roughly constant since 1978. capacity utilization fell from 72.7 percent in 1978 to 59.4 percent in 1980. After rebounding to 70.7 percent in 1981. it fell to its lowest pont. 55.4 percent. in the first quarter of 1982.[73] Employment of production and related workers. which had peaked at 13.919 in 1981. fell to 11.266 by the first quarter of 1982 as production declined.[74]

From operating profits of $135 million in 1979. the industry declined to losses of $91 million in 1980. $29 million in 1981. and $66 million in the first quarter of 1982 (compared to a loss of only $6 million in the same period in 1981). The first quarter 1981 loss was more than double that for the entire previous year. The ratio of operating losses to net sales was 4.8 percent in 1980. 1.2 percent in 1981. and 14.5 percent in the first quarter of 1982.[75]

Reasonable Indication of Material Injury by Reason of Spanish Imports [76]

We find a reasonable indication that imports from Spain have contributed to the decline in the health of the domestic industry. Although they fell steadily from their peak level of 82.000 tons in 1978 to 19.000 tons in 1981. Spanish imports increased significantly to 25.000 tons in the first quarter of 1982 alone. an influx that was substantially in excess of that in the entire year 1981.[77] The import penetration level for the first quarter of 1982 of 1.8 percent of total domestic consumption was the highest level during the period of investigation.[78]

The significant increase in Spanish imports coincided with the serious downturn in domestic production. capacity utilization. and profitability in early 1982. This link is sufficient to indicate causation of injury to the industry.

Other information also strongly supports our conclusion of a reasonable indication of injury. Of four allegations of sales lost be domestic firms to imports of galvanized sheet. two were confirmed.[79] In addition. five transactions were confirmed in which a domestic firm lost revenues by lowering its prices in order to meet price competition by Spanish imports.[80] Thus. there is a reasonable indication that imports from Spain are a factor in causing the problems the industry is experiencing.

V. Galvanized Carbon Steel Sheet

Views of Chairman Bill Alberger. Vice Chairman Michael J. Calhoun. and Commissioner Paula Stern

We find no reasonable indication of material injury or threat of material injury to the domestic industry producing galvanized carbon steel sheet. Although we agree with our colleagues that the domestic industry is experiencing severe problems. we are not convinced that those problems are causally related to imports for Spain or any other country previously investigated by the Commission.[81] As noted in our views regarding galvanized carbon steel sheet in the recent steel investigations.[82] it is our judgment. based upon the best information available to the Commission. that factors other than imports are responsible for the present condition of the domestic galvanized carbon steel industry. Among the causes of the decline in the domestic industry were a sharp decline in domestic consumption. low labor productivity. and high labor costs.

Although domestic production. shipments. employment. and profitability have declined during the period under investigation. imports have also declined. There is no evidence of excessive inventories of Spanish imports during the entire period. Except for the first quarter in 1982 when imports of galvanized carbon steel sheet from Spain reached their highest market penetration level of 1.8 percent. they have maintained a consistently low level and have been insignificant as a share of overall imports during the period of this investigation. From 1979 to 1981. imports from Spain declined as a ratio of imports to consumption from 0.5 percent to 0.3 percent. During this period. overall imports declined sharply at the same time that domestic profitability fell. A first quarter increase in imports coinciding with a further drop in profits during a major recession hardly seems to us to call for a continuation of an investigation.

Even during the first quarter of 1982 when Spanish imports reached their highest level. as a share of overall imports. they represented less than 10 percent of the 21 percent market share for all imports of galvanized carbon steel sheet. We do not find this increase in imports sufficient to establish a pattern of imports which warrants a finding of a reasonable indication of threat of material injury.

VI. Carbon Steel Structural Shapes

We determine that there is a reasonable indication of material injury or threat of material injury to the domestic industry producing carbon steel structural shapes by reason of imports from Spain.[83] This determination is based primarily on the substantial levels of Spanish imports and multiple confirmed instances of sales lost to Spanish imports during a period of decline in the domestic industry.

Condition of the Domestic Industry

Production in this industry has declined since 1979. falling from 4.1 million tons to 3.8 million tons in 1980 and 3.6 million tons in 1981. A further decline was registered in the first quarter of 1982. as production fell to 590.000 tons from 827.000 tons in the same period in 1981.[84] Data on shipments fell similarly.[85] Although total capacity for the production of structural shapes changed little over the period studied. capacity utilization fell in the latter part of the period. from 60.8 percent in 1980 to 58.2 percent in 1981 and then to 43.8 percent in the first quarter of 1982.[86] Employment matched the downward trend in production. falling from 13.058 workers in 1979 to 12.269 in 1980. 11.667 in 1981. and 7.125 in the first quarter of 1982.[87]

Most significantly. the industry has suffered losses in every year covered by this investigation. with the losses accelerating toward the end of the period. Operating losses were 2.2 percent and 0.3 percent of net sales in 1978 and 1979. respectively. then increased to 4.7 percent in 1980 and 4.9 percent in 1981. The losses grew again in the first quarter of 1982 to 12.7 percent.

[71] Report at A-12.
[72] *Id.* at A-9 and A-12.
[73] *Id.* at A-12.
[74] *Id.* at A-14.
[75] *Id.* at A-21.
[76] Commissioner Frank cumulated. See his separate views.
[77] Report at A-30.
[78] *Id.* at A-32.
[79] *Id.* at A-53.
[80] *Id.* at A-56.
[81] Investigations Nos. 701-TA-88 to 144. 701-TA-146. and 701-TA-147 (Preliminary). and Investigations No. 731-TA-53 to 66 (Preliminary). USITC Pubs. 1221 and 1228 (1982). at 54-57.
[82] *Id.*
[83] Chairman Alberger and Commissioners Frank and Haggart determine only that there is a reasonable indication of material injury. and therefore do not reach the issue of reasonable indication of threat of material injury.
[84] Report at A-12.
[85] *Id.* at A-9 and A-12.
[86] *Id.* at A-12.
[87] *Id.* at A-14.

compared to 4.9 percent in the same period of 1981.[88]

Reasonable Indication of Material Injury by Reason of Imports From Spain[89]

There is ample information in the record to support a reasonable indication that the industry's troubles are causally connected to Spanish imports. Imports from Spain have steadily increased as the fortunes of the industry have turned downward. Imports grew from 56,000 tons in 1978 to 238,000 tons in 1981, accounting for an increased share of the U.S. market from 1 percent in 1978 to 4.1 percent in 1981. Although imports dropped somewhat in the first quarter of 1982, they still amounted to 3.7 percent of total consumption during the quarter.[90]

Information shows that the industry has lost sales to Spanish imports on the basis of price. A number of purchasers stated that they had bought Spanish steel and had done so primarily because of its lower price. Only one company stated that it would continue to purchase Spanish steel even if the prices of domestic products were competitive.[91]

Reasonable Indication of Threat of Material Injury by Reason of Spanish Imports

Vice Chairman Calhoun and Commissioners Stern and Eckes base their finding on the above factors as well as on the following information. There are indications that imports of structural shapes from Spain will continue to cause material injury to the U.S. industry. As noted above, these imports account for a significant portion of domestic consumption of the products. Additionally, U.S. importers were reported as holding a very substantial level of inventories of the imported products in the first quarter of this year.[92] Moreover, Spanish production of structural shapes is highly dependent on export sales, with about half of production in the years 1979–81 being exported to other countries.[93]

VII. Hot-Rolled Carbon Steel Bar

With respect to the investigation on hot-rolled carbon steel bar, we find that there is a reasonable indication of threat of material injury [94] by reason of allegedly subsidized imports from Spain. We base this determination on a finding of increases in the ratio of imports from Spain to apparent U.S. consumption, the deteriorating condition of the domestic industry, and the percentage of total Spanish exports to the United States.

Condition of Domestic Industry

The domestic hot-rolled carbon steel bar industry's production, capacity utilization, employment, and profitability have all declined in the last two years. The most dramatic decreases have been in the figures for the first quarter of 1982.

During this quarter, production dropped to 759,000 tons from 1,088,000 tons in the comparable 1981 period.[95] This decrease was a continuation of the irregular annual production decline from 5,493,000 tons in 1978 to 4,089,000 tons in 1981. Shipment data show similar trends.[96] Although capacity remained relatively constant since 1980, capacity utilization decreased from 56.5 percent in January–March 1981 to 39.6 percent in January–March 1982.[97]

Employment statistics reflect a parallel pattern. Workers engaged in production of hot-rolled carbon steel bar went from 20,272 in 1978 to 14,579 in 1981. The most decisive drop again was in the January–March quarter when the number of workers went from 12,983 in 1981 to 9,788 in 1982.[98]

Profit-and-loss records have consistently shown an operating loss since 1980. In that year, the loss was $114 million. Although the loss was less substantial in 1981 at $35 million, it grew radically in the first quarter of 1982. In the 1982 January–March period the operating loss was $71 million compared to $8 million in the 1981 January–March period.[99] This almost eightfold increase has resulted in a ratio of operating loss to net sales of 21 percent for the first quarter of 1982 compared to 1.6 percent for the first quarter of 1981.[100]

Reasonable Indication of Threat of Material Injury by Reason of Spanish Imports[101]

Imports of hot-rolled carbon steel bar from Spain increased from 24,000 tons in 1980 to 34,000 tons in 1981, and have continued to rise during the first quarter of 1982.[102] The ratio of Spanish imports to apparent U.S. consumption has increased from 0.5 percent in 1978 to 0.7 percent in 1981.[103] This increase was more dramatic in the first quarter of 1982 when the imports more than doubled from 5,000 tons in January-March 1981 to 11,000 tons in the comaprable 1982 period.[104] The same ratio for the quarterly period tripled from 0.4 percent for the first quarter of 1981 to 1.2 percent for 1982.[105]

Although total Spanish exports of hot-rolled carbon steel bar decreased from 1980 to 1981, exports to the United States more than doubled. The percentage of exports to the U.S. went from 2.3 percent of total exports in 1980 to 6.7 percent in 1981.[106]

Very little information on lost sales or price reductions to meet competition is available at this time. However, an instance of a lost sale because of lower priced imports from Spain was confirmed,[107] as was a price concession because of a purchaser's threat to buy a less expensive Spanish import.[108]

Imports from Spain have become particularly significant in the first quarter of 1982. The recent upsurge in imports coincides with the dramatic decreases in the industry's production, capacity utilization, employment and profitability in the first quarter of 1982. U.S. importers' 1981 yearend inventories of hot-rolled carbon steel bar were 11,549 tons. Although end of March inventories have declined slightly, they still remain near peak levels.[109] Therefore, we find sufficient information to conclude that there is a reasonable indication of threat of material injury to the domestic industry due to Spanish imports.

VIII. Hot-Rolled Alloy Steel Bar

We determine that there is no reasonable indication of material injury or threat thereof to a domestic industry by reason of imports from Spain.[110] This finding is primarily based on the healthy condition of the domestic industry and on the decline in Spanish imports of this product.

[88] *Id.* at A-21.

[89] Commissioner Frank cumulated. See his separate views.

[90] Report at A-30, A-32.

[91] *Id.* at A-54.

[92] *Id.* at A-24.

[93] *Id.* at A-27, A-28.

[94] The vote language of Vice Chairman Calhoun and Commissioner Stern reflects a determination of material injury or threat of material injury. Section 703(a) of the Tariff Act of 1930, 19 U.S.C. § 1673b(a). Commissioner Frank finds a reasonable indication of present material injury and did not reach the issue of threat.

[95] Report at A-13.

[96] *Id.* at A-10 and A-13.

[97] *Id.* at A-13.

[98] *Id. at A-15.*

[99] *Id. at A-22.*

[100] *Id.*

[101] Commissioner Frank cumulated. See his separate views.

[102] Report at A-31.

[103] *Id.* at A-33.

[104] *Id.* at A-31.

[105] *Id.* at A-33.

[106] *Id.* at A-27.

[107] *Id.* at A-54.

[108] *Id.* at A-57.

[109] *Id.* at A-24.

[110] Commissioner Frank dissents. See his separate views.

Condition of the Domestic Industry

Production, capacity utilization, shipments, employment, and profit-and-loss ratios all rose in 1981 after a decline in the three preceding years.

In 1981, domestic production of hot-rolled alloy steel bar rose to 1,412,000 tons from the previous year's level of 1,151,000 tons.[111] Because production increased and capacity remained constant, capacity utilization also rose from 53.1 percent in 1980 to 65.1 percent in 1981.[112] Shipments grew from 1,179,000 tons in 1980 to 1,402,000 tons in 1981.[113] Employment also increased, rising from 5,761 in 1980 to 6,250 in 1981.[114]

The most dramatic jump, however, was in the profit-and-loss experience of the domestic producers. The ratio of operating profit to net sales almost doubled from 4.8 percent in 1980 to 8.6 percent in 1981, while the operating profit went from $37 million in 1980 to $87 million in 1981.[115]

No Reasonable Indication of Material Injury by Reason of Spanish Imports

During the same period of time when this U.S. industry was growing, Spanish imports were declining. These Spanish imports increased in the first quarter of 1982. Although domestic production, capacity utilization, employment, and profits declined in the first quarter of 1982 compared with the first quarter of 1981, there is no reasonable indication that these declines are related to imports from Spain.

Imports of this product from Spain have not followed a consistent pattern. The volume of imports was 11,000 tons in 1978; less than 500 tons in 1979; 1,000 tons in 1980; 5,000 tons in 1981; 1,000 tons in the first quarter of 1981 and 4,000 tons in the first quarter of 1982.[116] The penetration level was 0.4 percent in 1978; less than 0.05 percent in 1979; less than 0.05 percent in 1980; 0.2 percent in 1981; 0.1 percent in the first quarter of 1981; and 0.7 percent in the first quarter of 1982.[117]

Further, the Commission was not able to confirm any lost sales. The purchasers involved in the allegations stated that they had bought imports from other countries, but denied ever buying imports of this product from Spain.[118] No information indicating either price suppression or depression has been provided or developed.

No Reasonable Indication of Threat of Material Injury by Reason of Spanish Imports

In 1982, U.S. importers' end-of-period inventories for the January-March period increased to 5,493 tons compared to 1,629 tons for the comparable 1981 period. Even more important were the substantial decreases between 1980–1981 in both total exports and exports to the United States.[119] Furthermore, no other information such as Spanish capacity utilization or intent to increase exports to the U.S. was presented. Thus, there is no reasonable indication of threat of material injury by reason of Spanish imports of hot-rolled alloy steel bar.

IX. Cold-Formed Carbon Steel Bar

The Commission determined that there is a reasonable indication of material injury or threat of material injury[120] to a domestic industry by reason of imports of cold-formed carbon steel bar from Spain. This determination is based on dramatically increased imports, consistent underselling, and confirmed lost sales.

Condition of the Domestic Industry

The domestic cold-formed carbon steel bar industry has experienced financial losses as well as a decline in capacity utilization and employment during the past two years. Although production rose slightly in 1981, it did not offset the decline experienced in 1980.[121]

The domestic industry sustained an operating loss of $7 million for 1980, $5 million for 1981, and $13 million for the first quarter of 1982. This resulted in a ratio of operating loss to net sales of 14.5 percent for the January-March 1982 period.[122]

Although capacity has increased slightly in the past year, capacity utilization has decreased since 1979.[123] Capacity utilization went from a high of 80.5 percent in 1979 to 56 percent in 1981. This decline has resulted from an irregular decrease in production from 1,051,000 tons in 1979 to 738,000 tons in 1980 and 796,000 tons in 1981.[124] Shipment data essentially mirror the production figures.[125]

Employment figures show a similar decline since 1979. Persons working in the production and related areas of cold-formed carbon steel bar were 3,724 in 1979, 2,841 in 1980 and 2,731 in 1981.[126]

Reasonable Indication of Material Injury by Reason of Spanish Imports[127]

Imports, both in absolute terms and as a ratio of apparent U.S. consumption, rose dramatically in 1981. The quantity more than tripled from 5,000 tons in 1980 to 17,000 tons in 1981. This high level is expected to continue since the January-March 1982 import figure is the same as it was for those months in 1981, 4,000 tons.[128] This substantial increase in Spanish imports has meant that the penetration level of imports has tripled.[129] The ratio of Spanish imports to apparent U.S. consumption increased from 0.4 percent in 1980 to 1.2 percent in 1981.

Price data reveal that importers have consistently undersold domestic producers since the second quarter of 1980.[130] Although price comparisons were made on the basis of only one importer, this importer accounted for almost all imports of the product.[131] The Commission also confirmed two lost sales of about 4,000 tons on which quotations of $2.8 million had been made.[132]

Reasonable Indication of Threat of Material Injury by Reason of Spanish Imports

Vice Chairman Calhoun and Commissioners Stern and Eckes base their finding on the above factors as well as the following information. Although data on Spain's capacity were not available, information on the increased percentage of exports was provided. This information showed that, although exports to the U.S. feel 50 percent in 1980, they more than tripled in 1981. In that year, exports to the U.S. accounted for 40 percent of Spain's total exports.[133] In quantity, the increase has been from 4 tons in 1980 to 14 tons in 1981.[134] End-of-period inventories of U.S. importers also rose from 1,500 tons in 1980 to 5,390 tons in 1981. This level has

[111] Report at A-13.
[112] *Id.*
[113] *Id.*
[114] *Id.* at A-15.
[115] *Id.* at A-22.
[116] *Id.* at A-31.
[117] *Id.* at A-33.
[118] *Id.* at A-33.
[119] *Id.* at A-27.
[120] Chairman Alberger and Commissioners Frank and Haggart determine only that there is a reasonable indication of material injury, and therefore do not reach the issue of reasonable indication of threat of material injury.
[121] *Id.* at A-13.
[122] *Id.* at A-22.
[123] *Id.* at A-13.
[124] *Id.*
[125] *Id.* at A-10 and A-13.
[126] *Id.* at A-15.
[127] Commissioner Frank cumulated. See his separate views.
[128] *Id.* at A-31.
[129] Report at A-33.
[130] Id. at A-13.
[131] *Id.* at A-45.
[132] *Id.* at A-55.
[133] *Id.* at A-27.
[134] *Id.*

already been exceeded in the first quarter of 1982 at 5,454 tons.[135]

X. Cold-Formed Alloy Steel Bar

We have determined that there is no reasonable indication of material injury or threat thereof to a domestic industry by reason of imports of cold-formed alloy steel bar from Spain.[136] Spanish imports account for a small proportion of total domestic consumption, and there is no indication that they have had a meaningful effect on prices or sales of domestic products.

Condition of the Domestic Industry.

Even though its production levels have declined during the period covered by this investigation, the industry producing cold-formed alloy steel bar has remained in a relatively healthy condition. Production irregularly declined from a high of 159,000 tons in 1979 to 122,000 tons in 1981 and declined slightly again in the first quarter of 1982.[137] Shipments declined in a like manner. Although production capacity has remained almost static, capacity utilization has fallen from 71 percent in 1978 to 57.3 percent in 1981, with a further decrease to 47.8 percent in the first quarter of 1982.[138] Employment also has declined from its high point of 931 workers in 1979 to 701 in 1981 and 666 in the first quarter of 1982.[139]

Profitability in this industry, however, has not suffered to the same extent that it has in other segments of the overall steel industry. Operating profits have declined from $17 million in 1978 to $11 million in 1981. Profits were less than $500,000 in the first quarter of 1982, down from $4 million in the first quarter of 1981. The ratio of operating profit to net sales, although down from 1978 levels, has generally remained high during the period studied. It was 16.2 percent in 1978, 12.1 percent in 1979, 10.4 percent in 1980, and 9.9 percent in 1981. In the first quarter of 1982 it dropped to 0.7 percent.[140]

No Reasonable Indication of Material Injury by Reason of Spanish Imports

Although the economic indicators applicable to this industry have declined during the period under investigation, we find no reasonable indication of a causal relationship between this decline and the present of Spanish imports in the U.S. market. Spanish imports have never totalled more than 2,000 tons in any year between 1978 and the present, and were less than 500 tons in 1980 and 1981. Spanish import penetration levels ranged from lows of 0.1 percent in 1980 and 1981 to a high of only 0.5 percent in 1979. The first quarter of 1982 showed a 0.5 percent penetration figure for that period.[141] Moreover, no lost sales were confirmed and no information supporting a finding of price suppression or depression was provided or developed.

No Threat of Material Injury by Reason of Imports From Spain

We also find no threat of material injury to be present in this case. As noted above, Spanish imports have remained very low for the last several years. The United States does not appear to be a principal export market for Spain in this product. While total exports have remained relatively constant since 1979, exports to the United States have fallen, amounting to only 5.8 percent of total exports in 1981, compared with 17.4 percent in 1980 and 47.1 percent in 1979.[142]

Additional Views of Vice Chairman Michael J. Calhoun

In reaching my determinations in these investigations, I have assessed the impact of the Spanish imports under investigation in the context of the corresponding imports from Belgium, Brazil, Italy, France, Luxembourg, the Netherlands, Romania, the United Kingdom and West Germany which were the subject of the Commission's preliminary investigations 701-TA-86 through 144, 701-TA-146 through 147, and 731-TA-53 through 86. As was the case in the previous investigations, I have not included imports from South Africa in my aggregate assessment. (See Additional Views of Vice Chairman Calhoun, ITC Publication 1221, February 1982, p. 95).

In analyzing the impact of Spanish imports in the context of the imports previously investigated, I recognize that the statute requires a finding of material injury with regard only to the imports under investigation by the Department of Commerce. Thus it is possible to construe the statute as proscribing the cumulation of the impact of certain imports with the impact of those investigated in previous Commission investigations. Because these imports are still under investigation by Commerce, my action is consistent with the statute.

In my view, our authority for aggregating the impact of imports from different countries and under different investigations, whether the investigations are undertaken concurrently or at different times, arises under section 771(7)(B) which provides that in making our material injury assessments we shall consider the delineated factors "among other factors." And under section 771(7)(C)(iii), in assessing the impact of imports on the industry we are, by similar implication, given equally broad discretion. This view of our broad discretion in assessing the impact of imports on domestic producers seems well enough established so as not to warrant lengthy discussion here. The gist of this broad discretion plainly goes to our ability to relate the behavior of imports to realities in the marketplace.

Consistent with this view, I understand our task under the Trade Agreements Act of 1979, in its most basic expression, to be that of identifying whether imported products are adversely impacting in a material way the producers of those domestic products with which they are the most competitive. In this regard, then, whether a particular product is coming from only one country or from several is of little significance to the impact suffered by the domestic industry.

If imports from various countries are present in the marketplace at the same time and meet the other criteria we have used, it is most likely in their cumulative effect that their impact is most significant. Therefore, it has been the practice of this body to aggregate, on occasion, the impact of products from various countries when those imported products have been before us all at one time. In the absence of compelling reasons to the contrary, it is becoming my usual practice to aggregate in such circumstances.

Quite simply, in the present case, my cumulating the impact of Spanish imports with the impact of imports assessed in recent but previous Commission investigations is based on the same sound reasons underlying cumulation in investigations conducted concurrently. It seems to me that the timing of the filing of a petition before us ought not, in and of itself, be a basis for finding that the impact of a category of imports in the marketplace is somehow unrelated to that of similar imports whose impact has been recently assessed. If imports unequivocally interact in the market concurrently or with a hammering effect, all the other considerations underlying cumulation are met, it seems unaccountably arbitrary to assess impact separately simply on the basis of

[135] *Id.* at A-24.

[136] Commissioner Frank dissents. See his separate views.

[137] *Report* at A-51.

[138] *Id.* .

[139] *Id.* at A-15.

[140] *Id.* at A-22.

[141] *Id.* at A-33 and A-36.

[142] *Id.* at A-27.

the date on which the case arises. Admittedly, this view provides little incentive for petitioners to be diligent in bringing complete and comprehensive cases before us in the first instance. However, as this particular case demonstrates, factors beyond the diligence of petitioners can result in subsequent and related allegations of harm by imports from additional sources.

For these reasons, I have evaluated the impact of Spanish imports in the context of the aggregate impact of imports analyzed in the previous steel cases.

Separate Views of Commissioner Eugene J. Frank

I. Introduction

These views are to be considered in conjunction with my views with respect to the carbon and alloy steel 92 steel product preliminary investigations before the Commission in January 1982,[143] and made an integral part of this opinion.

Since those preliminary cases, the condition of the U.S. steel industry has suffered further significant deterioration by all recognized indicia of economic distress which does not bear recitation here. Some mention is warranted however. The American Iron and Steel Institute reported for the week ended June 5, 1982, industry capacity utilization of 42.5 percent and last weeks raw steel production was 49.3 percent below output produced a year earlier. Since mid-1981 about 105,000 steelmakers have either lost their jobs permanently or are on indefinite layoff. This does not even consider the effects on indirect employment which are of great magnitude. Some steel executives are predicting industry total shipment levels for 1982 as low as 70 million tons, compared with 87 million tons shipped last year. And steel imports have risen to more than 20 percent of this depressed domestic market since last year.

Although statutory considerations prescribe a like product and definition of industry approach as set forth by my colleagues for these cases, in my views in the January cases, I stated therein: "I believe, in ascertaining injury to the domestic industry affected in the conduct of these investigations it is appropriate to consider as a relevant factor in all these investigations, the basic, commonsense economic reality of the impact of such imports on the domestic steel industry in general."[144]

For these preliminary investigations, I cumulated the impact of alleged unfairly traded imports of comparable articles on the domestic industry from countries whose preliminary cases have been continued (including South Africa, not a signatory to the Subsidies Code) consistent with my approach and position on cumulation.[145] In this respect, I depart from the approach taken by some of my colleagues who have approached these preliminary investigations on a case-by-case basis.

Finally, I would reiterate here my oft-stated position that the statute and legislative history in Title VII investigations require the Commission in its preliminary determinations for both antidumping and countervailing duty investigations to exercise only a low-threshold test based upon the best information available that the facts reasonably indicate that an industry in the United States could *possibly* be suffering material injury, threat thereof, or material retardation.[146]

The following represent my determinations on these preliminary investigations, stating, where applicable, points of departure from my colleagues in analyses and dissent.[147]

II. Hot-Rolled Carbon Steel Plate

I find that there is a reasonable indication of material injury to the affected domestic industry by subject imports and do not reach the issue of threat. While otherwise concurring in general with my colleagues, I cumulated the impact on the pertinent domestic industry of subject imports from Spain along with Belgium, The United Kingdom, West Germany, Brazil, Romania, and South Africa, which indicates a general increase in overall levels of imports since 1978 to significant levels with a marked degree of domestic market penetration of 12.7 percent with respect to apparent domestic consumption the first quarter 1982.

III Hot-Rolled Carbon Steel Sheet

I find that there is no reasonable indication that imports of hot-rolled carbon steel sheet from Spain have resulted in material injury or threat of material injury to the domestic industry. While I generally concur with the observations of my colleagues, I amplify my position to indicate that I did not believe cumulation of subject imports from Spain with those countries for which the Commission made an affirmative preliminary determination, and South Africa, was appropriate. This was primarily in view of the historically miniscule levels and insignificant market presence of such Spanish imports (less than 0.05 percent in 1979–1981) only reaching a level worthy of some note in the first quarter 1982 of 0.1 percent. Further, I note that Spain's imports of hot-rolled carbon steel sheet substantially exceeded exports during 1979–1981, attributable to problems with a fairly new cold-reduction mill put in by Altos Hornos del Mediterraneo.

IV. Cold-Rolled Carbon Steel Sheet

I find a reasonable indication of material injury to the affected domestic industry by subject imports and do not reach the issue of threat. I concur with my colleagues in their observations relative to the severely weakened condition of the domestic industry. However, in cumulating the impact of subject imports on the domestic industry along with France, Italy, Netherlands, West Germany, and South Africa imports, it is readily apparent that imports have increased significantly from 1979 to 1981, registering a dramatic surge in the comparable 1981–1982 January–March quarter, and attained a significant market penetration of 5.5 percent for 1981 and 7.3 percent the first quarter 1982 compared with 1.7 percent the first quarter 1981. Although pricing data and lost sales information is insufficient or inconclusive, I would anticipate such information would be available in a final investigation for Commission consideration should the case return.[148]

V. Galvanized Carbon Steel Sheet

I find a reasonable indication of material injury to the affected domestic industry by subject imports and did not reach the issue of threat. Although I generally concur with the observations of Commissioners Eckes and Haggart in their views on this investigation, I cumulated the impact of subject imports from Spain with those from South Africa. Although such imports declined in absolute levels and with respect to market share from 1979–1981, they A-88 registered a substantial increase in the

[143] Investigation Nos. 701-TA-86 to 144, 701-146.a dn 701-TA-147 (Prel.), and Investigations Nos. 731-TA-53 to 86 (Prel.) USITC Pubs. 1221 and 1226, February 1982. *Certain Steel Products from Belgium, Brazil, France, Italy, Luxembourg, The Netherlands, Romania, The United Kingdom, and West Germany* Views of Commissioner Eugene J. Frank, pp. 121-185.

[144] Views of Commissioner Eugene J. Frank, *Certain Steel Products from Belgium, p.136*

[145] See *Id.* pp. 127-129.

[146] H.R. Report No. 96-317, 96th Cong., 1st Sess., p. 52 (1979).

[147] All data are derived from the accompanying Report unless otherwise indicated. First quarter January-March 1982 and January-December 1981 data on imports from South Africa were obtained by direct inquiry from staff on June 1 and June 2, 1982.

[148] See my views on the January cases, pp. 125-127 in which I cite my concerns about these areas.

first quarter of 1982, comprising two-thirds of imports for the entire 1981 period in this quarter, and attained a market penetration of 2.3 percent of domestic consumption.

VI. Carbon Steel Structural Shapes

I find a reasonable indication of material injury to the affected domestic industry by subject imports and do not reach the issue of threat. Although I generally concur with the observations of my colleagues in this case, I cumulated the impact of subject imports from Spain with those from South Africa, Belguim/Luxembourg, France, the United Kingdom, and West Germany. Such imports increased substantially from 850,000 tons in 1979 to 1,046,000 tons in 1981, accounting for an 18 percent share of the U.S. market in 1981. Although such imports dropped somewhat the first quarter 1982, they still amounted to 15.5 percent of domestic consumption during that period.

VII. Hot-Rolled Carbon Steel Bar

I find a reasonable indication of material injury to the affected domestic industry by subject imports and do not reach the issue of threat. Although I generally concur with the observations of my colleagues, I cumulated the impact of subject imports from Spain with those from the United Kingdom and South Africa. Such imports increased from 95,000 tons in 1980 to 153,000 tons in 1981, and comparable January to March 1981–1982 quarters similarly reflect a substantial increase. Additionally, market penetration of such imports increased from 1.9 percent in 1979 to 3.4 percent in 1981; and although it abated somewhat in the first quarter 1982 to 2.3 percent, it still represents significant penetration. I would anticipate more thorough scrutiny of pricing data and lost sales information in a final investigation should the Commission be called upon to conduct one.

VIII. Hot-Rolled Alloy Steel Bar

I find a reasonable indication of material injury to the affected domestic industry by subject imports and do not reach the issue of threat. I therefore dissent from my colleagues in this determination and analyses herein. Relevant indications of the health of the domestic industry such as production, capacity, capacity utilization, shipments, employment, paid hours worked and inconsistent profitability as I had stated in my views on the previous January cases [149] for this product have shown declines albeit irregular during the 1978–1981 period. Moreover, in the instant investigation it is germane to note for the first quarter 1982 marked further declines in shipments, production, employment and hours paid, and capacity utilization rate of 52.3 percent. Further, relevant profit and loss data for U.S. producers in January-March 1982 showed aggregate gross profits of only $1 million compared with $32 million for the comparable 1981 period, and an aggregate operating loss of $10.0 million for the 1982 first quarter—negative 5.0 percent with respect to negative 5.0 percent with respect to net sales—compared with $23 million operating profit or 9.9 percent of sales for the comparable 1981 quarter.

I cumulated subject imports from Spain with those from South Africa. Such imports posted a 532 percent increase in 1981 to 5,058 short tons, 0.2 percent of the market, form 800 short tons in 1980; more strikingly, such imports evidended a marked surge, looking at comparable January-March 1981–1982 data, registering a 286 percent increase form 980 tons to 3,785 tons, and jumped to 0.7 percent of apparent domestic consumption while domestic industry indicators declined substantially. I would anticipate that the Commission would be able to develop further and more comprehensive data on pricing patterns and lost sales in a final investigation. I note that importers did not provide data on average prices of this product according to the Staff Report and that lost sales information is inconclusive. [150]

I believe on the basis of the available information that there is a reasonable indication that the affected domestic industry in the United States *could possibly* be suffering material injury, and that this investigation should continue.

IX. Cold-Formed Carbon Steel Bar

I find that there is a reasonable indication of material injury to the affected domestic industry by subject imports and do not reach the issue of threat. While otherwise concurring in general with my collegues, I cumulated the impact on the pertinent domestic industry of subject imports from Spain along with the United Kingdom and South Africa. Such imports increased 266 percent in 1981 to 48,827 tons from 1980 levels and, as a percent of domestic consumption, also climbed markedly from 1 percent to 3.4 percent. Although first quarter 1981–1982 data show some decline in absolute levels, market penetration of 2.7 percent is still significant contrasted with 2.3 percent in January-March 1981.

X. Cold-Formed Alloy Steel Bar

I find that there is a reasonable indication of material injury to the affected domestic industry by subject imports and do not reach the issue of threat. I therefore dissent from my collegues in this determination and analyses herein. I believe relevant indicia of industry condition evidence overall a decline in its health during the 1978–1981 period manifested by decreases, albeit irregular in production, capacity utilization, shipments employment and paid hours worked and flattened operating profits. [151] Moreover, first quarter 1982 figures show further deterioration in these areas witnessed, for example, by capacity utilization rate of 47.8 percent (compared with 58.2 percent the comparable 1981 quarter), further declines in employment, and substantial decreases in gross and operating profits, especially operating profit margins which plummeted from 14.3 percent to 0.7 percent. One must note the most recent first quarter surge of imports for the entire 1981 period with penetration climbing from 0.1 percent to 0.5 percent of consumption, coupled with a decline in industry fortunes in considering a reasonable indication of the domestic industry possibly suffering for this product, which would more likely be developed in a final investigation should the Commission be called upon to conduct one.

I believe on the basis of available information that there is a reasonable indication that the affected domestic industry in the United States *could possibly* be suffering material injury and that this investigation should continue.

By order of the Commission.

Issued: June 10, 1982.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-16264 Filed 6-15-82; 8:45 am]

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[149] See my views on the January cases, pp. 173–175.

[150] See my views on the January cases, pp. 125–127 relative to my concerns about these areas.

APPENDIX D

CURRENT STATUS OF COUNTERVAILING DUTY AND/OR ANTIDUMPING INVESTIGATIONS CONCERNING CERTAIN CARBON STEEL PRODUCTS FROM SPECIFIED COUNTRIES

Status of Investigations 1/ as of Nov. 30, 1982

Country	Hot-rolled carbon steel plate	Cold-rolled carbon steel sheet	Galvanized carbon steel sheet	Carbon steel structural shapes	Hot-rolled carbon steel bar	Cold-formed carbon steel bar
Belgium	2/	3/	3/	2/	3/ 4/	3/ 4/
Brazil	4/ 5/	3/ 4/	6/	3/ 4/	3/ 4/	3/ 4/
France	3/	2/	3/	2/	3/ 4/	3/ 4/
Italy	3/	2/	3/	7/	3/ 4/	3/ 4/
Luxembourg	3/	3/	3/	2/	3/ 4/	6/
Netherlands	3/	8/	3/	7/	6/	6/
Romania	9/ 10/	6/	6/	6/	6/	6/
Korea	4/ 11/	4/ 12/	4/ 11/	6/	6/	6/
United Kingdom	2/	3/	3/	2/	2/ 4/	4/ 8/
West Germany	2/	2/	3/	2/	3/ 4/	3/ 4/

1/ Except as noted, all product/country combinations identified involve both countervailing duty and antidumping investigations.

2/ Subject to settlement agreement; investigation terminated (47 F.R. 49104, Oct. 29, 1982, and 47 F.R. 51020, Nov. 10, 1982). A copy of the settlement agreement follows this table.

3/ Negative "reasonable indication of material injury" determination by the Commission (47 F.R. 9087, Mar. 3, 1982).

4/ Countervailing duty investigation only.

5/ Investigation in progress, final subsidy determination due from Commerce by Dec. 6, 1982.

6/ Not covered by petitions; no investigation instituted.

7/ Petition withdrawn; investigation terminated (47 F.R. 6117, Feb. 10, 1982).

8/ Negative final subsidy determination by Commerce (47 F.R. 40725, Sept. 15, 1982).

9/ Antidumping investigation only.

10/ Investigation in progress; final dumping determination due from Commerce by Dec. 29, 1982.

11/ Investigation in progress; final subsidy determination due from Commerce by Dec. 20, 1982.

12/ Negative "reasonable indication of material injury" determination by the Commission (47 F.R. 28481, June 30, 1982).

Certain Steel Products From Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands and the United Kingdom; Termination of Countervailing Duty and Antidumping Investigations

AGENCY: International Trade Administration, Commerce.

ACTION: Termination of countervailing duty and antidumping investigations.

SUMMARY: The petitioners the in investigations listed in Appendix I which follows this notice have withdrawn their petitions concerning the certain steel products listed and described in Appendix II to this notice. Therefore, we are terminating these conuntervailing duty and antidumping investigations.

EFFECTIVE DATE: October 29, 1982.

FOR FURTHER INFORMATION CONTACT: David Binder, Office of Investigations, Import Administration, International Trade Administration, United States Department of Commerce, 14th Street & Constitution Avenue, NW., Washington D.C. 20230; telephone: (202) 377-1779.

Case Histories

Countervailing Duty Investigations of Certain Steel Products—Petitions Filed January 11, 1982

On January 11, 1982, we received petitions from the United States Steel Corporation; Behtlehem Steel Corporation; Republic Steel Corporation; Inland Steel Company; Jones & Laughlin Steel, Inc.; National Steel Corporation and Cyclops Corporation filed on behalf of the U.S. industry producing certain carbon steel products. The petitions alleged certain benefits constituting subsidies within the meaning of section 701 of the Tariff Act of 1930, as amended (the Act), were being provided, directly or indirectly, to the manufacturers producers or exporters in certain member states of the European Economic Community (EEC) of the carbon steel products listed and described in Appendices I and II to this notice. We found these petitions contained sufficient grounds upon which to initiate countervailing duty investigations and initiated such investigations on February 1, 1982 (47 FR 5748). On June 10, 1982 we issued our preliminary determinations in these investigations (47 FR 26300). We issued our final determintions on August 24, 1982 (47 FR 39304). These fina

determinations stated our conclusions that the governments of certain member states of the EEC were providing certain of their manufacturers, producers or

exporters of certain carbon steel products with benefits constituting subsidies within the meaning of the countervailing duty law.

Antidumping Investigations of Certain Steel Products—Petitions Filed January 11, 1982

On January 11, 1982 we received petitions from the United States Steel Corporation and Bethlehem Steel Corporation filed on behalf of the U.S. industry producing certain carbon steel products. The petitions alleged certain carbon steel products from certain member states of the EEC were being, or were likely to be, sold in the United States at less than fair value. After reviewing the petitions, we determined they contained sufficient grounds to initiate antidumping investigations and initiated such investigations on February 1, 1982 (45 FR 5745). On August 9, 1982 we issued our preliminary determinations in these investigations (47 FR 35646). These stated our preliminary conclusions that certain carbon steel products from certain member states of the EEC were being sold, or were likely to be sold, in the United States at less than fair value. Had these investigations continued, we were to have issued our final determinations no later then December 29, 1982.

Countervailing Duty Investigations of Carbon Steel Welded Pipe & Tube—Petitions Filed May 7, 1982

On May 7, 1982 we received a petition from the United States Steel Corporation filed on behalf of the U.S. industry producing carbon steel welded pipe and tube. The petition alleged certain benefits constituting subsidies within the meaning of the Act were being provided, directly or indirectly, to the manufacturers, producers or exporters in certain member states of the EEC of carbon steel welded pipe. We found these petitions contained sufficient grounds upon which to initiate countervailing duty investigations and initiated such investigations on May 27, 1982 (47 FR 24169). On October 4, 1982 we issued our preliminary determinations in these investigations (47 FR 44818). These stated our preliminary conclusions that the benefits provided by the governments of certain EEC member states to certain of their manufacturers, producerss or exporters of carbon steel welded pipe and tube were de minimis. Therefore, we issued negative preliminary determinations. Had these investigations continued, we were to have issued our final determinations no later than December 20, 1982.

Countervailing Duty and Antidumping Investigations of Steel Rails—Petitions Filed September 3, 1982

On September 3, 1982 we received a petition from the CF&I Steel Corporation alleging certain benefits constituting subsidies within the meaning of the Act were being provided, directly or indirectly, to manufacturers, producers or exporters in the EEC of steel rails. The petition also alleged steel rails from certain member states of the EEC were being, or were likely to be, sold in the United States at less than fair value. After reviewing the petition, we determined it contained sufficient grounds to initiate countervailing duty and antidumping investigations and initiated such investigations on September 23, 1982 (47 FR 42744). Had these investigations continued, we were to have issued our preliminary determinations with respect to countervailing duties no later than November 29, 1982 and with respect to antidumping duties no later than February 10, 1982.

On October 21, 1982 representatives of the United States Government and the EEC concluded agreements with respect to imports into the United States of certain steel products from the EEC. The text of these agreements and the annexes thereto are set forth in Appendix III to this notice.

SUPPLEMENTARY INFORMATION:

On October 21, 1982 the petitioners in these investigations notified us they were withdrawing their petitions and requested that the investigations be terminated. Under sections 704(a) (countervailing duties) and 734(a) (antidumping) of the Act, upon withdrawal of a petition, the administering authority may terminate an investigation after giving notice to all parties to the investigation. All parties to these investigations have been notified of petitioners' withdrawals. We have determined termination of these cases is in the public interest.

Customs Officers have been instructed to refund any estimated countervailing or antidumping duties collected and to release any bonds or deposits posted with respect to the certain steel products affected by these terminations.

By virtue of the withdrawal of the petitions and termination of these investigations, all the preliminary determinations and conclusions reached in all those investigations in which we had not yet issued a final determination as to whether the products under investigation benefit from subsidies or are sold at less than fair value are henceforth without legal force or effect.

Gary N. Horlick,

Deputy Assistant Secretary For Import Administration.

October 21, 1982.

Appendix I.—Countervailing Duty (CVD) and Anditumping (AD) Petitions Withdrawn

—CVD petitions, filed on January 11, 1982, by (1) United States Steel Corporation, (2) Bethlehem Steel Corporation (3) Republic Steel Corporation; Inland Steel Company; Jones & Laughlin Steel, Inc., National Steel Corporation, and Cyclops Corporation concerning certain steel products from Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, the United Kingdom, and the European Communities.

—AD petitions, filed on January 11, 1982, by (1) United States Steel Corporation, and (2) Bethlehem Steel Corporation concerning certain steel products from Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, and the United Kingdom.

—CVD petitions, filed on May 7, 1982, by United States Steel Corporation concerning carbon steel welded pipe and tube from France, the Federal Republic of Germany and Italy.

—CVD petition, filed on September 3, 1982, by CF&I Steel Corporation concerning steel rails from the European Communities.

—AD petitions, filed on September 3, 1982, by CF&I Steel Corporation concerning steel rails from France, the Federal Republic of Germany and the United Kingdom.

The individual cases subject to this termination of investigations are:

Product	Country
Steel Rails (AD)	UK, France, FRG.
Steel Rails (CVD)	EEC (France, FRG, Luxembourg, UK).
Hot-Rolled Sheet (AD)	France, Belgium, Italy.
Hot-Rolled Sheet & Strip (AD)	Belgium, FRG, Netherlands.
Cold-Rolled Sheet (AD)	France Netherlands
Cold-Rolled Sheet & Strip (AD)	FRG
Carbon Steel Plate (AD)	Belgium FRG UK
Structurals (AD)	France FRG Luxembourg UK
Carbon Steel Welded Pipe & Tube (CVD)	France, FRG.
Carbon Steel Plate (CVD)	Belgium, France, UK.
Hot-Rolled Carbon Plate (CVD)	FRG
Structurals (CVD)	Belgium, France, FRG, Luxembourg, UK.
Hot-Rolled Sheet (CVD)	France
Cold-Rolled Sheet (CVD)	France
Hot-Rolled Sheet & Strip (CVD)	Belgium, FRG, Italy.
Cold-Rolled Sheet & Strip (CVD)	FRG, Italy.
Hot-Rolled Carbon Bar (CVD)	UK.
Cold-Rolled Carbon Bar (CVD)	UK.

Appendix II

The following product definitions are taken from the last published Federal Register notice of a determination in the cases subject to this notice of termination.

1. The term *"carbon steel structural shapes"* covers hot-rolled, forged, extruded, or drawn, or cold-formed or cold-finished carbon steel angles, shapes, or sections, not drilled, not punched, and not otherwise advanced, and not conforming completely to the specifications given in the headnotes to Schedule 6, Part 2 of the *Tariff Schedules of the United States Annotated ("TSUSA")*, for blooms, billets, slabs, sheet bars, bars, wire rods, plates, sheets, strip, wire, rails, joint bars, tie plates, or any tubular products set forth in the *TSUSA*, having a maximum cross-sectional dimension of 3 inches or more, as currently provided for in items 609.8005, 609.8015, 609.8035, 609.8041, or 609.8045 of the *TSUSA*. Such products are generally referred to as structural shapes.

2. The term *"hot-rolled carbon steel plate"* covers hot-rolled carbon steel products, whether or not corrugated or crimped; not pickled; not cold-rolled; not in coils; not cut, not pressed, and not stamped to non-rectangular shape; 0.1875 inch or more in thickness and over 8 inches in width; as currently provided for in items 607.6615, or 607.94, of the *Tariff Schedules of the United States Annotated ("TSUSA")*; and hot- or cold-rolled carbon steel plate which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710 or 608.11 of the *TSUSA*. Semifinished products of solid rectangular cross section with a width at least four times the thickness in the as cast condition or processed only through primary mill hot rolling are not included.

3. The term *"hot-rolled carbon steel sheet and strip"* covers the following hot-rolled carbon steel products. Hot-rolled carbon steel sheet is a hot-rolled carbon steel product, whether or not corrugated or crimped and whether or not pickled; not cold-rolled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; over 8 inches in width and in coils or if not in coils under 0.1875 inch in thickness and over 12 inches in width; as currently provided for in items 607.6610, 607.6700, 607.8320, 607.8342, or 607.9400 of the *Tariff Schedules of the United States Annotated ("TSUSA")*. *Please note that the definition of hot-rolled carbon steel sheet includes some products classified as "PLATE" in the TSUSA (Items 607.6610 and 607.8320).* Hot-rolled carbon steel strip is a flat-rolled steel product, whether or not corrugated or crimped and whether or not pickled; not cold-rolled, not cut, not pressed, and not stamped to non-rectangular shape; under 0.1875 inch in thickness and not over 12 inches in width; as currently provided for in items 608.1920, 608.2120, or 608.2320 of the *TSUSA*. Hot-rolled carbon steel strip originally rolled less than 12 inches in width and containing over 0.25 percent carbon is not included.

4. The term *"cold-rolled carbon steel sheet and strip"* covers the following cold-rolled carbon steel products. Cold-rolled carbon steel sheet is a cold-rolled carbon steel product, whether or not corrugated or crimped and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; over 12 inches in width and in coils or if not in coils under 0.1875 inch in thickness; as currently provided for in items 607.8320 or 607.8344 of the *Tariff Schedules of the United States Annotated ("TSUSA")*. *Please note that the definition of cold-rolled carbon steel sheet includes some products classified as "Plate" in the TSUSA (Item 607.8320).* Cold-rolled carbon steel strip is a flat-rolled carbon steel product; cold-rolled, whether or not corrugated or crimped and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; under 0.1875 inch in thickness and over 0.50 inch in width but not over 12 inches in width; as currently provided for in items 608.1940, 608.2140, or 608.2340 of the *TSUSA*. Cold-rolled carbon steel strip originally rolled less than 12 inches in width and containing over 0.25 percent carbon is not included.

5. The term *"galvanized carbon steel sheet"* covers hot- or cold-rolled carbon steel sheet which has been coated or plated with zinc including any material which has been painted or otherwise covered after having been coated or plated with zinc, as currently provided for in items 608.0710, 608.0730, 608.11 or 608.13 of the *Tariff Schedules of the United States Annotated ("TSUSA")*. *Note that the definition of galvanized carbon steel sheet includes some products classified as "Plate" in the TSUSA (Items 608.0710 and 608.11).* Hot- or cold-rolled carbon steel sheet which has been coated or plated with metal other than zinc is not included.

6. The term *"hot-rolled carbon steel bars"* covers hot-rolled carbon steel products of solid section which have cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons, or octagons, not cold-formed, and not coated or plated with metal, as currently provided for in items 606.8310, 606.8330, or 606.8350 of the *Tariff Schedules of the United States Annotated.*

7. The term *"hot-rolled alloy steel bars"* covers hot-rolled alloy steel products, other than those of stainless or tool steel, of solid section which have cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons, or octagons, not cold-formed, as currently provided for in item 606.97 of the *Tariff Schedules of the United States.*

8. The term *"cold-formed carbon steel bars"* covers cold-formed carbon steel products of solid section which have cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons, or octagons, as currently provided for in items 606.8805 or 606.8815 of the *Tariff Schedules of the United States Annotated.*

9. The term *"cold-formed alloy steel bars"* covers cold-formed alloy steel products, other than those of stainless or tool steel, of solid section which have cross sections in the shape of circles, segments of circles, ovals, triangles, rectangles, hexagons, or octagons, as currently provided for in item 606.99 of the *Tariff Schedules of the United States.*

10. The term *"large diameter welded carbon steel pipes and tubes"* covers welded carbon steel pipes and tubes with walls not thinner than 0.065 of an inch of circular cross section and over 16 inches in outside diameter, as currently provided for in items 610.3211 and 610.3251 of the *Tariff Schedules of the United States Annotated (TSUSA).* Pipes and tubes suitable for use in boilers, superheaters, heat exchangers, condensers, and feedwater heaters, or conforming to A.P.I. specifications for oil well tubing, with or without couplings, cold-drawn pipes and tubes and cold-rolled pipes and tubes with wall thickness not exceeding 0.1 of an inch are *not included.*

11. The term "Steel Rails" covers hot-rolled carbon steel rails and hot-rolled alloy steel rails, whether or not punched, weighing not less than 8 pounds per yard, with cross-sectional shapes intended for carrying wheel loads in railroad, railway and crane runway applications, as currently provided for in items 610.2010, 610.2020 and 610.2100 of the *Tariff Schedules of the United States Annotated* ("TSUSA").

A-95

Appendix III—Arrangement

Concerning trade in certain steel products between the European Coal

and Steel Community (hereinafter called "the ECSC") and the United States (hereinafter called "the U.S.").

1. *Basis of the Arrangement.* Recognizing the policy of the ECSC of restructuring its steel industry including the progressive elimination of state aids pursuant to the ECSC State Aids Code; recognizing also the process of modernization and structural change in the United States of America (hereinafter called the "USA"); recognizing the importance as concluded by the OECD of restoring the competitiveness of OECD steel industries; and recognizing, therefore, the importance of stability in trade in certain steel products between the European Community (hereinafter called "the Community") and the USA;

The objective of this Arrangement is to give time to permit restructuring and therefore to create a period of trade stability. To this effect the ECSC [1] shall restrain exports to or destined for consumption in the USA of products described in Article 3 (a) originating in the Community (such exports hereinafter called "the Arrangement products") for the period 1st November 1982 to 31st December 1985.

The ECSC shall ensure that in regard to exports effected between 1st August and 31st Octoer 1982, aberrations from seasonal trade patterns of Arrangement products will be accommodated in the ensuing licensing period.

2. *Condition—Withdrawal of petitions; new petitions.* (a) The entry into effect of this Arrangement is conditional upon:

(1) The withdrawal of the petitions and termination of all investigations concerning all countervailing duty and antidumping duty petitions listed in Appendix A at the latest by 21st October 1982; and

(2) Receipt by the U.S. at the same time of an undertaking from all such petitioners not to file any petitions seeking import relief under U.S. law, including countervailing duty, antidumping duty, Section 301 of the Trade Act of 1974 (other than Section 301 petitions relating to third country sales by U.S. exporters) or Section 337 of the Tariff Act of 1930, on the Arrangement products during the period in which this Arrangement is in effect.

(b) If during the period in which the Arrangement is in effect, any such investigations [2] or investigations under Section 201 of the Trade Act of 1974, Section 232 of the Trade Expansion Act of 1962, or Section 301 of the Trade Act of 1974 (other than Section 301 petitions relating to third country sales by U.S. exporters) are initiated or petitions filed or litigation (including antitrust litigation) instituted with respect to the Arrangement products, and the petitioner of litigant is one of those referred to in article 2a), the ECSC shall be entitled to terminate the Arrangement with respect to some or all of the Arrangement products after consultations with the U.S., at the earliest 15 days after such consultations.

If such petitions are filed or litigation commenced by petitioners or litigants other than those referred to in the previous paragraph, or investigations initiated, on any of the Arrangement products, the ECSC shall be entitled to terminate the Arrangement with respect to the Arrangement product which is the subject of the petition, litigation or investigation after consultations with the U.S., at the earliest 15 days after such consultations. In addition, if during the consultations it is determined that the petition, litigation or investigation threatens to impair the attainment of the objectives of the Arrangement, then the ECSC shall be entitled to terminate the Arrangement with respect to some or all Arrangement products, at the earliest 15 days after such consultations.

These consultations will take into account the nature of the petitions or litigation, the identity of the petitioner or litigant, the amount of trade involved, the scope of relief sought, and other relevant factors.

(c) If, during the term of this Arrangement, any of the above mentioned proceedings of litigation is instituted in the USA against certain steel products as defined in Article 3 (b) imported from the Community which are not Arrangement products and which substantially threaten its objective, then the ECSC and the U.S., before taking any other measure, shall consult to consider appropriate remedial measures.

3. *Product description.* (a) The products are:

Hot-rolled sheet and strip
Cold-rolled sheet
Plate
Structurals
Wire rods
Hot-rolled bars
Coated sheet
Tin plate
Rails
Sheet piling

as described and classified in Appendix B by reference to corresponding Tariff Schedules of the United States Annotated (TSUSA) item numbers and EC NIMEXE classification numbers.

(b) For purposes of this Arrangement, the term "certain steel products" refers to the products described in Appendix E.

4. *Export Limits.* (a) For the period 1st November 1982 to 31 December 1983 (hereinafter called "the Initial Period") and thereafter for each of the years 1984 and 1985 export licenses shall be required for the Arrangement products. Such licenses shall be issued to Community exporters for each product in quantities no greater than the following percentages of the projected U.S. Apparent Consumption (hereinafter called "export ceilings") for the relevant period:

Product	Percentage
Hot-rolled sheet and strip	6.81
Cold-rolled sheet	5.11
Plate	5.36
Structurals	9.91
Wire rods	4.29
Hot-rolled bars	2.38
Coated sheet	3.27
Tin plate	2.20
Rails	8.90
Sheet piling	21.85

For the purposes of this Arrangement, "U.S. Apparent Consumption" shall mean shipments (deliveries) minus exports plus imports, as described in Appendix D.

(b) Where Arrangement products imported into the USA are subsequently re-exported therefrom, without having been subject to substantial transformation, the export ceiling for such products for the period corresponding to the time of such re-export shall be increased by the same amount.

(c) For the purposes of this Arrangement the USA shall comprise both the U.S. Customs Territory and U.S. Foreign Trade Zones. In consequence the entry into the U.S. Customs Territory of Arrangement products which have already entered into a Foreign Trade Zone shall not then be again taken into account as imports of Arrangement products.

5. *Calculation and revision of U.S. Apparent Consumption forecast and of export limits.* The U.S., in agreement with the ECSC, will select an independent forecaster which will provide the estimate of U.S. Apparent Consumption for the purposes of this Arrangement. A-96

For the Initial Period, a first projection of the U.S. Apparent Consumption by product will be established as early as possible and in any event before 20th October 1982. A provisional export

[1] To the extent that the Arrangement products are subject to the Treaty establishing the European Economic Community (the EEC), the term "ECSC" should be substituted by "EEC".

[2] With respect to any Section 337 investigation, the parties shall consult to determine the basis for the investigation.

ceiling for each product will then be calculated for that period by multiplying the U.S. Apparent Consumption of each product by the percentage indicated in Article 4 for that product. These figures for projected Apparent Consumption will be revised in December 1982, February, May, August and October of 1983, by the said independent forecaster, and appropriate adjustments will be made to the export ceilings for each product taking into account licenses already issued under Article 4.

The same procedure will be followed to calculate and revise the U.S. Apparent Consumption and export ceilings for 1984 and for 1985, the first projection being established by the independnet forecaster by 1st October of 1983 and 1984, respectively.

In February of each year as from 1984, adjustments to that year's export ceiling for each product will be made for differences between the forecasted U.S. Apparent Consumption and actual U.S. Apparent Consumption of that product in the previous year or (in February 1984) in the Initial Period.

6. *Export Licences and Certificates.* (a) By Decisions and Regulations to be published in the Official Journal of the European Communities the ECSC will require an export licence for all Arrangement products. Such export licences will be issued in a manner that will avoid abnormal concentrations in exports of Arrangement products to the USA taking into account seasonal trade patterns. The ECSC shall take such action, including the imposition of penalties, as may be necessary to make effective the obligations resulting from the export licences. The ECSC will inform the U.S. of any violations concerning the export licences which come to its attention and the action taken with respect thereto.

Export licences will provide that shipment must be made within a period of three months.

Export licences will be issued against the export ceiling for the Initial Period or a specific calendar year as the case may be. Export licences may be used as early as 1st December of the previous year within a limit of eight (8) percent of the ceiling for the given year. Export licences may not be used after 31st December of the year for which they are issued except that licences not so used may be used during the first two months of the following year with a limit of (8) percent of the export ceiling of the previous year or eight (8) percent of eighty-six (86) percent of the export ceiling of the Initial Period, as the case may be.

(b) The ECSC will require that Arrangement products shall be accompanied by a certificate substantially in the form set out in Appendix C, endorsed in relation to such a licence. The U.S. shall require presentation of such certificate as a condition for entry into the USA of the Arrangement products. The U.S. shall prohibit entry of such products not accompanied by such a certificate.

7. *Technical adjustment.* (a) The specific product export ceilings provided for in Article 4 may be adjusted by the ECSC with notice to the U.S. Adjustments to increase the volume of one product must be offset by an equivalent volume reduction for another product for the same period. Notwithstanding the preceding sentences, no adjustment may be made under this paragraph which results in an increase or a decrease in a specific product limitation under Article 4 by more than five (5) percent by volume for the relevant period.

The ECSC and the U.S. may agree to increase the above percentage limit.

(b) Normally, only one change in a specific product export ceiling in a given year or the Initial Period may be made by an adjustment under the preceding paragraph or use of licences in December or January/February under Article 6(a). Accordingly, changes in a given year or the Initial Period by use of more than one of those three provisions may be made only upon agreement between the ECSC and the U.S.

8. *Short supply.* On the occasion of each quarterly consultation provided for in Article 10 the U.S. and the ECSC will examine the supply and demand situation in the USA for each of the products listed in Appendix B. If the U.S. in consultation with the ECSC determines that because of abnormal supply or demand factors, the U.S. steel industry will be unable to meet demand in the USA for a particular product (including substantial objective evidence such as allocation, extended delivery periods, or other relevent factors) an additional tonnage shall be allowed for such product or products by a special issue of licences limited to 10 percent of the ECSC's unadjusted export ceiling for that product or products. In extraordinary circumstances as determined by the allowable level of special licences.

Each authorized special issue export licence and certificate derived therefrom shall be so marked. Each such licence must be used within 180 days after the start of the quarter when that special issue began.

9. *Monitoring.* The ECSC will within one month of each quarter and for the first time by 31st January 1983 supply the U.S. with such non-confidential information on all export licences issued for Arrangement products as is required for the proper functioning of this Arrangement.

The U.S. will collect and transmit quarterly to the ECSC all non-confidential information relating to certificates received during the preceding quarter in respect of the Arrangement products, and relating to actions taken in respect of Arrangement products for violations of customs laws.

10. *General.* Quarterly consultations shall take place between the ECSC and the U.S. on any matter arising out of the operation of the Arrangement. Consultations shall be held at any other time at the request of either the ECSC or the U.S. to discuss any matters including trends in the importation of certain steel products which impair or threaten to impair the attainment of the objectives of this Arrangement.

In particular, if imports from the ECSC of certain steel products other than Arrangement products of of alloy Arrangement products show a significant increase indicating the possibility of diversion of trade from Arrangement products to certain steel products other than Arrangement products or from carbon to alloy within the same Arrangement product, consultations will be held between the U.S. and the ECSC with the objective of preventing such diversion, taking account of the ECSC 1981 U.S. market share levels.

Should these consultations demonstrate that there has indeed been a diversion of trade which is such as to impair the attainment of the objectives of the Arrangement, then within 60 days of the request for consultations both sides will take the necessary measures for the products concerned in order to prevent such a diversion. For alloy Arrangement products, such measures will include the creation of separate products for purposes of Articles 3 and 4 at the 1981 U.S. market share levels. For certain steel products other than Arrangement products, suh measures may include the creation of products for purposes of Articles 3 and 4.

Consultations will also be held if there are indications that imports from third countries are replacing imports from the ECSC.

11. *Scope of the Arrangement.* This Arrangement shall apply to the U.S. Customs Territory (except as otherwise provided in Article 4(c)) and to the territories to which the Treaty establishing the ECSC as presently constituted applies on the conditions laid down in that Treaty.

12. *Notices.* For all purposes hereunder the U.S. and the ECSC shall be represented by and all communications and notices shall be given and addressed to:

For the ECSC

The Commission of the European Communities (Directorates General for External Relations (I) and Internal Market and Industrial Affairs (III)).

Rue de la Loi, 200, 1049 Brussels, Belgium. Tel: 235.11.11. Telex: 21877 COMEU B.

For the U.S.

U.S. Department of Commerce, Deputy Assistant Secretary for Import Administration, International Trade Administration, Washington, D.C. 20230, Tel: 202/377-1780, Telex: 892536 USDOC WSH DAS/IA/ITA.

Appendix A.—List of Countervailing Duty (CVD) and Antidumping Duty (AD) Petitions [1] to be Withdrawn

CVD petitions, filed on January 11, 1982, by (1) United States Steel Corporation, (2) Bethlehem Steel Corporation, and (3) Republic Steel Corporation, Inland Steel Company, Jones & Laughlin Steel, Inc., National Steel Corporation, and Cyclops Corporation concerning certain steel products from Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, the United Kingdom, and the European Communities.

AD petitions, filed on January 11, 1982, by (1) United States Steel Corporation, and (2) Bethlehem Steel Corporation concerning certain steel products from Belgium, France, the Federal Republic of Germany, Italy, Luxembourg, the Netherlands, and the United Kingdom.

CVD petitions, filed on February 8, 1982, by Atlantic Steel Corporation, Georgetown Steel Corporation, Georgetown Texas Steel Corporation, Keystone Consolidated, Inc., Korf Industries, Inc., Penn Dixie Steel Corporation and Raritan River Steel Company concerning carbon steel wire rod from Belgium and France.

CVD petitions, filed on May 7, 1982, by United States Steel Corporation concerning carbon steel welded pipe from France, the Federal Republic of Germany and Italy.

CVD petition, filed on September 3, 1982, by CF & I Steel Corporation concerning steel rails from the European Communities.

AD petitions, filed on September 3, 1982, by CF & I Steel Corporation concerning steel rails from France, the Federal Repbulic of Germany and the United Kingdom.

APPENDIX B—PRODUCT COVERAGE

Description	NIMEXE No.[1]	TSUSA Nos.
Hot Rolled Carbon Steel Sheet and Strip.	73.08-03, 73.08-05, 73.08-07, 73.08-21, 73.08-25, 73.08-29, 73.08-41, 73.08-45, 73.08-49, 73.12-19, 73.13-21, 73.13-23, 73.13-26, 73.13-32, 73.13-34, 73.13-36, 73.62-10, 73.64-20, 73.65-23, 73.65-25.	607.6610, 607.6700, 607.8342, 608.1920, 608.2120, 608.2320.
Hot Rolled Alloy Steel Sheet and Strip.	73.72-19, 73.74-29, 73.75-34, 73.75-39, 73.75-44, 73.75-49.	607.8100, [2]608.3820, [2]608.5520, [2]608.6720.
Cold Rolled Carbon Steel Sheet.	[3]73.12-29, 73.13-41, 73.13-43, 73.13-45, 73.13-47, 73.13-49, 73.13-50, [3]73.64-50, 73.65-53, 73.65-55.	607.8320, 607.8344.
Cold Rolled Alloy Steel Sheet.	[3]73.74-54, [3]73.74-59, 73.75-54, 73.75-59, 73.75-64, 73.75-69.	607.9320.
Carbon Steel Plate.	73.09-00, 73.13-17, 73.13-19, 73.13-78, 73.13-79, 73.62-30, 73.64-72, 73.64-75, 73.65-21	[4]607.6615, 607.9400, 608.0710, 608.1100.
Alloy Steel Plate.	73.72-39, 73.75-24, 73.75-29.	[4]607.7800, 607.9100, 608.1420.

APPENDIX B—PRODUCT COVERAGE—Continued

Description	NIMEXE No.[1]	TSUSA Nos.
Carbon Coated Sheet (Galvanized Carbon Steel Sheet and Other Carbon Coated Sheet).	[3]73.12-40, [3]73.12-61, [3]73.12-63, [3]73.12-71, [3]73.12-75, [3]73.12-88, 73.13-67, 73.13-68, 73.13-72, 73.13-88, [3]73.64-79, 73.65-70.	608.0730, 608.1300
Alloy Coated Sheet and Terne, Plate and Sheet.	[3]73.12-65, 73.13-74, [3]73.74-72, [3]73.74-74, [3]73.74-89, 73.75-79.	608.0100, 608.1440
Tinplate (not including blackplate).	[3]73.12-51, 73.12-59, 73.13-64, 73.13-65.	607.9600, 607.9700, 607.9900.
Carbon Steel Structural Shapes.	73.11-12, 73.11-14, 73.11-16, 73.11-19, 73.11-20, 73.11-31, 73.11-39, 73.63-10, [3]73.63-29, 73.63-50.	609.8005, 609.8015, 609.8035, 609.8041, 609.8045.
Alloy Steel Structural Shapes.	[3]73.73-14, [3]73.73-19, [3]73.73-34, [3]73.73-35, [3]73.73-36, [3]73.73-39, 73.73-49, 73.73-54, [3]73.73-55, 73.73-59.	609.8200.
Carbon Wire Rod.	73.10-11, [5]73.10-16, 73.63-21, [5]73.63-29, [3]73.73-25, [5]73.73-35.	607.1400, 607.1700, 607.2200, 607.2300
Hot Rolled Carbon Steel Bar.	[5]73.10-16, [5]73.10-42, [6]73.10-49, [11]73.63-29, [5]73.63-72, [6]73.63-79, [7][5]73.73-35.	606.8310, 606.8330, 606.8350.
Hot Rolled Alloy Bar.	[11]73.73-34, [12]73.73-35, [12]73.73-36, [12]73.73-39, [5]73.73-72, [6]73.73-89.	606.9700.
Carbon and Alloy Rails.	73.16-11, 73.16-14, 73.16-16, 73.16-17, 73.16-20	610.2010, 610.2020, 610.2100
Carbon and Alloy Sheet Piling.	73.11-50 ..... [8]	609.9600, 609.9800.

[1] For purposes of this Arrangement, the term "petitions" covers all matters included in the petitions filed on the dates listed, whether or not the DOC initiated investigations on the products or countries concerned.

[1] Subject to further verifications and amendments to be agreed upon by experts of both parties before 1st November 1982.
[2] Covered if hot rolled.
[3] Covered if over 12" in width.
[4] Excluding semifinished products over 6 inches in thickness produced by rolling on a primary (slabbing) mill.
[5] Covered if structural shapes.
[6] Covered if coiled bar from 13 to 18.8 mm diameter
[7] Covered if contains up to 0.35 percent lead or sulfur.
[8] Excluding coiled bar from 13 to 18.8 mm diameter.
[9] Not covered if coated, plated or clad.
[10] Excluded if cold finished.
[11] Covered if hot rolled bar, excluding coiled bar from 13 to 18.8 mm diameter.
[12] Covered if hot rolled bar
[13] Covered if hot rolled bar, and 0.35 percent or more lead or sulfur.

BILLING CODE 3510-25-M

Appendix C: Prototype Export Certificate

EUROPEAN COMMUNITY

Exporter (full name and address)	C E R T I F I C A T E FOR THE EXPORT OF STEEL PRODUCTS TO THE UNITED STATES OF AMERICA No 000000
Consignee (full name and address)	3 Export licence No / Issued in
	4 Extract No / Issued in of export licence No / Issued in

NOTES

This certificate must be completed on typewriter.

This certificate and the export licence or the extract thereof to which it refers must be produced at the Customs office at which Customs formalities for export to the United States of America are completed.

This certificate duly endorsed by the Customs office shown in box no. 7, must be produced to the competent authorities in the United States of America at the time of importation.

Marks and numbers - Number and kind of packages - Category and Description of steel products	6 Quantity

ENDORSEMENT BY THE COMPETENT CUSTOMS OFFICE IN THE EUROPEAN COMMUNITY

The net mass (weight) of steel products shown in box no 6 has been attributed ☐ to the export licence shown in box no 3 ☐ to the extract shown in box no (1)

Customs export document:
type:
number:

Signature:

Stamp:

BILLING CODE 3510-25-C

APPENDIX D.—CONCORDANCE BETWEEN SHIPMENT, IMPORT AND EXPORT CATEGORIES FOR SELECTED GROUPS OF STEEL MILL PRODUCTS

Product	1965–81 shipments (AISI–10)	1979–81 exports (schedule B's)	1981 imports (TSUSA's)
1. HR carbon sheet and strip	Cat. 31, 36 (carbon only)	608.8610, 609.0910	607.6610, 607.6700, 607.8342, 608.1920, 608.2120, 608.2320.
HR alloy sheet and strip	Cat. 31, 36 (alloy only)	608.8620, 609.0920	607.8100, 608.3820, (HR only), 608.5520, (HR only), 608.6720, (HR only).
2. CR Carbon sheet	Cat. 32 (carbon only)	608.9120	607.8344, 607.8320.
CR alloy sheet	Cat. 32 (alloy only)	608.9135	607.9320.
3. Carbon plate	Cat. 6 (carbon only)	608.8112	607.6615 [1], 607.9400, 608.0710, 608.1100.
Alloy plate	Cat. 6 (alloy only)	608.8121	607.7800 [1], 607.9100, 608.1420.
4. Carbon structural shapes	Cat. 4 (carbon only)	609.8110, 609.8120	609.8005, 609.8015, 609.8035, 609.8041, 609.8045.
Alloy structural shapes	Cat. 4 (alloy only)	609.8130	609.8200.
5 Carbon wire rods	Cat. 3 (carbon only)	608.7400	607.1400, 607.1700, 607.2200, 607.2300.
6. HR carbon bar	Cat. 14 (carbon only)	608.4310	606.8310, 606.8330, 606.8350.
HR alloy bar	Cat. 14 (alloy only)	608.4340	606.9700.
7 Carbon and alloy coated sheet and terne plate and sheet	Cat. 33A, 33B, 34	609.1605, 609.1620, 609.1625, 609.1615	608.0100, 608.0730, 608.1300, 608.1440.
8 Tin plate	Cat. 29	609.1613, 609.1610	607.9600, 607.9700, 607.9900.
9 Carbon and alloy rails	Cat. 7, 8	610.2205, 610.2215	610.2010, 610.2020, 610.2100.
10 Carbon and alloy sheet piling	Cat. 5	609.9700	609.9600, 609.9800.

[1] Excluding semifinished products over 6 inches in thickness produced by rolling on a primary (slabbing) mill.

Appendix E

"Certain Steel Products" Definition

"Certain steel products" means all products included in the 1982 AISI import categories 1 through 36 excluding categories 14 through 19 (inclusive) and also excluding the following TSUSA item numbers:

606.6920	609.3020	
607.2500	699.3320	
607.2800	607.7205	
607.3200	607.6900	
607.3405	607.7220	
607.3420	607.7610	
607.4300	607.9010	
607.4600	607.8805	
607.4800	607.8600	
607.5405	607.8820	
607.5420	607.9020	
607.7605	607.9315	
607.9005	608.2600	
606.9005	608.2900	
606.9505	608.3100	
606.9105	608.3405	
606.9300	608.3420	
606.9520	608.3810	
606.9535	608.4300	
606.9010	608.4700	
606.9510	608.4905	
606.9110	608.4920	
606.9400	608.5510	98.5510
606.9525	608.5700	
606.9540	698.5900	
609.4510	608.6405	
609.4520	608.6420	
609.4540	608.6710	
609.4550		

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BILLING CODE 3510-25-M

APPENDIX E

PRODUCT LIST

PRODUCT LIST

The products identified below are those used by the Commission to collect pricing information from producers, importers, and purchasers of the carbon steel products subject to these investigations:

Cold-Rolled Carbon Steel Sheet

Product 4: Cold-rolled carbon steel sheets, in coils, commercial quality, class 1, 0.0280 inch to 0.0630 inch in thickness, 45 inches through 60 inches in width.

Product 5: Cold-rolled carbon steel sheets, in coils, commercial quality, class 2, 0.0280 inch to 0.0630 inch in thickness, 45 inches through 60 inches in width.

Galvanized Carbon Steel Sheet

Product 6: Galvanized carbon steel sheets, in coils, commercial or lockforming quality, G-90 coating, regular or minimum spangle, 0.0190 inch through 0.0209 inch in thickness, over 42 inches through 48 inches in width.

Product 7: Galvanized carbon steel sheets, in coils, commercial or lockforming quality, G-90 coating, regular or minimum spangle, 0.0350 inch through 0.0379 inch in thickness, 36 inches through 48 inches in width.

Product 8: Galvanized carbon steel sheets, in coils, commercial or lockforming quality, G-60 coating, regular or minimum spangle, 0.0130 inch through 0.0139 inch in thickness, 30 inches through 42 inches in width.

Hot-Rolled Carbon Steel Plate

Product 9: Hot-rolled carbon steel plate, 0.33 percent carbon maximum, sheared or mill edge, not heat treated, not cleaned or oiled, in cut lengths, 0.1875 inch through 0.2499 inch in thickness, over 90 inches through 100 inches in width.

Product 10: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 0.3750 inch through 0.4999 inch in thickness, over 90 inches through 100 inches in width.

Product 11: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1/4 inch to under 5/16 inch in thickness, over 60 inches through 72 inches in width.

Product 12: Hot-rolled carbon steel plate, A-36 or equivalent, sheared edge, not heat treated, not cleaned or oiled, in cut lengths, 1-1/2 inches through 3 inches in thickness, over 90 inches through 100 inches in width.

Carbon Steel Structural Shapes

Product 13: Wide flange carbon steel beams, A-36 or equivalent, 8 inches by 6-1/2 inches, 24-28 lbs./ft., 40-60 feet in length.

Product 14: Wide flange carbon steel beams, A-36 or equivalent, 8 inches by 8 inches, 31-67 lbs./ft., 40-60 feet in length.

Product 15: Wide flange carbon steel beams, A-36 or equivalent, 24 inches by 9 inches, 24 inches by 12 inches, or 24 inches by 12-3/4 inches, 68-162 lbs./ft., 40-60 feet in length.

Product 16: Wide flange carbon steel beams, A-36 or equivalent, 10 inches by 10 inches, 49-112 lbs./ft., 40-60 feet in length.

Product 17: Carbon steel channels, A-36 or equivalent, 3 inches or over in maximum cross-sectional dimension, 50 lbs./ft. and under.

Product 18: Standard carbon steel I beams, A-36 or equivalent, 3 inches and over in maximum cross-sectional dimension, 50 lbs./ft. and under.

Hot-Rolled Carbon Steel Bar

Product 19: Hot-rolled carbon steel bars, in cut lengths or coils, 3/4 inch through 4-3/8 inches in diameter/thickness, all shapes except flats, 1000 series, not thermal treated.

Cold-Formed Carbon Steel Bar

Product 20: Cold-finished carbon steel bars, in cut lengths or coils, 1/2 inch through 4 inches in diameter/thickness, all shapes including flats, 1000 series, not thermal treated.