

STAINLESS STEEL SHEET AND STRIP FROM SPAIN

**Determination of the Commission in
Investigation No. 731-TA-164
(Final) Under the Tariff Act of
1930, Together With the
Information Obtained in the
Investigation**

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UNITED STATES INTERNATIONAL TRADE COMMISSION

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Note.--Information which would reveal the confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, D.C.

Investigation No. 731-TA-164 (Final)

STAINLESS STEEL SHEET AND STRIP FROM SPAIN

Determination

On the basis of the record 1/ developed in investigation No. 731-TA-164 (Final), the Commission determines, pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)), that an industry in the United States is not materially injured or threatened with material injury, 2/ nor is the establishment of an industry in the United States materially retarded, by reason of imports from Spain of stainless steel sheet and strip, provided for in items 607.90, 608.43, and 608.57 of the Tariff Schedules of the United States (TSUS), which the Department of Commerce has found are being, or are likely to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this final investigation, effective June 26, 1984, following a preliminary determination by the Department of Commerce that imports of stainless steel sheet from Spain are being, or are likely to be, sold in the United States at LTFV. At the same time, Commerce preliminarily determined that stainless steel strip from Spain was not being, and was not likely to be, sold in the United States at LTFV. Commerce's preliminary determination was published in the Federal Register of June 26, 1984. Notice of the institution of the Commission's investigation and of the public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, D.C., and by publishing the notice in the Federal Register of

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

2/ Commissioner Eckes dissenting.

July 25, 1984 (49 F.R. 30026). The hearing was held in Washington, D.C. on September 13, 1984, and all persons who requested the opportunity were permitted to appear in person or through counsel. The Commission's determination in this investigation was made in an open "Government in the Sunshine" meeting, held on October 16, 1984.

On January 13, 1984, petitions were filed with the Commission and the U.S. Department of Commerce on behalf of the Specialty Steel Industry of the United States and the United Steelworkers of America. The petitions alleged that stainless steel sheet and strip imported from Spain are being sold in the United States at LTFV and are causing material injury or the threat thereof to the U.S. industry producing such articles. Accordingly, the Commission instituted investigation No. 731-TA-164 (Preliminary) 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 whether the establishment of an industry in the United States was materially retarded, by reason of imports from Spain of stainless steel sheet and strip.

On February 27, 1984, the Commission notified the Commerce Department of its affirmative determination with respect to the preliminary investigation of imports from Spain. Notice of the Commission's preliminary determination was published in the Federal Register of March 7, 1984 (49 F.R. 8505). As a result, Commerce continued its investigation into alleged LTFV sales of stainless steel sheet and strip from Spain. Commerce's final affirmative determination with respect to LTFV imports from Spain of stainless steel sheet and strip was published in the Federal Register of September 10, 1984 (49 F.R. 35538). On September 12, 1984, the Commission published in the Federal Register (49 F.R. 35872) a notice amending the scope of its final investigation to conform with Commerce's final determination by including stainless steel strip within the scope of the investigation.

VIEWS OF CHAIRWOMAN STERN, VICE CHAIRMAN LIEBELER,
COMMISSIONER LODWICK, AND COMMISSIONER ROHR

On the basis of the record in this investigation, 1/ we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of stainless steel sheet and strip from Spain which are sold at less than fair value ("LTFV"). 2/

Our examination of the condition of the domestic industry reveals that it has been doing well over the past twelve months. Furthermore, petitioners have failed to establish any causal link between the imports from Spain and any alleged material injury due to a loss of profits.

The domestic industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 3/ Section 771(10) defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation" 4/

1/ In the preliminary determination we pointed out that the record in this investigation includes the Report to the President in Investigation No. TA-201-48, USITC Pub. 1377 (1983) and Report to the President on Investigation No. 332-TA-167, USITC Pub. 1449 (1984). The record of this final investigation also includes those reports.

2/ Material retardation is not an issue in this investigation and will not be discussed.

3/ 19 U.S.C. § 1677(4)(A).

4/ 19 U.S.C. § 1677(10).

In the preliminary determination of this case, the Commission determined that the like product is stainless steel sheet and strip. 5/ Both imported and domestically manufactured stainless steel sheet and strip are flat-rolled products with a finished thickness of 0.1875 inches or less. 6/ Both sheet and strip are metallurgically identical and contain less than 1.0 percent carbon and 11.5 percent chromium.

Sheet and strip are distinguished by the fact they are of different widths. Manufacturers or service center customers will often produce strip by slicing or slitting sheet, and many domestic firms produce both sheet and strip. 7/

In previous Title VII investigations, both sheet and strip have been considered one like product. 8/ No reason has been given to change the definition in this investigation. Thus the domestic industry in this case is the producers of stainless steel sheet and strip.

Condition of the domestic industry

In 1983, domestic production of stainless steel sheet and strip was approximately 724,000 short tons. 9/ This is higher than in any year since

5/ Stainless Steel Sheet and Strip from Spain, Inv. No. 731-TA-164 (Preliminary), USITC Pub. 1495 (1984). Although Chairwoman Stern dissented, she agreed with the majority as to the definition of like product.

6/ Report of the Commission ("Report") at A-5.

7/ Stainless Steel Sheet and Strip from the Federal Republic of Germany and France and Stainless Steel Sheet and Strip and Plate from the United Kingdom, Invs. Nos. 731-TA-92 and 731-TA-95 (Final), USITC Pub. 1391 (1983).

8/ Stainless Steel Sheet and Strip from the Federal Republic of Germany, Inv. No. 731-TA-92 (Preliminary), USITC Pub. 1252 at 6-7 (1982), (Final) USITC Pub. 1391 at 4-5 (1983); Stainless Steel Sheet and Strip from France, Inv. No. 731-TA-95 (Preliminary), USITC Pub. 1264 at 7 (1982), (Final) USITC Pub. 1391 at 4-5 (1983); Stainless Steel Sheet and Strip and Stainless Steel Plate from the United Kingdom, Inv. No. 701-TA-195 (Preliminary), USITC Pub. 1319 at 4 (1982), (Final) USITC Pub. 1391 at 4-5 (1983).

9/ Report at A-14, Table 6.

1979, 10/ when production of sheet and strip was 743,000 short tons. Figures for January-June 1984 are substantially higher than in the same period of 1983. In the first six months of 1983, the domestic industry produced 329,000 short tons; over the same period in 1984, 416,000 short tons were produced. 11/

Capacity fluctuated during the period, in part because of plant closings, takeovers, and redeployments of productive capacities to other products. 12/ However, despite an increase in capacity between 1982 and 1983, the capacity utilization rate went from 56.8 percent in 1982 to 82.1 percent in 1983.

During the first six months of 1984, the capacity utilization rate was 87.8 percent. 13/ This is the highest rate of operation for this industry since 1978. 14/

Shipments by U.S. producers of stainless steel sheet and strip increased dramatically between 1982 and 1983, by some 48 percent, to 701,000 tons. 15/ In terms of shipments, 1983 was the best year for this industry since 1978. 16/ The trend in shipments over the first six months of 1984 shows a continued increase, surpassing by 27 percent shipments for the same period in 1983. 17/

Employment figures are also up for the domestic industry at the end of the period under investigation, both in the number of workers employed and the

10/ Stainless Steel and Alloy Tool Steel, Report to the President on Inv. No. TA-201-48, USITC Pub. 1377 at A-23 (1983).

11/ Report at A-14, Table 6.

12/ Id. at A-13.

13/ Id.

14/ Report on Inv. TA-201-48 at A-24.

15/ Report at A-14, Table 7.

16/ Inv. No. TA-201-48 at A-25.

17/ Report at A-14, Table 7.

number of hours worked. 18/ From 1981 to 1983, labor productivity increased and unit labor costs decreased from \$409 per ton to \$320 per ton. 19/

The end result of the positive developments noted above, which are linked to the 1983 recovery and coincident with the imposition of a remedy under section 201, was that the financial condition of the firms making up the domestic industry showed a marked improvement. Domestic producers' net sales of stainless steel sheet and strip for the first half of 1984 were up 42 percent over the corresponding period in 1983. 20/ Operating income increased dramatically between 1982 and 1983. In 1982, the U.S. producers posted an operating loss of \$10.9 million. In 1983, operating income was \$75.3 million. 21/ The comparison between the first half of 1983 and the first half of 1984 is even more dramatic. In interim 1983, operating income was \$18 million. In interim 1984, the figure was \$113 million. For interim 1984, the ratio of operating income to net sales for the industry was 14.8 percent. 22/ This is the highest figure for the industry over at least the past six and one-half years. 23/ In 1983, only one firm reported a net loss. In interim 1984, no firm reported a net loss. In contrast, four firms reported net losses in 1982, and three did so in 1981. 24/

The Commission examined the condition of this industry in May 1983 in the course of an investigation under section 201 of the Trade Act of 1974. At

18/ Id. at A-16, Table 9.

19/ Id.

20/ Id. at A-18.

21/ Id. at A-20, Table 11.

22/ Id.

23/ See 201 Report at A-118, Table 28.

24/ Report at A-20, Table 11.

that time, we found the industry experiencing serious injury from all imports, whether fairly or unfairly traded. 25/ We must now consider whether the same domestic industry is experiencing material injury, under a different causation standard, and by reason of a narrower group of imports—only those from Spain.

The Commission also found this industry to be experiencing material injury in June 1983, by reason of LTFV imports from France and West Germany. 26/ The condition of this industry at the present time is very different from when we last examined it. In the earlier antidumping investigations we found net sales at the lowest level in four years, declining operating profits and an industry-wide net operating loss. 27/

However, simply because the industry is now profitable, it is not precluded from demonstrating that it is nonetheless materially injured. 28/ Petitioners do not dispute the obvious recovery the industry has experienced in 1983. They argue the industry's performance should have been better. The loss of profits, which could be plowed back into operations to make the U.S. firms more efficient and competitive, is certainly an injury cognizable under

25/ "Serious injury" is not defined by statute, but, among the factors the Commission is to consider are—

the significant idling of productive facilities in the industry, the inability of a significant number of firms to operate at a reasonable level of profit, and significant unemployment or underemployment within the industry.

19 U.S.C. § 2251(b)(2)(A).

26/ Stainless Steel Sheet and Strip from the Federal Republic of Germany and France . . . , Invs. Nos. 731-TA-92 and 95 (Final), USITC Pub. 1391 (1983).

27/ USITC Pub. 1391 at 7.

28/ See Color Television Receivers from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-134 and 135 (Final), USITC Pub. 1514 (1984); Certain Radio Paging and Alerting Devices from Japan, Inv. No. 731-TA-102 (Preliminary), USITC Pub. 1295 (1982).

the unfair trade laws, though it is not the most easily demonstrable form of material injury. 29/

The petitioners' allegations of suppressed sales and profits resulting from imports from Spain are without merit. The petitioners' estimates for 1983 of approximately \$29.6 million in alleged lost sales and approximately \$19.9 million in alleged lost profits resulting solely from imports from Spain greatly overstate the impact of imported Spanish stainless steel sheet and strip on domestic producers. The petitioners' estimates do not take into account the different product mixes and channels of distribution between U.S.-produced stainless steel and the imported Spanish steel, or take into account the imperfect substitution between the domestic and imported Spanish stainless steel. 30/ Correctly accounting for these product differences would significantly reduce petitioners' estimates of alleged lost sales and profits. Furthermore, petitioners' estimates are additionally overstated because they use unrealistically low supply elasticities, 31/ they include overhead costs in the lost profits figure, 32/ and they use a 13.8 percent net

29/ See Radial Ply Tires for Passenger cars from the Republic of Korea, Inv. No. 731-TA-200 (Preliminary), USITC Pub. 1572 (1984). ("The allegation by a profitable industry that profits should have been greater is not, without other evidence of injury, a sufficient basis for a finding of a reasonable indication of injury.")

30/ Report at A-31 and A-44.

31/ Alternative estimates of the U.S. supply elasticity suggest that a higher U.S. elasticity may be more representative of the steel industry's price response to demand shifts. See Robert W. Crandall, The U.S. Steel Industry in Recurrent Crisis. Furthermore, insufficient evidence exists to assume that the foreign supply elasticity differs from the U.S. supply elasticity.

32/ Net operating income is generally calculated by deducting most such fixed costs, as well as the variable costs, from net sales; the petitioners appear to have added these fixed costs to the net operating income.

operating margin for 1983 when the actual rate was only 6 percent. 33/

We need not finally decide the issue of whether or not this industry has recovered and is no longer experiencing material injury because we have ultimately determined that petitioners have not demonstrated that any injury is by reason of imports from Spain.

No material injury by reason of LTFV imports from Spain

Imports of stainless steel sheet and strip from Spain have increased in both volume and value over the past three and one-half years. 34/ Imports from all sources fluctuated between 1981 and 1983, with the total for 1983—82,060 tons—slightly less than the figure for 1982. In 1981, imports were 70,631 tons. In other words, imports as a total decreased between 1982 and 1983, whereas Spanish imports increased over the period. On the other hand, total imports for the first six months of 1984 were 64,633 tons, as compared to 39,815 tons in the same period of 1983. Comparing the increase in total imports over the first half of 1983 and the first half of 1984, we see a sizable increase, while Spanish imports increased only slightly. Although imports from Spain registered a marked increase between 1981 and 1983, the total tonnage imported from Spain in 1983 was still less than the amount by which imports from West Germany decreased between 1982 and 1983. 35/ During

33/ Although the petitioners cite the Commission staff's use of the 13.8 percent net operating margin in the preliminary investigation, this is not an acceptable basis for using the same rate in the present instance. In fact the staff suggested to the Commission during the preliminary investigation that the 13.8 percent rate may be overly optimistic. The 13.8 percent figure represented the rate of return in 1974, the best year since 1972.

34/ Report at A-28, Table 16.

35/ Id.

the same period, the U.S. producers' share of the U.S. market increased substantially. 36/

Spain's share of apparent U.S. consumption increased from 0.7 percent in 1981 to 1.5 percent in 1982 and to 1.9 percent in 1983. The ratio for the first six months of 1984 was 1.7 percent. While Spain's market share increased, the share of the market held by all imports fluctuated from 10.3 percent in 1981 to 15.2 percent in 1982 to 10.7 percent in 1983. Spanish imports appear then to follow a trend of their own, increasing while other imports decrease.

Price analysis is important to our determination of whether any causal link exists between Spanish LTFV imports and the alleged material injury. Although we need not find that imports "are the principal, a substantial, or a significant cause of material injury," 37/ we must be satisfied that, "in light of all the information presented, there is a sufficient causal link between the less than fair value imports and the requisite injury." 38/

Based on the data obtained in this investigation, the only significant direct competition between the Spanish imports and the domestic product is in the service center/distributor market and is primarily for sales of grade 304 stainless steel. 39/ Although our pricing analysis indicates that there are instances of underselling by Spanish imports, in the grade 304, where

36/ As a share of apparent consumption, U.S. production increased from 86.2 percent in 1982 to 94.6 percent in 1983 and U.S. shipments increased from 83.7 percent in 1982 to 91.6 percent in 1983.

37/ S. Rep. No. 249, 96th Cong., 1st Sess. 74-75 (1979).

38/ Id.

39/ Report at A-36. Of the imports from Spain in 1983, almost one-half was grade 430, less than 10 percent was grade 316, and the rest was grade 304. In contrast, only 4 percent of U.S. producers shipments in 1983 were grade 430, and 3 percent were grade 316. Grade 304 made up 56 percent of U.S. producers' shipments. See Table 15. Accordingly, when comparing the grades in which the most direct competition occurs, only about two-fifths of Spanish imports are directly involved.

competition between Spanish and U.S. products is significant, the margins of underselling are the narrowest, and in two quarters the domestic grade 304 undersold the Spanish product. Furthermore, while there is underselling, there is evidence that it can be accounted for by the longer delivery time from Spain. 40/ Thus, we conclude the Spanish are not a price leader. The difference between the price of domestic and Spanish steel sold in the United States indicates the Spanish are only meeting competition in the U.S. market.

Prices obtained by the domestic producers during the first half of 1984 were the highest prices they received over the period of this investigation. This is particularly significant in view of the sharp drop in unit labor costs, which declined nearly \$100 per ton. The strengthening of prices relative to costs is reflected in the growth in gross margins.

U.S. prices for both Spanish and U.S. grade 304 stainless steel increased during 1983 and the first half of 1984, 41/ as the economy experienced a recovery. We determine that no significant price suppression and depression has been caused by the subject imports.

Prices for U.S. grade 316 did not reach 1981 levels by June 1984, but the prices increased from the low levels of the beginning of 1983. The prices for grade 430, both United States and Spanish, increased over the course of the investigation.

Although there are margins of underselling by Spanish grade 430 of between 22 and 37 percent, we note the quantities produced by the U.S. industry were very small, and the low volume undoubtedly accounts for this higher U.S. price, which in any event did increase during the period of time

40/ Id. at A-44.

41/ Id. at A-32-34, Tables 18-20.

the Spanish imports were in the market. 42/ In fact, prices received by domestic producers in grade 430 increased more over the 1981 to first half 1984 period than prices for the other commodity grades in which Spanish imports had much smaller market shares.

We have not cumulated in this investigation. Imposition of the order on LTFV imports from West Germany and France occurred sixteen months ago. In fact, even more time has passed since the date liquidation of those imports was suspended and estimated duties were required to be posted. Over the course of the past 16 months, there has been a marked change in the condition of the domestic industry. There has also been another intervening event—imposition of a comprehensive program of import relief under section 201. Given these facts, we determine that LTFV imports from West Germany and France, which have for some time now been subject to antidumping duties that presumably make them fairly traded imports, and the LTFV imports which are the subject of this investigation, are not sufficiently coincident to be cumulated.

On October 5, 1984, the Congress passed the Trade and Tariff Act of 1984, which contains the following provision on cumulation—

Cumulation—For purposes of clauses (i) and (ii), the Commission shall cumulatively assess the volume and effects of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market. 43/

The bill has not yet been signed by the President. In any event, by its terms, the amendment on cumulation will not apply with respect to

42/ See Id. at A-34. We also note that at least two U.S. purchasers reported having difficulties in obtaining grade 430 from U.S. producers. Id. at A-38-44.

43/ Section 612(a)(2)(A).

44/ See Section 626(b)(2) of the Act.

investigations initiated before the bill becomes law. 44/ Under this bill the imports which may be cumulated must be "reasonably coincident." 45/ This implies at the very least that there is some temporal limitation on cumulation of imports subject to an outstanding antidumping order with imports which are subject to the immediate investigation. Because the LTFV imports from Spain are not reasonably coincident with LTFV imports from West Germany and France, we are of the view that cumulation would still be inappropriate even if the bill were currently in effect.

No threat of material injury by reason of LTFV imports from Spain

We must also consider the question of whether the domestic industry is threatened with material injury by reason of LTFV imports from Spain. In determining this question we look to the likelihood of actual material injury occurring. We must have information which demonstrates that the threat is real and imminent and not a mere supposition or conjecture. 46/

We have examined the trends of LTFV imports from Spain, the amount of imports held in inventory in the United States, and the capacity of the Spanish industry to generate exports and the opportunity for Spain to export to markets other than the United States.

End-of-year inventories of stainless steel sheet and strip from Spain in the United States were down sharply from the levels of 1981-82. In 1983, the ratio of inventories to reported imports was only 1.3 percent. In 1982, the figure was 27.6 percent.

45/ See Conference Report, H.R. Rep. No. 1156, 98th Cong. 2d Sess., reprinted in 131 Cong. Record 11531, 11578 (October 5, 1984).

46/ H. R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

There is only one producer of stainless steel sheet and strip in Spain—Acerinox—and it only became operational in 1973. Since 1981, the industry has been operating at a very high level of capacity utilization. Despite an expansion of capacity in 1983, the utilization rate remains very high. 47/ Although capacity is expected to increase in 1984–85, Acerinox exports to 45 different countries. The United States is only the second most important export market, after the European Community, with the Middle East also being a major destination of Spanish steel. 48/ As a result, any expanded production is not expected to go solely to the United States.

It is asserted that Spain's expected entry into the European Economic Community ("EEC") will affect the patterns of Spain's exports. The problem of integrating Spanish steel capacity into the Community is presenting some difficulty. 49/ However, if we are to assume that Spain, as a new member, will be compelled to redirect some stainless steel shipments from the EEC to the United States, the threat to the U.S. industry by reason of such a development cannot be said to be imminent, even if it is real. 50/ In any event, the negotiations between Spain and the EEC on this issue are a matter of public knowledge, and we can be assured that their progress will be monitored closely by those in the United States who could conceivably be affected. For us to find a threat of material injury at this juncture on the basis of what might result from future negotiations would be to decide this case on the basis of speculation.

47/ Report at A-25, Table 14.

48/ Id.

49/ See Letter of Paul Rosenthal dated October 9, 1984, and enclosed article from Metal Bulletin, October 1, 1984, "Spain Rejects EEC Plan For Steel."

50/ See *Alberta Gas Chemicals, Inc. v. United States*, 1 CIT 312, 515 F. Supp. 780 (C.I.T. 1981).

Conclusion

We have found no causal relationship between the asserted inability of U.S. producers to obtain their desired profit margins and the imports from Spain which are the subject of this investigation. We note this industry has experienced a robust performance over the most immediate 12 months. We cannot resist commenting that though this may be related to the general economic recovery, the industry has also undoubtedly been aided by the remedy imposed by the President following our affirmative determination under section 201.

We do not mean to imply that an industry which is permitted a period of adjustment under the escape clause cannot receive its remedy under Title VII for unfair trade practices. By the same token, the fact an industry has satisfied the criteria of Section 201 does not mean it is automatically entitled to an affirmative finding under Title VII. The standards for relief are not identical, and neither are the reasons relief is made available.

In this investigation, we have simply been unable to find the requisite causal link between the imports from Spain and the asserted deprivation of profits.

VIEWS OF COMMISSIONER ECKES

On the basis of the record developed in this investigation, I have determined that an industry in the United States is materially injured by reason of imports from Spain of stainless steel sheet and strip which are being sold in the United States at less than fair value. 1/

This is not an unusual investigation, and the facts certainly do not warrant a peculiar conclusion. Over the past three years, this Commission has investigated repeatedly the stainless steel industry and has studied intensively the conditions of trade. From my vantage point, this industry still is experiencing "harm which is not inconsequential, immaterial, or unimportant."

The data show that Spanish import volumes continue to grow and to increase their market penetration. Available price data demonstrate repeated underselling, and the Commission has confirmed lost sales. In my judgment these imports, which the Department of Commerce has ruled are unfairly traded, have impeded this cyclical industry's recovery as product demand revived. They have done so by expanding market share and continuing to suppress domestic prices, thus adversely affecting the domestic stainless steel industry's profitability levels.

Commission precedent and sensitivity to the statute do not allow me to explain away the causal impact of these unfair import volumes by citing differences in grades between domestic and imported products.

1/ Information referred to in this opinion is contained in the confidential version of the Commission report; data obtained from other sources are cited where appropriate.

The Domestic Industry

Section 771(4)(A) of the Tariff Act of 1930 defines the term "industry" as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product." 2/ Section 771(10) in turn defines "like product" as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to " this investigation. 3/

The question of the appropriate "like product" with regard to imports of stainless steel sheet and strip has been addressed in earlier Title VII investigations as well as in the preliminary investigation regarding the subject imports from Spain. 4/ For purposes of this final investigation, I conclude that the like product is stainless steel sheet and strip, and that the industry consists of the domestic producers of stainless steel sheet and strip.

2/ 19 U.S.C. sec. 1677(4)(A).

3/ 19 U.S.C. sec. 1677(10).

4/ Stainless Steel Sheet and Strip from West Germany, Inv. No. 731-TA-92 (Preliminary), USITC Pub. No. 1252 at 6-7 (1982), (Final) USITC Pub. No. 1391 at 4-5 (1983); Stainless Steel Sheet and Strip from France, Inv. No. 731-TA-95 (Preliminary), USITC Pub. No. 1264 at 7 (1982), (Final) USITC Pub. No. 1391 at 4-5 (1983); Stainless Steel Sheet and Strip and Stainless Steel Plate from the United Kingdom, Inv. No. 701-TA-195 (Preliminary), USITC Pub. No. 1319 at 4 (1982), (Final) USITC Pub. No. 1391 at 4-5 (1983). (The final investigations are hereinafter referred to as "Stainless Steel from West Germany, France, and the United Kingdom").

The issue of "like product" and the appropriate domestic industry was not raised during the course of this final investigation.

Condition of the Domestic Industry

A review of the relevant indicators might suggest that the performance of this industry has improved dramatically during the period covered by this investigation. 5/ However, an isolated "snapshot" approach which focuses only on the performance of this industry in recent months is incomplete and wanting. Such an approach also ignores repeated Commission findings of injury to this cyclical industry.

This is not the first time the Commission has investigated this same industry. In May, 1983, only seven months before this petition was filed, the Commission unanimously found the domestic industry composed of stainless steel sheet and strip producers was experiencing serious injury at the conclusion of a six-month investigation under section 201. 6/ Section 201 has a higher injury standard; and Commissioners have said that "serious injury" is "an important, crippling, or mortal injury; one having permanent or lasting consequences." 7/ In other title VII final investigations a unanimous Commission determined in June, 1983: "[T]he year 1979 was the last one in which the domestic industry exhibited a robust economic performance." 8/

5/ The performance of this industry has been documented repeatedly in numerous Commission reports. I have not here belabored performance trends, and anticipate that the majority, having found in the negative has adequately summarized those trends

6/ Stainless Steel and Alloy Tool Steel, Inv. No. TA-201, 48 USITC Pub. No. 1377. (Hereinafter, "Stainless Steel Sec. 201").

7/ See my discussion of the standard for serious injury in Nonrubber Footwear, Inv. No. TA-201-50 USITC Pub. No. 1545 at pp. 30-31. The quotation is from "Views of Commissioner George M. Moore, Bolts, Nuts and Screws of Iron or Steel, No. TA-201-2, USITC Pub. No. 747 (November, 1975) p. 19.

8/ Stainless Steel from West Germany, France, and the United Kingdom, at pp. 6-7.

Then in February, 1984, a mere eight months ago, a majority of the Commission found that "The performance of the domestic industry since that time [1979] has been erratic...." The Commission, in noting the upward movement of some performance indicators, concluded that "Although the domestic industry's performance improved in 1983, particularly in the latter half of 1983, [footnote omitted] production, capacity utilization, employment, and profit levels in 1983 were all lower than the levels reported in 1979."^{9/} Thus, the Commission has acknowledged that during the three and one-half year period from 1980 to June, 1983, this industry has experienced sustained operating difficulties. More importantly, the Commission has been particularly sensitive to the need to measure this industry's performance against historical trends.

For these reasons, I cannot ignore the long period of sharp declines in production, capacity utilization, shipments, suppressed prices, company closings, and years of operating losses. All these preceded a relatively brief recent upturn in the industry's performance. But recent upturns in indicators during 1983 and the first half of 1984 have not enabled this industry to recover from the impact of that serious injury. Nor have they begun to offset the long-lasting nature of that injury which manifested itself

^{9/} Stainless Steel Sheet and Strip from Spain, Inv. no. 731-TA-164 (Preliminary), USITC pub. 1495 (1984) at pp. 6-7. (Hereinafter referred to as "Stainless Steel (Preliminary) from Spain").

in sharply reduced profitability, non-existent cashflow, and reduced availability of funds needed to enable this industry to remain competitive with world producers. 10/

Further, the recent improvement is not as favorable or as tangible as a cursory analysis might suggest. The trend of price increases which the domestic industry has achieved since the beginning of 1983 cannot be characterized as sustained. Although quarterly prices for a major grade steel product show increases through 1983 and the first quarter 1984, the most recent quarter shows essentially no price increase. Only during the first quarter of 1984 did quarterly prices for that product finally reach pre-1981 levels. On an annual selling price basis for that product, 1983 prices were still more than 10 percent below 1981 levels.

Rising inventory levels offer other evidence that the stainless steel sheet and strip industry has not recovered. On June 30, 1984, inventory levels were more than 20 per cent over levels on the same date in 1983. Although for the time being, the ratio of inventories to shipments appears to have stabilized, the nature of demand in this industry is strongly determined by demand for consumer durables. The benefits of dramatic increases in production levels and capacity utilization rates are tempered by sizeable inventory build-ups. Because increases in production, shipments, and profitability have been "erratic," we should not give short term fluctuations

10/ Commissioner Stern recognized this analytical subtlety in her additional views in the Stainless Steel Sec. 201 investigation: "Compared to the relatively more stable branches of the economy, heavily cyclical industries must generate heavier profits during the upswings to make it through the downturns. Injury (from imports or other sources) can occur during either part of the cycle if those profits are squeezed or losses magnified." at pp. 67-68.

undue weight in this final investigation. In my opinion, serious injury over the longer term overwhelms the slight recovery in recent months. This industry continues to experience material injury as defined by the statute, that is, "harm which is not inconsequential, immaterial, or unimportant." 11/

Finally, let me say that the imposition of import relief under section 201 does not preclude a finding of material injury to this industry in the current investigation. In May 1983 the Commission recommended a three-year period of relief, in which the domestic industry could adjust to the serious injury caused by increased imports. It is shocking that the Commission could rely on a short period of favorable performance data, and, in effect, undercut that remedy by exposing the domestic industry to unfair imports from Spain which are causing material injury.

Effect of LTFV Imports from Spain on the Domestic Industry

Imports of stainless steel sheet and strip from Spain first entered the U. S. market in sizeable quantities in 1981. At this time the performance of the domestic industry was seriously deteriorating, and imports from all sources were double 1980 levels. In 1981, imports from Spain reached 5,000 tons. From these entry levels Spanish imports have increased steadily, increasing to slightly more than 8,000 tons in 1982, and 14,500 tons in 1983, almost three times the 1981 level. For the period January--June, 1984,

11/ 19 U.S.C. sec. 771(7)(A).

imports were 7,800 tons, compared with 6,700 tons in January-June, 1983. 12/ Imports from Spain accounted for 0.7 percent of U. S. consumption in 1981, the year of entry, and increased to 1.5 percent in 1982, the year of the lowest industry performance. In 1983, when consumption trends began to turn upward, these imports continued to increase their share of consumption, increasing to almost 2 percent. During the period January--June, 1984, their share was 1.7 percent. As subsequent discussion will document, I believe Spain used less-than-fair-value sales to achieve and maintain its market share. 13/

In weighing import trends, I do not agree with respondents that the Commission should give special consideration to individual grades of stainless steel. They focus on the fact that almost one-half of the volume of imports from Spain have to date been of the 430 grade stainless steel, while that grade currently accounts for only about 5 percent of domestic shipments. Consideration of variables, such as grade and quality differences in products, is of course relevant to the accurate comparison of prices of imported and domestic products. This is sound Commission precedent. To otherwise attempt to diminish the significance of the impact of imports because of such factors is clearly inappropriate, and raises concerns about the proper interpretation and implementation of the trade laws under which this agency operates.

12/ The petition initiating this investigation was filed in January, 1984, and thus import levels for this most recent period are probably understated. Information developed in the final investigation regarding lost sales allegations indicates that sizeable orders for Spanish steel were cancelled by Spanish producers because of the pendency of this investigation. Further, one purchaser alleged that the Spanish have not taken new orders pending the outcome of this investigation.

13/ Commerce investigated 84 percent of the sales of this merchandise to the United States by Acerinox during the six-month period August 1, 1983, through January 31, 1984. With respect to cold-rolled stainless steel sheet, Commerce found LTFV margins on 100 percent of the sales compared. The simple average margin on all sales compared was 39.56 percent.

In my view the Commission is required, as a matter of law, to base its analysis of material injury or threat thereof upon all the imports which were included within the scope of the final determination by Commerce. Section 735(b) provides "the Commission shall make a final determination [of material injury or threat thereof, or material retardation] by reason of imports of the merchandise with respect to which the administering authority has made an affirmative determination under subsection (a)(1)." (emphasis supplied). The inclusion of all imports in the Commission's final determination reflects the bifurcated authority which Congress purposely vested in the Department of Commerce, as the administering authority, and the Commission.

Moreover, this issue was squarely addressed and resolved in Sprague Electric Co. v. United States. ^{14/} In Sprague, the Customs Court remanded an antidumping investigation to the Commission because, among other reasons, some Commissioners declined to make a threat of injury analysis with respect to imports for which the Department of Commerce had found no less-than-fair-value margins, but had included in the LTFV determination. The court based its determination in Sprague on the explicit bifurcation of authority between the administering authority and the Commission, and held that the Commission did not have the authority to effectively exclude from its injury determination imports which the administering authority included in its determination. ^{15/}

^{14/} 488 F.Supp. 910 (Cust. Ct.), as modified on rehearing, 84 Cuts. Ct. 260 (1980).

^{15/} For a more complete discussion of my views on this question, see "Views of Chairman Eckes," Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain, Inv. Nos. 701-TA-176 through 178 (Final), USITC Pub. No. 1333 (December, 1982), at pp. 15-19.

Such grade distinctions, of course, belong in the realm of "like product" analysis. If certain characteristics and uses of a grade of imported steel are sufficient to justify excluding them from import volume considerations, thus diminishing their impact on the performance of the domestic industry, then that grade should be considered as a separate "like product" and the impact of those imports assessed accordingly. Commission precedent with regard to the consideration of grade differences among stainless steel sheet and strip products is clear. In the opinion for the preliminary investigation regarding these imports from Spain, the Commission majority stated: "Our definition of stainless steel sheet and strip as one like product and our definition of the domestic industry are consistent with our findings in previous stainless steel sheet and strip cases." 16/ In those earlier Title VII cases, the Commission concluded:

Sheet and strip are available in a range of grades from 200 grades, which have a high chromium content, to 300 and 400 grades. These investigations have focused on 300 and 400 grades because they are representative of the large majority of imports from these countries. Although the differences in grade do not warrant separate like product analysis, the Commission collected and compared pricing data for specific grades since specific alloy content affects the price of a product. 17/

The Commission addressed this question even more directly in that same opinion regarding imports from France:

Counsel for importers argues that since the majority of French imports are in the 400 grade series, the Commission should analyze the causation issue on a grade by grade basis. The French, however, have not argued in the final investigation, nor have we concluded, that each grade should be considered a separate like product. 18/

16/ Stainless Steel (Preliminary) from Spain, p. 4, footnote 10.

17/ Stainless Steel from West Germany, France, and the United Kingdom, at p. 4, footnote 6.

18/ Id., p. 12, footnote 44.

Thus, in light of Commission precedent and judicial review, any qualification of import trends because of grade differences is inappropriate as a matter of law; moreover, such an approach would be inconsistent with the "like product" provisions of the statute.

In assessing the impact of all of the LTFV imports on the condition of the domestic industry, price is particularly important. As the Commission majority stated in the preliminary investigation regarding these imports, "The Commission has recognized that the market for this product is more 'price sensitive' than the markets for certain other stainless steel products." ^{19/} In this final investigation, the Commission developed pricing data regarding three grades of stainless steel sheet products: grade 304, grade 316, and grade 430. In short, available price comparisons, based on data supplied by both sellers and purchasers, indicate significant underselling. With regard to the grade 304, based on sellers' net prices, in the eight quarters since July, 1982, the Spanish product undersold the domestic product in six of those quarters. These trends were confirmed by comparisons with net-delivered purchasers' prices for the same product grade. For 316 grade sheet, net selling price comparisons only were available for a limited number of quarters during 1982 and 1983, but those comparisons revealed underselling by subject imports as well.

For the 430 grade, the comparison of net selling prices showed consistent margins of underselling for all comparisons; the largest margin of underselling was during the most recent quarter. A comparison of purchasers' net delivered prices for another width 430 grade product for each quarter of 1983 revealed underselling in each quarter.

^{19/} Stainless Steel (Preliminary) from Spain, p. 7, citing to "Stainless Steel and Alloy Tool Steel, Inv. No. TA-201-48, USITC Pub. 1377 (1983)."

In summary, out of 26 possible quarterly price comparisons using available data for comparable products, there were 24 comparisons indicating underselling by the Spanish product.

During the course of this investigation and the preliminary investigation, the Commission staff contacted more than 20 purchasers about lost sales allegations made by the domestic industry. Several purchasers told the Commission staff that lower prices were indeed the factor that motivated their buying Spanish sheets and strip. Indeed, at least one, if not several purchasers, confirmed purchases of the Spanish product because of lower price with regard to each of the grades discussed above.

In my view increasing volumes and market penetrations of LTFV imports from Spain, together with significant and consistent underselling margins, have continued to cause price suppression. The resulting reduced profits have materially injured the domestic industry.

INFORMATION OBTAINED IN THE INVESTIGATION

Introduction

On January 13, 1984, petitions were filed with the United States International Trade Commission and the U.S. Department of Commerce by counsel on behalf of the Specialty Steel Industry of the United States 1/ and the United Steelworkers of America. The petitions alleged that imports of stainless steel sheet and strip from Spain are being sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured or threatened with material injury by reason of imports of such merchandise into the United States. Accordingly, effective January 13, 1984, the Commission instituted a preliminary investigation (No. 731-TA-164 (Preliminary)) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)) to determine whether there was a reasonable indication that an industry in the United States was materially injured or threatened with material injury, or whether the establishment of an industry in the United States was materially retarded, by reason of the subject imports from Spain.

As a result of its preliminary investigation, the Commission, on February 27, 1984, notified the Department of Commerce that there was a reasonable indication that an industry in the United States was materially injured by reason of the alleged LTFV imports from Spain. 2/ Consequently, Commerce continued its investigation into the nature and extent of the alleged LTFV sales.

On June 26, 1984, Commerce published in the Federal Register (49 F.R. 26124) its preliminary determination that there was a reasonable basis to believe or suspect that stainless steel sheet from Spain is being, or is likely to be, sold in the United States at LTFV within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. § 1673). At the same time, Commerce determined that stainless steel strip from Spain was not being, and was not likely to be, sold in the United States at LTFV. 3/

1/ According to the petitioners, the Specialty Steel Industry of the United States is a nonprofit corporation and trade association representing domestic producers of tool and stainless steel. The petitioners included the following nine domestic producers of stainless steel sheet and strip: Allegheny Ludlum Steel Corp. (Allegheny Ludlum); Armco, Inc. (Armco); Carpenter Technology Corp. (Carpenter Technology); Eastern Stainless Steel Co. (Eastern); J&L Specialty Steel, Inc. (J&L); Jessop Steel Co. (Jessop); Republic Steel Corp. (Republic); Universal-Cyclops Specialty Steel Division, Cyclops Corp. (Cyclops); and Washington Steel Corp. (Washington Steel).

2/ Chairwoman Stern dissented in the voting. Vice Chairman Liebelier and Commissioner Rohr were not members of the Commission at that time.

3/ A copy of the Federal Register notice of Commerce's preliminary determination is presented in app. A. Commerce's preliminary determination with respect to strip was negative, in part, because there were no sales of hot-rolled stainless steel strip during the period of its investigation (Aug. 1, 1983, through Jan. 31, 1984). Commerce stated that information on sales of strip during an expanded period of investigation would be sought for use in arriving at its final determination.

Accordingly, effective June 26, 1984, the Commission instituted investigation No. 731-TA-164 (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 stainless steel sheet from Spain. Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, and by publishing the notice in the Federal Register of July 25, 1984 (49 F.R. 30026). 1/

On September 10, 1984, Commerce published in the Federal Register (49 F.R. 35538) its final affirmative determination with respect to LTFV sales of both stainless steel sheet and stainless steel strip from Spain. Accordingly, the Commission, on September 12, 1984, published in the Federal Register (49 F.R. 35872) a notice amending the scope of its final investigation to conform with Commerce's final determination by including stainless steel strip within the scope of the investigation. 2/

The Commission's public hearing was held in Washington, DC, on September 13, 1984. 3/ The briefing and vote on this case were held on October 16, 1984. The Commission is scheduled to notify Commerce of its final determination by October 23, 1984.

Other Recent Investigations Involving Stainless Steel Sheet and Strip

Investigation No. TA-201-48

Stainless steel sheet and strip have been the subject of numerous Commission investigations under the Trade Act of 1974. The most recent Commission investigation was instituted on December 9, 1982, at the request of the United States Trade Representative. On May 6, 1983, the Commission reported to the President that certain stainless steel and alloy tool steel (including stainless steel sheet and strip) was being imported into the United States in such increased quantities as to be a substantial cause of serious injury, or threat thereof, to the domestic industry producing articles like or directly competitive with the imported articles. 4/

On July 5, 1983, the President decided on a 4-year import relief program for the specialty steel industry, which included a mixture of increased tariff

1/ A copy of the Federal Register notice of the Commission's investigation is presented in app. B.

2/ A copy of the Federal Register notice of Commerce's final determination is presented in app. A, and a copy of the Commission's amended notice of investigation is presented in app. B.

3/ A list of witnesses who appeared at the public hearing is presented in app. C.

4/ Chairwoman Stern dissented in the voting with respect to stainless steel plate. See Stainless Steel and Alloy Tool Steel: Report to the President on Investigation No. TA-201-48. . ., USITC Publication 1377, May 1983. A-2

and quantitative limitations on the imports of specialty steel products. 1/ As concerns stainless steel sheet and strip, the President determined that imports of these products from all sources be subject to increased duties. The increased duties amounted to an additional 10 percent ad valorem on all imports entered during the first year of the relief program, from July 20, 1983, to July 19, 1984. During the period July 20, 1984, through July 19, 1985, the duty is reduced to 8 percent ad valorem. From July 20, 1985, through July 1986, it will be reduced to 6 percent ad valorem. From July 20, 1986, through July 19, 1987, it will be reduced to 4 percent ad valorem. The import relief is scheduled to expire on July 19, 1987.

Recent countervailing duty and antidumping investigations

In June 1983, the Commission determined in investigation Nos. 731-TA-92 and 731-TA-95 (Final) that an industry in the United States was materially injured by reason of imports of stainless steel sheet and strip from the Federal Republic of Germany (West Germany) and France; these imports had been found by the Department of Commerce to have been sold in the United States at LTFV. At the same time, the Commission made a negative determination with respect to imports of stainless steel sheet and strip from the United Kingdom (investigation No. 701-TA-195 (Final)); these imports had been found by the Department of Commerce to have been subsidized by the government of that country. 2/

Nature and Extent of Sales at LTFV

In order to determine whether U.S. sales of stainless steel sheet and strip from Spain were made at LTFV, the Department of Commerce compared the United States price with the foreign market value. As a result of its investigation, Commerce found that one firm (the only Spanish producer), Compania Espanola Para La Fabricacion de Inoxidable, S.A. (Acerinox), sold stainless steel sheet and strip in the United States at LTFV. 3/

1/ Presidential Proclamation No. 5074 (1983).

2/ Stainless Steel Sheet and Strip from the Federal Republic of Germany and France and Stainless Steel Sheet and Strip and Plate from the United Kingdom . . . , Investigation Nos. 701-TA-195, 701-TA-196, 731-TA-92, and 731-TA-95 (Final) . . . , USITC Publication No. 1391, June 1983.

3/ Following its preliminary determination, Commerce directed the U.S. Customs Service to suspend liquidation of stainless steel sheet entered, or withdrawn from warehouse, on or after June 26, 1984. Because Commerce's preliminary determination with respect to stainless steel strip was negative, Customs was not directed to suspend liquidation of such merchandise. Following its final determination, however, Commerce, on Sept. 10, 1984, directed Customs to continue to suspend, until further notice, the liquidation of all entries of cold-rolled stainless steel sheet and to also suspend liquidation of all entries of cold-rolled stainless steel strip from Spain that are entered, or withdrawn from warehouse, for consumption.

Commerce investigated 84 percent of the sales of this merchandise to the United States by Acerinox during the 6-month period August 1, 1983, through January 31, 1984. With respect to cold-rolled stainless steel sheet, Commerce found LTFV margins on 100 percent of the sales compared. Margins ranged from 27.3 percent to 51.7 percent; the simple average margin on all sales compared was 39.56 percent. This margin was also applied to cold-rolled stainless steel strip as the best information available. ^{1/} With respect to hot-rolled stainless steel sheet and strip, Commerce found no sales of such merchandise to the United States by Acerinox. Therefore, hot-rolled stainless steel sheet and strip were excluded by Commerce from its final determination.

The Product

Description and uses

Stainless steel is an alloy steel that contains by weight less than 1 percent of carbon and over 11.5 percent of chromium (headnote 2(h)(iv), subpt. B, pt. 2, schedule 6, of the Tariff Schedules of the United States (TSUS)). In a typical production process, scrap metal, together with the appropriate amounts of alloying elements, are melted in an electric furnace. The molten metal is further purified, and more alloys may be added, in argon-oxygen decarburization (AOD) vessels. When the molten metal is at the desired chemistry, the metal is poured or cast into semifinished products (ingots, slabs, or sheet bars). Stainless steel must meet certain special quality tests and requirements, and the production of such steel requires more exacting steelmaking practices and testing prior to shipment than does most other steel.

In 1983, according to American Iron & Steel Institute (AISI) data, stainless steel shipments accounted for 1.7 percent of the quantity of all shipments of steel mill products by U.S. producers. Approximately 69 percent of U.S. producers' total shipments of stainless steel products were composed of sheet and strip.

Stainless steel sheet and strip are flat-rolled products produced by reheating semifinished stainless steel slabs or sheet bars to a red-hot state in a reheating furnace and passing them through a series of reducing rolls in continuous (hot-strip) or band mills. In this process, the semifinished products are reduced in thickness and rolled into coil form (hot band). The hot band is still considered a semifinished product. The hot band is then annealed (either through a continuous or batch anneal process), descaled, and further cold-rolled or reduced to obtain improved surface and mechanical properties and thinner gauges. The product may undergo additional annealing, pickling, polishing, or buffing, depending on its specifications. The

^{1/} Although Commerce made a negative preliminary determination with respect to cold-rolled stainless steel strip, it made an affirmative final determination following verification of source documents of the company in Madrid, Spain. Commerce's verification revealed major portions of the response to their questionnaire to be incorrect or unsubstantiated.

finished coils are generally produced in widths from 24 to 60 inches. If a narrower width (e.g., strip) is desired, the finished coil is slit into the specified size; the slitting is the last step in the manufacturing process of strip.

Unlike carbon steel sheet and strip, stainless steel sheet and strip are usually shipped as cold-rolled products. In 1983, hot-rolled sheet and strip accounted for only 3 percent of U.S. producers' total shipments of stainless steel sheet and strip; cold-rolled products accounted for the remainder--approximately 97 percent of U.S. producers' total shipments. 1/

Stainless steel sheet and strip are distinguished from other flat-rolled products by their dimensions. The Tariff Schedules of the United States Annotated (TSUSA) defines sheets as "flat rolled products whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness and over 12 inches in width," and strip as "a flat rolled product whether or not corrugated or crimped, in coils or cut to length, under 0.1875 inch in thickness, and, if cold rolled, over 0.50 inch but not over 12 inches in width, or, if not cold rolled, not over 12 inches in width."

The industry and the TSUSA differ in their definitions of sheet and strip. The industry defines strip as widths up to 24 inches and sheet as over 24 inches in width. The TSUSA, on the other hand, defines strip as widths up to 12 inches only; widths over 12 inches are classified in the TSUSA as sheet.

Further, domestic industry and TSUSA definitions for the chemical composition of stainless steel also differ. The TSUSA requires chromium content to exceed 11.5 percent for the product to be called stainless; the U.S. industry requires only 10 percent chromium. A significant demand has developed for less expensive (i.e., lower chromium) "stainless" products for uses where high-corrosion resistance, but no particular appearance requirements, are called for (e.g., automotive exhaust system and catalytic converter material). In response to this demand, the stainless steel industry developed grade 409 steel, which generally contains 10.5 percent chromium and costs less than higher chromium steel. Grade 409 in widths less than 12 inches is now classified as heat-resisting steel in the TSUS (4 to 11.5 percent chromium); in wider sizes, it is classified in provisions covering alloy steel. Thus, grade 409 stainless is not included within the scope of this investigation, and statistical data in this report for domestic producers exclude operations on this material.

Depending on the amount and type of alloying elements added at the melting stage, and depending on the annealing, rolling, and other manufacturing processes used, stainless steel sheet and strip products have a wide range of physical and mechanical properties. These properties are defined by AISI

1/ As indicated previously, the final determination by the Department of Commerce found LTFV margins on sales of cold-rolled stainless steel sheet and strip; Commerce found no sales of hot-rolled stainless steel sheet and strip from the Spanish producer to customers in the United States.

grade numbers. Generally, 300 grades are high in corrosion resistance, and 400 grades have increased strength and/or a nicer appearance. 1/

Most industries that use stainless steel sheet and strip use both 300 and 400 grades (see table 1). For example, the side panels of an appliance may be made of 300-grade stainless steel sheet and the visible front panels and trim of 400 grades; automobiles require both 300- and 400-grade steels. Information concerning the concentration of U.S. producers' shipments and imports from Spain, by grades, are presented in table D-1 in appendix D.

Stainless steel is used in a very wide variety of consumer, industrial, and defense 2/ products. Table 1 lists some of the major uses of stainless steel.

Although it is sometimes alleged that imported and domestically produced stainless steel sheet and strip differ in quality, they are fungible products when produced in the same grade and to the same specifications. Stainless steel sheet and strip are sold in widths from 1 to 72 inches. The bulk of the shipments are in 36- to 48-inch widths. Most widths are sold in coil form, although the wider sheets are sometimes sold in cut-to-length form.

1/ There are two essential factors to consider in the decision to purchase stainless steel: corrosion resistance and strength of the alloy. Chromium and nickel are added to stainless steel in order to provide corrosion resistance, and carbon is added to strengthen the alloy.

In general, 200- and 300-grade stainless steel have higher chromium and nickel content (over 20 percent combined) and lower carbon content (below 0.15 percent) and are used in those applications where corrosion resistance is paramount, such as in the food-processing and oil- and chemical-processing industries. On the other hand, 400-grade stainless steel (below grade 430) usually has low chromium and nickel content (generally below a combined 16 percent) and higher carbon content (generally 0.15 percent or over) and are used in those applications where corrosion resistance is less important and strength is more important, such as in certain noncritical automotive and aerospace structural members.

In many applications, increased strength, greater resistance to corrosion, and mirror-finish appearance are all equally important. To satisfy this demand, certain 400 grades (430 and above) are available. These grades all have a combined chromium and nickel content of over 16 percent and high-carbon content. They are widely used as structural members in the aerospace industry and in marine atmospheres, where both strength and resistance to corrosion caused by harsh environments are critical. They are also used as visible trim material on appliances, automobiles, and so forth.

2/ U.S. purchases of foreign stainless steel sheet and strip for use in U.S.-produced military equipment are prohibited by the Specialty Metals Provision of the Defense Appropriations Act (Public Law 97-377, sec. 723). The Administration has submitted legislation to Congress requesting relief from the Specialty Metals Provision, but Congress has not acted on this legislation.

Table 1. Major uses for various grades of stainless steel

Uses	Grades															
	200's								400's							
	201	202	301	302	303	304	305	309	310	314	321	347	403	410	416	439
<u>Aerospace:</u>																
Jet engine rings-----																
Aircraft exhaust stacks-----																
Aircraft fittings-----																
Aircraft stress members-----																
<u>Appliances:</u>																
Heating elements for appli- ances-----																
Household appliances-----																
Trills-----																
<u>Automotive:</u>																
Engines-----																
Exhaust systems-----																
Stampings-----																
Tires-----																
<u>Food Processing:</u>																
Brewing equipment, tanks-----																
Cooking utensils, cutlery-----																
Dairy equipment with handling-----																
Food processing equipment-----																
Food serving and handling equipment-----																
Refrigeration equipment-----																
<u>Oil and Chemical Processing:</u>																
Chemical tanks, pipe, equipment-----																
Heat exchangers-----																
Oil refinery equipment and parts-----																

Source: Stainless and Heat Resisting Steels, Steel Products Manual, American Iron & Steel Institute, December 1974, and data submitted in response to questionnaires of the U.S. International Trade Commission.

U.S. tariff treatment

Imports of stainless steel sheet and strip are classified and reported under several item numbers of the TSUSA. The current column 1 (most-favored-nation) and column 2 rates of duty are shown in table 2. 1/

Imports of stainless steel sheet and strip are currently dutiable at column 1 rates ranging from 9.5 percent to 11.5 percent ad valorem plus additional duties on alloy content; these rates have remained virtually unchanged since 1977. Imports of these items are not eligible for duty-free treatment under the Generalized System of Preferences (GSP), nor are least developed developing countries (LDDC's) granted preferential rates of duty. However, imports from designated beneficiary countries are eligible for duty-free entry under the Caribbean Basin Initiative (CBI) program.

U.S. Producers

Ten U.S. firms are known to currently produce the stainless steel sheet and strip subject to this investigation. The principal domestic producers and each firm's capacity to produce stainless steel sheet and strip in 1983 are shown in table 3. As indicated, domestic capacity to produce such merchandise is highly concentrated. The five largest producers (* * * 2/) together accounted for 88.6 percent of total capacity in 1983. Domestic production facilities are concentrated in Pennsylvania, Ohio, and Maryland. A brief description of some U.S. producers' plants follow.

Allegheny Ludlum melts and hot-rolls stainless steel sheet and strip at its Brackenridge, PA, works and subsequently cold-finishes the products at its Brackenridge, New Castle, IN; and West Leechburg, PA, facilities.

J&L's stainless steel melt shop is the Midland, PA, unit acquired from Crucible, Inc., in 1982. Its hot-strip mill is in Cleveland, OH, and its cold-finishing facilities are in Detroit, MI (acquired from McLouth in July 1981); Midland, PA; and Louisville, OH. In February 1983, J&L received approval from the U.S. Department of Justice to proceed with the purchase of the assets at the Crucible plant in Midland, which had ceased operations in

1/ The col. 1 rates of duty are most-favored-nation (MFN) rates and are applicable to imported products from all countries except those Communist countries and areas enumerated in general headnote 3(f) of the TSUS. The People's Republic of China, Hungary, Romania, and Yugoslavia are the only Communist countries currently eligible for MFN treatment. However, MFN rates would not apply to products of developing countries if preferential tariff treatment is granted under the GSP or CBI program or under the LDDC rate-of-duty column. The rates of duty in col. 2 apply to imported products from those Communist countries and areas enumerated in general headnote 3(f) of the TSUS.

2/ * * *.

Table 2.--Stainless steel sheet and strip: U.S. rates of duty, by
TSUSA items, 1/ as of Jan. 1, 1984

TSUSA item No.	Article	Rate of duty <u>2/</u>	
		Col. 1	Col. 2
607.7610	Stainless steel sheets, not pickled and not cold-rolled, not coated or plated with metal, not clad.	9.5% ad val. + additional duties.	28% ad val. + additional duties.
607.9010	Stainless steel sheets, pickled but not cold-rolled, not coated or plated with metal, not clad.	10% ad val. + additional duties.	0.2¢ per lb. + 28% ad val. + additional duties.
607.9020	Stainless steel sheets, cold-rolled, not coated or plated with metal, not clad.	10% ad val. + additional duties.	0.2¢ per lb. + 28% ad val. + additional duties.
608.4300	Stainless steel strip, over 0.01 but not over 0.05 inch in thickness.	10.5% ad val. + additional duties.	33% ad val. + additional duties.
608.5700	Stainless steel strip, over 0.05 inch in thickness.	11.5% ad val. + additional duties.	33% ad val. + additional duties.

1/ Commerce excluded imports classifiable under TSUSA items 607.7610 and 607.9010 from its final LTFV determination.

2/ Stainless steel sheet and strip are also subject to additional cumulative duties on their alloy content as follows:

TSUS item No.	Article	Rate of duty	
		Col. 1	Col. 2
606.00	Chromium content over 0.2 percent by weight.	0.1% ad val.	1% ad val.
606.02	Molybdenum content over 0.1 percent by weight	0.3% ad val.	1% ad val.
606.04	Tungsten content over 0.3 percent by weight.	0.4% ad val.	1% ad val.
606.06	Vanadium content over 0.1 percent by weight	0.2% ad val.	1% ad val.

Table 3.--Stainless steel sheet and strip: Principal domestic producers and each firm's practical capacity, 1983

Producer	Capacity	Share of
	1,000	total capacity
	short tons	Percent
Allegheny Ludlum-----	***	***
Armco-----	***	***
Carpenter Technology-----	***	***
Cyclops-----	***	***
Eastern-----	***	***
J&L-----	***	***
LTV Steel Corp. (formerly Republic Steel Corp.)----	***	***
Washington Steel-----	***	***
Total 1/-----	882	100.0

1/ Jessop Steel Co. and U.S. Steel Corp. are also U.S. producers, but they are not included in this table.

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

March 1982. J&L currently operates the electric furnaces and the cold-rolling (finishing) facility at the Midland plant. J&L began melting at this plant in April 1983.

Recently, Jones & Laughlin Steel Corp. (a subsidiary of LTV Corp. and the third largest domestic producer of all steel), a subsidiary of which was the * * * largest stainless steel sheet and strip producer in the United States in 1983, and Republic Steel Corp., the nation's * * * largest producer (and the fifth largest domestic producer of all steel), were authorized by the U.S. Government to merge. The resulting company is called LTV Steel Corp. This merger gives the new corporation about * * * of the total stainless steel sheet and strip capacity in the United States. On the basis of 1983 data, the combined output of the two firms * * *.

Armco has its stainless steel sheet and stripmaking facilities in Butler, PA. Washington Steel's melting and casting facilities are located in Houston, PA, and its hot-strip mill and cold-rolling facilities are in Washington, PA. Republic (LTV Steel Corp.) melts steel in Canton, OH, and in Chicago, IL; it rolls slabs and makes hot band in Cleveland and Warren, OH, on hot-strip mills; and has cold-rolling facilities in Cleveland, Warren, and Massillon, OH.

U.S. Importers

The net import file maintained by the U.S. Customs Service identifies *** firms that imported stainless steel sheet and strip from Spain during October 1982-September 1983. 1/ Most stainless steel sheet and strip from Spain is imported by one firm, * * *. The smaller importers consist principally of U.S. end users that purchase directly from the foreign source.

U.S. Market

Apparent U.S. consumption

Apparent U.S. consumption of stainless steel sheet and strip fluctuated during 1981-83, but increased during the period and continued rising into the first half of 1984 (table 4). Consumption declined from 692,000 tons 2/ in 1981 to 565,000 tons in 1982, or by 18 percent. During 1983, however, consumption increased to 765,000 tons, an increase of 11 percent from consumption in 1981. Consumption during January-June 1984 was up an additional 31 percent from consumption in January-June 1983.

As noted in other recent Commission investigations dealing with stainless steel products, the demand for such merchandise is cyclical. 3/ The demand for stainless steel sheet and strip is derived from the demand for its end-product uses. The durability of many articles made from stainless steel is a factor that permits discretion in the timing of purchases of replacement articles; consequently, cyclical fluctuations in the overall U.S. economy usually result in changes in demand for stainless steel articles that are much wider than the changes that are applicable to nondurable goods and to most other types of durable goods. Furthermore, cyclical declines in the demand for stainless steel have been of longer duration than the declines generally experienced by other types of durable goods industries. 4/

1/ The net import file is kept on the U.S. Government's fiscal-year basis, i.e., from October through September.

2/ Unless otherwise noted, the term "ton" refers to a short ton (2,000 pounds).

3/ See, for example, Stainless Steel and Alloy Tool Steel, Report to the President on Investigation No. TA-201-48 Under Section 201 of the Trade Act of 1974, USITC Publication 1377, May 1983, pp. A-41 to A-43.

4/ Stainless Steel and Alloy Tool Steel, Report to the President on Investigation No. TA-201-5 Under Section 201 of the Trade Act of 1974, USITC Publication 756, January 1976, p. A-77.

Table 4.--Stainless steel sheet and strip: U.S. producers' domestic shipments, imports for consumption, and apparent consumption, 1978-83, January-June 1983, and January-June 1984

Period	U.S.		Apparent	Ratio of--	
	producers'			Domestic	
	domestic	Imports	consump-	shipments	Imports
	shipments		tion	to con-	to con-
				sumption	sumption
	-----1,000 short tons-----			-----Percent-----	
1978-----	611	80	692	88.4	11.6
1979-----	691	61	752	91.9	8.1
1980-----	526	37	563	93.4	6.6
1981-----	621	71	692	89.7	10.3
1982-----	479	86	565	84.8	15.2
1983-----	683	82	765	89.3	10.7
Jan.-June--					
1983-----	309	40	349	88.6	11.4
1984-----	391	65	456	85.8	14.2

Source: Domestic shipments in 1978-82 are from USITC Publication 1391; domestic shipments in 1983 and January-June 1984 are from questionnaire responses in this investigation; import data are compiled from official statistics of the U.S. Department of Commerce.

Channels of distribution

In the U.S. market, sales of stainless steel sheet and strip by domestic producers and importers are made to end users directly or to steel service centers/distributors, which in turn sell to end users. The major markets for domestically produced stainless steel sheet and strip in 1983 are shown in table 5, as reported to the AISI by U.S. producers. Shipments by U.S. producers to steel service centers/distributors accounted for 47 percent of total shipments in 1983, and direct exports by producers accounted for 2 percent. The remaining 51 percent of U.S. producers' shipments were made directly to end users in the United States. The largest single end-user markets for stainless steel sheet and strip were the automotive industry (accounting for 19 percent of direct mill purchases) and the appliances, utensils, and cutlery industries (accounting for 6 percent).

Service centers buy material directly from stainless steel producers and may process the material by cutting, forming, and coating according to customer specifications before reselling it to end users. These end users tend to be smaller users, whose stainless steel needs are not large enough or predictable enough to buy directly from the producers in "mill-run" (about 10 tons or more) quantities.

Table 5.--Stainless steel sheet and strip: Percentage distribution of domestic producers' shipments to major U.S. markets, 1983

Market	Percent of total shipments
Service centers/distributors-----	47
Automotive-----	19
Appliances, utensils, and cutlery-----	6
Construction-----	1
Machinery, industrial equipment, and tools-----	3
Exports-----	2
Other-----	22
Total-----	100

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

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

U.S. production, capacity, and capacity utilization

Total U.S. production of stainless steel sheet and strip declined sharply in 1982 but then increased by about 50 percent in 1983. Production continued upward during January-June 1984, increasing by 26 percent from production in January-June 1983. Production of stainless steel sheet and strip totaled 643,000 tons in 1981, dropped to 487,000 tons in 1982, and then rose to 724,000 tons in 1983--an overall increase of 13 percent during 1981-83. Production during January-June 1984 reached 416,000 tons, an increase of 87,000 tons from production in January-June 1983 (table 6). Data on U.S. production, by firms, for 1981-83, January-June 1983, and January-June 1984 are shown in appendix D, table D-2.

Total productive capacity for stainless steel sheet and strip fluctuated during the period covered. Plant closings, followed by partial takeovers by other operating firms, and redeployments of productive capacities to other products contributed to these fluctuations. Capacity stood at 969,000 tons in 1981, 857,000 tons in 1982, and 882,000 tons in 1983.

Capacity utilization by the stainless steel sheet and strip producers measured 66.4 percent in 1981, fell to 56.8 percent in 1982, but then increased to 82.1 percent in 1983. During January-June 1984, producers operated at 87.8 percent of capacity, up from 78.3 percent capacity utilization in January-June 1983.

U.S. producers' shipments

Total shipments of stainless steel sheet and strip by U.S. producers, including intracompany transfers, decreased from 517,000 tons in 1981 to 473,000 tons in 1982, or by 9 percent. Shipments increased sharply in 1983,

Table 6.--Stainless steel sheet and strip: U.S. production, practical capacity, 1/ and capacity utilization, 1981-83, January-June 1983, and January-June 1984

Item	1981	1982	1983	January-June--	
				1983	1984
Production <u>2/</u>					
1,000 short tons--:	643	487	724	329	416
Capacity-----do----	969	<u>3/</u> 857	<u>4/</u> 882	420	474
Capacity utilization					
percent--:	66.4	56.8	82.1	78.3	87.8

1/ Practical capacity was defined as the greatest level of output a plant can achieve within the framework of a realistic work pattern. Producers were asked to consider, among other factors, a normal product mix and an expansion of operations that could be reasonably obtained in their industry and locality in setting capacity in terms of the number of shifts and hours of plant operation (generally reported to be 144-160 hours per week, 50 weeks per year).

2/ Sheet and strip producers reporting to the Commission in the investigation accounted for 98 percent of all 1983 shipments that were reported by AISI.

3/ In March 1982, Crucible ceased operations. The company's reported sheet and strip capacity for 1981 was *** short tons, or *** percent of the total U.S. industry's capacity. The company reported production and shipments only for the first quarter of 1982. The plant was closed until J&L received approval from the U.S. Department of Justice to purchase its assets, in late February 1983. Therefore, only 25 percent of Crucible's annual capacity is included in the data for 1982.

4/ In April 1983, J&L reactivated portions of the Crucible plant.

Source: 1981 and 1982, USITC Publication 1391, p. A-25; 1983 and January-June 1984, compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

rising 48 percent to 701,000 tons, the highest level of the 3-year period. Shipments continued on an upward trend during January-June 1984, increasing 27 percent from the level of shipments in January-June 1983 (table 7). Data on U.S. producers' domestic shipments, by firms, for 1981-83, January-June 1983, and January-June 1984 are shown in table D-3.

U.S. exports

U.S. exports of stainless steel sheet and strip decreased steadily during 1981-83 (table 8). Exports declined from 44,000 tons in 1981 to 25,000 tons in 1982 and to 24,000 tons in 1983. Exports were shipped to over 100 countries in 1983; Canada was the principal export market.

Table 7.--Stainless steel sheet and strip: U.S. producers' shipments, 1/ by types, 1981-83, January-June 1983, and January-June 1984

(In short tons)						
Type of shipment	1981	1982	1983	January-June--		
				1983	1984	
Intracompany-----	9,266	4,817	7,711	3,574	4,686	
Domestic market-----	489,703	453,501	683,138	309,054	391,461	
Export <u>2/</u> -----	18,062	14,308	10,195	5,240	8,443	
Total-----	517,031	472,626	701,044	317,868	404,590	

1/ Excludes shipments by Crucible, which ceased operations in March 1982.

2/ Includes exports by domestic producers only. U.S. exports, as reported by the Department of Commerce and presented in table 8, include exports by these producers plus exports by service centers and metal traders.

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

Table 8.--Stainless steel sheet and strip: U.S. exports of domestic merchandise, by principal markets, 1981-83, January-June 1983, and January-June 1984

Firm	1981	1982	1983	January-June--	
				1983	1984
Quantity (short tons)					
Canada-----	18,310	12,141	13,268	8,270	3,868
Taiwan-----	2,891	2,616	2,144	872	951
Pakistan-----	569	1,091	1,418	937	484
West Germany-----	655	460	711	423	262
Hong Kong-----	767	596	709	304	502
All other-----	20,942	7,899	5,568	2,725	5,043
Total-----	44,134	24,803	23,818	13,531	11,110
Value (1,000 dollars)					
Canada-----	40,605	23,269	24,091	14,402	8,537
Taiwan-----	4,002	3,047	2,467	894	1,172
Pakistan-----	835	1,220	1,358	883	486
West Germany-----	3,930	2,393	3,175	1,665	1,402
Hong Kong-----	1,226	895	858	579	598
All other-----	43,875	22,369	16,198	7,378	12,772
Total-----	94,473	53,193	48,147	25,801	24,967

Source: Compiled from official statistics of the U.S. Department of Commerce. A-15

U.S. producers' inventories

End users and service center/distributors perform much of the inventory function in the domestic market for stainless steel products, and estimates of their inventories are unavailable. End-of-period inventories held by U.S. producers during 1981-83 and January-June 1984 are shown in the following tabulation:

	<u>Inventories</u> (short tons)	<u>Ratio of inventories to</u> <u>U.S. producers' shipments</u> (percent)
As of Dec. 31--		
1981-----	105,383	20.4
1982-----	113,454	24.0
1983-----	141,962	20.3
As of June 30--		
1983-----	127,608	1/ 20.1
1984-----	155,055	<u>1</u> / 19.2

1/ Annualized.

The ratio of inventories to shipments increased from 20.4 percent in 1981 to 24.0 percent in 1982 and then declined to 20.3 percent in 1983. This ratio has traditionally been higher than 20 percent for stainless steel sheet and strip. 1/ U.S. producers' end-of-year inventories, by firms, are presented in table D-4.

U.S. employment, wages, and productivity

The average number of workers employed in the production of stainless steel sheet and strip declined irregularly from 5,763 in 1981 to 5,272 in 1983, or by about 9 percent. Employment increased by 17 percent during January-June 1984, reaching 5,802 workers, up from 4,955 workers during January-June 1983 (table 9). Hours worked by production workers increased slightly during the period, from 10.3 million hours in 1981 to 10.4 million in 1983; average annual hours worked increased by 11 percent from 1,779 hours in 1981 to 1,974 hours for the 491 fewer workers in 1983.

The average compensation (including fringe benefits) paid to production workers producing stainless steel sheet and strip increased from \$21.08 per hour in 1981 to \$23.85 per hour in 1982 and then declined to \$22.19 per hour in 1983. Labor productivity increased from 0.050 ton per hour worked in 1981 to 0.070 ton per worker hour in 1983, resulting in a 22-percent drop in unit labor costs from \$409 per ton in 1981 to \$320 per ton in 1983. All production workers other than those employed by Cyclops and those employed by Carpenter Technology at its Reading, PA, facility are represented by unions. Employment data, by firms, are shown in tables D-5 through D-7.

1/ See USITC Publication 1377, May 1983, p. A-36.

Table 9.--Stainless steel sheet and strip: Employment and wage data for production and related workers producing stainless steel sheet and strip, 1981-83, January-June 1983, and January-June 1984

Firm	1981	1982	1983	January-June--	
				1983	1984
Average employment of production and related workers:					
Number-----	5,763	5,082	5,272	4,955	5,802
Percentage change-----	<u>1/</u>	-11.8	3.7	<u>1/</u>	17.1
Hours paid for production and related workers: <u>2/</u>					
Number-----thousands--	10,253	8,638	10,409	5,044	5,868
Percentage change-----	<u>1/</u>	-15.8	20.5	<u>1/</u>	16.3
Wages paid to production and related workers:					
Value-----million dollars--	163	151	167	3/ 71	3/ 88
Percentage change-----	<u>1/</u>	-7.4	10.6	<u>1/</u>	23.9
Total compensation paid to production and related workers: <u>4/</u>					
Value-----million dollars--	212	206	232	3/ 98	3/ 121
Percentage change-----	<u>1/</u>	-2.8	12.5	<u>1/</u>	23.5
Hourly compensation: <u>5/</u>					
Value-----per worker hour--	\$21.08	\$23.85	\$22.19	3/ \$21.76	3/ \$22.65
Percentage change-----	<u>1/</u>	13.4	-7.0	<u>1/</u>	4.1
Labor productivity: <u>6/</u>					
Quantity					
tons per worker hour--	0.050	0.055	0.070	0.065	0.071
Percentage change-----	<u>1/</u>	10.0	27.3	<u>1/</u>	9.2
Unit labor costs: <u>7/</u>					
Value-----per ton--	\$409	\$433	\$320	\$326	\$317
Percentage change-----	<u>1/</u>	5.9	-26.1	<u>1/</u>	-2.8

1/ Not available.

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

3/ Excludes Washington Steel.

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

5/ Based on total compensation paid.

6/ Production per hours worked.

7/ Total compensation paid per ton.

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

Financial experience of U.S. producers

Nine firms, accounting for 98 percent of total U.S. production of stainless steel sheet and strip in 1983, furnished usable income-and-loss data relative to both their overall establishment operations^{1/} and their operations on stainless steel sheet and strip alone. 1/

Overall establishment operations.--The income-and-loss experience of U.S. producers on the overall operations of their establishments within which stainless steel sheet and strip is produced is shown in table 10 for 1981-83, the January-June interim period of 1983, and the comparable interim period of 1984. Net sales of all products produced in these establishments fell from \$2.2 billion in 1981 to \$1.6 billion in 1982, or by 27 percent. Net sales rose 21 percent to \$1.9 billion in 1983. Net sales were \$1.2 billion during the interim period that ended June 30, 1984, up 43 percent from the \$860 million in net sales reported for the corresponding period of 1983.

U.S. producers earned an operating income of \$101 million, or 4.7 percent of net sales, in 1981. Such income fell to \$4 million, or 0.3 percent of net sales, in 1982 before rising sharply to \$161 million, or 8.4 percent of net sales, in 1983. Operating income continued to rise during interim 1984--to \$171 million, or 13.9 percent of net sales, compared with \$65 million, or 7.5 percent of net sales, for the corresponding period of 1983. The nine producers sustained a net loss before income taxes equal to 0.1 percent of net sales in 1982, but earned net incomes in all other reporting periods; such income ranged from 4.1 percent of sales in 1981 to 13.1 percent of sales during interim 1984. Three firms sustained operating losses in 1981, five in 1982, one in 1983, and none during interim 1984.

Operations on stainless steel sheet and strip.--The income-and-loss experience of the nine U.S. producers on their operations producing stainless steel sheet and strip is shown in table 11. Net sales of stainless steel sheet and strip fell 19 percent from \$1.3 billion in 1981 to \$1.0 billion in 1982 but then rose 20 percent to \$1.2 billion in 1983. Net sales were \$760 million during the interim period ended June 30, 1984, up 42 percent from the \$536 million in net sales reported for the corresponding period of 1983.

The nine reporting firms sustained an operating loss of \$11 million, or 1.1 percent of net sales, in 1982, but reported profits in the other reporting periods. The 1981 operating income was \$18 million, or 1.4 percent of net sales, and the 1983 operating income was \$75 million, or 6.0 percent of net sales. Operating income rose to \$113 million, or 14.8 percent of net sales, during interim 1984, compared with an operating income of \$18 million, or 3.4 percent of net sales, during interim 1983. Net income before income taxes followed the same pattern as operating income during the reporting period. Three firms sustained operating and net losses before income taxes in 1981. Five firms sustained operating losses in 1982, and four of these firms

^{1/} One of the nine reporting firms, Crucible, ceased production in early 1982 and sold its stainless steel sheet and strip operation to J&L in February 1983.

Table 10.--Income-and-loss experience of 9 U.S. producers on the overall operations of their establishments within which stainless steel sheet and strip are produced, 1981-83, interim 1983, and interim 1984 ^{1/}

1	1981	1982	1983	Interim period to June 30--	
				1983	1984
Net sales----- 1,000 dollars--	2,164,037	1,587,598	1,913,605	860,641	1,233,946
Cost of goods sold-----do-----	1,927,908	1,464,139	1,635,775	740,298	999,818
Gross income-----do-----	236,129	123,459	277,830	120,343	234,128
General, selling, and admin- istrative expenses-----do-----	134,676	119,361	116,882	55,644	62,892
Operating income-----do-----	101,453	4,098	160,948	64,699	171,236
Other income or expense:					
Interest expense-----do-----	15,258	14,815	10,695	4,927	9,922
Other income or (expense), net-----do-----	3,174	8,397	(1,087)	195	591
Total other income or (expense), net-----do-----	(12,084)	(6,418)	(11,782)	4,732	9,331
Net income or (loss) before income taxes-----do-----	89,369	(2,320)	149,166	59,967	161,905
Depreciation and amortization expense-----do-----	42,876	39,928	40,626	18,945	22,109
Cash flow from operations-----do-----	132,245	37,608	189,792	78,912	184,014
Ratio to net sales of--					
Gross income-----percent--	10.9	7.8	14.5	14.0	19.0
Operating income-----do-----	4.7	0.3	8.4	7.5	13.9
Net income or (loss) before income taxes-----do-----	4.1	(0.1)	7.8	7.0	13.1
Cost of goods sold-----do-----	89.1	92.2	85.5	86.0	81.0
General, selling, and admin- istrative expenses-----do-----	6.2	7.5	6.1	6.5	5.1
Number of firms reporting operating losses-----	3	5	1	2	0
Number of firms reporting net losses-----	3	4	1	2	0

^{1/} One of the 9 producers ceased production in early 1982.

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

Table 11.--Stainless steel sheet and strip: Income-and-loss experience of 9 U.S. producers on their operations, accounting years 1981-83, interim 1983, and interim 1984 ^{1/}

Item	1981	1982	1983	Interim period to June 30--	
				1983	1984
Net sales:					
Quantity-----short tons--:	625,893	488,722	702,343	320,958	403,827
Value-----1,000 dollars--:	1,276,630	1,035,535	1,246,729	535,608	760,296
Cost of goods sold-----do--:	1,202,959	995,130	1,129,009	497,007	623,912
Gross income-----do--:	73,671	40,405	117,720	38,601	136,384
General, selling, and admin- istrative expenses-----do--:	55,275	51,297	42,396	20,437	23,710
Operating income or (loss)-----do--:	18,396	(10,892)	75,324	18,164	112,674
Other income or expense:					
Interest expense-----do--:	9,405	9,129	7,368	3,901	4,615
Other income or (expense), net-----do--:	(897)	1,106	(2,489)	341	(2,749)
Total other income or (expense), net-----do--:	(10,302)	(8,023)	(9,857)	(3,560)	(7,364)
Net income or (loss) before income taxes-----do--:	8,094	(18,915)	65,467	14,604	105,310
Depreciation and amortization expense-----do--:	26,744	24,681	20,671	9,914	16,753
Cash flow from operations-----do--:	34,838	5,766	86,138	24,518	122,063
Ratio to net sales of--					
Gross income-----percent--:	5.8	3.9	9.4	7.2	17.9
Operating income or (loss)-----do--:	1.4	(1.1)	6.0	3.4	14.8
Net income or (loss) before income taxes-----do--:	0.6	(1.8)	5.3	2.7	13.9
Cost of goods sold-----do--:	94.2	96.1	90.6	92.8	82.1
General, selling, and admin- istrative expenses-----do--:	4.3	5.0	3.4	3.8	3.1
Number of firms reporting operating losses-----do--:	3	5	1	1	0
Number of firms reporting net losses-----do--:	3	4	1	1	0

^{1/} One of the 9 producers ceased production in early 1982.

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

sustained net losses before income taxes in that year. One firm sustained operating and net losses in 1983. No firms reported operating or net losses before income taxes for interim 1984. Income-and-loss data relative to individual firms' stainless steel sheet and strip operations are shown in table D-8.

U.S. producers' overall operating margins, as a percent of net sales, for their stainless steel sheet and strip operations during the period 1972-83 are shown in the following tabulation:

<u>Year 1/</u>	<u>Operating margin (in percent)</u>	<u>Year 1/</u>	<u>Operating margin (in percent)</u>
1972-----	4.9	1978-----	9.8 <u>2/</u>
1973-----	11.0	1979-----	12.4
1974-----	13.8	1980-----	4.7
1975-----	(0.8)	1981-----	1.4 <u>3/</u>
1976-----	4.0	1982-----	(1.1) <u>4/</u>
1977-----	8.3	1983-----	6.0

1/ 1972-77 data are from USITC Publication No. 968, concerning the 1979 section 203 investigation on specialty steel; 1978-80 data are from the recent section 201 investigation on specialty steel; and 1981-83 data were collected from questionnaire responses in this investigation. In some cases the margins differ slightly from those presented in other Commission studies; these differences are shown in footnotes 2-4, which follow.

2/ The operating ratio reported for 1978 in the section 203 investigation was 10.2 percent.

3/ The operating margin reported in the 1983 201 investigation for 1981 was 1.3 percent.

4/ The operating margin reported in the 1983 201 investigation for 1982 was (1.4) percent.

The per ton income-and-loss experience of U.S. producers' operations on stainless steel sheet and strip are shown in the following tabulation:

	<u>Average unit value (per ton)</u>	<u>Average operating income or (loss) (per ton)</u>	<u>Operating income or (loss) margin (percent)</u>
1981-----	\$2,040	\$29.39	1.4
1982-----	2,119	(22.29)	(1.1)
1983-----	1,775	107.25	6.0
Interim 1983----	1,669	56.59	3.4
Interim 1984----	1,883	279.02	14.8

One firm, * * *, sustained operating losses in each of the reporting periods except interim 1984. U.S. producers' stainless steel sheet and strip operating margins with and without * * * are shown in the following tabulation (in percent):

<u>Period</u>	<u>Income and (loss) margins</u>	
	<u>With * * *</u>	<u>Without * * *</u>
1981-----	1.4	***
1982-----	(1.1)	***
1983-----	6.0	***
Interim 1983-----	3.4	***
Interim 1984-----	14.8	***

Capital expenditures.--Capital expenditures of five firms for land, buildings, and machinery and equipment used in the production of stainless steel sheet and strip averaged \$52 million per year during 1981-83 and ranged between \$19 million in 1982 and \$71 million in 1983. Such expenditures were \$9 million during January-June 1984, compared with \$62 million during the corresponding period of 1983 (table 12). Total establishment capital expenditures for all products averaged \$108 million during 1981-83 and were \$34 million during January-June 1984.

Investment in productive facilities.--Five firms supplied data concerning their investment in productive facilities employed in the production of stainless steel sheet and strip. As shown in table 12, their aggregate investment in such facilities, valued at cost, rose annually from \$415 million as of yearend 1981 to \$511 million as of yearend 1983 but then declined to \$468 million as of June 30, 1984. The book value of such facilities rose from \$170 million to \$180 million during 1981-83 and amounted to \$239 million as of June 30, 1984.

Research and development expenses.--Five firms supplied data on research and development expenditures incurred in developing U.S.-produced stainless steel sheet and strip. Such expenditures rose from \$7.2 million in 1981 to \$8.0 million in 1983. Research and development expenditures by these firms amounted to \$4.1 million in January-June 1984, compared with \$3.9 million in January-June 1983 (table 12).

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

In its examination of the question of the threat of material injury to an industry in the United States, the Commission may take into consideration such factors as the trends of LTFV imports, the rate of increase of U.S. market penetration by such imports, the amounts of such imports held in inventory in the United States, and the capacity of producers in the country subject to the investigation to generate exports (including the availability of export markets other than the United States). A discussion of the trends of imports of stainless steel sheet and strip from Spain and their U.S. market penetration is presented in the section entitled "Consideration of the Causal Relationship Between Alleged Material Injury or the Threat Thereof and LTFV Imports." Discussions of importers' inventories and foreign producers' capacity to generate exports follow.

Table 12.--Stainless steel sheet and strip: U.S. producers' capital expenditures, valuation of fixed assets, and research and development expenses, 1981-83, January-June 1983, and January-June 1984

(In thousands of dollars)

Item	1981	1982	1983	January-June--	
				1983	1984
Capital expenditures:					
All products: ^{1/}					
Land and land improvements-----	4,749	4,823	2,157	1,657	519
Building or leasehold improvements-----	22,044	12,278	20,262	10,560	8,677
Machinery, equipment, and fixtures-----	92,994	58,706	106,759	89,185	24,640
Total-----	119,787	75,807	129,178	101,402	33,836
Stainless steel sheet and strip:					
Land and land improvements-----	975	140	1,075	1,069	7
Building or leasehold improvements-----	15,286	5,381	9,848	4,762	5,851
Machinery, equipment, and fixtures-----	47,798	13,787	60,255	55,785	3,491
Total-----	64,059	19,308	71,178	61,616	9,349
Fixed assets employed in the production of-- ^{1/}					
All products:					
Original cost-----	808,886	887,620	989,668	986,927	1,023,988
Book value-----	420,340	468,459	565,492	556,575	579,120
Stainless steel sheet and strip:					
Original cost-----	414,877	430,809	511,387	469,035	467,525
Book value-----	170,434	168,870	180,394	244,240	238,749
Research and development expenses ^{1/} -----	7,175	7,462	7,965	3,926	4,141

^{1/} Data are for 5 firms.

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

U.S. importers' inventories

End-of-period inventories of stainless steel sheet and strip from Spain, as reported during the Commission's preliminary investigation, 1/ are shown in table 13.

Table 13.--Stainless steel sheet and strip: U.S. end-of-year inventories of imports from Spain, 1981-83

Year	Imports	End-of-year inventories	Ratio of inventories to reported imports
	Short tons		Percent
1981-----	***	***	***
1982-----	***	***	***
1983-----	***	***	***

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission during investigation No. 731-TA-164 (Preliminary).

The Spanish steel industry and its capacity to generate exports

Acerinox is the only Spanish producer and exporter of stainless steel sheet and strip. Incorporated in 1970, it did not become operational until 1973. In 1977, a continuous casting facility was completed, along with a bright annealing line. Acerinox, at present, sends its continuous-cast slabs elsewhere to be hot-rolled and subsequently returned for finishing and cold-rolling. In 1984, work began on a hot-rolling line scheduled to be completed by 1986.

Acerinox ships stainless steel sheet and strip to over 45 countries in addition to its home market. The company maintains marketing offices in Germany, France, Austria, Chile, Argentina, Hong Kong, and the United States. The U.S. office opened in mid-1982. Table 14 presents industry and trade data for Acerinox for 1981-83 and projected data for 1984 and 1985.

Nearly * * * of the stainless steel sheet and strip exported to the United States from Spain has consisted of grade 430 material, which, according to an official of Acerinox, competes significantly only with imports from other countries. 2/ Acerinox reported that its exports of this grade

1/ During the Commission's final investigation, no inventories of stainless steel sheet and strip imported from Spain were reported by the responding importers.

2/ Petitioners, however, state that at least 5 U.S. firms, with more than enough capacity to supply domestic demand, could produce grade 430 material, but they are unable to meet the low import prices. Transcript of the hearing, p. 16; petitioners' posthearing brief, p. 7 and exhibit 5.

Table 14.--Stainless steel sheet and strip: Industry and trade data for Spain, 1981-83, and projected data for 1984 and 1985

Item	1981	1982	1983	Projected data for--	
				1984	1985
Production 1/ 1,000 short tons--	***	***	***	***	***
Capacity 2/-----do----	***	***	***	***	***
Capacity utilization percent--	***	***	***	***	***
Domestic sales 1,000 short tons--	***	***	***	***	***
Imports-----do----	***	***	***	***	***
Apparent Spanish consumption-----do----	***	***	***	***	***
Ratio of imports to apparent Spanish consumption percent--	***	***	***	***	***
Exports to--					
United States 1,000 short tons--	***	***	***	3/	3/
European Community--do----	***	***	***	3/	3/
Other European (non EC) countries 1,000 short tons--	***	***	***	3/	3/
Latin America-----do----	***	***	***	3/	3/
Middle East-----do----	***	***	***	3/	3/
Asia-----do----	***	***	***	3/	3/
Total-----do----	***	***	***	4/ ***	4/ ***

1/ Production data reflect both cold-rolled production plus finishing of hot-rolled sheet that was hot-rolled outside of Spain, which accounts for less than *** percent of production. Spanish production of stainless steel sheet and strip is currently based upon Spanish melting and casting of stainless steel slab, which is in turn sent to other plants in Europe for hot-rolling and returned to Spain for finishing and cold-rolling. A hot-rolling mill is reportedly designed to fill in the missing link in the Spanish production process and not to increase capacity.

2/ * * *.

3/ Not available.

4/ Production less domestic sales.

Source: Compiled from data submitted by counsel for Acerinox.

Note.--Because of rounding, figures may not add to the totals shown.

stainless steel sheet and strip to the United States increased during 1981-83 largely because of the domestic demand for this grade. According to the Acerinox official, however, the U.S. tariff increase on stainless steel sheet and strip that became effective in July 1983 forced the firm to renegotiate its U.S. contracts upward. It was further stated that, whereas Acerinox's exports to the United States declined by 33 percent in the first 7 months of 1984 compared with exports in the comparable period of 1983, its exports to other markets increased by 25 percent in 1984. ^{1/} Table 15 presents, on a percentage basis by grades, shipments of stainless steel sheet and strip in the U.S. market by domestic producers and by importers of such merchandise from Spain.

Table 15.--Stainless steel sheet and strip: Percentage distribution of U.S. producers' domestic shipments and shipments of imports from Spain, by grades, 1981-83, January-June 1983, and January-June 1984

(In percent of total quantity)						
Grade	:	:	:	:	January-June--	
	1981	1982	1983	:	1983	1984
	:	:	:	:	:	:
U.S. producers' domestic shipments						
430-----	5.8	4.3	3.8	:	3.8	4.9
304-----	53.6	62.6	56.4	:	55.4	54.1
316-----	3.3	3.1	3.3	:	2.7	3.8
All others-----	37.3	30.0	36.5	:	38.1	37.2
Total-----	100.0	100.0	100.0	:	100.0	100.0
Shipments of imports from Spain						
430-----	1/	2/ ***	***	:	***	***
304-----	1/	2/ ***	***	:	***	***
316-----	1/	2/ ***	***	:	***	***
All others-----	1/	2/ ***	***	:	***	***
Total-----	-	100.0	100.0	:	100.0	100.0

^{1/} Not available.

^{2/} Data are for August-December only.

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

Note.--Based on official statistics of the U.S. Department of Commerce on aggregate U.S. imports of stainless steel sheet and strip from Spain, the above data were compiled from imports representing 75.6 percent of total imports from Spain in 1982, 98.8 percent in 1983, and 89.7 percent in January-June 1984.

^{1/} Transcript of the hearing, pp. 57 and 58.

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

U.S. imports

Imports from all sources.--In the aggregate, U.S. imports of stainless steel sheet and strip increased irregularly from 70,631 tons in 1981 to 82,060 tons in 1983, or by 16 percent. In January-June 1984, imports rose substantially, reaching 64,633 tons, up 62 percent compared with imports of 39,815 tons in January-June 1983. As shown in table 16, principal sources of U.S. imports of stainless steel sheet and strip in recent years have been Japan, France, West Germany, Spain, and Korea. Quarterly data on such imports during 1983 and the first half of 1984 are shown in table 17. Tables D-9 and D-10 present separate data for U.S. imports of stainless steel sheet and stainless steel strip.

Imports from Spain.--U.S. imports of stainless steel sheet and strip from Spain ^{1/} nearly tripled from 1981 to 1983, rising from 5,003 tons to 14,522 tons. Imports from Spain continued to increase in January-June 1984, reaching 7,777 tons, up 17 percent from the 6,638 tons imported from that source in January-June 1983 (table 16). As a share of total imports, those from Spain increased annually from 7 percent in 1981 to 10 percent in 1982 and 18 percent in 1983. Imports from Spain accounted for 12 percent of aggregate U.S. imports of stainless steel sheet and strip during January-June 1984. Data on quarterly imports of such merchandise from Spain for 1983 and the first half of 1984 are shown in table 17.

U.S. market penetration by LTFV imports

The share of the U.S. market for stainless steel sheet and strip supplied by imports from Spain increased without interruption from 0.7 percent in 1981 to 1.5 percent in 1982 and 1.9 percent in 1983. Spain's share of the U.S. market in January-June 1984, at 1.7 percent, was down somewhat from the 1.9 percent share it held in January-June 1983, as shown in the following tabulation:

<u>Period</u>	<u>U.S. consumption</u> <u>(1,000 short tons)</u>	<u>Share of consumption supplied by--</u>			
		<u>Spain</u>	<u>All other</u> <u>countries</u>	<u>Total</u> <u>imports</u>	<u>U.S.</u> <u>producers</u>
1981-----	692	0.7	9.6	10.3	89.7
1982-----	565	1.5	13.7	15.2	84.8
1983-----	765	1.9	8.8	10.7	89.3
January-June--					
1983-----	349	1.9	9.5	11.4	88.6
1984-----	456	1.7	12.5	14.2	85.8

^{1/} As indicated previously, the final determination by the Department of Commerce excluded hot-rolled stainless steel sheet and strip from Spain. Although, the data shown in tables 16 and 17 include imports of hot-rolled stainless steel sheet and strip, very little such merchandise is imported from Spain. In 1983, for example, only 4 percent of total imports of stainless steel sheet and strip from Spain were hot-rolled.

Table 16.--Stainless steel sheet and strip: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-June 1983, and January-June 1984

Source	1981	1982	1983	January-June--	
				1983	1984
Quantity (short tons)					
Spain-----	5,003	8,387	14,522	6,638	7,777
Japan-----	14,287	13,053	22,012	10,587	13,615
France-----	13,805	21,522	19,621	10,526	14,718
Republic of Korea-----	3,062	2,998	6,901	2,165	8,555
Canada-----	6,493	5,271	4,226	2,057	2,106
United Kingdom-----	3,840	4,203	2,921	2,370	675
West Germany-----	15,489	19,884	3,057	2,075	4,773
Finland-----	3,592	1,924	2,259	747	2,378
Sweden-----	2,926	4,488	3,555	1,364	3,314
Belgium/Luxembourg-----	1,484	2,552	873	292	910
All other-----	650	1,632	2,113	994	5,812
Total-----	70,631	85,914	82,060	39,815	64,633
Value (1,000 dollars)					
Spain-----	8,493	13,266	17,489	8,306	9,947
Japan-----	22,237	19,590	30,293	14,569	18,115
France-----	21,770	32,487	29,288	16,157	20,200
Republic of Korea-----	4,502	4,305	9,211	2,908	11,574
Canada-----	8,513	6,635	5,184	2,475	2,787
United Kingdom-----	7,720	7,043	4,379	3,561	1,028
West Germany-----	27,070	33,031	4,822	3,313	6,297
Finland-----	5,457	2,834	2,876	967	3,310
Sweden-----	9,818	12,401	8,075	3,281	7,025
Belgium/Luxembourg-----	2,692	3,895	1,378	465	1,281
All other-----	787	2,038	2,661	1,537	7,009
Total-----	119,059	137,525	115,656	57,539	88,573
Unit value (per ton)					
Spain-----	\$1,698	\$1,582	\$1,204	\$1,251	\$1,279
Japan-----	1,556	1,501	1,376	1,376	1,330
France-----	1,577	1,510	1,493	1,535	1,373
Republic of Korea-----	1,470	1,436	1,335	1,344	1,353
Canada-----	1,311	1,259	1,227	1,203	1,323
United Kingdom-----	2,010	1,676	1,499	1,503	1,522
West Germany-----	1,748	1,661	1,577	1,597	1,319
Finland-----	1,519	1,473	1,273	1,294	1,392
Sweden-----	3,355	2,763	2,272	2,406	2,120
Belgium/Luxembourg-----	1,814	1,526	1,579	1,590	1,408
All other-----	1,211	1,249	1,259	1,546	1,206
Average-----	1,686	1,601	1,409	1,445	1,370

1/ TSUSA items 607.7610, 607.9010, 607.9020, 607.9029, 608.4300, 608.4309, and 608.5700.

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

Table 17.--Stainless steel sheet and strip: U.S. imports for consumption, by quarters, January 1983-June 1984

(In short tons)							
Source	1983				1984		
	Jan- Mar.	Apr- June	July- Sept.	Oct- Dec.	Jan- Mar.	Apr- June	
Stainless steel sheet							
Spain-----	2,802	3,709	3,975	3,710	4,034	3,700	
Japan-----	3,500	5,087	4,442	4,366	5,054	5,747	
France-----	4,251	5,699	3,903	4,567	5,666	8,463	
Republic of Korea-----	523	1,642	1,730	3,006	3,309	5,246	
Canada-----	666	864	814	763	676	761	
All other-----	4,175	3,016	3,490	2,949	7,136	9,521	
Total-----	15,917	20,017	18,354	19,361	25,875	33,438	
Stainless steel strip							
Spain-----	32	94	198	0	33	10	
Japan-----	876	1,123	1,487	1,131	1,586	1,228	
France-----	290	287	274	350	230	359	
Republic of Korea-----	0	0	0	0	0	0	
Canada-----	202	325	274	319	352	317	
All other-----	264	388	263	234	457	748	
Total-----	1,664	2,217	2,496	2,034	2,658	2,662	
Total, stainless steel sheet and strip							
Spain-----	2,834	3,804	4,174	3,710	4,068	3,709	
Japan-----	4,376	6,211	5,928	5,497	6,641	6,974	
France-----	4,541	5,986	4,177	4,917	5,896	8,822	
Republic of Korea-----	523	1,642	1,730	3,006	3,309	5,246	
Canada-----	868	1,189	1,088	1,082	1,029	1,078	
All other-----	4,439	3,403	3,753	3,183	7,589	10,271	
Total-----	17,581	22,234	20,850	21,395	28,532	36,100	

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

Prices

U.S. producers of stainless steel sheet and strip publish list prices on an f.o.b. mill basis. Base prices depend on the alloy content of the stainless steel, with chromium always included and nickel and molybdenum often included. Extra costs are charged for sheet cut to length rather than coiled, for nonstandard widths, for special edging, for limited quantities, and for packaging. U.S. producers generally quote prices (typically in dollars per hundredweight) on an f.o.b. mill basis and equalize freight with the domestic mill nearest to the specific customer. 1/ On some occasions, however, U.S. producers may quote prices on a delivered basis. U.S. importers quote prices on a c.i.f., port-of-entry, duty-paid basis and on a delivered-price basis.

During this investigation the Commission requested that U.S. stainless steel sheet and strip producers and U.S. importers of Spanish stainless steel sheet and strip provide data on their weighted-average net f.o.b. selling prices (U.S. producers) or net c.i.f., port-of-entry, duty-paid selling prices (U.S. importers) and on their total number of tons sold for four representative stainless steel sheet products (sheet as defined in the TSUS, i.e., greater than 12 inches in width), 2/ by quarters, during January 1982-June 1984. 3/ Producers and importers were also requested to report the price data separately for their sales to steel service centers/distributors (SSC/D) and to end users. U.S. producers' and importers' selling prices are weighted-average f.o.b. U.S. point-of-shipment prices, net of all discounts and allowances (including any freight allowances), and excluding any domestic freight. Although these are average prices charged in many different transactions and do not include freight to the purchasers' locations, such prices are appropriate in this investigation for comparing levels of domestic producers' and importers' prices from the purchasers' viewpoint, as well as for comparing trends of these prices. Domestic delivery costs for transporting stainless steel sheet and strip to the purchasers' locations generally range from 1 to 3 percent of the f.o.b. point-of-shipment price, and typically are not a major sourcing factor of purchasers when they choose a supplier. 4/ The weighted-average net selling prices, quantities, and average margins of underselling that were

1/ In the practice of freight equalization, a U.S. producer supplying a customer located closer to a competing producer will absorb any differences in freight. The more distant producer charges the customer's account for freight costs as if the product were shipped from the closer producer.

2/ The four representative stainless steel sheet products, which cover grades 304, 316, and 430, are described in app. E. Prices of domestic and imported Spanish stainless steel strip products (strip as defined in the TSUS, i.e., 12 inches or less in width) were not requested because of limited imports from Spain. In 1983, Spanish stainless steel strip accounted for approximately 2 percent of aggregate U.S. imports of stainless steel sheet and strip from Spain.

3/ U.S. producers' quarterly prices for 1981 were developed from data collected in investigation No. TA-201-48, Stainless Steel and Alloy Tool Steel.

4/ Based on telephone conversations between Commission staff and 10 purchasers, in the course of investigating lost sales allegations, and with Mr. Richard Simmons, president of Allegheny Ludlum (Sept. 7-14, 1984).

based on sales to SSC/D as reported by U.S. producers and importers are shown in tables 18-20. 1/ 2/

To obtain additional price comparisons between domestic and imported Spanish stainless steel sheet, the Commission requested purchasers to furnish the delivered prices they paid and the quantities they purchased for the four representative stainless steel sheet products used in the producer and importer questionnaires, by quarters, during January 1983-June 1984. To ensure that reported prices would be comparable, purchasers were grouped as steel service centers/distributors and as end users. The weighted-average net delivered prices, purchase quantities, and average margins of underselling that were based on price data reported by SSC/D are shown in table 21. 3/

Price trends.--Six U.S. producers of stainless steel sheet and strip and two importers of Spanish stainless steel sheet and strip reported some selling price data as requested, but not necessarily for each product, each type of customer, or each period. The six reporting U.S. producers accounted for approximately 90 percent of all U.S. producers' domestic shipments of stainless steel sheet and strip in 1983, while the two reporting importers accounted for almost 100 percent of all importers' domestic shipments of Spanish stainless steel sheet and strip. On the basis of reported merchandising patterns of U.S. producers and importers, most of the direct competition between U.S.-produced and imported Spanish stainless steel sheet and strip occurs in the SSC/D market and involves primarily grade 304 stainless steel, with grades 316 and 430 involved to lesser extents. 4/

On an annual basis, U.S. producers' selling prices of the grade 304 stainless steel sheet product sold to SSC/D decreased steadily from 1981 to 1983; however, in January-June 1984 quarterly selling prices of U.S. producers

1/ Average margins of underselling were calculated as the percentage difference in the weighted-average net selling price of the imported Spanish stainless steel sheet from the weighted-average net selling price of the U.S.-produced stainless steel sheet.

2/ The weighted-average net selling prices and quantities that were based on reported sales to end users generally were incomplete; they are shown in app. E, table E-1. Only U.S. producers provided the selling price data for sales to end users; importers sell primarily to SSC/D.

3/ The weighted-average net delivered prices and purchase quantities that were based on price data reported by end users are shown in table E-2. The delivered price data reported by end users, which only included purchases of domestic stainless steel sheet products, did not provide any price comparisons between the domestic and imported Spanish stainless steel sheet products.

4/ In 1983, U.S. producers sold approximately 53 percent of their stainless steel sheet and strip to SSC/D and 47 percent to end users, whereas the importers sold almost *** percent of their Spanish stainless steel sheet and strip to SSC/D and only *** percent to end users. By grades, the U.S. producers' 1983 shipments consisted of approximately 56 percent grade 304, 4 percent grade 430, 3 percent grade 316, and 37 percent all other grades. The importers' 1983 shipments were approximately *** percent of grade 304, *** percent of grade 430, *** percent of grade 316, and only *** percent of all other grades (table 15).

Table 18.--Stainless steel sheet: Domestic weighted-average net selling prices and quantities of U.S.-produced stainless steel sheet and imported Spanish stainless steel sheet, grade 304, 1/ sold to steel service centers/distributors, and average margins of underselling, by quarters, January 1981-June 1984 2/

Period	United States		Spain		Average margins of under/	
	Quantity	Price	Quantity	Price	(over) selling	<u>3/</u>
	Tons	Dollars per ton	Tons	Dollars per ton	Dollars per ton	Percent
1981:						
Jan.-Mar---	4,310	1,698	4/	4/	-	-
Apr.-June---	5,591	1,728	4/	4/	-	-
July-Sept---	2,966	1,776	4/	4/	-	-
Oct.-Dec---	2,585	1,733	4/	4/	-	-
1982:						
Jan.-Mar---	3,663	1,643	4/	4/	-	-
Apr.-June---	4,464	1,576	4/	4/	-	-
July-Sept---	2,612	1,605	***	***	***	***
Oct.-Dec---	3,991	1,536	***	***	***	***
1983:						
Jan.-Mar---	4,635	1,449	***	***	***	***
Apr.-June---	6,107	1,423	***	***	***	***
July-Sept---	7,360	1,547	***	***	***	***
Oct.-Dec---	7,591	1,621	***	***	***	***
1984:						
Jan.-Mar---	7,657	1,829	***	***	***	***
Apr.-June---	5,864	1,837	***	***	***	***

1/ Specifications for grade 304 are 2B finish, 16 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

2/ The data were developed from net f.o.b. selling prices and sales quantities reported by U.S. stainless steel sheet and strip producers and from net c.i.f., port-of-entry, duty-paid selling prices and sales quantities reported by importers of Spanish stainless steel sheet and strip.

3/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Spanish stainless steel sheet from the weighted-average net selling price of the U.S.-produced stainless steel sheet. Any average margins resulting from domestic prices less than prices of the imported Spanish stainless steel sheet (overselling) are shown in parentheses ().

4/ Not available.

Source: U.S. producers' prices for 1981 were developed from data collected in investigation No. TA-201-48, Stainless Steel and Alloy Tool Steel. U.S. producers' prices for 1982, 1983, and the first two quarters of 1984 and the Spanish prices were compiled from data submitted during the current investigation in response to questionnaires of the U.S. International Trade Commission.

Note.--No Spanish price data for 1981 and the first two quarters of 1982 were available during this investigation or previous investigations. Imports of Spanish stainless steel sheet and strip amounted to less than 1 percent of U.S. apparent consumption during this period.

Table 19.--Stainless steel sheet: Domestic weighted-average net selling prices and quantities of U.S.-produced stainless steel sheet and imported Spanish stainless steel sheet, grade 316, 1/ sold to steel service centers/distributors, and average margins of underselling, by quarters, January 1981-June 1984 2/

Period	United States		Spain		Average margins of under/	
	Quantity		Quantity		(over) selling <u>3/</u>	
	Tons	Dollars per ton	Tons	Dollars per ton	Dollars per ton	Percent
1981:						
Jan.-Mar---	239	3,499	4/	4/	-	-
Apr.-June--	133	3,399	4/	4/	-	-
July-Sept--	255	3,173	4/	4/	-	-
Oct.-Dec---	161	3,037	4/	4/	-	-
1982:						
Jan.-Mar---	200	2,792	4/	4/	-	-
Apr.-June--	180	2,750	4/	4/	-	-
July-Sept--	179	2,865	***	***	***	***
Oct.-Dec---	217	2,535	***	***	***	***
1983:						
Jan.-Mar---	214	2,210	***	***	***	***
Apr.-June--	281	2,255	***	***	***	***
July-Sept--	293	2,358	4/	4/	-	-
Oct.-Dec---	334	2,448	4/	4/	-	-
1984:						
Jan.-Mar---	350	2,577	4/	4/	-	-
Apr.-June--	259	2,520	4/	4/	-	-

1/ Specifications for grade 316 are 2B finish, 16 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

2/ The data were developed from net f.o.b. selling prices and sales quantities reported by U.S. stainless steel sheet and strip producers and from net c.i.f., port-of-entry, duty-paid selling prices and sales quantities reported by importers of Spanish stainless steel sheet and strip.

3/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Spanish stainless steel sheet from the weighted-average net selling price of the U.S.-produced stainless steel sheet. Any average margins resulting from domestic prices less than prices of the imported Spanish stainless steel sheet (overselling) are shown in parentheses ().

4/ Not available.

Source: U.S. producers' prices for 1981 were developed from data collected in investigation No. TA-201-48, Stainless Steel and Alloy Tool Steel. U.S. producers' prices for 1982, 1983, and the first two quarters of 1984 and the Spanish prices were compiled from data submitted during the current investigation in response to questionnaires of the U.S. International Trade Commission.

Note.--No Spanish price data for 1981 and the first two quarters of 1982 were available during this investigation or previous investigations. Imports of Spanish stainless steel sheet and strip amounted to less than 1 percent of³³ U.S. apparent consumption during this period.

Table 20.--Stainless steel sheet: Domestic weighted-average net selling prices and quantities of U.S.-produced stainless steel sheet and imported Spanish stainless steel sheet, grade 430, sold to steel service centers/distributors, and average margins of underselling, by width categories and by quarters, January 1981-June 1984 1/

Period	Grade 430 (wide) 2/							Grade 430(narrow)3/	
	United States		Spain		Average margins of under/(over) selling 4/		United States		
	Quantity	Price	Quantity	Price			Quantity	Price	
	Tons	Dollars per ton	Tons	Dollars per ton	Dollars per ton	Percent	Tons	Dollars per ton	
1981:									
Jan.-Mar---	7	1,800	5/	5/	-	-	588	1,772	
Apr.-June---	35	1,765	5/	5/	-	-	374	1,865	
July-Sept---	41	1,869	5/	5/	-	-	209	1,976	
Oct.-Dec---	26	1,900	5/	5/	-	-	198	1,981	
1982:									
Jan.-Mar---	21	2,072	5/	5/	-	-	176	1,864	
Apr.-June---	15	1,829	5/	5/	-	-	96	1,830	
July-Sept---	29	1,698	***	***	***	***	87	1,951	
Oct.-Dec---	17	1,619	***	***	***	***	108	1,793	
1983:									
Jan.-Mar---	11	1,925	***	***	***	***	90	1,869	
Apr.-June---	33	1,764	5/	5/	-	-	257	1,954	
July-Sept---	5/	5/	***	***	-	-	134	2,034	
Oct.-Dec---	10	2,156	***	***	***	***	231	2,004	
1984:									
Jan.-Mar---	5/	5/	***	***	-	-	157	2,052	
Apr.-June---	3	2,317	***	***	***	***	171	2,009	

1/ The data were developed from net f.o.b. selling prices and sales quantities reported by U.S. stainless steel sheet and strip producers and from net c.i.f., port-of-entry, duty-paid selling prices and sales quantities reported by importers of Spanish stainless steel sheet and strip.

2/ Specifications for grade 430 (wide) are BA finish, 20 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

3/ Specifications for grade 430 (narrow) are BA finish, 24 gauge in thickness, 12 inches through 24 inches in width, and coiled. Importers of Spanish stainless steel sheet and strip did not report any price data for the grade 430 (narrow) product sold to steel service centers/distributors.

4/ Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Spanish stainless steel sheet from the weighted-average net selling price of the U.S.-produced stainless steel sheet. Any average margins resulting from domestic prices less than prices of the imported Spanish stainless steel sheet (overselling) are shown in parentheses ().

5/ Not available.

Source: U.S. producers' prices for 1981 were developed from data collected in investigation No. TA-201-48, Stainless Steel and Alloy Tool Steel. U.S. producers' prices for 1982, 1983, and the first two quarters of 1984 and the Spanish prices were compiled from data submitted during the current investigation in response to questionnaires of the U.S. International Trade Commission.

Note.--No Spanish price data for 1981 and the first two quarters of 1982 were available during this investigation or previous investigations. Imports of Spanish stainless steel sheet and strip amounted to less than 1 percent of U.S. apparent consumption during this period.

Table 21.--Stainless steel sheet: Domestic weighted-average net delivered prices and quantities of U.S.-produced stainless steel sheet and imported Spanish stainless steel sheet purchased by steel service centers/distributors, by grade categories and by quarters, January 1983-June 1984 ^{1/}

Period	United States		Spain		Average margins of under/	
	Quantity	Price	Quantity	Price	(over) selling ^{2/}	
	Tons	Dollars per ton	Tons	Dollars per ton	Dollars per ton	Percent
Grade 304 ^{3/}						
1983:						
Jan.-Mar----	1,944	1,597	***	***	***	***
Apr.-June----	1,965	1,593	<u>4/</u>	<u>4/</u>	-	-
July-Sept----	2,280	1,647	***	***	***	***
Oct.-Dec----	1,928	1,705	***	***	***	***
1984:						
Jan.-Mar----	2,177	1,908	***	***	***	***
Apr.-June----	1,890	1,894	***	***	***	***
Grade 316 ^{5/}						
1983:						
Jan.-Mar----	<u>4/</u>	<u>4/</u>	***	***	-	-
Apr.-June----	<u>4/</u>	<u>4/</u>	***	***	-	-
July-Sept----	<u>4/</u>	<u>4/</u>	***	***	-	-
Oct.-Dec----	<u>4/</u>	<u>4/</u>	***	***	-	-
1984:						
Jan.-Mar----	10	2,000	<u>4/</u>	<u>4/</u>	-	-
Apr.-June----	10	2,000	<u>4/</u>	<u>4/</u>	-	-
Grade 430-						
(wide) ^{6/}						
1983:						
July-Sept----	<u>4/</u>	<u>4/</u>	***	***	-	-
1984:						
Jan.-Mar----	5	2,034	<u>4/</u>	<u>4/</u>	-	-
Apr.-June----	5	2,034	<u>4/</u>	<u>4/</u>	-	-
Grade 430-						
(narrow) ^{7/}						
1983:						
Jan.-Mar----	113	2,449	***	***	***	***
Apr.-June----	209	2,231	***	***	***	***
July-Sept----	180	2,316	***	***	***	***
Oct.-Dec----	98	2,465	***	***	***	***
1984:						
Jan.-Mar----	140	2,373	<u>4/</u>	<u>4/</u>	-	-
Apr.-June----	150	2,368	<u>4/</u>	<u>4/</u>	-	-

^{1/} The domestic price data were developed from net delivered purchase prices and purchase quantities reported by U.S. steel service centers/distributors.

^{2/} Average margins of under/(over) selling were calculated as the percentage difference in the weighted-average net selling price of the imported Spanish stainless steel sheet from the weighted-average net selling price of the U.S.-produced stainless steel sheet. Any average margins resulting from domestic prices less than prices of the imported Spanish stainless steel sheet (overselling) are shown in parentheses ().

^{3/} Specifications for grade 304 are 2B finish, 16 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

^{4/} Not available.

^{5/} Specifications for grade 316 are 2B finish, 16 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

^{6/} Specifications for grade 430 (wide) are BA finish, 20 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

^{7/} Specifications for grade 430 (narrow) are BA finish, 24 gauge in thickness, 12 inches through 24 inches in width, and coiled.

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

rose to levels above the annual prices during 1981-83 (table 18). 1/ Type 304 is the principal grade of stainless steel sheet and strip sold by U.S. producers, accounting for approximately 56 percent of their domestic shipments in 1983. On a quarterly basis, U.S. producers' selling prices of the grade 304 product generally increased during 1981, fell during 1982 and the first half of 1983, then began increasing in July-September 1983 and continued rising through April-June 1984. U.S. producers' selling prices of the grade 316 stainless steel sheet product and the grade 430 (wide) and 430 (narrow) stainless steel sheet products sold to SSC/D generally followed trends similar to prices of the domestic grade 304 product (tables 19 and 20). Principal exceptions include U.S. producers' annual selling prices of the grade 430 (wide) and 430 (narrow) products, which increased from 1981 to 1983, and U.S. producers' quarterly selling prices of the grade 316 product and the grade 430 (narrow) product, which fell in April-June 1984 from their levels in the previous quarter. Types 316 and 430 are minor grades for U.S. producers, together accounting for approximately 7 percent of domestic shipments of stainless steel sheet and strip in 1983.

U.S. importers' selling prices of the Spanish stainless steel sheet products sold to SSC/D are available only from July-September 1982 through April-June 1984. These prices are generally complete only for the grades 304 and 430 (wide) products (tables 18-20). For the periods when prices were available, the importer's selling prices of these Spanish stainless steel sheet products generally followed the price trends of the comparable domestic products.

U.S. producers' annual selling prices of the grade 304 stainless steel sheet product sold to SSC/D decreased steadily from \$1,730 per ton in 1981 to \$1,522 per ton in 1983, or by approximately 12 percent. 2/ U.S. producers' quarterly selling prices of the grade 304 stainless steel sheet product sold to SSC/D increased from \$1,698 per ton in January-March 1981 to \$1,837 per ton in April-June 1984, or by approximately 8 percent. 3/ Quarterly selling prices of the domestic grade 304 product increased by approximately 2 percent during 1981, declined by about 7 percent during 1982, and then increased during 1983 from \$1,449 per ton in January-March to \$1,621 per ton in October-December, or by about 12 percent. In January-March 1984 selling prices of the domestic grade 304 product continued to increase, to \$1,829 per ton or about 13 percent above the October-December 1983 level. In April-June 1984, however, selling prices of this domestic product rose by only 0.4 percent from the previous quarter, to \$1,837 per ton.

For periods when data were available, importers' quarterly selling prices of the Spanish grade 304 product sold to SSC/D followed similar trends as prices of the domestic product. Selling prices of the Spanish grade 304 product decreased by approximately 12 percent from July-September 1982 (the

1/ The yearly trends were based on annual prices calculated as the weighted-averages of the quarterly prices shown in tables 18-20.

2/ In comparison, the annual producer price index (PPI) for all finished steel products increased by approximately 7 percent during the same period.

3/ In comparison, the quarterly PPI for all steel mill products increased by approximately 12 percent during the same period.

first period for which data were available) to October-December 1982. They then generally increased during 1983 from *** per ton in January-March to *** per ton in October-December, or by about 13 percent. In January-March 1984, selling prices of the Spanish grade 304 product increased to *** per ton, or about 9 percent above the October-December 1983 level. In April-June 1984, selling prices of the Spanish product rose by 1.5 percent from the previous quarter, to *** per ton.

Only U.S. producers provided selling prices of the stainless steel sheet products sold to end users, and sufficient data to develop price trends were reported only for grades 304 and 430 (narrow) products (table E-1). U.S. producers' selling prices of the grades 304 and 316 stainless steel sheet products sold to end users followed the same trends as their prices of these products sold to SSC/D.

Price comparisons.--The f.o.b. selling prices reported by U.S. producers and importers resulted in 17 quarterly price comparisons between the domestic and imported Spanish stainless steel sheet products sold to SSC/D (tables 18-20), and the delivered purchase prices reported by SSC/D resulted in 9 quarterly price comparisons (table 21). 1/ Of the 17 f.o.b. price comparisons, 15 showed underselling by the Spanish steel, with average margins ranging from 1 to 37 percent and averaging approximately 15 percent. All of the nine delivered price comparisons showed underselling, with average margins ranging from 1 to 13 percent and averaging about 8 percent. Six of the eight f.o.b. price comparisons in the grade 304 product category showed underselling, averaging approximately 4 percent; all four in the grade 316 product category showed underselling, averaging approximately 8 percent; and all five in the grade 430 (wide) product category showed underselling, averaging approximately 29 percent. All five of the delivered price comparisons in the grade 304 product category showed underselling, averaging approximately 9 percent, and all four in the grade 430 (narrow) product category showed underselling, averaging approximately 7 percent.

Exchange rates.--Table 22 presents indexes of producer prices in the United States and Spain and indexes of the nominal and real exchange rates between the U.S. dollar and the Spanish peseta, by quarters, from January-March 1981 (the base period) through January-March 1984 (the latest period for which data were available). As shown, the peseta fell (depreciated) in nominal terms by approximately 45 percent against the dollar since the base period. Because of Spain's rapid rate of inflation (48 percent) during that period, however, the peseta fell in real terms against the dollar by only 25 percent since the base period.

1/ Eleven SSC/D and two end users provided the delivered price data as requested. The delivered price data reported by end users, however, included purchases of only the domestic stainless steel sheet products; these reported data are shown in table E-2.

Table 22.--Indexes of producer prices in the United States and Spain and indexes of the nominal and real exchange rates between the U.S. dollar and the Spanish peseta, by quarters, January 1981-March 1984

(January-March 1981=100)				
Period	U.S. producer price index	Spanish producer price index	Nominal exchange rate index 1/	Real exchange rate index 1/
1981:				
January-March----	100.0	100.0	100.0	100.0
April-June-----	102.4	105.3	92.3	94.9
July-September---	103.3	108.3	85.9	90.1
October-December--	103.2	111.1	87.6	94.3
1982:				
January-March----	104.0	115.2	83.1	92.0
April-June-----	104.2	118.3	79.3	90.0
July-September---	104.8	120.1	75.0	85.9
October-December--	104.8	122.7	70.1	82.1
1983:				
January-March----	104.9	130.4	64.8	80.5
April-June-----	105.2	134.1	60.6	77.2
July-September---	106.3	137.3	55.9	72.2
October-December--	106.7	142.3	54.4	72.5
1984:				
January-March----	108.0	148.3	54.5	74.8

1/ Based on exchange rates expressed in dollars per peseta.

Source: International Monetary Fund, International Financial Statistics.

Lost sales

Preliminary investigation.--Twenty-six firms, generally SSC/D's, were named by U.S. producers during the preliminary investigation as purchasers of Spanish stainless steel sheet and strip. Three of these firms were named in questionnaire responses; the remaining 23 firms were named in the petition as either direct importers or as purchasers from direct importers of the Spanish product. 1/ Purchaser questionnaires were mailed to 19 of the 26 firms. Of these 26 firms, 13, among them some of the largest purchasers of Spanish stainless steel sheet, either responded to the questionnaire or were contacted by telephone. Total 1983 purchases of Spanish stainless steel sheet reported by these firms accounted for about 60 percent of imports from Spain in 1983. The following information was obtained from these individual purchasers.

1/ Five firms were also named in lost revenue allegations, but the total quantity of sales affected was less than 100 tons.

* * *.--This SSC/D was named in the petition as an importer of Spanish stainless steel sheet and strip. The petition alleged that this company was scheduled for * * *. However, the company reported that it had no outstanding orders for Spanish stainless steel sheet. Its purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	***
Other, foreign <u>1/</u> -----	***	***	***

1/ Italy, France, Japan, West Germany, and the United Kingdom.

* * * reported no price data for the sheet and strip specifications listed; it reported that it bought only grades 301 and 304 from U.S. suppliers and only grade 430 from Acerinox (Spain). * * * reported that it purchased the Spanish product in 1983 to test its quality because the firm had quality problems with U.S.-produced grade 430 sheet. It also reported that the Spanish grade 430 sheet was significantly lower priced than U.S.-produced grade 430 sheet.

* * *.--This SSC/D was named in the petition as an importer of Spanish stainless steel sheet and strip, but no detail concerning the quantity or value of purchases was provided. The company's purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	<u>1/</u> ***
Spain-----	***	***	<u>2/</u> ***
Other, foreign-----	<u>3/</u>	<u>3/</u>	<u>3/</u>

1/ * * *.

2/ * * *.

3/ Not available.

* * * reported a price of *** per ton for a purchase of *** tons of Spanish grade 430 strip (12 to 24 inches wide) in July-September 1983. It reported no price for U.S.-produced strip of the comparable specification.

* * * also reported that it has been unable to obtain any stainless steel sheet and strip directly from U.S. producers because producers either refused to make a quote or they quoted a price higher than the price to * * *'s competitors. * * * stated that U.S. producers indicated that the firm did not meet eligibility standards for distributor status. * * * disputes this characterization.

* * *.--This SSC/D was named in the petition as a purchaser of grade 304 sheet from Spain. A price differential of *** percent was cited in the petition, although no quantity was reported. This company's purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	***
Other, foreign-----	***	***	***

* * * reported purchasing only grade 304 sheet. Comparable prices were available for July-September 1983, with the U.S. product purchased for *** per ton and the Spanish product purchased for *** per ton, a difference of ***, or *** percent. U.S. producers had charged *** per ton in the first two quarters of 1983 and raised their prices in July-September 1983.

* * *.--This SSC/D was named in the petition; however, no detail concerning the quantity or value of the alleged lost sales was provided. * * * reported no purchases of Spanish stainless steel sheet, although it reported purchases from France, Belgium, and Japan.

* * *.--This end user was named in the petition, which alleged that the company had switched its ***-tons-per-year requirement from a SSC/D (* * *) of U.S.-produced grade 304 sheet to the Spanish product. * * *'s purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	<u>1/</u> ***
Other, foreign-----	***	***	***

1/ * * *.

* * * reported that one purchase of the Spanish product was grade 430 sheet, which was lower priced than U.S.-produced grade 430. It also reported that it is difficult to obtain U.S.-produced grade 430 and that it bought no U.S. grade 430 in 1983. * * * purchases U.S. sheet only from SSC/D's. It reported no comparable prices for the specifications listed.

* * *.--This SSC/D was named in the petition; however, no detail concerning the quantity and value of alleged lost sales was provided. This company provided data for its aggregate purchases of stainless steel sheet * * *, which are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	***
Other, foreign <u>1/</u> -----	***	***	***

1/ United Kingdom, Japan, West Germany, France, Finland, Korea, and Sweden.

* * * reported that it purchased only the 300-series grades of stainless steel sheet and strip. It provided a price for only one transaction, a purchase of *** tons of Spanish grade 316L sheet in * * * for *** per ton. It reported no purchase of a comparable specification of U.S.-produced sheet in that quarter, but it estimated the U.S. price at *** per ton. Prices estimated by * * * for the remaining quarters of 1983 for both U.S.-produced and Spanish 316L sheet show an increase, from *** per ton in April-June 1983 to *** in October-December 1983 for U.S.-produced sheet and from *** to *** per ton for Spanish sheet over the same period.

* * * reported that it has not been able to readily obtain 60-inch-wide grades 316L and 317L sheet from U.S. producers because * * * is the only U.S. supplier. * * * further reported that it cannot obtain certain alloys from U.S. producers; therefore, it purchases foreign sheet for these requirements.

* * *.--This SSC/D was named in the petition, which alleged that the firm expected a shipment of *** tons of Spanish stainless steel to be delivered in the first quarter of 1984. * * * confirmed that it had placed an order for delivery in * * *, and this order started to arrive in * * *. The order was for *** tons of Spanish sheet, primarily grade 430. This firm also reported that the importer of the Spanish product is not currently accepting orders for Spanish sheet. This firm's delivered purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	***
Other, foreign <u>1/</u> -----	***	***	***

1/ France, Italy, Japan, Finland, and the United Kingdom.

* * * reported purchasing only 300-series sheet from U.S. suppliers, and both 300- and 400-series sheet and strip from an importer of the Spanish product. 1/ This firm reported comparable prices for two of the four selected product specifications. The Spanish grade 304 sheet undersold the U.S.-produced sheet in January-March and July-September 1983 by *** percent, and it was higher priced in the other two quarters of the year. Both U.S.-produced

1/ According to the questionnaire response from * * *, in 1983 approximately *** percent of its purchases of Spanish stainless steel sheet were 400-series-grade steel and *** percent were 300-series-grade steel.

and Spanish grade 304 sheet showed substantial price increases in October-December 1983: U.S.-produced sheet increased from *** to *** per ton and Spanish sheet increased from *** to *** per ton. Spanish grade 316 sheet undersold U.S.-produced sheet in the three quarters of 1983 in which comparisons could be made by an average of ***, or *** percent below the average U.S. price of *** per ton.

No transaction price comparisons were available for the 430 grade sheet because * * * did not purchase U.S.-produced grade 430 sheet. However, the firm did provide estimates of U.S. prices for 430 sheet, and on this basis the Spanish product was an average of *** (or *** percent) below the estimated average U.S. price of *** per ton. This firm also reported, however, that it has been unable to obtain U.S.-produced grade 430 sheet from * * *. * * * reported that it approached * * * in June 1983 and has still not received a reply regarding pricing and availability of this product. In a telephone conversation with the Commission's staff, a representative of * * * reported that he believed U.S. producers' capacity was currently tied-up in the 300-series grades, and therefore the industry was not enthusiastic about supplying grade 430 sheet. 1/

* * *.--This SSC/D was named in the petition. Although no detail concerning the quantity or value of the alleged lost sales for 1983 was provided, the petition claimed that * * * expected delivery of * * *. Estimates 2/ of * * *'s delivered purchases of stainless steel sheet and strip, as reported by the firm, are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	***
Other foreign <u>1/</u> -----	***	***	***

1/ France, West Germany, and Japan.

The Spanish sheet was exclusively grade 430 sheet, whereas purchases of U.S.-produced sheet was a mix of grades 304 and 430 sheet. * * * reported estimated average annual prices for 1983 for purchases of both U.S.-produced and Spanish grade 430 sheet. The U.S. price was *** per ton and the Spanish price was *** per ton, a difference of *** per ton, or *** percent. * * * also reported that the determining factor in its purchase decision is price, assuming comparable reliability, quality, delivery, and service. Telephone conversations with an * * * representative confirmed that the firm had expected *** tons of Spanish grade 304 sheet to be delivered in * * * but that * * *. 3/ The * * * representative further reported that the price increases by U.S. producers for grade 304 sheet have recently made the Spanish grade 304

1/ Telephone conversation with * * *.

2/ Estimates are based on receipts by month.

3/ Telephone conversations with * * *.

sheet price competitive. * * * gave competitive price as its reason for placing the order for the Spanish product in * * *.

* * *.--This SSC/D was named in the petition. No detail concerning the quantity or value of the alleged lost sales was provided. This firm provided only data for its purchases of Spanish stainless steel sheet, which totaled *** tons in 1983. The average prices reported for Spanish grade 430 sheet averaged *** per ton in 1983. However, no U.S. prices were reported for this specification. * * * reported that, although grade 430 sheet is available from U.S. producers, lead times have generally been extended.

* * *.--This SSC/D was named in the petition. Although no detail concerning the quantity or value of the alleged lost sales was provided for 1983, the post-hearing brief stated that * * * expected delivery of *** tons of grade 430 sheet in * * *. * * * reported that it had placed an order in * * * for *** tons of Spanish grade 304 sheet and for *** tons of Spanish grade 430-2B sheet. It reported that the supplier has acknowledged shipping all of the 304 sheet but only *** tons of the 430 grade sheet. * * *. This firm reported that the Spanish 430-2B product was priced *** percent below U.S.-produced sheet. No prices were reported for grade 304 sheet.

* * *.--This SSC/D was named in the petition; however, no detail was provided concerning the quantity or value of the alleged lost sale. Estimates of * * *'s purchases of stainless steel sheet and strip are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	***
Other, foreign <u>1/</u> -----	***	***	***

1/ Japan, West Germany, France, Sweden, Republic of Korea, and Finland.

* * * reported that it purchased grades 304 and 316L sheet from both Spanish and U.S. producers. One price comparison was available in * * *, with U.S.-produced grade 304 sheet (coiled) selling for *** per ton and Spanish grade 304 sheet (cut-to-length) selling for *** per ton. U.S. producers' prices for grade 304 sheet, as reported by * * *, increased to *** per ton by October-December 1983, representing an increase of *** percent over the January-March 1983 price.

* * *.--This SSC/D was named in the petition as an importer of Spanish stainless steel sheet and strip, although no details concerning the quantity or value of the alleged lost sales were provided. The petition also claimed that * * * was scheduled for a *** ton delivery of Spanish sheet in * * *. * * * reported that it was expecting a delivery of *** tons of Spanish grade 430 sheet that it had ordered. * * * further reported that it had recently attempted to place an order for Spanish sheet but that the importer was accepting no new orders. This firm's delivered purchases of stainless steel sheet are shown in the following tabulation (in tons):

	<u>1981</u>	<u>1982</u>	<u>1983</u>
United States-----	***	***	***
Spain-----	***	***	***
Other, foreign <u>1/</u> -----	***	***	***

1/ West Germany, France, Belgium, and Italy.

* * * reported that it purchases only grades 430 and 434 from Spain and only grades 304 and 316 from U.S. producers. It reported that it has generally purchased grades 430 and 434 only from foreign sources because * * * cannot buy U.S.-produced sheet at competitive prices, at acceptable quality, or in required widths or thicknesses.

Although * * * reported no prices for comparable specifications of U.S.-produced and Spanish sheet, it did report prices for both U.S.-produced and Spanish sheet. From the first to the fourth quarter of 1983, U.S. producers' prices, as reported by * * *, increased from *** to *** per ton for grade 304 sheet and from *** to *** per ton for grade 316 sheet. Spanish prices increased from *** to *** per ton for grade 430 sheet and from *** to *** per ton for grade 430 strip over the same period.

* * *.--This firm was named in both the petition and in a lost sales allegation involving a * * * 1983 purchase of *** tons of Spanish grade 434 strip. This firm reported that it has never purchased Spanish stainless steel sheet or strip.

Final investigation.--In the final investigation, three U.S. producers reported 17 specific instances in which they allegedly lost sales of their stainless steel sheet and strip products to imports from Spain. The allegations amounted to approximately 6,800 tons and covered the period January 1982 through August 1984.

The Commission's staff investigated 13 allegations, amounting to about 6,100 tons. In four of the investigated allegations, which amounted to 2,807 tons and involved three SSC/D's and one end user, the purchasers confirmed buying 922 tons of the Spanish steel and cited as the principal reason for buying the Spanish product its lower price compared with prices of competing domestic steel products. Although specific information is discussed below, comments of these four purchasers are summarized here. The purchasers remarked that Spanish steel was comparable in quality to domestic steel, but, in general, long lead-times and tardy delivery associated with the Spanish products made them less attractive than domestic products. These purchasers stated that, as a result, they would buy the Spanish steel only when it was priced below the domestic steel. Buyers for these four firms stated that since 1982 they have not increased the proportion of Spanish steel in their total purchases of stainless steel sheet and strip.

In three of the investigated allegations, amounting to 2,050 tons, the purchasers stated that they did not buy Spanish steel. In the other six investigated allegations, two purchasers (accounting for three allegations) were unable to recall the specific purchases, two refused to discuss the allegations on the telephone, and one could not be contacted.

***, a steel service center in ***, was cited in *** allegations of stainless steel sheet. In ***, amounting to *** tons during 1983, the purchaser reported buying a single order, of *** tons, of Spanish stainless steel sheet in this period. ***, buyer for the firm, stated that he bought the Spanish steel instead of competing domestic steel because it was about *** percent cheaper than domestic steel. In ***, amounting to *** tons during 1982, the purchaser stated that he did not buy any Spanish stainless steel sheet during this period.

***, a SSC/D in ***, was cited in a single lost sale allegation amounting to *** tons of stainless steel sheet during 1983. ***, buyer for the firm, stated that he bought the *** tons of Spanish stainless steel sheet, which was priced about *** percent below competing domestic steel. *** commented that he bought the Spanish steel instead of the domestic steel solely because of price to meet the price of other imported foreign steel that was competing for the same sale. His customer for this shipment had informed him that stainless steel sheet of undisclosed foreign origin was available at a quoted price below the competing domestic product.

***, in ***, was cited in a single lost sale allegation, amounting to *** tons of grade 304 stainless steel sheet products (of various sizes) in *** 1983. ***, buyer for the firm, stated that he purchased the *** tons of Spanish stainless steel sheet, which was priced from *** to *** percent below competing domestic products. According to *** he bought the foreign steel instead of domestic steel primarily because of the lower price. *** remarked that this was the only time in the last 3 years that his firm has purchased Spanish stainless steel sheet.

***, an end user in ***, was cited in a single lost sale allegation, amounting to *** tons of stainless cold-rolled sheet during *** 1983. ***, buyer for the firm, stated that he purchased *** tons of Spanish stainless steel sheet in *** 1983, which was priced approximately *** percent less than the domestic steel, but has not purchased any before or since. According to ***, he bought the Spanish steel instead of domestic steel primarily because of the lower price.

Lost revenue

Only one U.S. producer reported lost revenue as requested, 1/ citing five specific instances in which the firm allegedly sold its stainless steel sheet and strip products at reduced prices because of competition from imported Spanish stainless steel. The five allegations totaled \$26,570 in lost revenue and covered the period January 1982 through August 1984. The Commission's staff investigated all five allegations, which involved two end users and three SSC/D's. The two end users could not recall the specific instances cited, but one of these firms, *** of ***, cited buying both domestic and

1/ Three other U.S. producers reported experiencing sales at suppressed prices because of competition from allegedly low-priced imports from Spain, but they were unable to provide specific instances as requested.

Spanish stainless steel sheet in 1983. * * *, buyer for the firm, stated that his firm dual sources its stainless steel sheet requirements from domestic and foreign sources to keep the market competitive. * * * claimed, however, that in 1984 the Spanish suppliers have not taken any new orders from him because of the uncertain outcome of the Commission's current antidumping investigation. Buyers for two of the three SSC/D's could not be reached and the buyer for the third SSC/D refused to discuss the alleged lost revenue sales on the telephone.

APPENDIX A

COMMERCE'S FEDERAL REGISTER NOTICES OF ITS
PRELIMINARY AND FINAL DETERMINATIONS

DEPARTMENT OF COMMERCE

International Trade Administration

[A-469-401]

Preliminary Determinations of Sales at Less Than Fair Value and Sales at Not Less Than Fair Value; Certain Stainless Steel Sheet and Strip Products From Spain**AGENCY:** International Trade Administration, Import Administration, Commerce.**ACTION:** Notice.

SUMMARY: We have preliminarily determined that certain stainless steel sheet products from Spain are being, or are likely to be, sold in the United States at less than fair value. We have notified the U.S. International Trade Commission (ITC) of our determination, and we have directed the U.S. Customs Service to suspend the liquidation of all entries of certain stainless steel sheet products from Spain that are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice, and to require a cash deposit or bond for each such entry in amounts equal to: 2.1 percent for hot-rolled stainless steel sheet and 2.1 percent for cold-rolled stainless steel sheet. We have preliminarily determined that certain stainless steel strip products are not being, nor are likely to be, sold in the United States at less than fair value. Liquidation will not be suspended for cold-rolled stainless steel strip and hot-rolled stainless steel strip. If this investigation proceeds normally, we will make a final determination by September 4, 1984.

Effective Date: June 26, 1984.

FOR FURTHER INFORMATION CONTACT: A-48 William Kane, 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) 377-1766.

SUPPLEMENTARY INFORMATION:

Preliminary Determination

We have preliminarily determined that certain stainless steel sheet products from Spain are being, or are likely to be, sold in the United States at less than fair value, as provided in section 733 of the Tariff Act of 1930, as amended (the Act). For hot-rolled stainless steel sheet we have preliminarily determined the weighted-average margin of sales at less than fair value to be 2.1 percent. For cold-rolled stainless steel sheet we have determined the weighted average margin to be 2.1 percent. For cold-rolled stainless steel strip we have preliminarily determined that there were no sales at less than fair value. There were no sales of hot-rolled stainless steel strip during the period of investigation.

If this investigation proceeds normally, we will make a final determination by September 4, 1984.

Case History

On January 13, 1984, we received a petition from counsel for: Allegheny Ludlum Steel Corporation; Armco Inc.; Carpenter Technology Corporation; Eastern Stainless Steel Company; J & L Specialty Steels, Inc.; Jessop Steel Company; Republic Steel Corporation; Universal-Cyclops Specialty Steel Division, Cyclops Corporation; Washington Steel Corporation; and United Steelworkers of America, AFL/CIO-CLC, on behalf of the domestic stainless steel sheet and strip industry. In compliance with the filing requirements of section 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioners alleged that imports of certain stainless steel sheet and strip products from Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring or are threatening to materially injure a United States industry. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on February 1, 1984 (49 FR 4959). On February 27, 1984, the ITC determined that there is a reasonable indication that imports of certain stainless sheet and strip products from Spain are materially injuring a U.S. industry (49 FR 8505).

On February 22, 1984, we presented an antidumping questionnaire to counsel

for Compania Espanola Para la Fabricacion de Acero Inoxidable, S.A. (Acerinox). An extension of the time to respond was granted, and on April 9, 1984, we received Acerinox's response to the questionnaire.

Scope of Investigation

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

Since we believe Acerinox to be the sole manufacturer of this merchandise to the United States, we limited our investigation to this one firm. We investigated 84 percent of sales of this merchandise by Acerinox to the United States during the period August 1, 1983, through January 31, 1984.

Fair Value Comparisons

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we compared the United States price with the foreign market value. In the case of hot-rolled stainless steel sheet, no sales in the home market of such or similar merchandise were available for comparison. For the purpose of this preliminary determination, we are applying the weighted-average margin calculated for cold-rolled stainless steel sheet to hot-rolled stainless steel sheet as the best information available. Additional information has been requested of Acerinox regarding third-country sales and constructed value of hot-rolled stainless steel sheet. If such information is provided in time to be verified and evaluated, we will use it for purposes of our final determination. In the case of hot-rolled stainless steel strip, there were no sales to the U.S. during the period of investigation. Information on sales of hot-rolled stainless steel strip during an expanded period of investigation will be sought for use in arriving at our final determination.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by Acerinox because there were sufficient sales to unrelated purchasers prior to its importation into the United States. We calculated the purchase price for each United States sale based on either the (1) packed, C.I.F. or (2) packed, C.I.F. duty paid, delivered prices to unrelated customers in the United States. We deducted costs for foreign handling, insurance, ocean freight, and, where

appropriate, U.S. customs duties and U.S. inland freight. We accounted for taxes rebated or uncollected by virtue of exportation but included in the home market prices. Respondent claimed an addition to the U.S. prices for a "bonus" to those prices based on an average of expected exchange rate fluctuations. We received insufficient information to evaluate this claim, and are disallowing it for purposes of our preliminary determination.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we calculated foreign market value based on Acerinox's home market prices. Acerinox made sufficient sales of cold-rolled stainless steel sheet and strip in the Spanish home market to form a basis for fair value comparisons. We calculated home market prices on the basis of the packed, ex-works, insured price to unrelated purchasers with discounts based on class, size, and importance of customer, sales from stock and, where appropriate, adjustments for untrimmed coil edges, coil size, strip width, quality, plus polishing and coating extras. We made deductions for rebates and insurance. As packing is identical in both markets, no adjustment was made for home market packing. In accordance with § 353.15 of our regulations (19 CFR 353.15), we made a circumstance of sale adjustment for differences in credit terms. Respondent claimed an allowance for indirect sales expenses in the home market. As the only commissions in the U.S. prices used for comparison were paid to a sales facility majority-owned by Acerinox, no offset was allowed. Respondent claimed an allowance, where appropriate, for an advertising rebate. From data submitted in the response this advertising appears to be for the benefit of the producer of the merchandise, and was not allowed. Respondent claimed an allowance for warehousing expenses. These expenses consisted of pre-sale warehousing and interest on inventory, and were not allowed because they are not directly related to sales. The respondent claimed an allowance for warranty expenses. However, data submitted provided only an amount budgeted for such expenses and no information regarding actual expenses incurred. No allowance has been granted; however, we will reconsider this claim if further information on actual expenses incurred is supplied in sufficient time to be analyzed and verified. Respondent claimed an allowance for technical service expenses. Data were not

submitted in sufficient detail to allow us to determine whether the amounts claimed were of a nature allowable as technical service expenses. No adjustment was made. Respondent claimed an allowance for bad debt expenses. We did not grant an allowance because these expenses were not tied to sales under consideration and are considered a normal general expense of doing business.

Comparisons were made based on categories selected by a Department industry specialist.

Verification

As provided in section 773(a) of the Act, we will verify all data used in reaching the final determination.

Suspension of Liquidation

In accordance with section 733(d) of the Act we are directing the United States Customs Service to suspend liquidation of all entries of the subject stainless steel sheet products from Spain which are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the estimated weighted-average amounts by which the foreign market value of the merchandise exceeded the United States price, which was: 2.1 percent for hot-rolled stainless steel sheet; 2.1 percent for cold-rolled stainless steel sheet. This suspension of liquidation does not apply to hot-rolled or cold-rolled stainless steel strip. This suspension of liquidation will remain in effect until further notice.

ITC Notification

In accordance with section 733(f) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonconfidential 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.

Public Comment

In accordance with § 353.47 of our regulations (19 CFR 353.47), if requested, we will hold a public hearing to afford interested parties an opportunity to comment on this preliminary determination at 10:00 A.M. on July 13, 1984, at the United States Department of

Commerce, Conference Room 5611, 14th Street and Constitution Avenue, NW., Washington, D.C. 20230. Individuals who wish to participate in the hearing must submit a request to the Deputy Assistant Secretary for Import Administration, Room 3099, at the above address within 10 days of the publication of this notice. Requests should contain: (1) The party's name, address, and telephone number; (2) the number of participants; (3) the reason for attending; and (4) a list of the issues to be discussed.

In addition, prehearing briefs in at least 10 copies must be submitted to the Deputy Assistant Secretary by July 6, 1984. Oral presentations will be limited to issues raised in the briefs. All written views should be filed in accordance with 19 CFR 353.46, within 30 days of publication of this notice, at the above address and in at least 10 copies.

Dated: June 21, 1984.

John L. Evans,

Acting Deputy Assistant Secretary for Import Administration.

Appendix—Product Description: Certain Stainless Steel Sheet and Strip Products

For the purpose of this investigation the term "certain stainless steel sheet and strip products" covers hot or cold rolled stainless steel sheet or strip, excluding hot or cold rolled stainless steel strip not over 0.01 inch in thickness, currently provided for in items 607.7610, 607.9010, 607.9020, 608.4300, and 608.5700 the Tariff Schedules of the United States Annotated.

Hot rolled stainless steel sheet covers hot rolled stainless steel sheet products whether or not corrugated or crimped and whether or not pickled; not cold rolled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; and under 0.1875 inch in thickness and over 12 inches in width.

Hot rolled stainless steel strip is a flat-rolled stainless steel product whether or not corrugated or crimped and whether or not pickled; not cold rolled; not cut, not pressed, and not stamped to non-rectangular shape; and under 0.1875 inch in thickness and not over 12 inches in width. Hot rolled stainless steel strip, including razor blade strip, not over 0.01 inch in thickness is not included.

Cold rolled stainless steel sheet covers cold rolled stainless steel sheet products whether or not corrugated or crimped and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or

plated with metal; and under 0.1875 inch in thickness and over 12 inches in width.

Cold rolled stainless steel strip is a flat-rolled stainless steel product whether or not corrugated or crimped and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; under 0.1875 inch in thickness and over 0.50 inch in width but not over 12 inches in width. Cold rolled stainless steel strip, including razor blade strip, not over 0.01 inch in thickness is not included in this investigation.

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[A-469-401]

Certain Stainless Steel Sheet and Strip Products From Spain; Final Determination of Sales at Less Than Fair Value

AGENCY: International Trade Administration/Import Administration, Commerce.

ACTION: Notice.

SUMMARY: We have determined that certain cold-rolled stainless steel sheet and strip products from Spain are being, or are likely to be, sold in the United States at less than fair value. Hot-rolled stainless steel sheet and strip products have been excluded from the investigation. We have notified the U.S. International Trade Commission (ITC) of our determination, and the ITC will determine, within 45 days of publication of this notice, whether a U.S. industry is materially injured, or is threatened with material injury, by imports of this merchandise. We have directed the U.S. Customs Service to continue to suspend the liquidation of all entries of the subject merchandise which are entered, or withdrawn from warehouse, for consumption, on or after the date of publication of this notice and to require a cash deposit or bond for each such entry in an amount equal to the estimated dumping margin as described in the "Suspension of Liquidation" section of this notice.

EFFECTIVE DATE: September 10, 1984.

FOR FURTHER INFORMATION CONTACT: William D. Kane, Office of Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone: (202) 377-1766.

Final Determination

We have determined that certain cold-rolled stainless steel sheet and strip products from Spain are being, or are likely to be sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (19 U.S.C. 1673d) (the Act). We have found no sales of hot-rolled stainless steel strip to the U.S. by Compania Espanola para la Fabricacion de Acero Inoxidable, S.A. (Acerinox), the sole producer of the merchandise under investigation. The only sale of hot-rolled stainless steel sheet by Acerinox was a trial order purchased by a U.S. customer. The merchandise produced by Acerinox was steel slab which was processed to hot-rolled sheet in a third-country. We consider this sale to be out of the ordinary course of trade

for purposes of this investigation. Accordingly, we have excluded hot-rolled stainless steel sheet and strip products from the scope of this investigation.

We have found that the foreign market value of cold-rolled stainless steel sheet exceeded the United States price on 100 percent of comparisons made. These margins range from 27.30 percent to 51.70 percent. The simple average margin on these comparisons is 39.56 percent. This margin is also being applied to cold-rolled stainless steel strip as the best information available.

Case History

On January 13, 1984, we received a petition from counsel for: Allegheny Ludlum Steel Corporation; Armco, Inc.; Carpenter Technology Corporation; Eastern Stainless Steel Company; J&L Specialty Steels, Inc.; Jessup Steel Company; Republic Steel Corporation; Universal-Cyclops Specialty Steel Division, Cyclops Corporation; Washington Steel Corporation; and United Steelworkers of America, AFL/CIO-CLC, on behalf of the domestic stainless steel sheet and strip industry. In compliance with the filing requirements of § 353.36 of the Commerce Regulations (19 CFR 353.36), the petitioners alleged that imports of certain stainless steel sheet and strip products from Spain are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that these imports are materially injuring, or are threatening to materially injure a United States industry. After reviewing the petition, we determined that it contained sufficient grounds upon which to initiate an antidumping investigation. We notified the ITC of our action and initiated such an investigation on February 1, 1984 (49 FR 4959). On February 27, 1984, the ITC determined that there is reasonable indication that imports of certain stainless steel sheet and strip products from Spain are materially injuring a U.S. industry (49 FR 8505).

On February 22, 1984, we presented an antidumping questionnaire to counsel for Acerinox. An extension of time to respond was granted, and on April 9, 1984, we received Acerinox's response to the questionnaire. Based on information contained in that response we preliminarily determined that hot-rolled and cold-rolled stainless steel sheet were being sold at less than fair value. The estimated weighted-average dumping margin was 2.1 percent. We also preliminarily determined that stainless steel strip products were not being sold at less than fair value. As

required by law, we conducted a verification of the correctness of the response through examination of source documents of the company in Madrid, Spain. Verification revealed major portions of the response to be incorrect or unsubstantiated.

A hearing was held on July 13, 1984, to allow the parties an opportunity to address the issues arising in this investigation.

Scope of the Investigation

For reasons outlined above hot-rolled stainless steel sheet and strip have been excluded from this investigation. The merchandise covered by this investigation is cold-rolled stainless steel sheet, currently provided for in item 607.9020 of the *Tariff Schedules of the United States (Annotated)* (TSUSA), and cold-rolled stainless steel strip, currently provided for under TSUSA item numbers 608.4300 and 608.5700.

Cold-rolled stainless steel sheet covers cold-rolled stainless steel sheet products whether or not corrugated or crimped and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; not coated or plated with metal; and under 0.1875 inch in thickness and over 12 inches in width.

Cold-rolled stainless steel strip is a flat-rolled stainless steel product whether or not corrugated or crimped and whether or not pickled; not cut, not pressed, and not stamped to non-rectangular shape; under 0.1875 inch in thickness and over 0.05 inch in width but not over 12 inches in width.

Cold-rolled stainless steel strip, including razor blade strip, not over 0.01 inch in thickness is not included in this investigation.

Fair Value Comparison

To determine whether sales of the subject merchandise in the United States were made at less than fair value, we used the best information available as required by section 776(b) of the Act of make fair value comparisons. We used the best information available because U.S. and home market price data and certain claims for rebates and circumstance of sale adjustments were found to be incorrect or unsubstantiated at the time of verification of the Acerinox response. The best information available for purposes of this final determination is the information provided in the petition relative to alleged selling prices of cold-rolled stainless steel sheet in the United States and Spain. Amounts claimed by Acerinox as price adjustments and which were verified were applied to the prices, where applicable. The average

margin resulting from our calculations for cold-rolled stainless steel sheet was also applied to cold-rolled stainless steel strip as the best information available.

United States Price

As provided in section 772 of the Act, we used the purchase price of the subject merchandise to represent the United States price for sales by Acerinox. As the prices submitted by Acerinox could not be verified, we used as best information available the offered price, CIF, duty paid, delivered to east coast ports, of the subject merchandise by a U.S. importer, as presented in the petition. A deduction was made to net back these prices to the prices of the producer to the U.S. importer in an amount provided in the petition. The resulting prices were further reduced by amounts, as verified in the Acerinox response, for ocean freight, marine insurance transportation, handling, and brokerage at the foreign port, and U.S. Customs duties. A deduction was made for U.S. Customs brokerage, as provided in the petition. Prices were increased by an amount for the IGTE final stage tax uncollected by virtue of exportation but included in the home market prices. Acerinox claimed an allowance for a DFE cascade tax imposed on the merchandise in both markets, but rebated upon exportation. We did not allow this claim because it could not be verified. Acerinox claimed an adjustment for exchange rate earnings engendered by a strengthening dollar from dates of shipment to dates of payment on dollar denominated sales. This claim was not allowed because it would have substituted for the price on the date of exportation, a price 60 days forward.

Foreign Market Value

In accordance with section 773(a)(1)(A) of the Act, we calculated foreign market value based on Acerinox's home market prices. As the prices submitted by Acerinox could not be verified, we used as best information available petitioners' data on the ex-works home market prices of the subject merchandise by a Spanish steel service center, netted back by an amount provided in the petition to reflect the producer's price to the service center. The resulting prices were reduced by an amount for inland freight, as provided in the petition, and an amount for insurance, as verified in the Acerinox response. Claims for adjustment to prices for product specifications could not be entertained because prices used were not sufficiently product specific. Claims for adjustments for rebates could not be allowed because they were

customer-specific and could not be verified. In accordance with § 353.15 of the Regulations (19 CFR 353.15), we made a circumstance of sale adjustment for differences in credit terms. In calculating this adjustment we used the verified credit terms of the Acerinox response, and the interest rate provided in the petition, as Acerinox refused to disclose information regarding their short-term interest rate experience. Claims for circumstance of sale adjustments for technical service, warranty, and bad debt expenses were not allowed because they could not be verified.

Petitioners Comments

Comment 1: Petitioner argued that the Department should base its final determination on the best information available, that contained in the petition.

DOC Position: We have based our final determination on the best information available because respondent's listings of sales for U.S. and home markets could not be corroborated at verification. For starting prices in both markets we have relied on information contained in the petition. However, we cannot ignore data submitted in the response which was verified. The information which was verified and utilized as best information available consisted of the ocean freight rate, insurance rates, transportation, handling and brokerage, U.S. Customs duties, and credit terms.

Comment 2: Petitioner argues that 100% of sales to the United States should be examined.

DOC Position: Section 353.38 of the Commerce Regulations requires that at least 60 percent of exports to the United States be examined. For purposes of the preliminary determination we examined 84 percent of sales to the U.S. In our final determination the question is moot, as respondent's listing of sales to the U.S. has not entered into our calculations.

Comment 3: Petitioner argues that the Department should reject respondent's claim for an adjustment for the difference in credit costs between the United States and home markets because of insufficient documentation of the claim.

DOC Position: While insufficient access to respondent's financial records precluded verification of precise costs of credit in each market, the credit terms adhered to in each market were verified and indicated an adjustment to the foreign market value was justified. This is buttressed by the fact that the petitioner's margin calculations included such an adjustment. For the purpose of calculating this adjustment we

considered the best information available to be the respondent's verified credit terms applied to the prime rate in Spain during the period, as supplied in the petition.

Comment 4: Petitioner argued that respondent's claim to an upward adjustment to U.S. price, for exchange rate earnings during a period when the dollar strengthened continually between billing and collection dates, should be rejected.

DOC Position: We have not allowed this "exchange rate adjustment." The respondent's U.S. sales transactions are in dollars which would require no conversion to local currency for purposes of calculating margins under the Act or regulations. The effect of considering such an adjustment would be to construct a purchase price sixty days after the price on the date of purchase as required by the statute. Just as a company would not be penalized during a period of a weakening dollar, no allowance can be made for the windfall earnings in the instant case. In either scenario a company can be reasonably expected to allow for the steady exchange rate trends in their pricing policies.

Comment 5: Petitioner argued that respondent's claim of a deduction from foreign market value for an advertising rebate should be disallowed.

DOC Position: We have not allowed a deduction for an advertising rebate because documentation at the time of verification did not relate this rebate to advertising performed on behalf of respondent's customer. In any case such rebates would be customer specific, and could not be incorporated in the prices used as best information available.

Comment 6: Petitioner alleges that respondent's claim for home market warranty expenses is unsubstantiated.

DOC Position: The claim for a deduction for warranty expenses in the home market was not allowed because, the figures could not be verified.

Comment 7: Petitioner argues that we should use the higher of the two ocean freight costs submitted by the respondent.

DOC Position: During verification it was determined that the average time between sale and shipment was four months. The best available information used for U.S. price was offers for sales in August, 1983. Allowing four month to shipment sales in August would not have incurred the higher freight rates which became effective in January, 1984. Therefore, we have deducted the lower ocean freight rate in our calculations.

Comment 8: Petitioner argued that we should disregard respondent's claims for various discounts and rebates.

DOC Position: The home market prices utilized as best information available were product specific only as to grade of the merchandise. As the discounts and rebates claimed were tied to product specifications beyond grade, or to individual customers, they were not taken into consideration in our calculations.

Comment 9: Petitioner argued that respondents should not be allowed to substitute "date of export" for "date of sale" in listing sales to the United States.

DOC Position: The use of best information available makes this a moot question.

Comment 10: Petitioner argued that we should not permit averaging of sales above and below fair value in calculating our margins, as suggested by the respondent.

DOC Position: The use of best information available makes this a moot question.

Respondent's Comments

Comment 1: Respondent argues that we should use as best information available all submitted data which was verified as accurate, including individual sales in which no discrepancies were found.

DOC Position: The purpose of testing selected sales is to verify, as a whole, the sales listing for each market. The respondent's listings for both markets were found deficient because they included improper sales and excluded proper sales. To use the few verified sales from the listings would be contrary to the intent of the statute. We did not use any of the respondent's sales price data in our calculations.

Other data submitted by the respondent, which were verified and were not tainted by the rejected sales price information, were used, where applicable, in our calculations.

Comment 2: Respondent argued that unverified sales data should be used as the best information available. It was alleged that the exclusion of sales renegotiated within the period of investigation and the inclusion of sales renegotiated after the period of investigation would have the effect of offsetting each other. It was also inferred that a complete revision of sales listings was made during the verification to capture all erroneously excluded sales and eliminate all sales erroneously included in the listings.

DOC Position: Section 776 of the Act requires that all information used in the final determination must be verified. We

were not able to verify the sales price information because discrepancies were found. Furthermore, there is no evidence that the combined errors of inclusion and exclusion discovered in the data would have an equalizing effect. While respondent produced during verification a list of further sales incorrectly included in their submission, this was neither presented as, nor accepted as a new listing of sales which would have required a new verification.

Comment 3: Respondent argues that the credit terms verified for each market should be utilized in calculating a circumstance of sales adjustment for credit expense, and that they should be applied to a short term Spanish interest rate developed in previous countervailing duty investigations performed by the Department.

DOC Position: We used the credit terms verified for the U.S. and home markets in our calculation of the credit expense adjustment. During the verification documentation was requested to reflect the short term credit rates experienced by the company and respondent refused to provide that information. The company's refusal to provide information was taken into account in our decision to accept the rate presented by the petitioner for calculation of this adjustment.

Comment 4: Respondent argued that a circumstance of sale adjustment should be made for exchange rate earnings resulting from a continually strengthening dollar during the period of investigation.

DOC Position: No such adjustment was allowed for reasons stated above in response to petitioners comment number four.

Comment 5: Respondent argued that the DFE (Desgravacion Fiscal) indirect tax rebate is a matter of public record in a number of countervailing duty investigations by the Department, and that "no verification was sought or made with respect thereto."

DOC Position: Research of the public record has revealed that information available pertains only to the rebated amount of the DFE without confirmation that the amount is that which is actually imposed on the company, as required by § 353.10(D)(1)(iii) of the Regulations. Verification of the DFE was proposed on the first day of the verification visit but the respondent declined, preferring to deal with it later along with other "vertical" adjustments. At the conclusion of the final verification meeting we offered to extend the verification to permit examination of the DFE and any other data the respondent might wish to have verified. Respondent

declined. No adjustment has been made for the DFE.

Verification

In accordance with section 776(a) of the Act, we verified the information provided by Acerinox by using standard verification procedures, including examination of relevant sales and financial records of the company. Only data considered verified were used in arriving at our final determination.

ITC Notification

In accordance with section 735(d) of the Act, we will notify the ITC of our determination. In addition, we are making available to the ITC all non-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 make its determination whether these imports are materially injuring, or threatening to materially injure, a U.S. industry within 45 days of the publication of this notice. If the ITC determines that material injury or the threat of material injury does not exist, this proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or cancelled. If, however, the ITC determines that such injury does exist, we will issue an antidumping order, directing Customs officers to assess an antidumping duty on certain stainless steel sheet and strip products from Spain entered, or withdrawn from warehouse, for consumption after the suspension of liquidation, equal to the amount by which the foreign market value of the merchandise exceeds the U.S. prices.

Suspension of Liquidation

In accordance with section 733(d) of the Act, we directed the United States Customs Service to suspend liquidation of all entries of the subject certain stainless steel sheet and strip products from Spain, which are entered, or withdrawn from warehouse, for consumption on or after June 26, 1984. The Customs Service shall continue to require a cash deposit or the posting of a bond equal to the estimated average amount by which the foreign market value of the merchandise subject to this investigation exceeds the United States price. This suspension of liquidation will remain in effect until further notice. The

average margin for Acerinox, the sole producer of the subject merchandise in Spain, as of the publication of this notice in the **Federal Register** is 39.56 percent.

This determination is being published pursuant to section 735(d) of the Act (19 U.S.C. 1673(d)).

Dated: September 4, 1984.

William T. Archey,

Acting Assistant Secretary for Trade Administration.

[FR Doc. 84-23871 Filed 9-7-84; 8:45 am]

BILLING CODE 3510-25-81

APPENDIX B

COMMISSION'S FEDERAL REGISTER NOTICE OF INVESTIGATION
AND NOTICE AMENDING THE SCOPE OF THE INVESTIGATION

30026

Federal Register / Vol. 49, No. 144 / Wednesday, July 25, 1984 / Notices

[Investigation No. 731-TA-164 (Final)]

Stainless Steel Sheet From Spain

AGENCY: United States International Trade Commission.

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

EFFECTIVE DATE: June 26, 1984.

SUMMARY: As a result of an affirmative preliminary determination by the U.S. Department of Commerce that there is a reasonable basis to believe or suspect that imports from Spain of stainless steel sheets, provided for in Items 607.76 and 607.90 of the Tariff Schedules of the United States, are being, or are likely to be, sold in the United States at less than fair value (LTFV) within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673), the United States International Trade Commission hereby gives notice of the institution of investigation No. 731-TA-164 (Final) under section 735(b) of the Act (19 U.S.C. 1673d(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. Unless the investigation is extended, the Department of Commerce will make its final dumping determination in this case on or before September 4, 1984, and the Commission will make its final injury determination by October 23, 1984 (19 CFR 207.25).

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

SUPPLEMENTARY INFORMATION:

Background

On February 27, 1984, the Commission determined, on the basis of the information developed during the course of its preliminary investigation, there was a reasonable indication that an industry in the United States was materially injured by reason of alleged LTFV imports of stainless steel sheet and strip from Spain. The preliminary investigation was instituted in response to a petition filed on January 13, 1984, by counsel on behalf of the Specialty Steel Industry of the United States and the United Steelworkers of America.

Participation in the Investigation

Persons wishing to participate in this investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's Rules of Practice and Procedure (19 CFR 201.11), not later than 21 days after the publication of this notice in the *Federal Register*. Any entry of appearance filed after this date will be referred to the Chairwoman, who shall determine whether to accept the late entry for good cause shown by the person desiring to file the entry.

Upon the expiration of the period for filing entries of appearance, the Secretary shall prepare a service list containing the names and addresses of all persons, or their representatives, who are parties to the investigation, pursuant to § 201.11(d) of the Commission's rules (19 CFR 201.11(d)). Each document filed by a party to this investigation must be served on all other parties to the investigation (as identified by the service list), and a certificate of service must accompany the document. The Secretary will not accept a document for filing without a certificate of service (19 CFR 201.16(c)).

Staff Report

A public version of the staff report containing preliminary findings of fact in this investigation will be placed in the public record on August 28, 1984, pursuant to § 207.21 of the Commission's rules (19 CFR 207.21).

Hearing

The Commission will hold a hearing in connection with this investigation beginning at 10:00 a.m., on September 13, 1984, at the U.S. International Trade Commission Building, 701 E Street NW., Washington, D.C. 20436. 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 August 21, 1984. All persons desiring to appear at the hearing and make oral presentations should file prehearing briefs and attend a prehearing conference to be held at 9:30 a.m., on August 29, 1984, in room 117 of the U.S. International Trade Commission Building. The deadline for filing prehearing briefs is September 10, 1984.

Testimony at the public hearing is governed by § 207.23 of the Commission's rules (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 information not available at the time the prehearing brief was submitted. All legal arguments, economic analyses, and factual materials relevant to the public hearing should be included in prehearing briefs in accordance with § 207.22 (19 CFR 207.22). Posthearing briefs must conform with the provisions of § 207.24 (19 CFR 207.24) and must be submitted not later than the close of business on September 20, 1984.

Written Submissions

As mentioned, parties to this investigation may file prehearing and

posthearing briefs by the dates shown above. In addition, any person who has not entered an appearance as a party to the investigation may submit a written statement of information pertinent to the subject of the investigation on or before September 20, 1984. A signed original and fourteen (14) true copies of each submission must be filed with the Secretary to the Commission in accordance with § 201.8 of the Commission's rules (19 CFR 201.8). All written submissions except for confidential business data will be available for public inspection during regular business hours (8:45 a.m. to 5:15 p.m.) in the Office of the Secretary to the Commission.

Any business information for which confidential treatment is desired shall be submitted separately. The envelope and all pages of such submissions must be clearly labeled "Confidential Business Information." Confidential submissions and requests for confidential treatment must conform with the requirements of § 201.8 of the Commission's rules (19 CFR 206.6).

For further information concerning the conduct of the investigation, hearing procedures, and rules of general application, consult the Commission's Rules of Practice and Procedure, Part 207, subparts A and C (19 CFR Part 207), and Part 201, subparts A through E (19 CFR Part 201).

This notice is published pursuant to § 207.20 of the Commission's rules (19 CFR 207.20).

Issued: July 16, 1984.

By order of the Commission.

Kenneth R. Mason,
Secretary.

[FR Doc. 84-19612 Filed 7-24-84; 8:45 am]
BILLING CODE 7020-02-M

within the meaning of section 731 of the Tariff Act of 1930 (19 U.S.C. 1673). The Commission did not include stainless steel strip within the scope of its final investigation, although it was included in the Commission's preliminary investigation, because the Department of Commerce preliminarily determined that such strip was not being, and was not likely to be, sold in the United States at LTFV. On September 4, 1984, however, the Department of Commerce made a final affirmative determination with respect to both stainless steel sheet and strip from Spain. Accordingly, the Commission is amending the scope of its investigation to conform with the final determination by the Department of Commerce.

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

Issued: September 7, 1984.

Kenneth R. Mason,

Secretary.

[FR Doc. 84-24123 Filed 9-11-84; 8:45 am]

BILLING CODE 7030-02-M

[Investigation No. 732-TA-164 (Final)]

Stainless Steel Sheet From Spain

AGENCY: United States International Trade Commission.

ACTION: Amendment of the scope of the Commission's antidumping investigation on stainless steel sheet from Spain (Inv. No. 731-TA-164 (Final)) to include stainless steel strip.

SUMMARY: The Commission hereby gives notice of the amendment of the scope of its final antidumping investigation No. 731-TA-164 (Final) to include stainless steel strip, provided for in items 608.43 and 608.57 of the Tariff Schedules of the United States.

EFFECTIVE DATE: September 7, 1984.

FOR FURTHER INFORMATION CONTACT: Bruce Cates (202-523-0369), U.S. International Trade Commission, 701 E Street, NW., Washington, D.C. 20436.

SUPPLEMENTARY INFORMATION: The Commission's final investigation on stainless steel sheet from Spain was instituted, effective June 26, 1984, following a preliminary determination by the Department of Commerce that there was a reasonable basis to believe or suspect that imports of such merchandise from Spain were being, or were likely to be, sold in the United States at less than fair value (LTFV)

APPENDIX C

LIST OF WITNESSES APPEARING AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject : Stainless Steel Sheet from Spain

Inv. No. : 731-TA-164 (Final)

Date and time: September 13, 1984 - 10:00 a.m.

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

In support of the imposition of antidumping duties:

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

Allegheny Ludlum Steel Corporation, Armco Inc., Carpenter Technology Corporation, Eastern Stainless Steel Company, J&L Specialty Steels, Inc., Jessop Steel Company, Republic Steel Corporation, Universal-Cyclops Specialty Steel Division of Cyclops Corporation, Washington Steel Corporation and United Steelworkers of America, AFL/CIO-CLC

Richard P. Simmons, President and Chief Executive Officer of Allegheny Ludlum Steel Corporation

Economic Consulting Services, Inc., Washington, D.C.

Stanley Nehmer, President

Bruce P. Malashevich, Vice President

Claude Kronk, President, LTV Specialty Steel Company

David A. Hartquist)
Paul C. Rosenthal) --OF COUNSEL

- more -

- 2 -

In opposition to the imposition of antidumping duties:

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

ACERINOX, S.A., the Spanish exporter of this product
to the U.S. market

Fedrico Lanzaco, Executive Assistant to the
Chief Executive Officer

David Herrero, Secretary General

George V. Egge, Jr.)
John M. Bryant)--OF COUNSEL

APPENDIX D

SUPPLEMENTARY STATISTICAL TABLES

Table D-1.--Stainless steel sheet and strip: U.S. producers' domestic shipments, and imports from Spain, by grades, 1983

Grade	U.S. producers' domestic shipments	U.S. imports from Spain	U.S. imports from Spain and U.S. producer's domestic shipments	Ratio of imports from Spain to U.S. apparent consumption of U.S. produced and Spanish merchandise
	Short tons		Percent	
430-----	27,720	***	***	***
304-----	346,501	***	***	***
316-----	48,511	***	***	***
All others---	270,269	***	***	***
Total----	693,001	14,522	707,523	2.1
Percentage distribution				
430-----	4	***	***	1/
304-----	50	***	***	1/
316-----	7	***	***	1/
All others---	39	***	***	1/
Total----	100	100	100	1/

1/ Not applicable.

Source: Percentage distribution of U.S. producers' shipments by grades, estimated from ASII data; percentage distribution of imports from Spain, compiled from data supplied in response to questionnaires of the U.S. International Trade Commission during investigation No. 731-TA-164 (Preliminary).

Table D-2 through D-8.--Stainless steel sheet and strip: U.S. trade and financial data, by firms, 1981-83, January-June 1983, and January-June 1984

* * * * *

Table D-9.--Stainless steel sheet: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-June 1983, and January-June 1984

Source	1981	1982	1983	January-June--	
				1983	1984
Quantity (short tons)					
Spain-----	5,000	8,306	14,197	6,512	7,734
Japan-----	12,172	10,198	17,395	8,587	10,801
France-----	13,284	20,293	18,420	9,950	14,129
Republic of Korea-----	3,062	2,998	6,901	2,165	8,555
Canada-----	4,506	4,431	3,107	1,530	1,437
United Kingdom-----	3,795	4,096	2,864	2,350	601
West Germany-----	14,994	19,386	2,742	1,893	4,440
Finland-----	3,592	1,924	2,259	747	2,378
Sweden-----	2,100	3,697	2,880	993	2,801
Belgium/Luxembourg-----	1,180	2,273	811	250	770
All other-----	593	1,458	2,073	957	5,667
Total-----	64,278	79,060	73,649	35,934	59,313
Value (1,000 dollars)					
Spain-----	8,485	13,120	17,142	8,159	9,897
Japan-----	18,572	14,649	23,282	11,379	14,095
France-----	20,945	30,548	27,575	15,304	19,362
Republic of Korea-----	4,502	4,305	9,211	2,908	11,574
Canada-----	6,101	5,747	3,886	1,903	2,006
United Kingdom-----	7,600	6,747	4,190	3,483	851
West Germany-----	26,362	31,222	3,600	2,612	5,572
Finland-----	5,457	2,834	2,876	967	3,310
Sweden-----	4,804	8,140	5,107	1,769	5,011
Belgium/Luxembourg-----	1,972	3,321	1,288	405	1,096
All other-----	675	1,861	2,586	1,493	6,806
Total-----	105,475	122,494	100,743	50,382	79,580
Unit value (per ton)					
Spain-----	\$1,697	\$1,580	\$1,207	\$1,253	\$1,280
Japan-----	1,526	1,436	1,338	1,325	1,305
France-----	1,577	1,505	1,497	1,538	1,370
Republic of Korea-----	1,470	1,436	1,335	1,344	1,353
Canada-----	1,354	1,297	1,251	1,244	1,395
United Kingdom-----	2,002	1,647	1,463	1,482	1,416
West Germany-----	1,758	1,611	1,313	1,380	1,255
Finland-----	1,519	1,473	1,273	1,294	1,392
Sweden-----	2,288	2,202	1,773	1,782	1,789
Belgium/Luxembourg-----	1,671	1,461	1,589	1,617	1,424
All other-----	1,138	1,276	1,248	1,560	1,201
Average-----	1,641	1,549	1,368	1,402	1,342

1/ TSUSA items 607.7610, 607.9010, 607.9020, and 607.9029.

A-66

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

Table D-10.--Stainless steel strip: 1/ U.S. imports for consumption, by principal sources, 1981-83, January-June 1983, and January-June 1984

Source	1981	1982	1983	January-June--	
				1983	1984
Quantity (short tons)					
Spain-----	3	82	325	126	43
Japan-----	2,115	2,854	4,618	2,000	2,814
France-----	521	1,228	1,200	577	589
Republic of Korea-----	0	0	0	0	0
Canada-----	1,986	840	1,120	527	669
United Kingdom-----	45	106	57	20	74
West Germany-----	494	498	315	182	333
Finland-----	0	0	0	0	0
Sweden-----	827	792	675	371	514
Belgium/Luxembourg-----	304	279	62	42	140
All other-----	58	176	39	36	144
Total-----	6,353	6,855	8,411	3,881	5,320
Value (1,000 dollars)					
Spain-----	8	146	347	147	51
Japan-----	3,665	4,941	7,011	3,190	4,020
France-----	825	1,939	1,713	853	839
Republic of Korea-----	-	-	-	-	-
Canada-----	2,412	888	1,298	573	782
United Kingdom-----	120	296	190	78	177
West Germany-----	708	1,809	1,223	701	725
Finland-----	-	-	-	-	-
Sweden-----	5,014	4,261	2,969	1,512	2,014
Belgium/Luxembourg-----	721	574	90	60	185
All other-----	111	177	71	43	200
Total-----	13,584	15,031	14,912	7,157	8,993
Unit value (per ton)					
Spain-----	\$3,221	\$1,787	\$1,067	\$1,162	\$1,170
Japan-----	1,733	1,731	1,518	1,595	1,428
France-----	1,583	1,578	1,427	1,480	1,423
Republic of Korea-----	-	-	-	-	-
Canada-----	1,214	1,057	1,159	1,086	1,169
United Kingdom-----	2,658	2,781	3,323	3,938	2,378
West Germany-----	1,433	3,635	3,881	3,862	2,179
Finland-----	-	-	-	-	-
Sweden-----	6,066	5,383	4,398	4,075	3,921
Belgium/Luxembourg-----	2,368	2,059	1,449	1,433	1,325
All other-----	1,914	1,006	1,820	1,194	1,389
Average-----	2,138	2,193	1,773	1,844	1,690

1/ TSUSA items 608.4300, 608.4309, and 608.5700.

A-67

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

APPENDIX E

DEFINITIONS OF REPRESENTATIVE STAINLESS STEEL SHEET PRODUCTS USED
IN THE PRICE SECTIONS OF THE QUESTIONNAIRES; SELECTED WEIGHTED-AVERAGE NET
F.O.B. SELLING PRICES, SELECTED WEIGHTED-AVERAGE NET DELIVERED
PURCHASE PRICES, AND THE AGGREGATE QUANTITIES BASED ON PRICE DATA
REPORTED BY U.S. PRODUCERS AND BY END USERS

REPRESENTATIVE STAINLESS STEEL SHEET PRODUCTS USED IN THE PRICE SECTIONS
OF THE PRODUCER, IMPORTER, AND PURCHASER QUESTIONNAIRES

Grade 304: 2B finish, 16 gage in thickness, 36 inches exact through 48 inches exact in width, and coiled. This grade contains chromium and nickel and is used in items like stainless steel sinks. Grade 304 is priced between grades 430 and 316.

Grade 316: 2B finish, 16 gage in thickness, 36 inches exact through 48 inches exact in width, and coiled. This grade contains chromium, nickel, and molybdenum and is used in corrosive applications like chemical containers. Grade 316 is priced above grades 304 and 430.

Grade 430 (wide): BA finish, 20 gage in thickness, 36 inches exact through 48 inches exact in width, and coiled. This grade contains only chromium as the special steel ingredient and is used in items like hospital trays. Grade 430 is priced below grades 304 and 316.

Grade 430 (narrow): BA finish, 24 gage in thickness, 12 inches through 24 inches in width, and coiled.

Note.--Strong technical constraints and significant price differences sharply limit substitution (in use) among grades 304, 316, and 430 stainless steel sheet and strip. (On the basis of telephone conversations of September 10-11, 1984, between ITC staff and Mr. Richard Simmons, president of Allegheny Ludlum.)

Table E-1.--Stainless steel sheet: Domestic weighted-average net selling prices and quantities of U.S.-produced stainless steel sheet, sold to end users, by grade categories and by quarters, January 1981-June 1984 ^{1/}

Period	Grade 304 ^{2/}		Grade 316 ^{3/}		Grade 430(narrow) ^{4/}	
	Quantity	Price	Quantity	Price	Quantity	Price
	Tons	Per ton	Tons	Per ton	Tons	Per ton
1981:						
January-March-----	649	\$1,583	^{5/}	^{5/}	98	\$1,940
April-June-----	213	1,685	5	\$1,768	23	2,120
July-September-----	356	1,663	^{5/}	^{5/}	41	2,103
October-December-----	153	1,749	20	3,031	44	2,105
1982:						
January-March-----	71	1,821	^{5/}	^{5/}	4	2,129
April-June-----	384	1,653	5	1,768	2	2,149
July-September-----	141	1,717	^{5/}	^{5/}	36	2,189
October-December-----	228	1,604	25	2,892	21	2,282
1983:						
January-March-----	991	1,479	20	2,540	^{5/}	^{5/}
April-June-----	1,242	1,403	9	2,681	20	1,858
July-September-----	1,843	1,517	^{5/}	^{5/}	18	2,062
October-December-----	1,991	1,536	21	2,375	14	2,140
1984:						
January-March-----	2,176	1,594	61	2,358	^{5/}	^{5/}
April-June-----	1,553	1,683	24	2,484	8	2,140

^{1/} The domestic price data were developed from net f.o.b. selling prices and sales quantities reported by U.S. stainless steel sheet and strip producers.

^{2/} Specifications for grade 304 are 2B finish, 16 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

^{3/} Specifications for grade 316 are 2B finish, 16 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

^{4/} Specifications for grade 430 (narrow) are BA finish, 24 gauge in thickness, 12 inches through 24 inches in width, and coiled.

^{5/} Not available.

Source: U.S. producers' prices for 1981 were developed from data collected in investigation No. TA-201-48, Stainless Steel and Alloy Tool Steel. U.S. producers' prices for 1982, 1983, and January-June 1984 were compiled from data submitted during the current investigation in response to questionnaires of the U.S. International Trade Commission.

Note.--No domestic price data for the grade 430 (wide) product sold to end users were reported by U.S. producers. No Spanish price data for 1981 and the first two quarters of 1982 were available during this investigation or previous investigations. U.S. imports of Spanish stainless steel sheet and strip amounted to less than 1 percent of U.S. apparent consumption during this period. Importers did not report any price data for sales to end users from the third quarter of 1982 through the second quarter of 1984; the importers sell primarily to SSC/D's.

Table E-2.--Stainless steel sheet: Domestic weighted-average net delivered prices and quantities of U.S.-produced stainless steel sheet purchased by end users, by grade categories and by quarters, January 1983-March 1984 1/

Period	Grade 304 <u>2/</u>		Grade 430 (narrow) <u>3/</u>	
	Quantity	Price	Quantity	Price
	<u>Tons</u>	<u>Per ton</u>	<u>Tons</u>	<u>Per ton</u>
1983:				
January-March-----	***	***	***	***
April-June-----	***	***	***	***
July-September-----	***	***	<u>4/</u>	<u>4/</u>
October-December-----	***	***	<u>4/</u>	<u>4/</u>
1984:				
January-March-----	***	***	***	***

1/ The domestic price data were developed from net delivered purchase prices and quantities reported by U.S. end users.

2/ Specifications for grade 304 are 2B finish, 16 gauge in thickness, 36 inches exact through 48 inches exact in width, and coiled.

3/ Specifications for grade 430 (narrow) are BA finish, 24 gauge in thickness, 12 inches through 24 inches in width, and coiled.

4/ Not available.

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

Note.--Domestic end users reported price data only for their purchases of U.S.-produced stainless steel sheet and only for the grades 304 and 430 (narrow) products; no end user price data for the grades 316 and 430 (wide) products were reported.