PRESTRESSED CONCRETE STEEL WIRE STRAND FROM BRAZIL

Determination of the Commission in Investigation No. 701-TA-152 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation

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C O N T E N T S

Tables

CONTENTS

CONTENTS

Note.--Information which would disclose confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 701-TA-152 (Final)

PRESTRESSED CONCRETE STEEL WIRE STRAND FROM BRAZIL

Determination

On the basis of the record 1/ developed in its countervailing duty investigation on prestressed concrete steel wire strand from Brazil, the Commission unanimously determines, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. § 1671d(b)), that an industry in the United States is not materially injured or threatened with material injury, nor is the establishment of an industry in the United States materially retarded, by reason of imports of steel wire strand for prestressing concrete (PC strand), provided for in item 642.11 of the Tariff Schedules of the United States, upon which bounties or grants are being paid.

Background

On August 10, 1982, the Department of Commerce made a preliminary determination that there is reason 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 to manufacturers, producers, or exporters of PC strand in Brazil.

Accordingly, effective August 25, 1982, the Commission instituted an investigation under section 705(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 of PC strand from Brazil.

On October 22, 1982, however, the Department of Commerce suspended its countervailing duty investigation concerning PC strand from Brazil because of an agreement by the Government of Brazil to offset all benefits which Commerce

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

found to constitute subsidies with an export tax on all exports of the subject merchandise to the United States (47 F.R. 47048, Oct. 22, 1982). Accordingly, pursuant to section 704(f)(1)(B) of the Tariff Act (19 U.S.C. § 1671c(f)(1)(B)), the Commission also suspended its investigation (47 F.R. 49908, Nov. 3, 1982). On November 12, 1982, a request to continue the investigation was filed with Commerce and the Commission pursuant to section 704(g)(2)) of the Tariff Act (19 U.S.C. § 1671c(g)(2)) by counsel for petitioners. Accordingly, effective November 12, 1982, the Commission continued its investigation (47 F.R. 54189, Dec. 1, 1982).

The final determination by the Department of Commerce that subsidies are being provided in Brazil to manufacturers, producers, or exporters of PC strand was published in the Federal Register on February 1, 1983 (48 F.R. 4516).

If the final determination by the Commission in this continued investigation had been affirmative, the agreement would have remained in effect and no countervailing duty order would have been issued unless the agreement were terminated, violated or otherwise failed to meet the requirements of section 704. However, because the Commission's final determination is negative, the agreement will have no force or effect and the investigation will be terminated. (19 U.S.C. § 1671c(f)(3)).

Notice of the institution of the Commission's investigation and of a 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 1, 1982 (47 F.R. 38647). The hearing was held in Washington, D.C. on October 19, 1982, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

On the basis of the record in this investigation, we determine that an industry in the United States is not being materially injured or threatened with material injury, nor is the establishment of an industry in the United States being materially retarded 1/ by reason of subsidized imports of steel wire strand for prestressing concrete (PC strand) from Brazil.

Domestic Industry

Under title VII of the Tariff Act of 1930 (the Act), our analysis of the information gathered in this investigation begins with a definition of the scope of the relevant domestic industry. Section 771(4)(A) of the Act 2/ defines the domestic industry as consisting of--

> The domestic producers as a whole of the like product or those producers whose collective output of the like product constitute a major proportion of the total domestic production of that product.

"Like product," in turn, is defined in section 771(10) 3/ as--

> A product which is like, or in the absence of like, most similar in characteristics and uses with, an article subject to an investigation . . .

The imported article that is the subject of this investigation is PC strand from Brazil, a product consisting of one center wire and six helically placed outer wires that is used in prestressing concrete. This product was

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1/ Since there is an established industry in the United States, material retardation is not an issue in this investigation and will not be discussed further.

2/ 19 U.S.C. § 1677(4)(A).

3/ 19 U.S.C. § 1677(10).

involved in several other recent Commission investigations. 4/ In those cases, we found that--

> The U.S. product that is like the imported product is all wire strand of steel for prestressing concrete. The domestic and imported product are made to the same ASTM specification and are devoted to the same end uses.

The Commission found that the domestic industry consisted of the U.S. producers of this like product. 5/

In the present investigation the parties have not suggested a revision. Moreover, the information which has been developed does not suggest a revision of this definition. Therefore, we find that it is appropriate to adopt the same definition of the domestic industry in this investigation.

No material injury by reason of subsidized imports from Brazil

As we have observed in the other recent PC strand investigations, many of the important economic factors which the Commission considers indicate that the condition of the U.S. industry is generally healthy. 6/ Domestic production increased steadily and significantly from 1979 through 1981, although the period January-September 1982 showed some decline when compared

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4/ Prestressed Concrete Steel Wire Strand from Brazil, France, and the United Kingdom, Invs. Nos. 701-TA-152 and 153 (Preliminary) and 731-TA-89 (Preliminary), USITC Pub. 1240 (1982); Prestressed Concrete Steel Wire Strand from Spain, Inv. No. 701-TA-164 (Final), USITC Pub. 1281 (1982); Prestressed Concrete Steel Wire Strand from France, Inv. No. 701-TA-153 (Final), USITC Pub. 1325 (1982); and Prestressed Concrete Steel Wire Strand from the United Kingdom, Inv. No. 731-TA-89 (Final), USITC Pub. 1343 (1983).

5/ Two domestic producers, Sumiden and CF&I, were neither petitioners nor interested parties in support of the petitioners in the present investigation nor in any of the referenced investigations.

6/ As in previous cases, most of the statistical data developed by the Commission in this investigation constitute confidential business information. Therefore, they can only be discussed in general terms.

to the same period in 1981. 7/ 8/ U.S. producers' shipments of PC strand followed this same general trend. 9/ U.S. productive capacity increased throughout the period under consideration, including a very marked increase in the January-September 1982 period compared to the corresponding period in 1981. 10/ 11/ Two domestic producers recently increased their productive capacity significantly. 12/ Notwithstanding the increased capacity of the domestic producers, domestic capacity utilization remained at relatively high levels throughout the entire period, falling only during the first nine months of 1982. 13/ Almost all of the recent decline in domestic capacity utilization is accounted for by the increased domestic productive capacity.

Employment, when measured by the number of production and related workers and by hours worked, showed no significant changes during the period 1979 through September 1982, although some decline is evident during the first nine months of 1982 compared to the first nine months of 1981. 14/ Hourly wages,

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7/ Report, Table 6.

8/ We note that this industry is characterized by increasing competition between the integrated and non-integrated domestic producers. Currently, production of PC strand is highly concentrated with the four largest producers accounting for the main portion of U.S. producers' shipments in 1981. All four of these producers are non-integrated. Two of the four non-integrated producers commenced production in 1980 and have become major factors in the market since then. Correspondingly, the share of domestic production held by the integrated producers has fallen substantially since 1980.

9/ Report, Table 8.

10/ Report, Table 6.

11/ The vigorous expansion of this industry contrasts strongly with the situation in the carbon steel industry which this Commission has recently investigated.

12/ Prestressed Concrete Steel Wire Strand from France, Inv. No. 701-TA-153 (Final), USITC Pub. 1325, p. A-15 (1982).

13/ Report, Table 6.

14/ Report, Table 10.

total compensation, and worker productivity have all increased substantially. 15/

The only significant negative trend in this industry is that of profitability. Although the industry's net sales increased from 1979 to 1981, net profits declined and net losses occurred during the first nine months of 1982. 16/ 17/ In this investigation, we do not believe that the profitability data, standing alone, are sufficient, when all other factors are considered, to support a finding of material injury or threat of material injury.

The economic data on the record of this investigation show that the only period in which the domestic industry could have suffered material injury was the first nine months of 1982. Assuming arguendo that the injury during this nine month period meets the statutory standard for "material injury," an analysis of the effects of imports of PC strand from Brazil demonstrates that any such injury is not by reason of those imports. Our analysis focuses on both the absolute and relative level of imports, on pricing data, on information regarding allegations of price suppression and depression, and on lost sales.

Imports from Brazil decreased from 12.7 million pounds in 1979 to 7.8 million pounds in 1980, and then increased to 13.7 million pounds in 1981.

15/ Report, Table 10.

16/ Report, Table 12.

17/ As noted in the legislative history to the Trade Agreements Act of 1979--

> [t]he significance of the various factors affecting an industry will depend upon the facts of each particular case. Neither the presence or the absence of any factor listed in the [statute] can necessarily give decisive guidance with respect to an injury determination. (Emphasis added.)

H.R. Rep. 317, 96th Cong., 1st Sess., p. 46 (1979).

They then declined slightly in the period January-September 1982 when compared to the period January-September 1981. 18/ 19/ As a share of increasing domestic consumption, imports from Brazil reached their peak in 1981 and decreased somewhat during 1982. 20/ Thus, during the only period in which there appears to be evidence of deterioration in the condition of the domestic industry, the quantity of PC strand imported from Brazil has decreased somewhat, both in absolute terms and as a percentage of increasing domestic consumption. 21/ 22/ 23/

The data gathered on the prices of imports from Brazil do not demonstrate any causal connection between those imports and the condition of the domestic industry. As the Commission has stated in earlier investigations, the most appropriate price comparisons for this industry are delivered prices of both Brazilian and domestic PC strand in those markets for which comparable data are available. 24/ None of the parties disagree with this proposition.

18/ Report, Table 19.

19/ Consumption has increased steadily since 1980 and is expected to grow in the near future. Report, p. A-8. Again, this contrasts markedly with the situation in the carbon steel industries.

20/ Report, Table 20.

21/ We note that at the same time, imports from "other countries" have substantially increased their share of domestic consumption. Report, Table 20.

22/ Report, Tables 19 and 20.

23/ We do not reach the issue of cumulation of the impact of imports from Brazil with that of imports from other countries because we do not find the imports from Brazil to be a contributing cause of material injury. See our discussion on pricing, price suppression/depression, and lost sales, infra. Although we did not cumulate imports from Brazil with other imports, we did consider these other imports, to the extent that information is available, as factors in the market which may have contributed to the overall condition of the domestic industry.

24/ See Prestressed Concrete Steel Wire Strand from the United Kingdom, Inv. No. 731-TA-89 (Final), USITC Pub. 1343, p. 7 (1983).

Table 22 of the report shows delivered price comparisons for two United States markets. For 1982, the data in Table 22 show two instances of overselling, one instance of price equality, one instance of insignificant underselling, and two instances where no price comparisons are possible. 25/ Additional delivered price comparisons in other U.S. markets are found in Table 23 of the report. The only comparison in 1982 reveals that the prices of the domestic and imported products were equal. 26/

The 1982 price data developed in this investigation do not reveal a pattern of underselling by the imported product, nor do they reflect aggressive pricing on the part of the importer. 27/ The slight decline in market share held by Brazilian imports in a growing market in 1982, as compared with 1981, supports this conclusion.

Information gathered in response to the domestic industry's allegations of price suppression/depression and lost sales fails to support those allegations. 28/ Eight allegations of price suppression/depression were received. The Commission staff was able to investigate seven of these allegations, only two of which involved sales during the 1982 period. Neither of these two allegations were confirmed. Of the twenty allegations of lost sales received from the petitioners, eight involved sales allegedly lost to

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25/ Report, Table 22.

26/ While we recognize that other types of pricing data have inherent limitations, the available data on f.o.b. prices do not show a trend of price decreases by the Brazilian importer from 1979 through 1982. Even during 1982, Brazilian prices fell by less than the average price decline for U.S. producers. Report, Table 21.

27/ Report, Tables 21, 22, and 23.

28/ Report, pp. A-24-28.

Brazilian PC strand during 1982. Of those eight, only two appear to be sales lost because of the lower price of the Brazilian product. 29/ 30/

In general, U.S. producers tend to ship the major portion of their production to customers located in relatively close proximity to their plants. Imports of PC strand from Brazil are sold primarily in two markets. 31/ These "conditions of trade" suggest a further analysis. 32/ Those domestic producers who compete most directly with the Brazilian imports are expanding vigorously. 33/ The combined capacity, production, and shipments of these firms have increased steadily throughout the period of this investigation. Further, their capacity utilization compares favorably with the capacity utilization for the remainder of the industry and their profitability is generally higher than that of other domestic producers. 34/

For the foregoing reasons, we determine that an industry in the United States is not being materially injured or threatened with material injury by reason of subsidized imports of prestressed concrete steel wire strand from Brazil.

29/ Report, pp. A-27-28. In response to Commission questionnaires, strand purchasers have again noted that factors in addition to price influence their purchasing decisions. Such factors include availability of service, delivery time, proximity of the vending firm, and product quality. Report, p. A-24.

30/ Commissioner Stern notes that this represents a very small percentage of total transactions during 1982.

31/ Report, Table 3.

32/ See H.R. Rep. 317, 96th Cong. 1st Sess, 46 (1979).

33/ Report, Table 7.

34/ This profitability has been examined in light of the sizeable start up and expansion costs for certain of the producers, which would normally result in decreased profit levels.

Threat of material injury by reason of the subsidized imports

With respect to threat of material injury, the Commission examines, among other factors, demonstrable trends in the following areas: (1) the rate of increase of importation of the subsidized merchandise in the United States market; (2) importer's inventory; (3) capacity of the exporting country to generate exports; and (4) the likelihood that such exports will be directed to the United States market taking into account the availability of other export markets. 35/ In this case imports from Brazil are not increasing, in either absolute or relative terms. 36/ The current level of the importer's inventories is insignificant. 37/ While there is some apparent available capacity to increase exports to the United States, there is no evidence of record to suggest that the Brazilian producers will do so. Therefore, we find that the imports of PC Strand from Brazil pose no threat of material injury to the domestic industry.

35/ Section 207.26 of the Commission's rules (19 CFR § 207.26); H. R. Rep. 317, 96th Cong., 1st Sess., 46 (1979); Stainless Steel Sheet and Strip from West Germany, Inv. No. 731-TA-92 (Preliminary), USITC Pub. No. 1252, pp. 14-15 (1982); Prestressed Concrete Steel Wire Strand from the United Kingdom, Inv. No. 731-TA-89 (Final), USITC Pub. No. 1343, p. 9 (1983).

36/ Report, Tables 19 and 20.

37/ Report, p. A-18.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On March 4, 1982, counsel for four U.S. producers 1/ of prestressed concrete steel wire strand filed petitions with the U.S. International Trade Commission and the U.S. Department of Commerce (Commerce) alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Brazil of prestressed concrete steel wire strand (PC strand), provided for in item 642.11 of the Tariff Schedules of the United States (TSUS), upon which bounties or grants are alleged to be paid. Accordingly, the Commission instituted countervailing duty investigation No. 701-TA-152 (Preliminary), under section 703(a) of the Tariff Act of 1930 (19 U.S.C. 1671b(a)) to determine whether there was a reasonable indication that an industry in the United States was materially injured, or was threatened with material injury, or the establishment of an industry in the United States was materially retarded, by reason of the importation of such merchandise into the United States. On April 14, 1982, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury 2/ by reason of the allegedly subsidized imports from Brazil (47 F.R. 18200, Apr. 28, 1982).

On August 10, 1982, Commerce preliminarily determined that there is reason 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 to manufacturers, producers, or exporters of PC strand in Brazil (47 F.R. 34609). Accordingly, on August 25, 1982, the Commission instituted investigation No. 701-TA-152 (Final), pursuant to section 705(b) of the Tariff Act of 1930 (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 of such merchandise into the United States (47 F.R. 38647, Sept. 1, 1982).

On October 15, 1982, Commerce and the Government of Brazil signed a suspension agreement on the basis of which Commerce suspended its investigation and Brazil agreed to offset completely the amount of the net subsidy determined by Commerce to exist with respect to PC strand from Brazil. This agreement became effective on October 22, 1982 (47 F.R. 47048). Therefore, pursuant to section 704(f)(1)(B) of the Tariff Act of 1930 (19 U.S.C. 1671c(f)(1)(B)), the Commission suspended its investigation (47 F.R. 49908). On November 12, 1982, a request to continue the investigation was filed with Commerce pursuant to section 704(g)(2) of the Tariff Act (19 U.S.C. 1671c(g)(2)) by counsel for the petitioners. Accordingly, effective November 12, 1982, the Commission continued its investigation concerning PC strand from Brazil (47 F.R. 54189, Dec. 1, 1982).

1/ American Spring Wire Corp., Florida Wire & Cable Co., Pan American Ropes, Inc., and Shinko Wire America, Inc.

2/ Commissioners Haggart and Alberger found a reasonable indication of present material injury only.

On January 28, 1983, the Department of Commerce made its final determination that certain benefits which constitute subsidies within the meaning of section 701 of the Tariff Act of 1930 are being provided to manufacturers, producers, or exporters in Brazil of PC strand (48 F.R. 4516, Feb. 1, 1983). 1/ Therefore, as directed by the statute, the Commission must render its final determination concerning injury in this case before the 45th day after the day on which it received notification from Commerce of its affirmative final determination, or by March 14, 1983.

In connection with the Commission's investigation, a public hearing was held in the Commission's Hearing Room in Washington, D.C., on October 19, 1982. 2/ Notice of the institution of the investigation and of the public hearing was duly 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 1, 1982 (47 F.R. 38647). 3/ The Commission voted on this investigation on March 3, 1983. 4/

The Product

Steel wire strand for prestressed concrete is produced from uncoated, round, high-carbon steel wire which has been cold-drawn from wire rods to suitable sizes and then fabricated into the required strand sizes by a stranding machine. After fabrication, the strand is subjected to a continuous heat treatment, which relaxes the stresses built up in the individual wires of the strand as a result of the drawing and stranding processes. The resultant steel wire strand consists of one center wire and six helically placed outer wires. Steel wire strand for prestressed concrete is available in two grades, 250 and 270, which refer to minimum ultimate stress (tensile strength) of 250,000 pounds per square inch (psi) and 270,000 psi, respectively. According to the American Concrete Institute, both grades of prestressed concrete strand conform to American Society for Testing & Materials specification A416-74, "Uncoated seven-wire stress-relieved strand for prestressed concrete," and are generally available in the following sizes: 5/

Nominal diameter
1/4 in (0.250 in, 6.35 mm)
5/16 in (0.313 in, 7.94 mm)
3/8 in (0.375 in, 9.53 mm) 1/
7/16 in (0.438 in, 11.11 mm) 1/
1/2 in (0.500 in, 12.70 mm) 1/
3/5 in (0.600 in, 15.24 mm) 1/

1/ Sizes predominantly used by the industry.

1/ A copy of the Department of Commerce's final determination is presented in app. A.

2/ A list of witnesses appearing at the hearing is presented in app. B.

3/ A copy of the Commission's notice of institution is presented in app. C.

4/ There have been a number of other Commission investigations concerning PC strand. These are discussed in app. D.

5/ Grade 270 is not available in diameters of 1/4 and 5/16 inch.

The 1/2-inch strand accounts for about 90 percent of the U.S. market and is offered for sale in at least one grade by every domestic producer and the importer (table 1). 1/ However, as shown, the availability of other sized PC strand varies widely among the individual firms.

Most prestressed concrete steel wire strand is sold coiled in standard packs of 12,000 feet of continuous strand. Steel wire strand is purchased by construction firms which tension the strand nearly to its elastic limit and use it to compress concrete to provide increased resistance to loads. Prestressed concrete is widely used in the construction of bridge girders, beams, pilings, and railroad ties, as well as in a variety of building products, such as columns, roofs, and floors.

Pretensioning and posttensioning are the methods used to prestress concrete. In pretensioning, steel wire strands are stretched between abutments; concrete is then poured into forms which encase the steel wire strands and is allowed to harden and bond to the tensioned steel. After the concrete has reached a specified strength, the strands are cut off at the ends of the concrete unit and the steel wire strand contracts. The contraction of the strand forces the concrete to contract and bow slightly. As a result, the load-bearing capability of the concrete is substantially increased. Plain concrete has a load-bearing capability of 2,500 psi; reinforced concrete, a capability of 3,000-4,000 psi; and prestressed concrete, a capability of 5,000-6,000 psi. By using large volumes of prestressed concrete steel wire strand, load limits of 10,000 psi have been achieved in prestressed concrete.

In posttensioning, strand is encased in tubing or wrapped, positioned in a form, and concrete is poured into the form. When the concrete sets and reaches a specified strength, the steel wire strand in the concrete unit is then stretched and anchored at the ends of the concrete unit. Stress is transferred to the concrete by the permanent end anchorages. In general, posttensioned prestressed concrete is stronger because it uses four to five times more strand than pretensioned concrete. This factor, combined with the greater ease of shipping steel wire strand alone compared with concrete with strand inside, has resulted in a greater use of posttensioning for beams, bridges, and other large units, which are generally formed on the building site. In contrast, pretensioned concrete is used more extensively in the construction of building decks, floors, and walls, which can be mass produced in a plant and transported.

1/ The only importer of PC strand from Brazil is TrefilARBED. Prior to 1982, the sole importer was R.W. Hebard & Associates, Inc. The relationship between these two firms is discussed in the "Importer" section of this report.

Table 1.--Prestressed concrete steel wire strand: Grades and sizes of PC strand offered for sale by U.S. producers and the importer, by firm, by types, 1982

Grade and size	U.S. producers							Trefilarbed 4/
	American Spring Wire Corp. 1/	Armco Inc. 1/	Bethlehem Steel Corp. 1/	CF&I Steel Corp. 2/	Florida Wire & Cable Co. 1/	Shinko Wire American Inc. 1/	Sumiden Wire Product Corp. 3/	
250 K:								
1/4 inch		S.R.	S.R.	S.R.				
5/16 inch		S.R.	S.R.	S.R.	S.R.			
3/8 inch		S.R.	S.R.	S.R.	S.R.			
7/16 inch	S.R.	S.R.	S.R.	S.R.	S.R.			
1/2 inch	S.R.	S.R.	S.R.	S.R.	S.R.			
9/16 inch								
3/5 inch		S.R.						
270 K:								
1/4 inch								
5/16 inch								
3/8 inch		S.R./L.R.	S.R.	S.R.	S.R./L.R.		S.R./L.R.	S.R./L.R.
7/16 inch	S.R./L.R.	S.R./L.R.	S.R.	S.R.	S.R./L.R.		S.R./L.R.	S.R./L.R.
1/2 inch	S.R./L.R.	S.R./L.R.	S.R.	S.R.	S.R./L.R.	S.R.	S.R./L.R.	S.R./L.R.
9/16 inch	S.R /L.R.				S.R./L.R.			
3/5 inch	S.R./L.R.	S.R./L.R.			S.R./L.R.		S.R./L.R.	S.R./L.R.

1/ Information obtained from prehearing statement of American Spring Wire Corp. . .; pp. 28 and 29, Inv. No. 731-TA-89 (Final).
2/ Information obtained from conversation with Mr. Leo Farrell and Mr. Ed Overton of CF&I on Jan. 6, 1983.
3/ Information obtained from conversation with Mr. Yoshio Yamada of Sumiden on Jan. 6, 1983.
4/ Information obtained from conversation with Mr. David Grizzle, counsel for Belgo-Mineira, Hebard, and TrefilARBED on February 8, 1983.

Source: Compiled from information provided to the staff of the U.S. International Trade Commission.

Note.--Slow relaxation (also known as standard or normal relaxation) is indicated by S.R.; Low-relaxation is indicated by L.R.

U.S. Tariff Treatment

Imported steel wire strand for prestressing concrete is classifiable under item 642.11 of the TSUS. As a result of the agreements made during the Tokyo round of trade negotiations, the most-favored-nation (MFN) (col. 1) 1/ rate of duty for this item was reduced from 7.5 percent ad valorem, effective from January 1, 1972, through December 31, 1979, to 7.2 percent ad valorem, effective January 1, 1980, to 6.9 percent ad valorem, effective January 1, 1981, to 6.5 percent ad valorem, effective January 1, 1982, and to 6.2 percent ad valorem, effective January 1, 1983. This MFN rate of duty is scheduled to be further reduced in stages to the final rate of 4.9 percent ad valorem, effective January 1, 1987. The rate of duty for imports under this item from least developed developing countries (LDDC's) 2/ is the final rate of 4.9 percent ad valorem. The column 2 rate of duty is 35.0 percent ad valorem. 3/ Imports under this item have not been designated as articles eligible for duty-free entry under the Generalized System of Preferences (GSP). 4/

Nature and Extent of Bounties and Grants

As stated, the Department of Commerce published its final countervailing duty determination concerning imports of PC strand from Brazil on February 1, 1983. The full text of Commerce's determination is presented in appendix A of this report.

To determine whether benefits which constitute subsidies are being provided to manufacturers, producers, or exporters of PC strand in Brazil, Commerce presented a questionnaire concerning the allegations to the Government of Brazil. Commerce's investigation covered the period calendar

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1/ Col. 1 rates of duty are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. However, these rates would not apply to products of developing countries where such articles are eligible for preferential tariff treatment provided under the Generalized System of Preferences or under the "LDDC" rate of duty column.

2/ The preferential rates of duty in the "LDDC" column reflect the full U.S. Multilateral Trade Negotiations concession rates implemented without staging for particular items which are the products of LDDC's enumerated in general headnote 3(d) of the TSUS.

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

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

year 1981, which coincides with Belgo-Mineira's 1/ fiscal year. Commerce determined the estimated net subsidy to be 13.90 percent ad valorem; 2/ of this, export subsidies totaled 12.68 percent ad valorem. The programs found to confer subsidies, and the amount of each, are presented in the following tabulation:

Program	Subsidy (percent ad valorem)
Industrialized Products Tax Export Credit Premium	11.00
Industrialized Products Tax Rebates for Capital Investment	.91
Preferential Working Capital Financing For Exports: Resolution 674	1.13
Income Tax Exemption for Export Earnings	.55
Accelerated Depreciation for Capital Goods Manufactured in Brazil	.31
Total	13.90

The U.S. Market

Demand for prestressed concrete (and consequently for steel wire strand for prestressed concrete) has increased steadily since 1950; prestressed concrete has replaced structural steel as a building material in many applications due to its lower cost and greater strength compared with reinforced concrete. In addition, construction with prestressed concrete requires less steel and less concrete than other methods of constructing columns, beams, walls, panels, and floor and roof slabs.

According to the Prestressed Concrete Institute (PCI), prestressed concrete accounted for 7 percent of total U.S. construction of walls, floors, and roofs in 1973 and was projected to account for 30 percent of such construction in 1982. It currently accounts for approximately 6 percent of the sales value of the portland cement industry. However, only 2.5 percent of U.S. production of steel wire rod, the basic raw material used in the production of prestressed concrete steel wire strand, was used for this purpose in 1981.

1/ Belgo-Mineira is the only exporter of PC strand from Brazil to the United States.

2/ In its preliminary determination, Commerce found the estimated net subsidy to be 16.23 percent ad valorem. The decrease in the final determination is primarily due to the lowering of the Industrialized Products Tax Export Credit Premium from 12.5 to 11.0 percent ad valorem, and the lowering of the Industrialized Products Tax Rebate for Capital Investment from 1.83 to 0.91 percent ad valorem; two other calculations increased slightly.

Both domestic producers and importers sell steel wire strand for prestressed concrete directly to about 200 prestressed concrete contractors, which together operate more than 400 plants. The contractors either produce the concrete unit containing strand at a factory and then transport and install it at the building site (pretensioning), or transport the strand to the building site, where it is installed and tensioned within the concrete unit which has been poured on site (posttensioning). In 1981, pretensioning contractors accounted for about 75 percent of the market, and posttensioning contractors, of which there are about 10, accounted for about 25 percent.

U.S. consumption of prestressed concrete steel wire strand increased irregularly from 217 million pounds in 1966 to 441 million pounds in 1973, representing an average annual rate of growth of 10.7 percent. There was a strand shortage in 1973 and 1974, which was a peak period for heavy construction in the United States. In response to the chaotic market conditions which existed at that time--higher prices, longer delivery times, and no certainty regarding sources of supply--strand production capacity was expanded both in the United States and in other countries. This expansion was followed by the 1975 recession, which had a particularly severe impact on major construction projects and, consequently, depressed demand for prestressed concrete strand. U.S. consumption of strand fell by 48 percent from 1973 to 1976, when it totaled 229 million pounds, and subsequently increased irregularly to * * * million pounds in 1981, or by an average annual rate of growth of * * * percent during 1976-81. The level obtained in 1981 was * * * percent below the level obtained during the peak year of 1973. In January-September 1982, U.S. consumption continued to increase and was * * * percent higher than the level of consumption in the corresponding period of 1981, as shown in table 2. 1/

1/ Information in this report was compiled from Steel Wire Strand for Prestressed Concrete From Japan: Determination of Injury in Investigation No. AA1921-188 . . ., USITC Publication 928, November 1978; Prestressed Concrete Steel Wire Strand from Brazil, France, and the United Kingdom: Determinations of the Commission in Investigations Nos. 701-TA-152 and 153 (Preliminary) and No. 731-TA-89 (Preliminary) . . ., USITC Publication 1240, April 1982; Prestressed Concrete Steel Wire Strand from Spain: Determination of the Commission in Investigation No. 701-TA-164 (Final). . ., USITC Publication 1281, August 1982; Prestressed Concrete Steel Wire Strand from France: Determination of the Commission in Investigation No. 701-TA-153 (Final). . .,USITC Publication 1325, December 1982; Prestressed Concrete Steel Wire Strand from the United Kingdom: Determination of the Commission in Investigation No. 731-TA-89(Final). . ., USITC Publication 1343, February 1983; and questionnaire responses in this investigation.

Table 2.--Prestressed concrete steel wire strand: U.S. consumption, 1966-81, January-September 1981, and January-September 1982

(In millions of pounds)

Period	Consumption	Period	Consumption
1966	217	1976	229
1967	205	1977	291
1968	257	1978	375
1969	244	1979	***
1970	351	1980	***
1971	1/	1981	***
1972	386	January-September--	
1973	441	1981	***
1974	433	1982	***
1975	254		

1/ Not available.

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

According to projections by the PCI and by Frederick Hunt, vice president of Florida Wire, U.S. consumption of prestressed concrete steel wire strand is expected to increase at an average rate of 5 to 6 percent a year for the next few years. 1/ However, Mr. Hunt has stated that the market has been relatively constant over the recent time period. 2/ During the next 2 years, U.S. consumption of strand is expected to grow in the markets for bridges, interstate highways, condominiums, apartments, parking garages, Government buildings, and airports. The importer in a previous investigation involving PC strand, Springfield Industries, has estimated that the enactment of the Surface Transportation Assistance Act of 1982 (signed by the President on Jan. 6, 1983) could result in an estimated yearly increase of $18.48 million in new demand for domestic PC strand, and an estimated $11.52 million per year shift of demand from foreign to domestic producers due to the "Buy American" provisions included in the act. 3/

1/ Transcript of the conference for investigations Nos. 701-TA-152, 701-TA-153, and 731-TA-89 (Preliminary), pp. 47 and 48.

2/ Transcript of the hearing for investigations Nos. 701-TA-152 and 701-TA-153, pp. 42, 63 and 64.

3/ Posthearing Brief on behalf of Springfield Industries for investigation No. 731-TA-89 (Final); pp. 8 and 9.

However, this estimate was disputed by the petitioners, who stated that the new act will not result in a significant additional volume available for domestic producers in the foreseeable future. 1/ Additionally, the Federal Highway Administration, U.S. Department of Transportation, has asked for comments concerning the possible exclusion of PC strand from the "Buy American" requirements of the act (48 F.R. 1946).

U.S. producers tend to ship the major portion of their product within geographic areas which are readily accessible from their plants (table 3). However, producers also make significant shipments to locations which are far outside these areas. An example is * * *, which ships the bulk of its product in the * * *, for example, but also sells significant amounts as far * * * as * * * and as far * * * as * * *.

Competition among producers varies considerably from State to State. Although one producer may be virtually the only domestic competitor in some markets (* * *, for example), there is sharp competition between domestic producers in others. * * * domestic producers compete in Texas, as well as imports from Brazil and approximately 10 other countries.

As shown, imports from Brazil were shipped to * * * supplied by each of the domestic producers, except * * *, in 1981. These shipments were sent to every major geographical area of the United States, with the exceptions of the * * *.

Table 3.--Prestressed concrete steel wire strand: U.S. producers' and the importer's shipments, by states, 1981

* * * * * * *

U.S. Producers

There are currently seven firms which produce prestressed concrete steel wire strand in the United States. The names of the producers, their plant locations, and their shares of shipments in 1981 are presented in table 4.

1/ Posthearing statement of American Spring Wire. . ., investigation No. 731-TA-89 (Final) exhibit 3, pp. 5 and 6.

Table 4.--Prestressed concrete steel wire strand: U.S. producers' plant locations, year production began, and share of shipments in 1981

Firm	Plant location	Year production began	Share of 1981 shipments
			Percent
American Spring Wire Corp----	Bedford Heights, Ohio	1975	***
Armco Inc----------	Kansas City, Mo.	1950	***
Bethlehem Steel Corp----------	Sparrows Point, Md.	1958	***
CF&I Steel Corp----------	Pueblo, Colo.	1957	***
Florida Wire & Cable Co------	Jacksonville, Fla.	1959	***
Pan American Ropes, Inc 1/---	Houston, Tex.	1980	***
Shinko Wire American, Inc----	Houston, Tex.	1980	***
Sumiden Wire Products Corp---	Stockton, Calif.	1980	***
Total----------	-	-	100.0

1/ Pan American Ropes, Inc., filed for bankruptcy on Aug. 12, 1982, and ceased production of prestressed concrete strand. This action is discussed in more detail later in this section.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from information submitted by counsel for the petitioners.

Three of the companies (Armco, Bethlehem, and CF&I) are integrated steel producers manufacturing a wide range of steel products, including wire rod. The remaining five are independent producers which purchase wire rod for use in fabricating strand and other wire products. In 1981, the integrated producers accounted for * * * percent of total U.S. producers' shipments, and the independent producers, for * * * percent.

Steel wire strand for prestressed concrete was first produced in the United States in 1950 by Union Wire Rope Co. of Kansas City, Mo. (now owned by Armco). Bethlehem began production in 1958. By 1960, there were about 11 producers in the United States; most ceased production in the late 1960's and early 1970's.

In 1980, Shinko Wire Corp., Ltd., and Sumitomo Electric Industries, Ltd., * * * Japanese producers of prestressed concrete steel wire strand, opened production facilities in the United States. These two firms accounted for about * * * percent of the imports of strand which were found to be sold at less than fair value (LTFV) during the 1978 antidumping investigation. The two new U.S. plants opened by these firms are located in Texas and California, two prime markets for prestressed concrete steel wire strand, and utilize the most modern and up-to-date machinery. In May 1981, a Canadian steel concern, Ivaco, acquired an 80-percent interest in Florida Wire, the largest U.S. producer of PC strand.

As mentioned earlier, Pan American Ropes, Inc., 1/ a firm which began to produce small quantities of the product in 1980, filed for bankruptcy under chapter 11 on August 12, 1982. 2/ The firm's president, Mr. S.K. Tripathi, * * *. 3/

The Foreign Producer

One firm, Companhia Siderurgica Belgo-Mineira, produces prestressed concrete steel wire strand in Brazil and exports it to the United States. Belgo-Mineira is a large integrated steel producer which began producing strand in 1962. The company's capacity to produce PC strand * * * during 1979 through 1982, but production * * * (table 5). During the same period, capacity utilization * * *. 4/

Table 5.--Prestressed concrete steel wire strand: Belgo-Mineira's production capacity, production, and exports, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

The Importer

TrefilARBED, Inc., a subsidiary of ARBED, Luxembourg, has been the sole distributor of PC strand from Brazil since January 1, 1982. Prior to that date, R.W. Hebard & Associates, Inc., a subsidiary of Belgo-Mineira, was the sole distributor for this product in the United States. * * *. According to Mr. Peter Schumann, vice president of R. W. Hebard & Associates, * * *. 5/ Virtually all of this firm's imports are back-to-back sales; as a consequence, TrefilARBED inventories only minor quantities of the product. TrefilARBED sells approximately * * * percent of its wire strand imports to service centers or distributors. The remaining * * * percent is distributed * * * between pretensioning and postensioning contractors.

1/ Pan American Ropes, Inc., is one of the petitioners in this investigation.

2/ An additional U.S. producer, Washburn Wire Products, Inc., filed for bankruptcy in January 1981. Details of this firm's closing are presented in Prestressed Concrete Steel Wire Strand from France, Final Report to the Commission, investigation No. 701-TA-153 (Final).

3/ * * *.

4/ See letter from Mr. J. David Grizzle to Mr. Laszlo Boszormenyi dated Nov. 29, 1982.

5/ Conversation with Peter Schumann of R. W. Hebard & Associates on Feb. 14, 1983.

The Question of Alleged Material Injury

To obtain information for this section of the report, the Commission sent questionnaires to all known current U.S. producers of prestressed concrete steel wire strand. Data on these producers for January 1979 through September 1982 are presented in this report. Data going back to 1974 on capacity, production, capacity utilization, producers' shipments, inventories, employment, hours worked, profit-and-loss experience, research and development, and capital expenditures obtained by the Commission from questionnaires in prior investigations on prestressed concrete steel wire strand are also available but not included in this report. However, these data have been published in several recent reports. 1/

U.S. producers' capacity and production

U.S. producers' capacity to produce prestressed concrete steel wire strand increased steadily from * * * million pounds in 1979 to * * * million pounds in 1980, and to * * * million pounds in 1981, or by * * * percent over the period (table 6). Capacity increased from * * * million pounds in January-September 1981 to * * * million pounds in January-September 1982, or by * * * percent. The January-September 1982 capacity, when annualized, represents the greatest level (* * * million pounds) reached by the industry to date, and * * * percent increase over that in 1979. About * * * percent of the total increase in U.S. productive capacity can be attributed to the steady expansion of Florida Wire's annual capacity from * * * million pounds in 1979 to * * * million pounds in 1982. An additional * * * percent of the increase in productive capacity resulted from the opening of new plants in 1980 by Sumiden (* * *), and Shinko (* * *). The other * * * percent of the increase in capacity from 1979 to 1982 is accounted for by an increase of * * * million pounds in * * * capacity over the period.

Table 6.--Prestressed concrete steel wire strand: U.S. producers' production capacity and production, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

The basis on which each firm estimated its capacity in response to questionnaires sent in connection with this investigation is presented in the following tabulation:

1/ Prestressed Concrete Steel Wire Strand from France: Determination of the Commission in Investigation No. 701-TA-153 (Final) . . ., USITC Publication 1325, December 1982; and Prestressed Concrete Steel Wire Strand from Spain: Determination of the Commission in Investigation No. 701-TA-164 (Final). . ., USITC Publication 1281, August 1982.

Firm	Hours per week	Weeks per year
Spring Wire	***	***
Armco	***	***
Bethlehem	***	***
CF&I	***	***
Florida Wire & Cable	***	***
Shinko	***	***
Sumiden	***	***

U.S. production of prestressed concrete steel wire strand increased from * * * million pounds in 1979 to * * * million pounds in 1980, and to * * * million pounds in 1981, or by * * * percent over the period. However, production fell by * * * percent from January-September 1981 to January-September 1982, from * * * million pounds to * * * million pounds. * * * producers * * * reported increases in production from 1979 to 1981 (table 7). 1/ However, * * * reported decreases in production in 1982; * * * and * * * reported increases; and * * * remained about the same.

Table 7.--Prestressed concrete steel wire strand: U.S. producers' production capacity and production, by firms, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Utilization of U.S. producers' capacity to produce prestressed concrete steel wire strand declined from * * * percent in 1979 to * * * percent in 1980, and then rose to * * * percent in 1981. Capacity utilization during January-September 1982 was * * * percent, representing a decline from * * * percent during January-September 1981, and * * *. This low level is attributable to an increase of * * * million pounds in capacity during the period, while production declined. Of the * * * firms which increased capacity during this period, * * * continued production at comparable 1981 levels while increasing capacity by * * * million pounds; * * * increased capacity by * * * million pounds while increasing production by * * * million pounds; and * * * increased capacity by * * * million pounds while its production rose by * * * million pounds.

U.S. producers' shipments

U.S. producers' shipments of prestressed concrete steel wire strand followed the same trend as production, rising from 1979 to 1981, and then decreasing in January-September 1982 from such shipments in January-September 1981 (table 8). Shipments increased from * * * million pounds in 1979 to * * * million pounds in 1981, or by * * * percent, but then declined by * * * percent from * * * million pounds in January-September 1981 to

1/ * * *.

* * * million pounds in January-September 1982. Exports accounted for only a minor share of U.S. producers' shipments during January 1979-September 1982.

Table 8.--Prestressed concrete steel wire strand: U.S. producers' shipments, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Inventories

Yearend inventories of prestressed concrete steel wire strand held by U.S. producers increased slightly from * * * percent of shipments in 1979 to * * * percent in 1981 (table 9). Inventories increased from * * * percent of annualized shipments on September 30, 1981, to * * * percent of annualized shipments on September 30, 1982.

Table 9.--Prestressed concrete steel wire strand: U.S. producers' shipments and inventories, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Employment

There were * * * more production and related workers engaged in the production of prestressed concrete steel wire strand in 1981 than in 1979 (table 10). The total number of hours worked by such workers increased from * * * in 1979 to * * * in 1981. The average number of hours worked per employee rose from * * * hours in 1979 to * * * hours in 1981. Productivity also increased throughout the period, rising from * * * pounds per hour in 1979 to * * * pounds per hour in 1981. The average hourly total compensation

Table 10.--Average number of U.S. production and related workers engaged in the manufacture of prestressed concrete steel wire strand, hours worked by such workers, wages paid, total compensation, and productivity, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

received by employees in the industry increased from * * * in 1979 to * * * in 1981. Employment and hours worked both decreased in January-September 1982 from January-September 1981 levels. Employment dropped by * * * workers to * * *, the lowest level during the period January 1979 to September 1982; hours worked declined from * * * in January-September 1981 to * * * in January-September 1982. The average hourly total compensation paid to those workers increased from * * * in January-September 1981 to * * * in January-

September 1982. Productivity also increased, from * * * pounds per hour in January-September 1981 to * * * pounds per hour in January-September 1982. The average hourly total compensation received by employees of Sumiden and Shinko, two new entrants in the prestressed concrete steel wire strand market, was * * * per hour in 1981 (table 11). By comparison, workers at Armco, Bethlehem, and CF&I, 1/ three large integrated steel producers, received an average of * * * per hour in total compensation in 1981.

Table 11.--Average number of U.S. production and related workers engaged in the manufacture of prestressed concrete steel wire strand, hours worked by such workers, wages paid, total compensation, and productivity, by firms, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Financial experience of U.S. producers

Total net sales of prestressed concrete steel wire strand by U.S. producers increased from * * * million in 1979 to * * * million in 1981, or by * * * percent (table 12). Net sales decreased by * * * percent in January-September 1982 compared with sales in the corresponding period of 1981, owing to the * * * percent decrease in the volume of shipments during the period. Net profit before taxes dropped precipitously, by * * * percent, from * * * million in 1979 to * * * in 1981. The ratio of net profit before taxes to net sales fell from * * * percent in 1979 to * * * percent in 1981. The decrease in profitability in 1980 can be attributed, in part, to * * * (table 13).

Table 12.--Profit-and-loss experience of U.S. producers on their operations on prestressed concrete steel wire strand, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

During January-September 1982, U.S. producers sustained an aggregate net loss of * * *, or * * * percent of net sales, compared with a pre-tax net profit of * * * million, or * * * percent of net sales, for the corresponding period of 1981. The number of firms reporting losses increased from * * * in 1979 to * * * in 1980, * * * in 1981, and * * * in January-September 1982. * * *.

1/ Employees at these three firms are unionized: those at American Spring Wire, Florida Wire & Cable, Shinko, and Sumiden are not.

Table 13.--Profit-and-loss experience of U.S. producers on their operations on prestressed concrete steel wire strand, by firms, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Rod prices.--High-carbon steel wire rod constitutes about 60 percent of the cost of producing prestressed concrete steel wire strand. U.S. producers' average purchase price for rod rose by * * * percent from January 1979 to January-September 1982, as shown in the following tabulation (in cents per pound):

Period	Unit value
1979	***
1980	***
1981	***
1982 (January-September)	1/ ***

1/ Does not include data on CF&I or Sumiden, which did not provide wire rod prices on a January-September basis.

Information on U.S. producers' average purchase prices of rod, by firms, is shown in table 14.

Table 14.--U.S. producers' average purchase prices of steel wire rod used in the production of prestressed concrete steel wire strand, by firms, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Interest expenses.--Data on U.S. producers' interest expenses on their operations on prestressed concrete steel wire strand are presented in table 15. Total interest expenses increased from * * * million in 1979 to * * * million in 1981. Such expenses declined from * * * million in January-September 1981 to * * * in January-September 1982, or by * * * percent.

Table 15.--Prestressed concrete steel wire strand: U.S. producers' interest expenses, by types, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Return on investment.--Data on U.S. producers' assets used in the production of prestressed concrete steel wire strand are presented in table 16.

U.S. producers' return on investment, as measured by the ratio of net profit or (loss) before taxes to original cost of assets, decreased from * * * percent in 1979 to * * * percent in January-September 1982.

Table 16.--Investments in assets used in productive facilities by U.S. producers of prestressed concrete steel wire strand, as of the end of accounting years 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Cash flow from operations.--Cash flow generated from U.S. producers' operations on prestressed concrete steel wire strand, as shown in table 17, decreased from * * * million in 1979 to * * * million in 1980, or by * * * percent. It remained at * * * million in 1981 and dropped from * * * million in January-September 1981 to * * * million in January-September 1982, or by * * * percent.

Table 17.--Cash flow from U.S. producers' operations producing prestressed concrete steel wire strand, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Research and development and capital expenditures

U.S. producers' research and development expenditures connected with prestressed concrete steel wire strand increased from * * * in 1979 to * * * in 1981, or by * * * percent (table 18). Capital expenditures by these producers declined from * * * million in 1979 to * * * million in 1981, or by * * * percent. * * * together accounted for * * * percent of these capital expenditures in 1979 and 1980. During January-September 1982, capital expenditures * * * to * * * million from * * * million in the corresponding period of 1981. During January-September 1982, * * * spent * * * million and * * * spent * * * million for * * * accounting for * * * percent and * * * percent of reported aggregate capital expenditures, respectively.

Table 18.--Prestressed concrete steel wire strand: U.S. producers' research and development and capital expenditures, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

The Question of the Threat of Material Injury

Data on TrefilARBED's end-of-period inventories of PC strand imported from Brazil are presented in the following tabulation:

Period	Inventories	Inventories as a share of import shipments
	1,000 pounds	Percent
1979	***	***
1980	***	***
1981	***	***
June 30--		
1981	***	1/ ***
1982	***	1/ ***

1/ Based on annualized shipments.

Inventories * * * during 1979-81 and then * * * from January-September 1981 to January-September 1982. Inventories as a share of import shipments * * * from * * * percent in 1980 to * * * percent in 1981. Inventories as a share of annualized shipments * * * from * * * percent in January-September 1981 to * * * percent in January-September 1982.

Data concerning production, capacity, and exports of PC strand from Brazil are presented in the "Foreign Producers" section of this report. Data regarding imports from Brazil are presented in the "U.S. imports" section that follows.

Consideration of the Causal Relationship Between Subsidized Imports and the Alleged Injury

U.S. imports

Total U.S. imports of prestressed concrete steel wire strand decreased from 226 million pounds in 1979 to 143 million pounds in 1981, or by 37 percent (table 19). Imports totaled 135 million pounds in January-September 1982, representing a 29-percent increase from the January-September 1981 level of 104 million pounds.

Table 19.--Prestressed concrete steel wire strand: U.S. imports for consumption, by principal sources, 1979-81, January-September 1981, and January-September 1982

Country	1979	1980	1981	January-September--	
				1981	1982
	Quantity (1,000 pounds)				
Brazil	12,704	7,809	13,680	10,163	9,998
United Kingdom	6,741	650	9,809	6,831	5,338
France	3,343	2,352	6,148	5,488	3,132
Republic of South Africa	16,825	16,682	17,813	14,651	14,805
Spain	13,810	15,638	21,064	13,668	22,097
Japan	151,600	126,205	59,315	45,016	42,752
All other	20,846	8,771	15,597	8,675	36,531
Total	225,869	178,107	143,426	104,491	134,652
	Value (1,000 dollars)				
Brazil	3,072	1,899	3,335	2,487	2,348
United Kingdom	1,860	183	2,752	1,913	1,493
France	885	665	1,731	1,547	870
Republic of South Africa	4,545	4,737	4,863	3,960	4,074
Spain	3,407	3,968	5,118	3,299	5,329
Japan	46,344	36,316	17,414	13,375	11,981
All other	5,671	2,533	4,118	2,312	9,499
Total	65,785	50,302	39,330	28,393	35,593

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

Imports of prestressed concrete steel wire strand accounted for a decreasing share of U.S. consumption from 1979 to 1981. The ratio of imports to consumption decreased steadily from * * * percent in 1979 to * * * percent in 1981 (table 20). However, imports increased from * * * percent of apparent consumption in January-September 1981 to * * * percent in January-September 1982. This increase is primarily attributable to imports from countries not specified in tables 19 and 20, which more than quadrupled from the former period to the latter. The countries which were primarily responsible for the increase in this category were West Germany, the Netherlands, Italy, Austria, and Argentina.

The following tables present individual import data for those countries which have been found by Commerce to export subsidized or dumped PC strand to the United States. Of these, Brazil is the subject of the present investigation, the Republic of South Africa has signed a suspension agreement, and Spain, France, and the United Kingdom were found by Commerce to either provide subsidies on their exports of PC strand or sell such exports at LTFV;

however, the Commission determined that an industry in the United States was not being materially injured or threatened with material injury by reason of imports from the latter three countries. The Republic of South Africa imposed an export tax to offset its subsidies on November 21, 1982, under the terms of its suspension agreement. Japan is the subject of an outstanding antidumping order. These individual countries are discussed in more detail in appendix D of this report.

Table 20.--Prestressed concrete steel wire strand: Ratios of U.S. imports and U.S. producers' shipments as a share of consumption, 1979-81, January-September 1981, and January-September 1982

* * * * * * *

Japan is the largest single source of imports of PC strand into the United States; it supplied 67 percent of total imports in 1979, a share which declined to 32 percent in January-September 1982. However, it remained the largest source of imports, about twice the size of the next largest source, Spain. Imports of strand from all countries, as a share of total imports in 1981, are presented in the following tabulation:

Source	Percentage distribution
Japan	41
Spain	15
Republic of South Africa	12
Brazil	10
United Kingdom	7
France	4
All other	11
Total	100

Imports of prestressed concrete steel wire strand from all countries decreased by 82 million pounds from 1979 to 1981, and imports from Japan decreased by 92 million pounds.

Imports from Brazil--Imports of PC strand from Brazil decreased from 12.7 million pounds in 1979 to 7.8 million pounds in 1980, but then increased to 13.7 million pounds in 1981, or by 8 percent over that in 1979. Imports declined by 2 percent from January-September 1981 to January-September 1982, from 10.2 million to 10.0 million pounds. As a share of apparent U.S. consumption, imports from Brazil declined from * * * percent in 1979 to * * * percent in 1980, and then increased to * * * percent in 1981. Imports then declined from * * * percent of apparent U.S. consumption in January-September 1981 to * * * percent in January-September 1982.

Prices

Although price is a major consideration in determining the purchase source for PC strand, other considerations, including product quality, timeliness of delivery, the proximity of the seller, and service, also weigh heavily in purchasing decisions. Therefore, significant differences in prices between suppliers may be required to induce purchasers to switch from one supplier to another. A more complete discussion of what buyers reported to be important considerations in their purchasing decisions is included later in this section.

At least five domestic producers announced price increases during 1979-82, with the most recent increase announced in April 1982. However, discounting from published prices of PC strand has become widespread in recent years, and list prices are probably not representative of actual transaction prices. Armco, American Spring Wire, and Florida Wire & Cable indicated that they have not sold at list prices since early 1979. Shinko reported that sales at list price have occurred during the period under investigation, but that discounts from list price have increased. 1/ The importing firms, R. W. Hebard & Associates and TrefilARBED, 2/ * * *. 3/

Quarterly price data for January 1979-September 1982 (both f.o.b. and delivered) were requested from U.S. producers and the importers on their sales to their major customers. Seven U.S. producers and the importer provided f.o.b. prices; only four U.S. producers and the importer provided data on delivered prices.

Prices were first examined on an f.o.b. basis. Although these data are suitable for comparing trends, it is questionable whether they are the most appropriate basis for calculating margins of underselling. These prices do not reflect transportation costs, nor do they necessarily reflect competing sales in proximate geographic markets.

Indexes of aggregate domestic weighted-average f.o.b. selling prices of PC strand imported from Brazil and that produced domestically showed dissimilar movements in 1979, but similar movements in 1980, 1981, and through July-September 1982 (table 21). In 1979, indexes of reported prices for Brazilian PC strand generally * * * to * * * in October-December; those of the domestic material generally * * * to * * * in October-December. In 1980, indexes of Brazilian and domestic strand prices both generally * * * to * * *, respectively, in October-December. In 1981, both indexes reversed

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1/ Transcript of the hearing for investigations Nos. 701-TA-152 and 701-TA-153 (Final), PC Strand from Brazil and France, pp. 60 and 61.

2/ Prior to Jan. 1, 1982, Hebard was the importer of record for the Brazilian PC strand. Since then, TrefilARBED, an affiliate of Hebard, has been the importer of record for the Brazilian material. The returned importers' questionnaire was completed jointly by Hebard and TrefilARBED.

3/ Telephone conversation with Mr. Peter Schumann, vice president of sales for R. W. Hebard & Associates, Feb. 3, 1983, and Mr. A. Ruddy of TrefilARBED, Feb. 7, 1983.

the 1980 trend and by October-December * * * to * * *. In 1981, the domestic price index increased more than the Brazilian price index--* * *. In addition, the index of domestic prices * * * in every quarter of 1981; the index of Brazilian prices increased in only one quarter, * * *. In 1982, both indexes reversed their trends again, and by * * * to * * *.

Annual prices of PC strand sold by domestic producers decreased by approximately * * * percent from 1979 through 1981, and annual prices of wire rod, the key material input purchased by domestic PC strand producers, increased by approximately * * * percent. From January-September 1981 to January-September 1982, domestic producers' selling prices of PC strand decreased by approximately * * * percent, and domestic producers' purchase prices of wire rod rose by approximately * * * percent. 1/

* * * * * * *

Table 21.--Prestressed concrete steel wire strand: Indexes of f.o.b. selling prices of the importer and U.S. producers, by quarters, January 1979-September 1982

* * * * * * *

Indexes of disaggregated average f.o.b. selling prices of PC strand presented in table 21 by each of the seven reporting domestic producers reflect competitive circumstances in different areas of the United States. Comparisons of price trends across the seven reporting domestic producers generally showed dissimilar movements in 1979 prices but generally similar movements in prices in 1980, 1981, and through July-September 1982. In 1979, reported prices of * * * generally declined, those of * * * generally increased, and those of * * * remained constant. * * *. From 1980 through 1982, movements in reported prices of individual producers fluctuated, first generally declining in 1980, then generally increasing in 1981, and again generally declining in the first three quarters of 1982. Exceptions to these trends include generally increasing prices reported by * * * in 1980 and * * * in 1982.

1/ Annual prices of wire rod and domestic PC strand were calculated from data submitted in response to questionnaires of the U.S. International Trade Commission in connection with investigation No. 731-TA-89(Final). Quarterly comparisons were not possible, because the questionnaire data for wire rod purchases were requested from domestic PC strand producers on an annual basis and for January-September of 1981 and 1982. Although counsel for the petitioners subsequently submitted wire rod prices by quarters, the data were less complete than that already submitted in the returned questionnaires.

Petitioners have stated that in order to meet delivered-price quotes of importers, they have increasingly absorbed freight costs to their customers or quoted delivered prices. 1/ In order to make price comparisons on this basis and at specified locations during recent periods, the Commission sent questionnaires to 37 purchasers across the country. 2/ The questionnaire requested prices paid for the firm's largest purchase of PC strand produced in the United States and that obtained from Brazil during 1981 and January-September 1982. Twenty purchasers responded to the questionnaire, and 10 of these purchasers provided price data that could be used in making comparisons on a city basis. 3/ Comparisons of such delivered prices reported by purchasers are believed to be the best basis for an analysis of the issue of underselling. These prices reflect both transportation charges and competing sales in proximate geographic markets. As shown in table 22, the results provided some additional evidence relating to underselling during 1981 and January-September 1982.

In Houston, Tex., * * *.

In Cape Charles, Va., * * *.

Table 22.--Prestressed concrete steel wire strand: Delivered prices paid by purchasers for U.S.-produced and Brazilian-produced merchandise, by cities, by quarters, January 1981-September 1982 1/

* * * * * * *

In addition to the data in table 22, purchasers reported six other comparisons between domestic and Brazilian PC strand in the following locations: San Antonio, Tex.; Waukesha, Wis.; Dedham, Mass.; Landenburg, Pa.; and Tampa, Fla. These comparisons are presented in table 23. * * *. 4/ 5/

Table 23.--Prestressed concrete steel wire strand: Delivered prices paid by purchasers for U.S.-produced and Brazilian-produced merchandise, by cities, by various periods, January 1981-September 1982

* * * * * * *

1/ Prehearing brief of the PC Strand Group, investigation No. 731-TA-89 (Final), p. 96.

2/ Delivered selling prices reported by the four reporting domestic producers and the importers did not allow for comparisons by specific locations.

3/ The 10 purchasers who reported delivered prices that could be used in making comparisons accounted for approximately 16 percent of apparent U.S. consumption of PC strand in 1981.

4/ * * *.

5/ * * *.

The Commission asked purchasers of Brazilian PC strand to rank the importance of five factors, on a scale from 1 (lowest) to 5 (highest), in their decisions to buy PC strand from a particular supplier. Along with price, the five factors included availability of service, delivery time, proximity of the vending firm, and quality of the product. Responses from the seven purchasers who completed this section of the questionnaire varied widely. Some firms gave several factors the same rank, whereas others gave each factor a unique rank. Proximity of the vending firm was ranked 5 most frequently (by 3 firms). Other factors receiving a ranking of 5, in descending order of frequency, were the following: Price and quality (each by 2 firms) and delivery time and availability of service (each by 1 firm). Proximity of the vending firm and price were most frequently ranked as least important (each by 3 firms).

Purchasers of PC strand were also asked to list and rank any other factors that influence their purchase decisions. Two purchasers responded to this part of the questionnaire. One of these purchasers listed inventory levels as being a factor he considered when making a purchase decision. The other purchaser listed "buy American" requirements, which are stipulated in some project contracts, as an important factor.

The Commission also asked if, as a result of any of the above factors, purchasers had purchased PC strand from a higher priced source rather than from a lower priced source in 1981. Six of the seven responding purchasers answered affirmatively. Of these six firms, four reported buying domestic PC strand at higher prices, and two reported buying imported strand at higher prices. However, none of the purchasers reported buying higher priced Brazilian PC strand. Three of the four purchasers who bought domestic PC strand at higher prices cited delivery time as the reason for purchasing the more expensive strand; the other firm reported buying higher priced domestically produced strand because of the engineering assistance provided by the domestic producer. The two purchasers who reported buying higher priced imported strand cited quality and maintenance of inventory levels as reasons for doing so.

Lost revenues

Domestic producers of PC strand submitted eight specific allegations of instances in which they lost revenues due to the price of the Brazilian product. * * *. Because the Commission staff did not reveal any information which would disclose the identity of the firm which submitted an allegation, several purchasers were not able to respond to the specific allegations.

* * * alleged that it had to lower its price to * * * in * * *. When contacted, * * * of * * * stated that he purchases PC strand from Brazil, Spain, and Austria, as well as from * * *. 1/ * * * said that he divides his business among several suppliers, and noted that the prices offered by these firms are always very close. * * * stated that he very seldom tells a supplier the prices that other suppliers are offering, but added that this may occur if a supplier's initial quote is out of line with the quotes offered by others. * * * feels that this is done in every business. * * * was unable to

1/ Telephone conversation with the Commission's staff on February 18, 1983.

provide any further details regarding the allegations because the staff would not provide the name of the domestic producer making the specific allegation.

In its * * * allegation, * * * stated that it had to lower its price from * * * to * * * on a sale of * * * million pounds to * * *. * * * of * * * stated that his firm tries to obtain the best price possible on an overall package deal when it purchases PC strand. 1/ The package typically includes both the PC strand and engineering assistance to redesign the project so that lesser amounts of strand are required. * * * stated that the quality of PC strand is important, but that * * * buys on price. He added that * * * generally does not play one price against others, and said that the firm tells potential suppliers that it wants their best quote the first time out. The purchaser's questionnaire received from * * * in connection with this investigation reveals that the firm has never purchased PC strand from Brazil. Rather, all * * * purchases during 1980-1982 were from either * * * or * * *.

* * * alleged that it was forced to lower its price for * * * pounds of PC strand to * * * due to a low Brazilian quote. * * * denied the allegation, and stated that his company will not accept Brazilian quotes because that product does not meet * * * standards. 2/ However, his firm does take quotes from * * *, among others. * * * said that he takes only one quote from suppliers 90 percent of the time, but he added that he gives one domestic producer a chance to revise its quote. Although * * * declined to provide the name of this producer, he did say that he prefers * * *.

* * * also alleged that it lowered its price to * * *. The staff was unable to contact the person who buys strand for * * *. However, a purchaser's questionnaire was received from this firm. The questionnaire reveals that * * * did not purchase PC strand from Brazil during the period covered by this investigation. During * * *, * * * lists purchases from * * * and unspecified * * * sources. 3/

* * * alleged that it lowered its price on a sale of * * * because of a low Brazilian quote. * * * of * * * stated that his firm purchases PC strand from both domestic producers * * * and Brazil. 4/ * * * said that he only takes one quote from each supplier, and does not allow a second round. * * * added that no firm has reduced its price to meet another supplier's quote since he does not allow this to happen, and that the allegation is therefore untrue.

1/ Telephone conversation with the Commission's staff on February 22, 1983.
2/ Telephone conversation with the Commission's staff on February 22, 1983.
3/ It should be noted that * * *.
4/ Telephone conversation with the Commission's staff on February 18, 1983.

* * * also alleged that it was forced to lower its price to * * *. The quantity involved was not specified. * * * of * * * stated that his firm gives each supplier the chance to lower its bid to meet its competition, and that it is not unusual for a supplier to do so. 1/ An exception to this policy is that when time and/or availability are tight, * * * may not allow the second round of quotes.

In its final allegation, * * * stated that it lowered its price from * * *. * * * of * * * stated his firm will shop around and buy the lowest priced strand available unless the contract specifically calls for domestic product, and that this involves allowing firms to reduce their price quotes in response to the competition. He could not provide details of his purchases during * * *, however. 2/

Lost sales

Domestic producers of PC strand submitted 17 specific allegations of lost sales, involving approximately 13.3 million pounds, during 1979-1982. The staff attempted to verify all 17 allegations. The results of these conversations follow.

* * * stated that his firm buys the lowest priced strand that is available unless the contract requires the domestically-produced product. * * * stated that his firm did buy the Brazilian strand in question, that the price was approximately $10 less per thousand lineal feet then quotes by * * *, and that the quality was satisfactory. 3/ * * * involved a sale of * * * million pounds lost by * * * to * * *. * * * of * * * stated he considers price and quality to be important considerations in his purchases, and said that he may have bought the Brazilian product on price in 1979. 4/ However, * * * said that he could not be more specific because a record of purchases during that period is not readily available.

Three sales totalling approximately 831,000 pounds were allegedly lost in 1980. The staff was unable to investigate one allegation submitted by * * * involving * * * pounds because the purchaser did not return the staff's telephone calls. Another allegation submitted by * * * involved a lost sale of * * * pounds to * * *. The purchaser's questionnaire which was returned by * * * revealed that the firm did not purchase PC strand from Brazil during 1979-1982. The third allegation, which was submitted by * * *, involved a lost sale in * * * to * * * of approximately * * * pounds. * * * purchaser's questionnaire reveals that the firm did not purchase PC strand from Brazil during 1979-1980, and that * * * received its first shipment of Brazilian strand during the period covered by this investigation in July, 1981.

1/ Telephone conversation with the Commission's staff on February 18, 1983.
2/ Telephone conversation with the Commission's staff on February 15, 1983.
3/ Telephone conversation with the Commission's staff on February 15, 1983.
4/ Telephone conversation with the Commission's staff on February 15, 1983.

Six allegations of lost sales in 1981 involved approximately 2.4 million pounds of Brazilian strand. * * * alleged that it lost a sale of * * * pounds to * * * in June 1981. * * * of * * * stated that he has purchased Brazilian strand in the past, due to its very, very competitive pricing. 1/ However, * * * said that he has encountered problems with the inconsistency of delivery and scheduling when he purchases the Brazilian product. * * * could not remember his purchases during 1981: however, he said that he purchases most of his needs from * * * because he dislikes doing business with the other major U.S. producer in his area, * * *. Another allegation by * * * involved a * * * pound sale to * * *. * * * of this firm stated that * * * does not know the specifics of * * * company's purchases during 1981. 2/ * * * added that the main reasons for buying Brazilian strand are price, availability, and the 90-day terms. * * * said that the firm purchases most of its domestically-produced strand from * * *, and has never purchased strand from * * *.

A sale of * * * pounds was alleged by * * * to have been lost to * * *. While he was unable to respond in detail to questions involving purchases in 1981, * * * of * * * said that Brazilian strand was $5 per thousand lineal feet cheaper than the domestic product in 1981, and that his firm buys the cheapest strand available if possible. 3/ * * * purchasers' questionnaire reveals purchases of Brazilian PC strand totaling * * * million pounds in 1981.

* * * stated that it lost a sale of * * * pounds to * * * in * * * 1981. * * * of * * * said that he does not remember details as to prices or purchases in 1981, but that if he bought Brazilian strand, price was the reason. 4/ * * * purchasers' questionnaire shows that the firm bought only Brazilian PC strand in 1981. The total quantity of these purchases was * * * pounds.

* * * alleged that it lost a sale to * * * in * * * 1981. The quantity involved was * * * pounds. * * * of * * * said that he can not respond to details of his firm's purchases in 1981. 5/ Finally, the staff was unable to investigate an alleged lost sale of * * * pounds to * * * since the firm would not return the staff's telephone calls.

Domestic producers reported five specific lost sales in 1982, involving approximately 846,000 pounds of PC strand. * * * alleged that it lost a sale to * * * of an unspecified amount in * * * 1982. * * * of * * * confirmed that his firm purchased PC strand from Brazil, solely because of its lower price, but was unable to provide the quantity involved. 6/ * * * reported a lost sale of * * * pounds to * * * in * * * 1982, and * * * reported a lost sale of * * * pounds to * * * in * * * 1982. * * * of that company said that he may have purchased the Brazilian strand because of price in 1982, but was unable to confirm this because his records were not available. 7/ He did state price and quality were important factors in his purchases, and that he does purchase Brazilian strand.

1/ Telephone conversation with the Commission's staff on February 22, 1983.
2/ Telephone conversation with the Commission's staff on February 17, 1983.
3/ Telephone conversation with the Commission's staff on February 15, 1983.
4/ Telephone conversation with the Commission's staff on February 15, 1983.
5/ Telephone conversation with the Commission's staff on February 15, 1983.
6/ Telephone conversation with the Commission's staff on February 17, 1983.
7/ Telephone conversation with the Commission's staff on February 15, 1983.

Additionally, * * * alleged that it lost a sale * * * pounds to * * * in * * * 1982. As discussed earlier, this purchaser refused to return the staff's telephone calls.

Finally, * * * alleged that it lost a sale of * * * pounds to * * * in * * * 1982. * * * of * * * stated that his firm has never purchased PC strand from Brazil. 1/ He has bought most of his requirements of PC strand from * * * during the last couple of years, and has never bought from * * * because its price is not competitive with the other sources.

The staff also investigated three additional allegations of lost sales in 1982. In one allegation, * * * stated that it lost a sale of * * * to * * * in * * * 1982. * * * in * * * stated that he has not purchased PC strand from Brazil for several years. 2/ He added that he was purchasing * * * PC strand from * * * during * * *.

* * * also alleged that it lost a sale of * * * to * * * in * * * 1982. * * * of * * * stated that he purchased * * * paks of Brazilian PC strand in * * * 1982, and scheduled staggered deliveries for * * * , * * *, and * * * 1983. 3/ * * * added that price was the most important factor in his decision to purchase the Brazilian product.

In the third instance, * * * alleged that it lost a sale of * * * to * * *, in * * * 1982. * * * of * * * stated that he has not changed his purchasing patterns over the past several years and continues to spread his PC strand purchases among a number of sources, including * * * and * * *. 4/ * * * stated that foreign PC strand is cheaper than the domestic product and that price is an important consideration in his purchases. * * * would not comment further on the allegation.

1/ Telephone conversation with the Commission's staff on February 15, 1983.
2/ Telephone conversation with the Commission's staff on February 25, 1983.
3/ Telephone conversation with the Commission's staff on March 1, 1983.
4/ Telephone conversation with the Commission's staff on March 1, 1983.

APPENDIX A

THE DEPARTMENT OF COMMERCE'S FINAL COUNTERVAILING DUTY DETERMINATION

Final Affirmative Countervailing Duty Determination; Prestressed Concrete Steel Wire Strand From Brazil

AGENCY: International Trade Administration; Commerce.

ACTION: Final Affirmative Countervailing Duty Determination.

SUMMARY: We have determined that certain benefits that constitute subsidies within the meaning of the countervailing duty law are being provided to manufacturers, producers, or exporters in Brazil of prestressed concrete steel wire strand (PC strand). The estimated net subsidy is 13.90 percent *ad valorem*. 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.

The Department of Commerce (the Department) and the government of Brazil have entered into a suspension agreement. We continued the investigation at the request of the petitioners. If the final determination by the ITC is negative, the suspension agreement shall have no force or effect. If the final determination by the ITC is affirmative, the suspension agreement shall remain in force.

EFFECTIVE DATE: February 1, 1983.

FOR FURTHER INFORMATION CONTACT: Paul J. McGarr, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230, telephone: (202) 377-2786.

SUPPLEMENTARY INFORMATION:

Final Determination

Based upon our investigation, we have determined that certain benefits that 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 Brazil of PC strand. The following programs are found to confer subsidies:

- Industrialized Products Tax (IPI) export credit premium
- IPI rebates for capital investment
- Preferential working capital financing for exports: Resolution 674
- Income tax exemption for export earnings
- Accelerated depreciation for capital goods manufactured in Brazil

We determine the estimated net subsidy on PC strand from Brazil to be 13.90 percent *ad valorem*.

The Department and the government of Brazil have entered into a suspension agreement. If the ITC makes a final affirmative determination, the agreement will remain in force, and we will not issue a countervailing duty order as long as the requirements of section 704(f)(3)(B) of the Act are met.

Case History

On March 4, 1982, the Department received a petition from counsel for American Spring Wire Corporation, Florida Wire & Cable Company, Pan American Ropes, Inc. and Shinko Wire America, Inc., filed on behalf of the U.S. industry producing PC strand. The petition alleged that certain benefits that constitute subsidies within the meaning of section 701 of the Act are being provided, directly or indirectly, to manufacturers, producers, or exporters in Brazil of PC strand.

We found the petition to contain sufficient grounds upon which to initiate a countervailing duty investigation and on March 30, 1982, we initiated a

countervailing duty investigation (47 FR 13396).

We stated that we expected to issue a preliminary determination by May 28, 1982. We subsequently determined that the investigation was "extraordinarily complicated," as defined in section 703(c) of the Act, and postponed our preliminary determination for 65 days until August 2, 1982 (47 FR 20652).

Since Brazil is a "country under the Agreement" within the meaning of section 701(b) of the Act, an injury determination is required for this investigation. Therefore, we notified the ITC of our initiation. On April 19, 1982, the ITC preliminarily determined that there is a reasonable indication that these imports are materially injuring, or threatening to materially injure, a U.S. industry (47 FR 18200).

On March 25, 1982, we presented a questionnaire concerning the allegations to the government of Brazil in Washington, D.C. On May 26, 1982, we received the response to the questionnaire.

On August 2, 1982, we issued our preliminary determination in this investigation (47 FR 34609). We stated in our preliminary determination that the government of Brazil was providing its manufacturers, producers, or exporters of PC strand with benefits that constitute subsidies. The programs preliminarily determined to bestow subsidies were:

- IPI export credit premium
- IPI rebates for capital investment
- Preferential working capital financing for exports:
- Resolution 674
- Income tax exemption for export earnings
- Accelerated depreciation for capital goods manufactured in Brazil

On October 15, 1982, the Department and the government of Brazil signed a suspension agreement, as provided for under section 704 of the Act. The agreement became effective with its publication in the Federal Register on October 22, 1982, (47 FR 47048). Under the agreement, the government of Brazil is required to offset completely by an export tax the amount of the net subsidy determined by the Department to exist on Brazilian exports of PC strand to the United States. The petitioners are challenging this agreement in the Court of International Trade in the case of *American Spring Wire Corp.* v. *United States*, Court No. 82-11-01579.

By letter of November 12, 1982, counsel for the petitioners requested that the investigation be continued under section 704(g) of the Act. Therefore, we are required to complete the investigation and issue a final determination.

Scope of Investigation

The product covered by this investigation is prestressed concrete steel wire strand manufactured in Brazil and exported, directly or indirectly, from Brazil to the United States. The term "prestressed concrete steel wire strand" covers wire strand of steel other than stainless steel for prestressed concrete, as currently provided for in item 642.1120 of the *Tariff Schedules of the United States Annotated.*

Companhia Siderurgica Belog-mineira (Belgo-Mineira) is the only known producer and exporter in Brazil of PC strand to the United States. The period for which we are measuring subsidization is calendar year 1981, which coincides with Belgo-Mineira's fiscal year.

Analysis of Programs

In its response, the government of Brazil provided date for the applicable periods. Throughout this notice, general principles and conclusions of law applied by the Department of Commerce to the facts of this investigation are described in detail in Appendices 2 and 4, which appeared with the notice of "Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Belgium" (47 FR 39304).

I. Programs Determined To Confer Subsidies

We have determined that subsidies are being provided under the programs described below to manufacturers, producers, or exporters in Brazil of PC strand.

A. *Industrialized Products Tax (IPI) Export Credit Premium.* The IPI export credit premium has been found to be a subsidy in previous countervailing duty investigations involving Brazilian products. After having suspended this program in December 1979, the government of Brazil reinstated it on April 1, 1981.

Exporters of PC strand are eligible for the maximum IPI export credit premium. During the applicable period, 15 percent of the "adjusted" f.o.b. invoice price of the exported merchandise was reimbursed in cash to the exporter through the bank involved in the export transaction. Subsequently, the government of Brazil reduced the benefit to 14 percent on March 31, 1982, 12.5 percent on June 30, 1982, and 11 percent on September 30, 1982.

In calculating the amount the exporter is to receive, several deductions may be made to the invoice price to obtain the "adjusted" f.o.b. value. These adjustments include: any agent commissions, rebates, or refunds resulting from quality deficiencies or damage during transit, contractual penalties, and the value of imported inputs. In order to receive the maximum export credit premium, the exported product must consist of a minimum of 75 percent value added in Brazil. If this minimum limit is not met, there is a specific calculation to reduce the f.o.b. invoice price when calculating the base upon which the IPI export credit premium is paid.

Our preliminary determination on this program was made using the best information available to us. We preliminarily determined that a subsidy in the amount of 12.5 percent *ad valorem* existed, which was the maximum amount available to Belgo-Mineria at that time.

At verification, we sampled many of Belgo-Mineira's receipts of the IPI credits and traced each to the appropriate shipment, as a basis for calculating the value of the IPI credits. We established that the only deduction made from the value of the shipment before the IPI credits were calculated was an agent fee and that shipments frequently did not have this deduction. For each shipment, we calculated the value of the IPI credits as a percentage of the gross value of the shipment. We made this calculation as of the date of shipment rather than the date of receipt of the IPI credits and did not take into account the devaluation of the cruzeiro between the date of shipment and the date of receipt in accordance with section 771(6)(B) of the Act.

Although deductions for an agent commission occurred for some shipments during 1981, we could not establish an average rate for such deductions; when examining *all* shipments in a particular period, we found none with deductions for an agent fee. Therefore, we calculated a subsidy value during 1981 of 15 percent. This rate is premised on an IPI export credit premium of 15 percent.

The government of Brazil has made three reductions in the level of the IPI credit during 1982, the most recent to 11 percent on September 30, 1982. accordingly, we have proportionally reduced our calculation above. On this basis, we calculated a current *ad valorem* export subsidy of 11 percent.

B. *IPI Rebates for Capital Investment.* Decree Law 1547 (April 1977) provides funding for the expansion of the Brazilian steel industry through a rebate of the IPI, the Brazilian federal excise tax. Under this tax system, a company determines its liability for the tax at the

end of each month. The net tax owed is calculated as the difference between the total IPI the company paid on purchases and the total IPI it collected on domestic sales. Normally, within five months after the end of each month, a company must pay the amount of the net tax owed directly to the Brazilian government. This net IPI tax is the basis for calculating the rebate for investment. A Brazilian steel company may deposit 95 percent of the net IPI tax due in a special account with the Banco do Brasil. The amounts deposited are to be applied to steel expansion projects, and when rebated to the firms constitute tax-free capital reserves which must eventually be converted into subscribed capital.

We consider the amount rebated each year as an untied capital grant received in that year. As such, we have allocated the grants over 15 years, the estimated average life of capital assets in integrated steel mills (based on Internal Revenue Service studies of actual experience in integrated mills in the U.S.).

In making the calculation for our preliminary determination, we took the amount of the rebate received in each year, converted the cruzeiro value to dollars by using the average exchange rate for the year, and used as the discount rate for each year the average LIBOR (London Interbank Offered Rate) plus the prevailing spread over LIBOR in Brazil in that year. The grants were amortized over 15 years and the total benefit for 1981 was divided by the total value of sales, converted into dollars using the average exchange rate for 1981.

We chose the above method for our preliminary determination because at that time we did not have sufficient information to employ the indexing procedure that establishes the rate of return on long-term cruzeiro debt instruments in Brazil. At verification we learned that government bonds and long-term cruzeiro loans are fully indexed to the inflation rate in Brazil and have fixed real interest rates. The index used is the ratio established for the Readjustable Bonds of the National Treasury (ORTN). In the case of a loan, the cruzeiro value is converted to an ORTN value by using the ORTN index rate in the month of receipt. The stream of principal and interest payments over the life of the loan is then calculated in ORTN and when a payment is made, the ORTN value due is coverted into cruzeiros at the ORTN index rate in the month of payment.

Based on this information, we have recalculated the benefit from these grants in accordance with Appendix 2. We have taken the amount of the rebate received in each month, converted the cruzeiro value to an ORTN value by using the ORTN index rate in the month of receipt, added the monthly ORTN amounts to determine the amount of the grant in each year, and used as the discount rate for each year the interest rate of 4 percent on ORTN-indexed government debt. The total benefit in ORTN for 1981 was converted into cruzeiros using the average ORTN index rate for the year and then divided by the total value of sales for 1981. The *ad valorem* benefit of this subsidy is 0.91 percent.

C. *Preferential Working Capital Financing for Exports: Resolution 674.* Under this program, companies are declared eligible to receive working capital loans by the Department of Foreign Commerce of the Banco Central do Brasil (CACEX). These loans may have a duration of up to one year. Firms in the steel industry can obtain this financing at preferential rates for up to 20 percent of the net f.o.b. value of the previous year's exports. The maximum dollar eligibility under this program is established by CACEX and is stated on the "Certificado de Habilitacao" issued to recipients. We have determined that such financing is an export subsidy.

The net export value is calculated by taking numerous deductions from the export value of the merchandise, including agent commissions, contractual penalties or refunds, exports denominated in cruzeiros, imported inputs over 20 percent of the export value, and a deduction for the company's trade deficit as a percentage of the value of its exports.

To determine the value of loans in existence under this program during the 1981 fiscal year, we prorated any loans that straddled other fiscal years. For loans taken out in fiscal year 1980, only that portion extending into fiscal year 1981 was included in our calculation. Any fiscal year 1981 loans extending into fiscal year 1982 were similarly adjusted. We then divided the total value of these loans by the total value of Belgo-Mineira's exports in 1981 to calculate the amount of preferential financing received.

As in previous Brazilian countervailing duty cases, we are using the rate established by the Banco do Brasil for discounting sales of accounts receivable as the commercial rate for the acquisition of short-term working capital. We have used this comparison because information provided by the government of Brazil indicates that, within the Brazilian financial system, working capital is normally raised through the sale of accounts receivable. Currently, the annual rate for discounting sales of accounts receivable is 59.6 percent plus a 6.9 percent tax on financial transactions (IOF). The subsidy is the difference between the interest rate available under Resolution 674 and the commercial rate.

The interest rate on loans under Resolution 674 is 40 percent, with interest payable semiannually and the principal fully payable on the due date of the loan. The effective rate of interest for these loans is 44 percent. These loans ar also exempt from the IOF. Therefore, the differential between these two types of financing is 22.5 percent. When multiplying this differential by the amount of preferential financing received as a percent of exports, we calculated an *ad valorem* export subsidy of 1.13 percent.

D. *Income Tax Exemption for Export Earnings.* Exporters of PC strand are eligible to participate in this program, under which the percentage of their profit attributable to export revenue is exempt from income tax. To arrive at this percentage, export revenue is divided by total revenue. The amount of profit exempt from the income tax is then multiplied by the 35 percent corporate income tax rate to determine the amount of the benefit.

In a program of this kind, benefits cannot be determined with finality until the books are closed sometime in the following year. Therefore, we must look at fiscal year 1980 income tax statements to determine if any benefit was received in fiscal year 1981. Belgo-Mineira had a taxable profit in fiscal year 1980, and received a benefit under this program in 1981. By dividing the benefit received by the value of exports, we calculated an *ad valorem* export subsidy of 0.55 percent.

E. *Accelerated Depreciation for Capital Goods Manufactured in Brazil.* This program allows companies that purchase Brazilian-made capital equipment as part of an expansion project approved by the Industrial Development Council (CDI) to depreciate eligible equipment at twice the rate normally permitted under tax laws. As with the income tax exemption for export earnings, the tax benefit received under thjis program in a particular fiscal year equals the amount by which total depreciation (including accelerated depreciation) exceeds normally-permitted depreciation in the prior fiscal year. Belgo-Mineira used the accelerated depreciation provisions to reduce its tax liabilities in its fiscal year 1980 income tax statement and received a benefit in 1981. By dividing the benefit received by the total value of sales, we

calculated an *ad valorem* benefit of 0.31 percent.

II. Programs Determined Not To Confer Subsidies

We have determined that subsidies are not being provided under the following programs described below to manufacturers, producers, or exporters in Brazil of PC strand.

A. *Regional Development Investment Subsidy From Credit to the Corporate Income tax.* Brazilian Tax law allows any corporation that owes corporate income taxes to elect to apply up to 51 percent of its corporate income taxes owed to the government to specified investment funds. The investment funds generally are for the economic development of certain regions, industries or national interests (e.g., the Amazon, the Northeast, fisheries, tourism and reforestation). The steel industry is not among the targeted sectors. If a corporation elects to direct the taxes it owes to the government into one or more of the specified investment funds, it receives stock for its investment in those funds. Upon receipt of the stock, which must be held at least five years, the investment is included in the equity holdings of the corporation.

Belgo-Mineira has taken part in this program, but not during 1981. We have determined that election to participate in this program does not constitute a subsidy to PC strand, however, since all corporations which pay corporate income taxes are eligible to participate in the program on equal terms.

B. *Long-Term Loans.* Belgo-Mineira has long-term loans from various sources in both domestic and foreign currencies. The loans in foreign currencies have interest rates ranging between 0.5 percent and 2.25 percent above LIBOR (depending on the date the loan was granted), which are typical rates for such loans in Brazil.

Long-term financing in cruzeiros is normally available in Brazil only through government-controlled financial institutions. Belgo-Mineira has received loans from FINAME, a program of the government-controlled National Bank for Economic Development (BNDE), for the purchase of capital equipment manufactured in Brazil. These loans are fully-indexed by ORTN and were made at fixed real interest rates ranging from 8 to 11 percent.

FINAME loans are available to a wide variety of sectors in Brazil. The steel industry has received such loans in proportions similar to other large capital-intensive industries in Brazil. This appears to be warranted by the capital requirements of such industries. In addition, numerous other sectors also received loans from FINAME during this period. Based on the general availability of these fully-indexed loans, we have determined that they do not confer a subsidy.

C. *Transportation Subsidies.* The Brazilian government stated that Belgo-Mineira received no preferential rates when using railroads and ports. At verification, we found no evidence that any programs exist which give preferential freight rates to steel exporters.

D. *Income Tax Deductions for Employee Training and Meals.* Belgo-Mineira has a tax deductible training program for which it has taken special deductions for training costs, but it has never had a tax-deductible program for which it may take special deductions for employee meals. The maximum deduction for training costs is 10 percent of taxes owed, and for meals 5 percent of taxes owed, although the combined deduction may not exceed 10 percent of taxes owed.

The government of Brazil stated that under applicable tax law any manufacturer, without sectoral or regional preference, may take the above deductions for training and meal expenditures for employees. Consequently, we have determined that the benefits conferred under this program are not countervailable because they are generally available on equal terms.

III. Programs Determined Not To Be Used

We have determined that the following programs which were listed in the notice of "Initiation of Countervailing Duty Investigation" were not used by manufacturers, producers, or exporters in Brazil of PC strand.

A. *The Commission for the Granting of Fiscal Benefits for Special Export Programs (BEFIEX).* BEFIEX grants several types of benefits to companies that are part of certain targeted industries and that sign contracts that include specific export commitments. These benefits include the following: a reduction of between 70 percent and 90 percent of the import duties and the IPI tax on the import of machinery, equipment, apparatus, instruments, accessories and tools necessary to meet the approved export commitment; and extension of the period for carrying tax losses forward from four to six years, provided no dividends are paid during that time; and amortization of pre-operational expenses of BEFIEX projects at the discretion of the company rather than the normal straight-line amortization over ten years. As a general rule, companies that sign BEFIEX contracts guaranteeing these and any other benefits must make an export commitment that over the life of the project it will generate export earnings of at least three times the value of imports for the project. The government of Brazil has stated that the steel industry in Brazil has been developed primarily to supply the domestic market. Since Belgo-Mineira exports only a small portion of its production, it is not in a position to make the required export commitment. Belgo-Mineira did not receive any benefits from this program in 1981.

B. *Industrial Development Council (CDI) Program.* This program allowed an exemption of 80 percent of the customs duties and 80 percent of the IPI tax on certain imported machinery for projects approved by the CDI. Decree Law 1726 repealed this program in 1979 and no new projects are eligible for these benefits. However, companies with projects approved prior to repeal may still receive these benefits pending the completion of the project. Belgo-Mineira did not receive such benefits during 1981.

C. *Deductions From Income Tax for Foreign Market Expenditures.* The government of Brazil stated that expenses incurred abroad in connection with export sales are deductible for income tax purposes in the same way that similar expenses incurred on domestic sales are deductible. Belgo-Mineira did not deduct any such expenses incurred on export sales in 1981.

Petitioner's Comments

Comment 1: The petitioners assert that in calculating the net subsidy under Resolution 674 financing, the Department used an incorrect benchmark. They state that the Banco do Brasil rate for discounting accounts receivable is not a proper benchmark; that the Department must factor in compensating balances (although illegal in Brazil) to determine an effective interest rate; and that in determining the appropriate benchmark, the Department should use as one basis of comparison the commercial rate for short-term borrowing in Brazilian financial markets.

DOC Position: The Department believes from evidence available to it that there is no meaningful commercial market for short-term working capital loans in Brazil. Instead, most firms meet their needs for working capital through the sale of accounts receivable. Therefore, the Department has determined that the discounting of

accounts receivable provides the most appropriate basis for comparison.

In determining a national benchmark, the Department chose the Banco do Brasil rate because prior case precedent and statements of the government of Brazil suggested that this was the appropriate standard. As the largest single banking entity in Brazil (representing 35–40 percent of all banking assets), the Banco do Brasil acts as a price leader from which the rates of other banks vary. Documents received at verification support our preliminary determination in several respects. First, the annual Banco do Brasil discount rate is 59.6 percent, as claimed; numerous banks, both state-owned and private, discount receivables at rates near (both above and below) the rate set by the Banco do Brasil. Second, as it applies to Belgo-Mineira, the market for discounting accounts receivable is still quite active. During the period for which we are measuring subsidization, Belgo-Mineira discounted a significant percentage of its domestic accounts receivable with a wide variety of banks, and used this facility as the chief method of raising working capital. During verification, we found no evidence of compensating balances in company records; the amount received by the company after discounting a receivable was the value of the receivable minus the discount rate, the tax on financial transactions (IOF) and a small commission

Comment 2: The petitioners disagree with the Department's determination that certain programs did not constitute subsidies because they were generally available. They claim that the Department's position on generally available programs, set forth in Appendix 4, is in error and based upon an incorrect interpretation of the legislative history and section 771(5) of the Act.

DOC Position: The Department's position remains unchanged from that elaborated in Appendix 4.

Respondent's Comments

Comment 1: The respondent claims that IPI rebates for capital investment under Decree Law 1547 are not countervailable for the following three reasons. First, as a result of a revamping of legislation concerning the IPI tax that began in 1979, the IPI tax is currently applicable to only 14 product sectors, and exemption from the tax is the rule while the obligation to pay is the exception. Thus, the elimination of the tax is the generally available situation and the reduction of the tax on any the remaining sectors subject to it does not constitute a subsidy. Second, since the IPI tax is paid by the Brazilian steel producers, the funds for the rebates do not originate from the government of Brazil. Thus, the rebates do not constitute subsidies. Third, the rebates are generated solely by domestic, not export, sales and it is not within the purview of the U.S. countervailing duty law to countervail benefits received on production not destined for the United States.

DOC Position: The IPI tax is an indirect tax and as such is passed forward to the consumer. A steel company collects this tax on sales as the agent for the government; the company does not, itself, pay the tax.

Decree Law 1547 is a mechanism by which a steel company is permitted to collect funds due the government and then receive a 95 percent rebate of the taxes due. The program does not involve the rebate of payments made from the company's own funds.

Not all steel companies receive this rebate. Although the same level of IPI tax is applicable to all steel products, only companies producing certain priority products, with approved expansion projects, can receive the rebate. Fabricators of steel products, such as pipe and tube manufacturers who purchase coil, are not eligible for the rebate. Members of the SIDERBRAS group have not been eligible for the rebates since December 1980, when Decree Law 1843 directed rebates of the IPI tax collected on sales by state-owned steel companies go to SIDERBRAS. Thus, the rebates are not generally available within the steel sector and represent a selective benefit to priority producers.

These rebates, when received, are applied to capital investment projects. The IPI tax is collected on domestic sales and to rebate is simply a mechanism to raise capital for the companies that receive them. That the rebates are generated only by domestic sales does not alter the fact that they benefit all production, including exports.

Comment 2: The respondent claims that, absent a showing of immediate competitive advantage by the Department, we must allocate in equal installments the *face* value of the grants received from the IPI rebates for capital investment over the full useful life of the assets purchased, as required by the legislative history and the Court of International Trade in *Michelin Tire Corporation v. United States,* 2 C.I.T. 143 (1981). Respondent further alleges that the use of the present value methodology for the calculation of grant benefits violates Article 4(2) of the Subsidies Code in that the U.S. government will collect countervailing duties in excess of the face value of a grant.

DOC Position: We have allocated these grants over the full useful life of the assets purchased in accordance with *Michelin Tire Corporation v. United States,* Slip Op. 82–115 (December 15, 1982). In this case, the Court did not rule how the Department should allocate the benefit from a grant over the useful life of the asset. However, the Court did suggest that a method which recognizes the time value of money may be "an acceptable and recognizable means of analyzing financial benefit" from a grant. The present value concept is such a recognized principal of financial analysis and its use is fully consistent with the Subsidies Code and U.S. countervailing duty law. So 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 grant, the amount countervailed will not exceed the total net subsidy.

Comment 3: The respondent claims that the government of Brazil has the right to exempt loans received, under Resolution 674 from the IOF tax because it is the exemption of an indirect tax on the financing of products for export. Therefore, for the Department to determine the interest-rate subsidy by considering the IOF tax an integral part of the commercially-available rate (considering exemption of the IOF tax a subsidy) is contrary to the GATT and U.S. law.

DOC Position: We have addressed this issue in preliminary and final determinations in other Brazilian countervailing duty investigations. In those determinations, we stated that although the IOF tax was an indirect tax and was paid on domestic financial transactions, we did not consider that fact relevant. Since we consider the discounting of a cruzeiro-denominated account receivable, a transaction upon which the IOF is paid, as the commercial alternative to Resolution 674 loans, it is entirely appropriate that we include the exemption of Resolution 674 loans from the IOF as part of the subsidy, in order to measure the full benefit provided under this program. Our analysis of this issue has not changed.

Comment 4: The respondent claims that benefits derived from the income tax exemption for export earnings should be allocated over total revenues rather than export revenues. Under this program, a Brazilian exporter receives an exemption from income tax liabilities at the end of the fiscal year based upon the ratio of export to total revenues, provided that the firm has made an

overall profit on total production. The respondent argues that, because the determining factor in a firm's eligibility for this benefit is its overall profitability for a given year, the benefit accrues to the operations of the whole firm and not just to exports. Further, an exemption of a direct tax calculated on this basis cannot directly affect the price of the exported product; it can only have a general effect on all prices, both domestic and export. Thus, by allocating the benefits only to export revenues, the Department overstates the value of the subsidy, and allocating the tax savings over total revenues would more accurately reflect the true value of the benefit conferred.

DOC Position: The government of Brazil has made this argument before in several section 751 administrative reviews of countervailing duty orders on Brazilian products. In those reviews, we responded that when a firm must export to be eligible for benefits under a subsidy program and when the amount of the benefit received is tied directly or indirectly to the firm's level of exports, that program is an export subsidy. The fact that the firm as a whole must be profitable in order to benefit from this program does not detract from the program's basic function as an export subsidy. The possibility that a firm may not be profitable in a particular year and, due to this uncertainty, could not specifically apply benefits from this program to its export prices is not relevant to our determination. Therefore, the Department will continue to allocate the benefits under this program over the firm's export revenues instead of total revenues.

Comment 5: The respondent argues that the Department, based upon information for 1982 it has verified, must make adjustments in the amount of net subsidy determined to exist under the income tax exemption for export earnings, accelerated depreciation for capital goods manufactured in Brazil and the IPI export credit premium. Otherwise, the Department overstates the amount of subsidy conferred on 1982 exports.

DOC Position: When conducting an investigation to determine the existence and extent of subsidization, we choose an appropriate period of investigation. In this case, the period for which we are measuring subsidization is calendar year 1981. Normally, the period of investigation provides the most current information available.

We recognize that for any one company the level of benefit from a particular subsidy program (such as the income tax exemption for export earnings) may change after the period of investigation and that in some cases this may be known prior to the final determination. However, we cannot make adjustments for that program when complete information is unavailable for determining the amount of subsidization in its entirety from any of the several programs that a company may be eligible for and use. For this reason, we determine the estimated net subsidy based on the period of investigation. Changes in the amount of benefit a company receives from a program subsequent to the period of investigation, whether that increases or decreases the level of subsidization, can be taken into account during a section 751 administrative review.

However, when there is a fundamental change in a program after the period of investigation (or after the review period in a section 751 administrative review), which affects the benefits to all recipients, we take cognizance of that change if we have been able to confirm that the change has occurred and if there is no reason to believe that there has been a shift of these benefits to other programs. We then announce the adjustment in the rate for the deposit of estimated countervailing duties in the next notice published in the normal course of the proceeding. In the case of the IPI export credit premium, there have been three verified reductions in the maximum available benefit during 1982. Currently, the rate is 11 percent as opposed to the 15 percent rate that prevailed during most of 1981. Using 1981 information on the amount of benefit received, we have made a proportional reduction in the amount of estimated net subsidy from this program.

Comment 6: The respondent argues that the Department's calculation of the benefit from the IPI export credit premium on the basis of the IPI credits earned on the date of export of each shipment rather than on the actual date of receipt by the company of the IPI credits for each shipment reflects an improper interpretation of section 771(6)(B) of the Act. Further, respondent claims that this procedure will result in the collection of countervailing duties in excess of the benefit actually received, which is contrary to the Subsidies Code and U.S. countervailing duty law.

Respondent states that because of the ongoing devaluation of the cruzeiro, the dollar value of the benefit to the company on each export shipment should be calculated by converting the cruzeiro amount of the IPI credits into dollars at the exchange rate on the date of their receipt rather than at the exchange rate on the date of shipment. This procedure allegedly would not involve use of an impermissible offset and would allow a precise measure of the effects of devaluation on the real value of the IPI credits received, since it would compare dollar value received to dollar-denominated exports and take into account economic realities in Brazil.

DOC Position: The language in the Act concerning permissible offsets is unambigous. Under section 771(6)(B), an offset is allowed for "any loss in the value of the subsidy resulting from its deferred receipt, if the deferral is mandated by Government order." In the case of the IPI export credit premium, no such government mandate exists. Delays in a company's receipt of the IPI credits are purely administrative, frequently the result of a company's delayed application for it. When a company applies for the IPI credits it must determine the amount for which it is eligible by using the exchange rate in effect on the date of shipment, even if application is made months later and the exchange rate has changed substantially.

Further, a company quotes its export prices in dollars but receives cruzeiros. The amount of cruzerios received is determined at the exchange rate in effect when the exchange contract for the shipment is negotiated. This occurs on or before the date of shipment. Any change in the exchange rate after the date of shipment has no effect on the cruzeiro amount to be received by the company for either the IPI credits or the gross value of the shipment, their exchange value in terms of dollars having already been predetermined.

Verification

In accordance with section 776(a) of the Act, we verified the data used in making our final determination. During this verification, we followed normal procedures, including inspection of documents, discussions with company and government officials and inspection of manufacturer's records.

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 September 15, 1982. In accordance with the Department's regulations (19 CFR 355.34(a)), written views have been received and considered.

ITC Notification

In accordance with section 705(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-

TENTATIVE CALENDAR OF PUBLIC HEARING

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

Subject : Prestressed Concrete Steel Wire Strand from Brazil and France

Inv. Nos. : 701-TA-152 and 153 (Final)

Date and time: October 19, 1982 - 10:00 a.m.

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

In support of the petition:

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

Prestressed Concrete Strand Group

Gary Sparks, Sales Manager, Prestressed Strand
American Spring Wire Corporation

Gale Dull, Manager, Technical Services, Manufactured
Steel Products Division, Union Wire Rope, Armco, Inc.

Frederick Hunt, Vice President, Florida Wire & Cable Co.

Kenneth Wilson, Vice President, Shinko Wire America, Inc.

Adam Bruettig, Buyer of the Concrete Systems Division of
Inryco, Inc.

Eugene L. Stewart)
Ms. Kathleen T. Weaver) --OF COUNSEL

APPENDIX B

WITNESSES APPEARING AT THE HEARING

privileged and non-confidential information relating to this investigation. We will allow the ITC access to all privileged and confidential information in our files, provided the ITC confirms that it will not disclose such information, either publicly or under an administrative protective order, without the written consent of the Deputy Assistant Secretary for Import Administration. The ITC will determine within 45 days of the publication of this notice whether imports of PC strand from Brazil 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, the suspension agreement will be voided and this proceeding will be terminated. If, however, the ITC determines that such injury does exist, the suspension agreement shall remain in effect in accordance with its terms.

In the event the suspension agreement is violated, the Department in accordance with section 703(i) of the Act, will direct the U.S. Customs Service to suspend liquidation of all entries, or withdrawals from warehouse, for consumption of this merchandise and will issue a final countervailing duty order as required by section 704(i)(1)(C) of the Act.

This determination is published in accordance with section 705(d) of the Act.

Dated: January 26, 1983.

Lawrence J. Brady,

Assistant Secretary for Trade Administration.

[FR Doc. 83-2727 Filed 1-31-83; 8:45 am]

BILLING CODE 3512-25-M

In opposition to the petition:

Fox, Glynn & Melamed--Counsel
New York, N.Y.
on behalf of

Cableries Chiers Chatillon Gorcy (CCG)

Eric Giblain, Export Sales Manager

ICF Incorporated, Washington, D.C.

John Reilly, Economic Consultant

P. Lance Graef, Economic Consultant

Raymond F. Steckel)
Garry P. McCormack) --OF COUNSEL

APPENDIX C

THE COMMISSION'S NOTICE OF INSTITUTION

[Investigations Nos. 701-TA-152 and 153 (Final)]

Prestressed Concrete Steel Wire Strand From Brazil and France

AGENCY: International Trade Commission.

ACTION: Institution of final countervailing duty investigations.

SUMMARY: The U.S. International Trade Commission hereby gives notice of the institution of investigations Nos. 701-TA-152 (Final) and 153 (Final) to determine, pursuant to section 705(b) of the Tariff Act of 1930 (19 U.S.C. 1671d(b)), 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 Brazil and France of steel wire strand for prestressing concrete (PC strand), provided for in item 642.11 of the Tariff Schedules of the United States, upon which bounties or grants are alleged to be paid.

EFFECTIVE DATE: August 6, 1982, investigation No. 701-TA-153 (Final), and August 10, 1982, investigation No. 701-TA-152 (Final).

FOR FURTHER INFORMATION CONTACT: David Coombs, Office of Investigations, U.S. International Trade Commission; Telephone 202-523-1376.

SUPPLEMENTARY INFORMATION:

Background.—On March 4, 1982, a petition was filed with the Commission and the U.S. Department of Commerce by counsel for American Spring Wire Corp., Armco Inc., Bethlehem Steel Corp., Florida Wire & Cable Co., Pan American Ropes Inc., and Shinko Wire America Inc., alleging that an industry in the United States is materially injured or is threatened with material injury by reason of imports of PC strand from Brazil and France, upon which bounties or grants are alleged to be paid. On April 14, 1982, the Commission determined, pursuant to section 733(a) of the Tariff Act of 1930 (the Act), 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 from Brazil and France. On August 6, 1982, Commerce issued a preliminary determination that the Government of France pays or bestows, directly or indirectly, bounties or grants upon the manufacture, production, and export of PC strand within the meaning of section 303 of the Tariff Act of 1930. On August 10, 1982, Commerce issued a preliminary

determination that the Government of Brazil is providing its manufacturers, producers, and exporters of PC strand with benefits that are bounties or grants. Accordingly, the Commission is instituting final countervailing duty investigations. The investigations will be subject to the provisions of Part 207 of the Commission's Rules of Practice and Procedure (19 CFR Part 207 (1981), as amended by 47 FR 6190 (February 10, 1982)), and particulary Subpart B thereof.

Written submissions.—Any person may submit to the Commission on or before October 28, 1982, a written statement of information pertinent to the subject matter of the investigations. A signed original and fourteen copies of such statements must be submitted. In the event that confidential treatment of the document is requested under § 201.6, at least one additional copy shall be filed in which the confidential business information shall have been deleted and which shall have been marked "nonconfidential" or "public inspection".

Any business information which a submitter desires the Commission to treat as confidential shall be submitted in conformance with the requirements of § 201.6 of the Commission's Rules of Practice and Procedure (19 CFR 201.6 (1981)). Each sheet of information for which confidential treatment is desired must be clearly marked at the top "Confidential Business Data". All written submissions, except for confidential business data, will be available for public inspection at the Office of the Secretary, U.S. International Trade Commission.

A staff report containing preliminary findings of facts will be made available to all interested parties on October 4, 1982.

Service of documents.—The Secretary will compile a service list from the record of the preliminary investigations and the entries of appearance filed in these investigations. Any party submitting a document in connection with the investigations shall, in addition to complying with § 201.8 of the Commission's rules (19 CFR 201.8), serve a copy of each such document on all other parties to the investigations. Such service shall conform with the requirements set forth in § 291.16(b) of the rules (19 CFR 201.16(b)).

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

Public hearing.—The Commission will hold a public hearing in connection with these investigations on October 19, 1982, in the Hearing Room of the U.S. International Trade Commission Building, beginning at 10:00 a.m. 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 September 28, 1982. Persons desiring to appear at the hearing and make oral presentations may file a prehearing brief and should attend a prehearing conference to be held at 9:30 a.m., on September 30, in Room 117 of the U.S. International Trade Commission Building. Prehearing briefs must be filed on or before October 14, 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 will also be accepted within a time specified at the hearing.

For further information concerning the conduct of the investigations and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, Subparts A and B (19 CFR Part 207 (1981), as amended by 47 FR 6190 (Feb. 10, 1982, and Part 201, Subparts A through E (19 CFR Part 201 (1981), as amended by 47 FR 6188 (February 10, 1982)).

This notice is published pursuant to § 207.12 of the Commission's Rules of Practice and Procedure (19 CFR 207.12 (1981)).

Issued: August 25, 1982.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 82-23989 Filed 8-31-82; 8:45 am]

BILLING CODE 7020-02-M

APPENDIX D

OTHER INVESTIGATIONS CONCERNING PRESTRESSED CONCRETE STEEL WIRE STRAND

In 1978, the Commission conducted two antidumping investigations concerning imports of prestressed concrete steel wire strand. In August 1978, the Commission determined that an industry in the United States was not being injured and was not likely to be injured and was not prevented from being established by reason of the importation of prestressed concrete steel wire strand from India that was being, or was likely to be, sold at less than fair value (LTFV). In November 1978, the Commission determined that an industry in the United States was being injured by reason of the importation of such merchandise from Japan that was being, or was likely to be, sold at LTFV. A dumping order concerning imports of this product from Japan was issued on December 8, 1978 (43 F.R. 57599); this order is still in effect today. According to Commerce's preliminary administrative review of the antidumping finding concerning imports from Japan, issued on May 20, 1982, dumping margins ranging from 0.03 to 0.29 percent have been found with regard to strand from four Japanese producers and exporters. 1/

On November 9, 1981, counsel for four U.S. producers 2/ filed a countervailing duty petition with Commerce concerning imports of strand from the Republic of South Africa (South Africa). Since South Africa is not a signatory to the General Agreement on Tariffs and Trade (GATT) Subsidies Code, the Commission was not required to make a preliminary injury determination. On May 21, 1982, Commerce and Haggie Ltd., the only South African manufacturer and exporter of strand, signed an agreement in which Haggie voluntarily renounced all the benefits which Commerce had preliminarily found to be bounties or grants on exports of strand to the United States. 3/ At the request of the petitioners, Commerce continued its investigation concerning exports of strand from South Africa, and on August 2, 1982, published its final determination, finding the aggregate net bounty or grant to be 27.1 percent of the f.o.b. value of the imported merchandise (47 F.R. 33310). Commerce stated that the suspension agreement will remain in effect, liquidation will not be suspended, and a countervailing duty order will not be issued, as long as the conditions of the agreement are met.

On November 5, 1981, counsel for five U.S. producers of PC strand 4/ filed a countervailing duty petition with Commerce regarding imports of PC strand from Spain. Because Spain was not a signatory to the GATT at that time, the Commission was not required to make a preliminary injury determination. On July 1, 1982, Commerce issued a final determination that the Government of Spain was providing its manufacturers, producers, or exporters with bounties or grants which were estimated to be 1.77 percent of

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1/ Commerce estimates that it will publish the final results of its administrative review in the near future.

2/ American Spring Wire Corp., Bethlehem Steel Corp., Florida Wire & Cable Co., and Shinko Wire America.

3/ The petitioners are challenging this agreement in the Court of International Trade. See American Spring Wire Corp, et al. v. United States, No. 82-6-00881.

4/ American Spring Wire Corp., Armco Inc., Bethlehem Steel Corp., Florida Wire & Cable Co., and Shinko Wire America, Inc. Pan American Ropes, Inc., supported the petition.

the f.o.b. value of the strand. Spain became a signatory to the GATT on April 14, 1982, and the Commission instituted an investigation concerning imports of PC strand from Spain, under section 705(b) of the Tariff Act of 1930, on April 26, 1982. On August 23, 1982, the Commission determined that an industry in the United States was not materially injured, or threatened with material injury, nor was the establishment of an industry in the United States being materially retarded, by reason of imports of PC strand from Spain, upon which bounties or grants were being paid (47 F.R. 38648).

On March 4, 1982, counsel for six U.S. producers 1/ of PC strand filed a countervailing duty petition concerning imports of PC strand from France. On April 14, 1982, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury 2/ by reason of the allegedly subsidized imports from France (47 F.R. 18200, Apr. 28, 1982).

On August 6, 1982, Commerce preliminarily determined that there is reason to believe or suspect that certain benefits which constitute subsidies are being provided to manufacturers, producers, or exporters of PC strand in France (47 F.R. 34173). Accordingly, on August 25, 1982, the Commission instituted investigation No. 701-TA-153 (Final) 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 of PC strand from France (47 F.R. 38647, Sept. 1, 1982). On November 22, 1982, the Commission determined that a domestic industry was not materially injured or threatened with material injury by reason of imports of PC strand from France (47 F.R. 56213, Dec. 15, 1982).

On March 4, 1982, counsel for six U.S. producers 3/ of PC strand filed an antidumping petition concerning imports of PC strand from the United Kingdom. On April 14, 1982, the Commission determined that there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury 4/ by reason of the imports which were allegedly sold at LTFV (47 F.R. 18200, Apr. 28, 1982).

On October 6, 1982, Commerce preliminarily determined that PC strand from the United Kingdom is being, or is likely to be, sold in the United States at LTFV (47 F.R. 44132). Accordingly, on October 15, 1982, the Commission instituted investigation No. 731-TA-89 (Final), to determine whether an industry in the United States is materially injured, or is threatened with

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1/ Six firms, American Spring Wire Corp, Armco Inc., Bethlehem Steel Corp., Florida Wire & Cable Co., Pan American Ropes, Inc., and Shinko Wire America, Inc., were the petitioners in the French investigation.

2/ Commissioners Alberger and Haggart found a reasonable indication of present material injury only.

3/ These firms, American Spring Wire Corp., Armco Inc., Bethlehem Steel Corp., Florida Wire & Cable Co., Pan American Ropes, Inc., and Shinko Wire America, Inc., were also the petitioners in the investigation concerning imports from France.

4/ Commissioners Alberger and Haggart found a reasonable indication of present material injury only.

material injury, or the establishment of an industry is materially retarded, by reason of imports of such merchandise. On February 2, 1983, the Commission determined that an industry in the United States was not materially injured, or threatened with material injury, nor was the establishment of an industry in the United States being materially retarded, by reason of imports of PC strand from the United Kingdom, which are being sold in the United States at LTFV (48 F.R. 6044, Feb. 9, 1983).

APPENDIX E

NOTES TO PRICING TABLES

Note.(3)--Domestic producers and the importer reported prices, presented in table 20 for customers in the following locations:

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