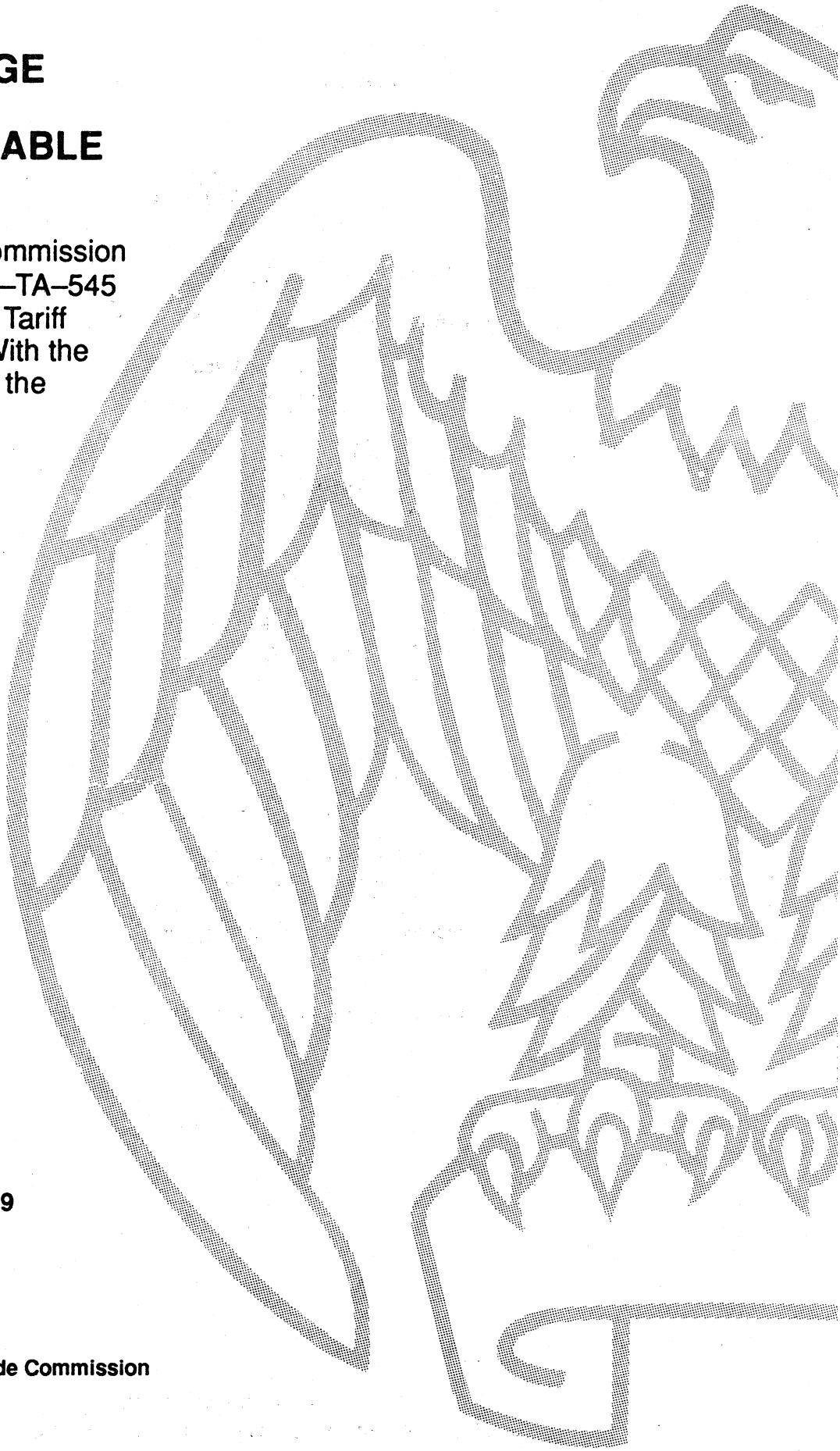
MEDIUM–VOLTAGE UNDERGROUND DISTRIBUTION CABLE FROM CANADA

Determination of the Commission in Investigation No. 731–TA–545 (Preliminary) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigation



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UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-545 (Preliminary)

MEDIUM-VOLTAGE UNDERGROUND DISTRIBUTION CABLE FROM CANADA

Determination

On the basis of the record[1] developed in the subject investigation, the Commission determines,[2] pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of medium-voltage underground distribution cable (URD),[3] provided for in subheading 8544.60.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Background

On January 31, 1992, a petition was filed with the Commission and the Department of Commerce by counsel for the U.S. Cable Trade Action Group, an ad hoc trade association of URD producers, alleging that an industry in the

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

[2] Chairman Newquist and Commissioner Rohr dissenting.

[3] For purposes of this investigation, the subject product is URD, an insulated electrical conductor used by electric utility companies in the medium-voltage stage (i.e., for voltages exceeding 1,000 volts but not exceeding 46,000 volts) of transmitting electricity. Utility companies distribute electricity at high voltage from the power generation plant to regional substations primarily via uninsulated, overhead "high tension" wires. At the regional substation, the electricity is "stepped down" to medium voltage. URD is generally used to conduct the electricity from the regional substations to neighborhood transformers, where it is again "stepped down" to household voltages. URD is composed principally of metal (generally aluminum for the conductor and copper for the "neutral" or ground) and insulating compounds (e.g., polyethylene).

United States is materially injured or threatened with material injury by reason of LTFV imports of URD from Canada. Accordingly, effective January 31, 1992, the Commission instituted antidumping investigation No. 731-TA-545 (Preliminary).

Notice of the institution of the Commission's investigation and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of February 10, 1992 (57 F.R. 4887). The conference was held in Washington, DC, on February 21, 1992, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF VICE CHAIRMAN BRUNSDALE, COMMISSIONER CRAWFORD, COMMISSIONER NUZUM, AND COMMISSIONER WATSON

On the basis of the information obtained in this preliminary investigation, we determine that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury[1] by reason of imports of medium voltage underground distribution cable (URD) from Canada that are allegedly sold at less than fair value (LTFV).

I. THE LEGAL STANDARD FOR PRELIMINARY INVESTIGATIONS

The legal standard for preliminary antidumping duty investigations, which is set forth in section 733(a) of the Tariff Act of 1930, 19 U.S.C. § 1673b(a), requires the Commission to determine whether, based on the best information available at the time of the preliminary determination, there is a reasonable indication of material injury to a domestic industry, or threat thereof, or material retardation of the establishment of such an industry, by reason of imports allegedly sold at less than fair value.[2]

In applying this standard, the Commission may weigh the evidence before it and may reach a negative determination "when (1) the record as a whole

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[1] Material retardation is not an issue in this investigation and therefore will not be discussed further.

[2] See, e.g., American Lamb v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Maverick Tube Corp. v. United States, 687 F. Supp. 1569, 1573 (Ct. Int'l Trade 1988). In American Lamb Co. v. United States, the Federal Circuit reiterated congressional intent by stating that "[t]he purpose of a preliminary injury determination is to 'eliminate unnecessary and costly investigations which are an administrative burden and an impediment to trade.'" 785 F.2d at 1002-03, quoting S. Rep. No. 1298, 93d Cong., 2d Sess. 171 (1974), reprinted in 1974 U.S.C.C.A.N. 7186, 7308. The court further stated that more than a mere possibility of injury is required to satisfy the reasonable indication standard. 785 F.2d at 1001-02.

contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation."[3]

During this preliminary investigation, the information the Commission obtained was comprehensive. We received complete responses from the producers accounting for the overwhelming bulk of URD shipments and partial responses from the remainder.[4] These data are estimated to account for nearly all domestic shipments in 1989 and all shipments in 1990 and 1991.[5] The import data presented in the report are believed to account for all imports of URD from Canada from 1989 through 1991, which constitutes the period of investigation.[6]

II. LIKE PRODUCT AND THE DOMESTIC INDUSTRY

Section 771(10) of the Tariff Act of 1930 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 under this subtitle."[7] The Commission's decision with respect to determining the appropriate domestic product or products like the imported articles subject to investigation is essentially a factual determination, with the Commission

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[3] Id. at 1001.

[4] Report at A-10, A-12.

[5] Id. at A-13, Table 2 n.1.

[6] Id. at A-11, A-27.

[7] 19 U.S.C. § 1677(10).

applying the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[8]

The Department of Commerce (Commerce) has defined the imported merchandise that is subject to this preliminary investigation as:

> medium voltage underground distribution cable (URD), . . . an insulated electrical conductor used by electric utility companies in the medium voltage stage (i.e., for voltages exceeding 1,000 volts but not exceeding 46,000 volts) of transmitting electricity. URD is generally used by utility companies to distribute electricity from regional substations to neighborhood transformers. URD is composed principally of metal (generally aluminum or copper for the conductor, and copper for the "neutral" or ground wires) and insulating compounds (e.g., polyethylene). Imports of this product are currently classifiable under Harmonized Tariff Schedule (HTS) subheading 8544.60.60. Although this subheading also includes insulated electrical conductors of greater than 46,000 volts, the scope of this investigation is limited to medium voltage underground distribution cable.[9]

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[8] See, e.g., Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 & n.5 (Ct. Int'l Trade 1988).

In making its like product determination, the Commission generally considers: (1) physical characteristics, (2) end uses, (3) interchangeability, (4) channels of distribution, (5) producer and customer perceptions, (6) common manufacturing facilities, production processes and production employees, and, when appropriate, (7) price. See, e.g., Certain Welded Stainless Steel Pipes from the Republic of Korea and Taiwan, Invs. Nos. 731-TA-540-541 (Preliminary), USITC Pub. 2474 (Jan. 1992), at 5; Softwood Lumber from Canada, Inv. No. 701-TA-312 (Preliminary), USITC Pub. 2468 (Dec. 1991), at 4; Certain Circular, Welded, Non-Alloy Steel Pipes and Tubes from Brazil, the Republic of Korea, Mexico, Romania, Taiwan, and Venezuela, Inv. No. 701-TA-311 (Preliminary) & Invs. Nos. 731-TA-532-537 (Preliminary), USITC Pub. 2454 (Nov. 1991), at 4-5. No single factor is dispositive and the Commission may consider other factors it deems relevant based on the facts of a given investigation. The Commission has found minor variations to be an insufficient basis for finding separate like products. Rather, the Commission has looked for clear dividing lines among articles. See Certain Welded Pipes at 5; Softwood Lumber at 4; Certain Circular Pipes at 5.

[9] Initiation of Antidumping Duty Investigation: Medium Voltage Underground Distribution Cable from Canada, 57 Fed. Reg. 6710, 6711 (Feb. 27, 1992).

Petitioner appears to suggest that the like product should be defined as all URD[10] manufactured in the United States.[11] No party discussed in detail the issue of like product in its postconference submission.[12] Respondent ACW, which accounts for the vast majority of Canadian exports to the United States, stated that it does not dispute the definition of the like product for purposes of this stage of the investigation.[13]

All URD has the same principal end use: underground residential electricity distribution.[14] Cable products not designed specifically for underground use will not function properly in an underground environment. Use of higher voltage cable in lieu of URD is not economically feasible.[15] Moreover, all URD manufacturers have similar facilities, produce URD using essentially the same manufacturing techniques and equipment,[16] and sell

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[10] "All URD" refers to all medium-voltage underground distribution cable, regardless of specifications and variations.

[11] Petitioner does not explicitly propose a definition of the like product, but states that the product "like" the subject imports is domestically manufactured URD. See Petitioner's Post-Conference Statement at 4-5 (Feb. 25, 1992); see also Petition at 1 (asserting that USCTAG members account for majority of domestic production of URD that is "like" the URD subject to the petition).

[12] Petitioner did state, however, that "producers view the product generically as URD and not as a series of individual products." Petitioner's Post-Conference Statement at 23.

[13] Post-Conference Brief of Alcatel Canada Wire, Inc. at 31 (Feb. 26, 1992).

[14] Report at A-4.

[15] Tr. at 12-15, 60; Report at A-8.

[16] See Report at A-6, A-14 - A-15. Petitioner has stated that the cost to modify manufacturing equipment to produce different variations of URD is minimal. In addition, the profit margin is not greater for producing one variation as opposed to another. Petitioner's Post-Conference Statement at 23.

through the same channels of distribution (directly to customers or through distributors).[17]

All URD is manufactured of the same raw materials (generally aluminum, copper and insulating compounds) in accordance with industry standards and has the same physical appearance.[18] So long as the products are manufactured to the same specifications, URD produced by any domestic or Canadian manufacturer is interchangeable with URD produced by another.[19] Lastly, URD manufacturers can easily change from producing one variation of URD to another, and do so.[20]

Common features of URD include voltage rating; the conductor type and size; the level and type of insulation (each voltage of cable has a different insulation thickness); the type, size and number of copper neutral wires; and the thickness of the jacket material, if any.[21] There are eight basic steps involved in producing URD.[22] All URD goes through each of these manufacturing operations, with the exceptions of conductor stranding in the case of solid conductor URD and cable jacketing in the case of unjacketed URD.[23] The price of the cable differs in accordance with the features offered.[24]

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[17] Petition at 30; see Report at A-12.

[18] Petition at 3, 5; see Report at A-4.

[19] Petition at 30; see Report at A-4; Petitioner's Post-Conference Statement at 19.

[20] Petition at 30; see also Tr. at 61.

[21] See Petition at 3-4; Tr. at 53-54; Report at A-4.

[22] Report at A-6.

[23] Tr. at 56-57; see Report at A-6.

[24] Tr. at 54.

In view of the common physical characteristics, end use, manufacturing facilities, production processes, channels of distribution, and interchangeability among manufacturers, we define the like product to be all URD, regardless of specifications and variations. Accordingly, we also find that the domestic industry consists of all manufacturers of URD, regardless of specifications and variations.[25]

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[25] We note that the related parties provision of the statute permits the Commission to exclude certain producers, when related to the exporters or importers, from the domestic industry in appropriate circumstances. 19 U.S.C. § 1677(4)(B). Applying the facts of this investigation, we note that two of the four petitioning producers have Canadian affiliates, i.e. the companies have common parents, and the Canadian affiliates manufacture URD. Petition at 12 & nn.18-19; Tr. at 50-51. We do not believe "appropriate circumstances" exist so as to exclude the two related producers. They do not appear to be shielded from any adverse effects resulting from the imports. Moreover, we agree with petitioner that excluding these manufacturers could distort the Commission's analysis because they account for a substantial share of the industry. See Tr. at 29-30; Petitioner's Post-Conference Statement at 7; see also Report at A-10 & A-11, Table 1 for an assessment of all domestic producers' shares of production and domestic shipments.

We also note that respondent ACW, which accounted for the majority of Canadian exports to the United States throughout the period of investigation, states that it has filed with Commerce its written objections with regard to petitioner's standing to file a petition launching this investigation. Post-Conference Brief of ACW at 1 n.3. On March 10, 1992, one day before the vote in this preliminary investigation, the two petitioning domestic producers with Canadian affiliates filed letters with the Commission notifying us that they had withdrawn from the petitioning group and wished to withdraw the petition. Counsel for the petitioner also filed a letter the same day advising us that USCTAG had not withdrawn its petition, nor did it intend to do so.

The Court of International Trade has determined that Commerce has the authority to decide whether to dismiss a petition for lack of standing. On January 29, 1992 in the Minebea opinion, Judge Tsoucalas of the Court of International Trade reasserted his ruling in his 1991 NTN Bearings decision that "[it] is the function of the ITA [Commerce] to determine standing." Minebea Co., Ltd. v. United States, slip op. 92-5 at 5 (Ct. Int'l Trade Jan. 29, 1992) (quoting NTN Bearings v. United States, 757 F. Supp. 1425, 1430 (Ct. Int'l Trade 1990)). Compare Suramerica de Aleaciones Laminadas, C.A. v. United States 746 F. Supp. 139, 153 (Ct. Int'l Trade 1990), appeal docketed, No. 91-1015 (Fed. Cir. Oct. 5, 1990). We consequently make no determination on the issue of standing.

III. CONDITION OF THE DOMESTIC INDUSTRY

In assessing the condition of the domestic industry, the Commission considers, among other factors, consumption, production, shipments, inventories, capacity, capacity utilization, employment, market share, prices, profitability, the ability to raise capital, and investment.[26] No single factor is determinative. In each investigation the Commission considers the particular nature of the relevant industry. In addition, we evaluate these factors in the "context of the business cycle and conditions of competition that are distinctive to the affected industry."[27]

Because the primary purpose of URD is to distribute electric power to residential areas,[28] the decline in housing starts due to the current economic recession has had an unequivocal negative effect on the demand for URD.[29] Both petitioner and respondent ACW acknowledge that current economic conditions have contributed to the poor health of the domestic industry.[30] Petitioner specifically stated that the recession has reduced the demand for URD and has had some impact on prices.[31]

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[26] 19 U.S.C. § 1677(7)(C)(iii).

[27] Id.

[28] Estimated usage of URD in new residential construction accounts for 50 percent of the market, usage in commercial construction accounts for 20-25 percent, and 30 percent is attributable to replacement. INV-P-029 at 2 (Mar. 11, 1992).

[29] Report at A-10, B-10.

[30] Petitioner's Post-Conference Statement at 14-15; Post-Conference Brief of ACW at 19-20.

[31] Tr. at 39.

Both the quantity and value of apparent domestic consumption of URD fell significantly throughout the period of investigation.[32] U.S. producers' domestic shipments similarly declined from 1989 to 1991, both in terms of quantity and value.[33] The record reveals a strong relationship between the decline in housing starts and decreased domestic shipments throughout the period of investigation.[34] Domestic producers' market share fluctuated slightly, but was consistently greater than 95 percent of domestic consumption.[35] Total reported end-of-period capacity fell slightly during the period of investigation. The decline in production during the period of investigation exceeded the decline in capacity, resulting in an increase in excess capacity.[36]

URD is generally produced in response to orders from end users, but a small amount may be inventoried due to the lag between production and shipment.[37] U.S. producers' inventories decreased throughout the period of investigation.[38]

The number of production and related workers declined by a small amount from 1989 to 1990, and by more in 1991. Similarly, hours worked by those workers fell by a small amount from 1989 to 1990 and somewhat more in 1991.

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[32] Report at A-12.

[33] Id. at A-13, Table 2; A-15 & Table 4.

[34] Compare the information in the attachment to INV-P-029 with the data in the Report at A-16, Table 5.

[35] Report at A-32, Table 17.

[36] Id. at A-14 & Table 3.

[37] Id. at A-16.

[38] Id.; A-17, Table 6.

Hourly wages, hourly total compensation paid, and unit labor costs increased in all years, although productivity fell irregularly from 1989 to 1991.[39]

Concurrent with other declines in industry indicators, net sales and operating income declined throughout the period of investigation.[40] In the aggregate, the domestic industry incurred an operating loss in 1991.[41] Research and development expenses remained stable from 1989 to 1991.[42] The value of total assets increased throughout the period of investigation, with the result that the operating return on assets declined.[43] Total capital expenditures also declined.[44]

The majority of the responding domestic producers stated that Canadian imports of URD have not had any actual negative effects on their investment, ability to raise capital, or existing development and production efforts.[45] Furthermore, despite generally negative industry indicators, a URD producer reentered the market in 1991.[46]

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[39] Id. at A-18.

[40] Id. at A-18 & A-19, Table 8.

[41] Id.

[42] Id. at A-22.

[43] Id. at A-22, Table 11.

[44] Id. at A-22; A-23, Table 12.

[45] Id. at B-10.

[46] Post-Conference Brief of ACW at 3 n.4; see also Tr. at 49, 67.

IV. NO REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

The statute requires the Commission to determine whether there is a reasonable indication that the domestic industry is materially injured by reason of the subject imports.[47] "Material injury" is defined as "harm which is not inconsequential, immaterial, or unimportant."[48] In making its determination the Commission considers:

> (I) the volume of imports of the merchandise which is the subject of the investigation;
>
> (II) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States.[49]

The Commission may consider other factors it deems relevant, but must explain their relevance.[50]

In determining whether material injury to the domestic industry is "by reason of" the imports under investigation, the Commission may take into account information concerning other causes of harm to the domestic industry, but is not to weigh causes.[51] [52] We find that in this investigation there is

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[47] 19 U.S.C. § 1673b(a)(1)(A).

[48] Id. § 1677(7)(A).

[49] Id. § 1677(7)(B)(i).

[50] Id. § 1677(7)(B)(ii).

[51] Citrosuco Paulista, S.A. v. United States, 708 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988); see also S. Rep. No. 249, 96th Cong., 1st Sess. 57-58, 74 (1979); H.R. Rep. No. 317, 96th Cong., 1st Sess. 47 (1979).

[52] Commissioner Nuzum notes that "the issue [is not] whether less-than-fair-value imports are the principal, a substantial, or a significant cause of material injury," but whether the imports are a cause of material injury. S.

(continued...)

no reasonable indication that the subject imports are causing material injury.[53]

Import levels fluctuated during the period of investigation, falling in quantity and value from 1989 to 1990 and rising from 1990 to 1991. During all three years, however, the volume of imports remained very small relative to the volume of U.S. industry shipments. The market share of the subject imports also fluctuated, falling from 1989 to 1990 and rising from 1990 to 1991. Again, however, the subject imports' market share remained very small (less than five percent) relative to the domestic producers' market share, which remained extremely high (greater than 95 percent) throughout the period

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[52] (...continued)
Rep. No. 249 at 74; LMI-La Metalli Industriale, S.p.A. v. United States, 712 F. Supp. 959, 971 (Ct. Int'l Trade 1989); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. at 1101; Hercules, Inc. v. United States, 673 F. Supp. 454, 481 (Ct. Int'l Trade 1987); British Steel Corp. v. United States, 593 F. Supp. 405, 413 (Ct. Int'l Trade 1984); see also Maine Potato Council v. United States, 613 F. Supp. 1237, 1244 (Ct. Int'l Trade 1985) (Commission must reach an affirmative determination if it finds that imports are more than a de minimis cause of injury).

[53] In addition to the factors discussed below, Vice Chairman Brunsdale, Commissioner Crawford, and Commissioner Watson view the withdrawal of support by two of the petitioning producers and the indication of active opposition by Pirelli Cable Corporation as additional evidence bolstering a finding that there is no material injury by reason of the LTFV imports. As a result of these actions, over half of the domestic industry has expressed opposition to the petition. See Report at A-11, Table 1. While a firm's opposition may result in part from its interests in other markets or in other countries, the act of opposition suggests that any injury the firm is suffering in the U.S. market is likely to be small.

of investigation.[54] Considering the facts of this investigation, we do not view the volume of imports and any increases thereof as significant.

Because of the nature of the product under investigation, it was difficult to develop useful comparative pricing data. The Commission sought pricing information on the three products that constitute the vast majority of domestic URD sales.[55] However, because URD is produced to user specifications, which differ from utility to utility, much of the pricing information we obtained did not conform exactly to the three product descriptions.[56] Accordingly, data regarding bids should not be aggregated, but should be viewed separately for each utility.

While price is important to the utility in evaluating a bid, other factors are also weighed. These include product engineering, delivery, payment terms, and vendor reliability. The weight given to these criteria varies among utilities. The bid evaluation process may be formal or informal.[57] In addition, the information available to the Commission shows that there are few instances in which the lowest bidder is awarded an entire contract, although the low bidder commonly wins a significant part of the

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[54] Id. at A-13, Table 2; A-30 & Table 15; A-31 & Table 17. Although the fact that the domestic industry has a dominant share of the market is relevant in our analysis of the condition of the industry, it does not necessarily lead to a negative determination. See Coated Groundwood Paper from Belgium, Finland, France, Germany, and the United Kingdom, Invs. Nos. 731-TA-487-490, 494 (Final), USITC Pub. 2467 (Dec. 1991), at 9 n.27; Potassium Hydroxide at 14 n.54; Minivans from Japan, Inv. No. 731-TA-522 (Preliminary), USITC Pub. 2402 (July 1991), at 33-34 n.106.

[55] Report at A-34 & n.50.

[56] Id. at A-34. We note that we would encounter the same difficulty in a final investigation.

[57] Id. at A-32 - A-33.

contract. In fact, contracts may be split among as many as four producers to ensure a continuing supply of cable.[58] The record shows a mixed pattern of overselling and underselling throughout the period of investigation. The existence of some instances of underselling does not mandate an affirmative determination in this case, particularly in view of the importance of non-price factors in purchasers' decisions and of the practice of contract-splitting.

There has been a general downward trend of bid prices since 1989, with the largest decline from 1990 to 1991.[59] However, as of September 26, 1991, four months prior to the filing of the petition, ACW, the largest respondent, changed its pricing strategy and has not secured any new bids for blanket orders since that date.[60] This change in pricing strategy was initiated at the direction of the Chairman of ACW's French parent firm, Alcatel Cable S.A., and was part of a general review of ACW's operations by Alcatel after it acquired ACW in July 1991.[61] The only products ACW is now shipping to the

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[58] See id. at A-33; A-36, Tables 19-20; A-37, Tables 21-22; Tr. at 144.

[59] Report at A-34; A-36, Tables 19-20; A-37, Tables 21-23.

[60] Id. at A-26; Post-Conference Brief of ACW at 26, n.68; see Tr. at 77-80.

[61] Affidavit of Dr. Gordon Thursfield, President of the Energy Group, Alcatel Canada Wire, Inc. at paragraph 5 (Feb. 21, 1992) (submitted as Exhibit 6 to the Post-Conference Brief of ACW). Accompanying Dr. Thursfield's affidavit are copies of a number of letters to utilities in the United States withdrawing quotes and, in one case, declining a purchase order for URD.

We note that URD producers in the United States also met to discuss a possible antidumping petition in late September. See INV-P-029 at 2. While the coincidence of these two events might suggest that ACW's change in pricing strategy was the result of the threatened petition, we do not believe the evidence supports such a conclusion since the review was being conducted as part of a change in ownership and involved senior managers from ACW's French parent firm. Further, Dr. Thursfield's affidavit states that at the time ACW changed its pricing strategy, he "had no knowledge of the U.S. antidumping

(continued...)

United States are against contracts entered into prior to September 26, 1991.[62]

As indicated above, the decline in demand has played a role in depressing the price of URD.[63] One domestic producer stated that prices continued to fall after respondent ACW changed its pricing strategy in late September 1991.[64] The record shows that while respondent ACW's 1992 quotes have increased significantly from 1991, quotes from the domestic producers have notably decreased.[65] Accordingly, based on the information available to us in this investigation, we find that there has been no significant underselling, price suppression or price depression by reason of the allegedly LTFV imports.

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[61] (...continued)
laws or of any rumors of any investigation . . . involving medium voltage URD cable and to the best of my knowledge and belief neither did [the Chairman of the parent firm]." Affidavit at paragraph 11.

[62] Report at A-26; Tr. at 80.

[63] There is no reason to expect an increase in prices because the consumption of URD and the costs of production, i.e. raw materials costs, have declined. The decline in aluminum and copper prices, the primary metals used to manufacture URD, has contributed to the decline in the price of URD. Report at A-33.

[64] Id. at B-10. Indeed, this producer stated that any effect of the Canadian imports "was transient and of no sustained significance in terms of the U.S. market." Id.

[65] Id. at A-37, Tables 22-23. Information obtained from utilities shows that despite respondent ACW's well-publicized change in its bidding strategy six months ago and its resulting failure to secure new contracts, there is no evidence before the Commission suggesting that prices have begun to increase. If respondent ACW's prices were influencing the domestic market, the impact on new contracts should have been evident. See Brief of Ohio Edison Co. & Pennsylvania Power Co. at 7 (Feb. 25, 1992).

A significant portion of the domestic industry has stated that the subject imports have not had a significant impact on the domestic industry.[66] We find that the record confirms that statement.

We conclude that there is no reasonable indication that the domestic industry is experiencing material injury by reason of the subject imports.[67] [68]

V. NO REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

The statute directs the Commission to determine whether a United States industry is threatened with material injury by reason of imports "on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."[69] The Commission considers as many of the ten statutory factors as are relevant to its threat analysis.[70]

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[66] Report at B-10.

[67] Although some anecdotal lost sales were confirmed, they were due in part to non-price factors. In any case, the presence of anecdotal lost sales evidence does not, in itself, invalidate a negative determination. USX Corp. v. United States, 655 F. Supp. 487, 491 (Ct. Int'l Trade 1987).

[68] Vice Chairman Brunsdale also notes that the alleged dumping margins in this case range from 53.9 percent to 240.5 percent. Report at A-13. While these margins are little more than the allegations of petitioner, they are the best information on dumping margins available at this stage of the proceeding. For purposes of her decision in this case, she has assumed that if the Canadian imports had been sold at the fair price implied by such margins, they would not have been present in the U.S. market. However, given the small market share of the Canadian producers, given the fact that the vast majority of the Canadian imports are accounted for by a producer (ACW) that has not been a competitive force in the market for new contracts since September 1991, and given the substantial excess capacity in the domestic industry, she does not believe that there is a reasonable indication that allegedly dumped Canadian imports are materially injuring the domestic industry.

[69] 19 U.S.C. § 1677(7)(F)(ii).

[70] See id. § 1677(7)(F)(i).

Canadian producers' 1992 and 1993 projections for capacity show little change from the 1991 level.[71] Excess capacity is projected to decline because Canadian producers expect to increase their exports to third market countries and to their home market in 1992 and 1993.[72] The evidence presented in the record shows that respondent ACW has closed two domestic sales offices, reduced its sales staff from ten to two employees, and intends to decrease its exports to the United States and increase exports to other countries, which belies a rapid increase in market penetration.[73] The record also shows that respondent ACW intends to reenter the domestic market only when prices rise to an acceptable level, which is 20 to 40 percent above current market prices.[74]

Because production is generally to order in this market, inventories of Canadian URD in the United States are extremely small.[75] Producers accounting for a significant share of U.S. production in 1991 indicated that there are no

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[71] Report at A-28, Table 14.

[72] Id.; see also INV-P-030 (Mar. 11, 1992).

[73] Report at B-12, Table D1; see also Post-Conference Brief of ACW at 26; Tr. at 79. Respondent ACW will continue to ship URD to the United States under its existing contracts throughout 1992, but shipments should begin to decline because no new bids have been won. Report at A-26 - A-27.

[74] See id. at A-26; Tr. at 79-80, 128-30.

[75] See Report at A-25, A-27. While there are ten factors listed in the statute, three have no relevance to this investigation and need not be discussed. The first statutory factor pertains to subsidies only. The eighth pertains to product-shifting, which is not an issue because there are no similar products under investigation. The ninth factor relates only to agricultural products. See 19 U.S.C. § 1677(7)(F)(i).

In antidumping duty investigations, the Commission must also consider whether dumping findings or antidumping remedies in GATT member markets against the same class or kind or merchandise manufactured or exported by the same party suggest a threat of material injury to the domestic industry. Id. § 1677(7)(F)(iii)(I). There are no such findings or remedies.

anticipated negative effects on their firms' existing development and product efforts.[76]

In sum, we find no reasonable indication that a real and imminent threat of material injury exists as a result of importation of URD from Canada. Any such conclusion would be entirely speculative.

CONCLUSION

As the foregoing discussion indicates, we have determined that the record as a whole contains clear and convincing evidence that there is neither material injury nor threat of material injury by reason of allegedly LTFV imports from Canada. Moreover, there is no likelihood that contrary evidence would arise in any final investigation.

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[76] Report at B-30.

Views of Chairman Newquist and Commissioner Rohr

We concur with our colleagues with respect to the definition of the like product and the domestic industry. We determine, however, that there is a "reasonable indication" that the domestic industry is materially injured by reason of allegedly less-than-fair-value imports of medium voltage underground distribution cable ("URD") from Canada.

The financial and other performance trends for the domestic industry, which are discussed in detail in the majority opinion, demonstrate beyond doubt that this industry is suffering material injury. Where we depart from our colleagues, therefore, is in determining that the subject imports are "a cause" of that injury [1] and that further evidence to support an affirmative determination may well arise in any final investigation.

The domestic industry suffered declines in performance in 1990 and even more serious difficulties manifested themselves in 1991, with major declines in all performance indicators occurring in that year. Coincident with this rapid deterioration in the condition of the industry, Alcatel Canada Wire ("ACW"), the

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[1] See LMI-La Metalli Industriale, S.p.A. v. United States, 712 F. Supp. 959, 971 (Ct. Int'l Trade 1989).

largest Canadian exporter of URD to the United States, aggressively sought to gain a larger share of the declining U.S. market.[2] The volume of imports of URD from Canada jumped *** percent in 1991 over its 1990 level, while U.S. producers' shipments and total domestic consumption declined. Canadian producers succeeded in nearly doubling their U.S. market share from 1990, capturing 4.1 percent of domestic consumption (by volume) in 1991. The negative effects of this sharp increase in imports is accentuated by the price sensitive nature of this market.

This market is very price sensitive for several reasons. First, all URD is manufactured from the same raw materials in accordance with industry standards and according to the same customer specifications. Therefore, domestic and imported URD are interchangeable.[3] Second, bidding for supply contracts to utilities requires suppliers to be at or near the low bid to gain sales.[4] Thus, particularly in negotiated bid situations, a low bid can quickly induce others to reduce their bids in order to get any sales at all.[5] Third, each sale is important because there also is pressure on prices from the supply side. There is

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[2] The assets of Canadian Wire and Cable, Inc. were purchased by Alcatel Canada Wire, a newly formed corporation owned by Alcatel Cable S.A., in July 1991.

[3] Staff Report at A-51.

[4] Transcript of the public Conference ("Tr.") at 16-18, Staff Report at A-49 - A-50.

[5] Tr. at 25.

substantial overcapacity in this industry. Further, the URD manufacturing processes require producers to maintain sufficient volume of sales to enable them to run their plants near-continuously if they are to control their manufacturing costs.[6] Fourth, demand for this product is price inelastic with no close substitutes for its applications in power distribution.[7] Therefore, any increase in imports directly causes losses in the quantity of sales by domestic producers, rather than an increase in total domestic consumption of URD, and causes more than a proportional decline in domestic market prices. In the context of these market conditions, aggressive pricing and marketing by a producer with a significant share of the U.S. market, such as ACW, should be expected to rapidly affect other competitors in the market.

We recognize that factors unrelated to the subject imports -- primarily, the significant drop in demand for URD associated with the downturn in residential and commercial construction, figure prominently in the industry's present misfortunes. We have also considered the argument by ACW that at least part of its 1991 increase in market share reflects contract awards that

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[6] Petitioner testified that "URD is insulated as [sic] what is called a continuous vulcanization line, or CV line. Let me emphasize that the operative word here is continuous. These very expensive insulation extruder lines must run 24 hours a day with only occasional shutdowns for maintenance." Tr. at 17-18.

[7] Petitioner and respondent ACW agree there are no substitute products. Tr. at 15 and 60.

should not be considered true "lost sales." We find, however, that the volume of confirmed lost sales due to the subject imports is significant.[8] Further, we believe the evidence supports Petitioners' claim that in bid negotiations during this period, private and public utilities used ACW's low bid prices to leverage domestic producers' prices downward.[9]

Thus, notwithstanding other factors that have no doubt injured the domestic industry in the recent past, the evidence amply demonstrates that low-priced imports from Canada have also contributed significantly to the dramatic deterioration in the industry's performance.

Much attention has been paid by respondents to the September 1991 decision by ACW to institute a "virtual withdrawal" from the U.S. medium voltage URD cable market.[10] ACW contends that this decision can only cause ACW's presence in the U.S. market to diminish over time, and, indeed, ACW has already withdrawn from certain sales opportunities. ACW's September 1991 decision and subsequent conduct, however, do not, in our judgment, refute evidence that imports from Canada have harmed the domestic

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[8] Staff Report at A-60 to A-63.

[9] See, e.g., Tr. at 25, 44.

[10] Post conference Brief of Alcatel Canada Wire, Inc., at 8. We find it relevant that ACW's reported decision to exit the U.S. market was reached on September 26, 1992, the same day representatives of the domestic industry met to discuss filing the petition for this investigation. Memorandum INV-P-029, March 11, 1992, at 2, Item 4.

industry over the period of this investigation.

Nor does this recent decision by ACW make it a foregone conclusion that "no contrary evidence of a threat of material injury will arise in any final investigation."[11] Even if one were to view ACW's projected 1992 and 1993 shipments under existing blanket orders as non-injurious, ACW has the capacity to reenter the U.S. market quickly, and has acknowledged its intention to do so "when pricing levels improve."[12] We note that the economy may be entering an upswing, led by recent increases in housing starts, and producers have indicated in questionnaire responses that the time lag between a change in economic indicators and housing starts, and a resulting shift in sales of URD, may be as little as four months.[13]

Under American Lamb, we have not voted in the affirmative in order to simply "wait and see" whether the subject imports increase. Indeed, it is extremely unlikely that ACW or other Canadian producers would increase their presence in the U.S. market significantly while an antidumping investigation is pending. We do believe, however, that additional evidence, such as contemporaneous business records, should be sought concerning

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[11] American Lamb Co v. United States, 785 F.2d 994, 1001 (Fed. Cir. 1986).

[12] Post conference Brief of Alcatel Canada Wire, Inc. at 27. ACW continues to bid on new contracts in order to remain an "approved supplier". Tr. at 118.

[13] INV-P-029, at 2.

the motivation underlying ACW's decision.[14] [15] Also, we believe there is more than a "mere possibility" that different market conditions will ensue -- of the sort which, absent an affirmative dumping determination, ACW admits would warrant its renewed pursuit of sales in this market. Respondents further argue that the withdrawal of support by BICC and Pirelli for this petition two days before the Commission's scheduled vote[16] is dispositive of this investigation.[17] The Commission has in the past considered industry support or opposition to a petition as a factor in our determinations. [18] And here too we looked carefully at these two producers' sudden change in position from active petitioners.

These two domestic producers have not changed their sworn testimony that the subject imports caused injury to their domestic operations. In the case of Pirelli, *** , the decision

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[14] See Tr. at 47, ("[I]n the fourth quarter of 1991, it was well-known in the industry that this [antidumping] action was being contemplated.")

[15] Given the timing of ACW's decision and the lack of complete information on the circumstances surrounding that decision, we are particularly wary of possible efforts to manipulate import levels or other kinds of "tactical maneuvering" associated with the filing of this petition. See generally, Phillipp Bros., Inc v. United States, 640 F.Supp 1340, 1346 (CIT 1986).

[16] Letters from BICC Cables Corp. and Pirelli Cable Corp. dated March 9, 1992.

[17] Letter from Counsel to ACW dated March 11, 1992, at 2.

[18] See, e.g., Sheet Piling from Canada, Inv. No. 731-TA-52 (Final), USITC Pub. 2346, at 12 (May 1991).

to withdraw was reportedly ***.[19] This reason for withdrawal from the petitioning group indicates that the domestic market was aware of the price effects of the subject imports from Canada. In any final investigation, we would have pursued additional information from purchasers on this issue as well as further information from these producers on their very unexpected change in position so late in the investigation.

We carefully considered ACW's purported future withdrawal from the domestic market and the sudden change in the composition of the original petitioning group of domestic producers as possible reasons to make a negative determination. But these factors do not go to the central issue: whether, given the economic characteristics of this market, a marked increase in the subject imports from 1990 to 1991 was a cause of the concurrent rapid deterioration in the condition of this domestic industry. We conclude that it was.

We cannot conclude that "the record as a whole contains clear and convincing evidence that there is no material injury".[20] To the contrary, we find that a preponderance of the evidence in this investigation reasonably indicates that the allegedly dumped imports of medium voltage underground distribution cable from Canada are a cause of the material injury suffered by the domestic industry.

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[19] Memorandum INV-P-029, March 11, 1992, at 1.

[20] American Lamb Co. v. United States, 785 F.2d 994, 1001 (Fed Cir 1986).

INFORMATION OBTAINED IN THE INVESTIGATION

Presented herein is the original report (with business proprietary information deleted) as sent to the Commission on March 6, 1992. Since that date, two firms in the petitioning group (Cablec and Pirelli) changed their status regarding the petition and the petitioning group (U.S. Cable Trade Action Group). No official reason was cited for the change. On March 10, 1992, Pirelli withdrew from the petitioning group and requested the petition be withdrawn and the investigation terminated. The firm also indicated that it would oppose the petition if it were not withdrawn. Likewise, on March 10, 1992, Cablec withdrew from the petitioning group and indicated its wish "not to continue to proceed with the petition." The firm did not publicly indicate its current position on the petition.

Please note that all references to the petitioner in the staff report do not include changes made by Cablec and Pirelli on March 10, 1992.

INTRODUCTION

On January 31, 1992, a petition was filed with the U.S. International Trade Commission (Commission) and the U.S. Department of Commerce (Commerce) by counsel for the U.S. Cable Trade Action Group (USCTAG), an ad hoc trade association of medium-voltage underground distribution cable (URD) producers,[1] alleging that an industry in the United States is being materially injured and is threatened with further material injury by reason of imports from Canada of URD[2] that is allegedly sold in the United States at less than fair value (LTFV). Accordingly, effective January 31, 1992, the Commission instituted antidumping investigation No. 731-TA-545 (Preliminary) under section 733(a) of the Tariff Act of 1930 to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise into the United States.

Notice of the institution of this investigation was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the Federal Register of February 10, 1992 (57 F.R. 4887). Commerce published its notice of initiation in the Federal Register of February 27, 1992 (57 F.R. 6710). Copies of the Commission's and Commerce's Federal Register notices are presented in appendix A.

The Commission held a public conference in Washington, DC, on February 21, 1992, at which time all interested parties were allowed to present information and data for consideration by the Commission. A list of the participants in the conference is presented in appendix B. The Commission voted on this investigation on March 11, 1992. The statute directs the Commission to make its preliminary determination within 45 days after receipt of the petition, or in this investigation by March 16, 1992.

The Commission has not conducted any previous or related investigations on URD from Canada.

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[1] The petitioner, USCTAG, is comprised of four of the eight known U.S. URD producers. The four petitioning firms are Cablec Utility Cable Co./BICC Cables Corp. (Cablec), Pirelli Cable Corp. (Pirelli), Rome Cable Corp. (Rome), and Southwire Furukawa Cable Co. (Southwire). The remaining four known U.S. URD producers are Hendrix Wire & Cable (Hendrix), The Kerite Co. (Kerite), Okonite Co. (Okonite), and Reynolds Metals Co. (Reynolds). For information regarding the eight known U.S. URD producers, see the section of this report entitled "U.S. producers."

[2] For purposes of this investigation, the subject product is URD, an insulated electrical conductor used by electric utility companies in the medium-voltage stage (i.e., for voltages exceeding 1,000 volts but not exceeding 46,000 volts) of transmitting electricity. Utility companies distribute electricity at high voltage from the power generation plant to regional substations primarily via uninsulated, overhead "high tension" wires. At the regional substation, the electricity is "stepped down" to medium voltage. URD is generally used to conduct the electricity from the regional substations to neighborhood transformers, where it is again "stepped down" to household voltages. URD is composed principally of metal (generally aluminum for the conductor and copper for the "neutral" or ground) and insulating compounds (e.g., polyethylene) and is provided for in subheading 8544.60.60 of the Harmonized Tariff Schedule of the United States (HTS).

THE PRODUCT

Description and Uses

URD[3] is an insulated electrical conductor used by electric utility companies to distribute medium-voltage electric power (i.e., for greater than 1,000 volts, but not exceeding 46,000 volts) to residential/light commercial areas. Electric power generated by electric utility companies is transmitted at high voltages to regional substations to reduce transmission losses. The high voltage is stepped down at a substation by a power transformer and the reduced voltage is distributed to small neighborhood transformers through the URD. The type of cable selected depends upon the geology and the density of the area being served. Occasionally, URD will also be purchased by industrial companies for distributing electricity underground.

URD is produced in conformity with standards established by the Cable Engineering Section of the Association of Edison Illuminating Companies (AEIC) and the Insulated Cable Engineers Association (ICEA). However, electric utility companies frequently establish their own standards, which are more stringent than the specifications published by either the AEIC or ICEA. Company standards often provide for enhanced reliability and extended service life, which are dictated by the operating environment of the utility's service area. Imported and domestically-produced URD are manufactured to the same specifications.

URD, which has a life expectancy of 20 years or more, is protected by layers of insulation and shields to prevent degradation and voltage breakdown. The cable insulation is designed to resist electro-mechanical deterioration in branch-like patterns, known as "treeing," and to prevent moisture penetration and corrosion. The cable is also designed to withstand electrical surges and is usually covered by a jacket for protection and identification purposes.

URD varies by voltage rating, conductor type and size, insulation type and thickness, characteristics of the copper neutral wire, and whether the cable is of jacketed or unjacketed design. Individual features of URD are shown in figure 1 and are discussed below.

URD is generally produced with voltage ratings of 15kV,[4] 25kV, or 35kV. Some electric utility companies also require URD with voltage ratings of 5kV, 28kV, or 46kV; however, URD produced with these voltage ratings represents only a small share of the market.

The conductor used in URD can be a single solid aluminum wire or strands of smaller aluminum wire twisted together, which provides for greater cable flexibility. Stranded conductor cables are often impregnated with a semi-conductive polymeric compound that prevents moisture penetration between the strands. This type of cable is called filled strand URD. Electric utility companies sometimes require URD made with solid copper conductors, but this practice is infrequent and represents only a small share of U.S. production.

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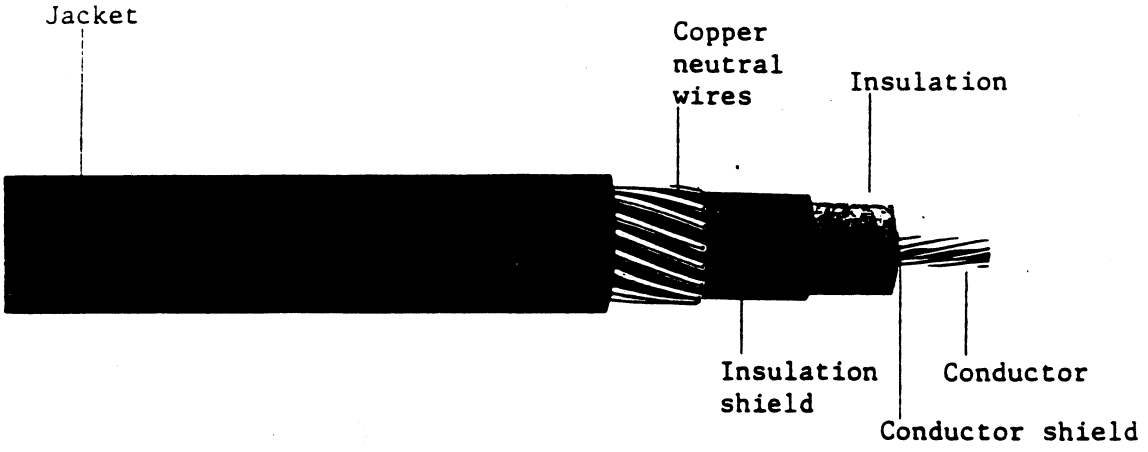
[3] In Canada, URD is frequently known as CN cable, or concentric neutral cable.

[4] kV is the abbreviation for kilovolt, or 1,000 volts.

Figure 1.--Features of URD



Source: Compiled by staff based upon information from Alcatel Canada Wire, Inc. and domestic manufacturers of URD.

Solid conductors can range in size from 4 AWG[5] (0.225 inches in diameter) to 2/0 AWG (0.406 inches in diameter); stranded conductors range in size from 4 AWG to 1,000 MCM.[6] A 4 AWG conductor normally has 7 wires and a 1,000 MCM conductor normally has 61 wires. Conductors are covered by a shield composed of a plastic-based semi-conducting material that relieves mechanical stresses between the conductor and the insulation.

The insulation surrounding the conductor prevents voltage breakdown and electrical short circuits. As a general rule, the greater the thickness of the insulation, the higher the voltage rating of the cable. In some instances, the customer will specify that the insulation should be 133 percent of that required for a specified voltage rating. Therefore, the thickness of the insulation provided on such URD will be greater. Insulation thicknesses vary from 90 mils for 100 percent of the insulation required on URD rated at 5kV to 420 mils for 133 percent of the insulation required on URD rated at 35kV. The petition states that "URD rated at 15kV has insulation of 175 mil, 25kV URD has insulation of 260 mil, and 35kV URD has insulation of 345 mil."[7]

The two principal types of insulation are cross-linked polyethylene (XLPE) and ethylene-propylene rubber (EPR). XLPE is a single polymer that exhibits low electrical losses.[8] A variation on XLPE is tree-resistant cross-linked polyethylene (TRXLPE), which has added ingredients to prevent treeing. EPR is more flexible than XLPE or TRXLPE, but may have higher electrical

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[5] American Wire Gauge.

[6] MCM is the abbreviation for Kmil, or 1,000 circular mils. One mil is a thousandth of an inch, or 0.0254 millimeter.

[7] Petition, p. 8.

[8] "Cable Polymers: XLPE and EPR Battle for the T&D Market," Electrical World, March 1989, pp. 5-18.

losses. The price of EPR is also reported to be 20 percent or more higher than that of XLPE or TRXLPE.[9]

The core of URD (i.e., the conductor, conductor shield, insulation, and insulation shield) is wrapped with copper neutral wires. The copper neutral wires can vary from one cable to another by the type, gauge, and number. In an unjacketed application the copper neutral wires are frequently coated with tin to minimize corrosion from the surrounding soil. The neutral is used to provide the cable with a ground potential.

Most URD produced in the United States and Canada is produced with a jacket that covers the copper neutral wires. The jacket is a thermoplastic layer, usually consisting of low density polyethylene or polyvinyl chloride (PVC). In jacketed designs, electric utility companies may order URD where each copper neutral wire is surrounded or encapsulated by the jacket as opposed to the jacket pressing the copper neutral wires against the insulation shield. Electric utility companies sometimes order a cable jacket marked with striping, usually red, or with ridges on the exterior of the jacket, so that electrical and construction crews can easily recognize the cable in the field, either by sight or feel. Unjacketed designs usually call for some sort of support, such as steel wires or Mylar® tape, to keep the neutrals in place against the cable.

Manufacturing Process

URD production can be broken into eight basic steps: wire drawing; conductor stranding; insulation and shield extrusion; insulation curing; application of copper neutral wires, known as "neutral serving;" cable jacketing; physical and electrical testing; and rewinding and packaging. URD goes through all of these manufacturing operations, with the exceptions of conductor stranding in the case of solid conductor URD and cable jacketing in the case of unjacketed URD. The manufacturing processes of both domestic and Canadian URD manufacturers are essentially the same. The manufacturing steps for URD are briefly described below.

Wire drawing reduces the aluminum or copper redraw rod to the desired diameters for subsequent conductor stranding and neutral serving. The redraw rod is drawn through a series of progressively smaller tungsten-carbide dies that successively reduce the diameter of the rod. In some cases after drawing, copper wire is annealed to generate a softer surface.

In the next process known as conductor stranding, a series of individual wires are helically twisted together to form a stranded conductor. As the number of wires required in the conductor increases, the wire strands will become layered. A stranding machine pulls and rotates strands of wire from bobbins, giving the correct degree of twist and bind to the strands as they are moved forward. The stranded conductor is pulled through a sizing die that compresses it to the desired diameter before being rewound on a reel. In the

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[9] U.S. and Canadian producers of URD, conversations with USITC staff, February 1992. EPR is cited as costing 30 to 35 percent more than XLPE in 1989. Ibid.

production of filled strand URD, a semi-conductive compound is applied to each layer of conductor strands (except the outer layer) to fill the interstices between strands and strand layers during the twisting operation. If a lengthy conductor is required, shorter conductors are butt welded at this stage of the manufacturing process.

The extrusion of a shield layer over the conductor and the extrusion of the insulation and insulation shield are performed in a "continuous vulcanization" process. This extrusion process is performed on a continuous vulcanizer or catenary continuous vulcanizer (CV). The conductor is pulled through an extruder head that applies the conductor shield. Next, the insulation and the insulation shield are applied in a second extruder head fed by two extruders.[10]

The uniform thickness of the insulation and shields, measured in thousandths of an inch, and their concentricity to the conductor are critical to the quality of the URD product. To maintain these critical dimensions, the operation of the CVs, the flow of the compounds into the extruders, and the speed at which the conductor is pulled through the vulcanization process are usually controlled by computers. In addition, the purity of the insulation and shield compounds is critical. Because of this, many manufacturers have installed clean rooms with controlled atmospheres in which incoming compounds are inspected for potential contaminants.

The curing of the insulation and shields immediately follows the extrusion process.[11] In curing URD, heat is applied to cause chemical reactions, or a "cross-linking" of the polyethylene molecules in the insulation compound. The cross-linking of molecules prevents the cable insulation from melting due to the heat generated by a short circuit or systems failure. Two types of curing are used -- dry and wet. Dry curing, a more recent technology, is the application of high temperatures (500 to 600 degrees Fahrenheit) to the cable core in a dry nitrogen environment; wet curing uses high-pressure steam. Many manufacturers of URD have converted from wet to dry curing because this process yields a higher-quality product that is preferred by many electric utility companies. Since dry curing eliminates moisture from the curing process, potential flaws caused by moisture are also eliminated. However, some customers still specify wet curing and certain manufacturers have maintained some capacity for this

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[10] This configuration is called a "one plus two" CV. A more advanced CV has an extruder head fed by three extruders, known as a "triple." The triple CV has the advantage of extruding the insulation and shields within the same extruder head, thereby eliminating contaminants in ambient air or possible physical damage that might occur between the first and second heads in a one-plus-two configuration. In order to obtain a higher quality product, some electric utility companies specify that their cable must be produced on triple CVs.

[11] The curing process begins as the URD core exits the CV extruders, which are located two or three floors above the factory floor. The curing and cooling processes occur in an enclosure built around the curve, or catenary, of the URD core as it drops from the CVs to the factory floor at the other side of the factory. The catenary helps maintains a constant concentricity of the insulation and shields around the conductor during curing.

process. After the curing process is completed, the cable is cooled in a water bath.

The next step consists of applying copper neutral wires, or neutral serving. In this step, copper neutral wires are helically and concentrically wrapped over the cable core. This process is similar to that of the stranding process. Since the equidistant placement of the neutrals is critical to the performance of the product, neutral serving on a cable is checked at this stage of manufacture. If the cable being made is of an unjacketed type, the neutral serving operation is sometimes finished with additional supports wrapped around the cable with Mylar® tape to keep the neutrals in place on the cable core.

In the cable jacketing stage of manufacture, the jacket, usually a thermoplastic layer typically of low density polyethylene or PVC, is extruded over the neutrals. Immediately after the jacket is extruded, the cable is cooled in a long, narrow tank of running water. As the jacket is extruded, another extruder might apply striping to the jacket for identification purposes. At this stage of manufacture, the diameter of the cable is checked by various methods. Before being rewound, the cable may be printed with voltage rating and other information needed for installation purposes.

After critical manufacturing processes, such as curing or neutral serving, are completed, the physical characteristics of the cable are examined in factory testing facilities to ensure the concentricity of layers in the cable core. The cable is also tested and inspected to meet the customer's specifications and to ensure compliance with industry standards AEIC CS5-87 and ICEA Publications Nos. S-68-516 or S-66-524. Typically, the cable is tested at voltage levels that are at least two or three times greater than the rated voltage level of the cable. Electrical test data may also be generated for the customer.

In rewinding and packaging operations, the finished cable is cut from master reels into the desired lengths and rewound on wooden or steel reels for shipment. Information about the cable, such as sequential footage numbers, may be applied to the cable just prior to rewinding. For shipment, reels of finished URD are wrapped with plastic sheets or masonite coverings. The finished URD is accepted at the purchaser's loading dock.

Substitute Products

According to the petitioner and the respondent, there are no substitute products. Any use of other types of either industrial medium-voltage cable or other power cable would not be economically feasible.[12]

[12] Transcript of the public conference (transcript), pp. 15 and 60.

U.S. Tariff Treatment

The URD covered by this investigation is classifiable in subheading 8544.60.60 of the HTS. The 1992 rate of duty applicable to URD originating in Canada as provided under the United States-Canada Free-Trade Agreement (CFTA) is 2.9 percent ad valorem. The CFTA rate was reduced from 4.4 percent ad valorem in 1989 to 3.9 percent ad valorem in 1990 and to 3.4 percent ad valorem in 1991. During 1989-92, the column 1-general or most-favored-nation rate of duty was 4.9 percent ad valorem. This duty rate would apply to imports from Canada that (1) do not meet criteria set forth in the rules of preference (see general note 3(c)(vii)(R), especially subdivision (16)), and/or (2) are not accompanied by a claim for CFTA treatment and by other necessary documents at the time of entry. MFN rates would apply to such goods even after 1998.

The duty rate for eligible imports under the Generalized System of Preferences, the Automotive Products Trade Act, the Caribbean Basin Economic Recovery Act, and the United States-Israel Free-Trade Area Implementation Act of 1985 is free. The column 2 rate of duty is 35 percent ad valorem.

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

The U.S. price estimated by the petitioner is based on domestic industry sources and is comprised of bids, or offers for sale, of the subject merchandise in the United States by Alcatel Canada Wire, Inc. (ACW).[13] Adjustments were made by the petitioner for inland freight and U.S. customs duties.

The foreign market value estimated by the petitioner is based both on actual home market sales prices obtained from public bids and on constructed value. Adjustments were made to the bid prices by the petitioner for differences in merchandise and by Commerce for freight charges.

Based on the comparisons of the bid prices in both markets, the alleged dumping margins for URD from Canada range from 77.22 to 240.48 percent. Based on the comparisons of the U.S. bid price and the constructed foreign market value, the alleged dumping margins for URD from Canada range from 53.9 to 126.9 percent.

If the Commission makes an affirmative preliminary determination with respect to alleged LTFV imports from Canada, Commerce will make its preliminary determination of alleged sales at LTFV on or before July 9, 1992.

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[13] For the period 1989 through 1991, there were three Canadian producers of URD that exported the product to the United States. Two of the Canadian producers, however, are affiliates of Cablec and Pirelli (petitioners), who claim that the third Canadian URD producer, ACW, is selling URD in the United States at LTFV. Petition, p. 12.

THE U.S. MARKET

Background

The U.S. market for URD is comprised of privately-held utility companies (75-80 percent), publicly-owned utility companies (10-15 percent), the Rural Electrification Authority (REA)[14] (10 percent), and federally-owned utility companies (less than 2 percent).[15] Suppliers to the U.S. URD market include producers in the United States, Canada, and Mexico.[16]

The industry acknowledges that the U.S. URD industry has been negatively affected by the current recession.[17] From 1989 to 1991, housing starts fell significantly. Since the primary purpose of URD is to distribute electric power to residential areas,[18] the decline in housing starts has had a definite negative effect on the demand for URD.

U.S. Producers

There are eight known U.S. producers of URD. The Commission sent producers' questionnaires requesting data on URD operations to these firms and received complete responses from *** firms. ***.

The petitioner, USCTAG, is an ad hoc trade association comprised of four of the eight known U.S. producers of URD. These four petitioners represent *** percent of 1991 U.S. URD production. Two members of USCTAG are affiliates of Canadian producers of URD. The two U.S. affiliates, Cablec and Pirelli,[19] accounted for approximately *** percent, *** percent, and *** percent of U.S. producers' domestic shipments of URD, by quantity, in 1989, 1990, and 1991, respectively. The firms' Canadian affiliates, Phillips Cables, Ltd. (Phillips) and Pirelli Cables, Inc. (PCI), accounted for approximately *** percent, *** percent, and *** percent of U.S. URD imports from Canada, by quantity, in 1989, 1990, and 1991, respectively.[20]

One U.S. URD producer, Reynolds, which accounted for approximately *** percent of 1991 U.S. URD production, indicates that it opposes the petition brought by USCTAG. The remaining three U.S. URD producers, Hendrix, Kerite,

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[14] ***. Postconference brief by ***.

[15] Estimates are provided by ***. Telephone conversation with ***.

[16] The Mexican URD producer tends to participate in the bid opportunities in the southern region of the United States. Transcript, p. 126.

[17] Postconference brief by counsel on behalf of USCTAG, pp. 14 and 27, and postconference brief by counsel on behalf of ACW, pp. 19-20.

[18] The overwhelming majority of URD purchases in the United States are made for new installations rather than replacement installations. Transcript, p. 125.

[19] The affiliation of these two U.S. URD producers and the two Canadian URD producers is common parentage.

[20] Shipments of URD made by Phillips and PCI to the United States were made to ***.

and Okonite, which collectively accounted for an estimated *** percent of 1991 U.S. URD production, indicate ***.[21]

Presented in table 1 are all known U.S. URD producers, their estimated share of 1991 U.S. production, position on the petition, and the locations of their production facilities.

Table 1
URD: U.S. producers, shares of reported U.S. production in 1991, position on the petition, and production locations

Firm	Share of production	Position	Location
	Percent		
USCTAG:			
Cablec	***	Supports	Paducah, KY DuQuoin, IL
Pirelli	***	Supports	Abbeville, SC Colusa, CA
Rome	***	Supports	Rome, NY
Southwire	***	Supports	Carrollton, GA
Subtotal	***		
Other U.S. producers:			
Hendrix	***	***	***
Kerite	***	***	***
Okonite	***	***	***
Reynolds	***	Opposes	***
Subtotal	***		
Total U.S. producers	100.0		

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

U.S. Importers

The petitioner identified 40 firms as possible importers of URD from Canada, all of which are utility companies identified as end users of the product and which are geographically scattered across the United States. The Commission sent importers'/purchasers' questionnaires to the firms identified in the petition and to two additional firms identified by the respondent as U.S. URD end users. Importers'/purchasers' questionnaires were also sent to all U.S. and Canadian URD producers.

Limited useful import information was received from 26 utility companies, and 4 utility companies responded that they did not import or purchase the product under investigation. Twelve utility companies did not respond to the Commission's request for information.

[21] Information taken from ***.

*** responded to the Commission's request for information. *** also responded to the Commission's request for information. *** did not provide a questionnaire response. *** did provide the Commission with ***.[22] *** indicated that since January 1, 1989, they did not import URD into the United States from Canada.[23]

Import data presented in this report are believed to account for all imports of URD from Canada from 1989 through 1991.

Channels of Distribution

In 1991, *** percent of domestic URD and *** percent of URD imported from Canada was sold directly to unrelated end users. The rest was sold mainly to unrelated distributors.[24] Distributors, in turn, generally sell to small utilities. Sales made directly to the end user or through a distributor are usually done on a contractual basis.

Apparent U.S. Consumption

Data on apparent U.S. consumption are presented in table 2. These data are based on U.S. producers' shipment data, U.S. imports from Canada provided by ACW, Phillips, and Pirelli, and U.S. imports from Mexico[25] as obtained from official import statistics of the U.S. Department of Commerce.

The quantity and value of apparent U.S. consumption of URD fell by *** percent and *** percent, respectively, from 1989 to 1990. A further decline of *** percent and *** percent, for quantity and value, respectively, was experienced in 1991.

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[22] Telephone conversation with ***.

[23] As indicated earlier, ***.

[24] Not included in the data presented are ***.

[25] Because little information was obtained from utility companies on their imports from countries other than Canada, staff has used U.S. Department of Commerce import statistics for Mexico in the calculation of apparent U.S. consumption. Since subheading 8544.60.60 is a "basket" category covering all insulated electrical conductors (other than copper) greater than 1,000 volts, the import data presented for Mexico may be somewhat overstated for URD, although adjustments have been made to account for obvious anomalies.

In addition, many other countries appear in the import statistics as countries of origin of URD shipped to the United States; however, the petitioner indicates that Canada and Mexico are the only "major" foreign source for URD. Petitioner also indicates that "small quantities" of URD are occasionally imported from Brazil and Venezuela (petition, p. 11). Data on imports from Brazil and Venezuela were not included in the aggregated data presented in this report because official import statistics for these countries may be greatly overstated and there is no evidence from other market participants that these countries export URD to the United States.

Table 2
URD: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1989-91[1]

Item	1989	1990	1991
	Quantity (1,000 pounds)		
Producers' U.S. shipments....	***	***	***
Imports from--			
Canada.....	***	***	***
Other sources.....	235	6	566
Total.....	***	***	***
Apparent consumption...	***	***	***
	Value (1,000 dollars)		
Producers' U.S. shipments....	***	***	***
Imports from--			
Canada.....	***	***	***
Other sources.....	362	27	838
Total.....	***	***	***
Apparent consumption...	***	***	***
	Average unit value (per pound)[2]		
Producers' U.S. shipments....	$***	$***	$***
Imports from--			
Canada.....	***	***	***
Other sources.....	1.54	4.50	1.48
Average.....	***	***	***

[1] Eight U.S. producers reported U.S. URD shipments by quantity. ***. In addition, U.S. shipment data in 1989 may be very slightly understated because ***. ***. The data presented by these eight U.S. producers are estimated to account for nearly all U.S. shipments in 1989 and all U.S. URD shipments in 1990 and 1991.

URD imports from Canada, as presented, are from data submitted by ACW, Pirelli, and Phillips, ***. The data presented by these firms are estimated to account for all U.S. URD imports from Canada from 1989 to 1991.

Data presented for imports from all other countries are U.S. imports from Mexico as obtained from official import statistics of the U.S. Department of Commerce. Although adjustments have been made to correct obvious anomalies, the data may be somewhat overstated because the subheading under which URD falls is a "basket" category covering all insulated electrical conductors (other than copper) greater than 1,000 volts.

[2] Average unit values may be affected by changes in product mix.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission and from official statistics of the U.S. Department of Commerce.

CONSIDERATION OF ALLEGED MATERIAL INJURY

The information presented in this section of the report is based on responses to Commission questionnaires. *** producers, accounting for an estimated *** percent of U.S. URD production during 1991, provided complete responses to the Commission's request for data. ***.

U.S. Capacity,[26] Production, and Capacity Utilization

Capacity, production, and capacity utilization data, as reported by U.S. URD producers, are presented in table 3. U.S. producers of URD reported capacity on the basis of ***-hour work weeks, operating *** weeks per year. Total reported U.S. producers' end-of-period capacity fell by 1.5 percent from 1989 to 1990, due to ***. An increase of less than 1 percent was experienced in 1991, as a result of ***. In addition, total reported U.S. producers' end-of-period capacity to produce URD was higher than reported apparent U.S. consumption of URD in each of the three years.

Table 3
URD: U.S. producers' end-of-period capacity, production, and capacity utilization, 1989-91[1]

Item	1989	1990	1991
End-of-period capacity (1,000 pounds)	264,358	260,516	261,136
Production (1,000 pounds)	240,848[2]	198,672	168,560
Capacity utilization (percent)	91.1[2]	76.3	64.5

[1] Data presented are from *** firms, accounting for an estimated *** percent of 1991 U.S. URD production.
[2] Data presented may be understated due to ***.

Note.--Capacity utilization is calculated using data of firms providing both capacity and production information.

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

Total reported U.S. production data show a 17.5-percent decrease from 1989 to 1990, and a 15.2-percent decrease from 1990 to 1991. The declines in U.S. production from 1989 to 1991 and the relatively stable capacity levels

[26] The "capacity" data requested in the Commission's questionnaire consisted of firms' "full production capability" to produce URD, based on the maximum level of production that their establishment could reasonably expect to attain under normal operating conditions.

during the same period resulted in a decline in total reported U.S. capacity utilization from 1989 to 1991.

Generally, machinery used to draw, strand, insulate, and jacket URD can be used to perform the same or similar operations with minor tooling modifications for other types of distribution cable,[27] whereas other machinery may be totally dedicated to the production of URD or other types of distribution cable. *** U.S. producers reported the production of *** on a portion of the same equipment and machinery and using the same production and related workers employed in the production of URD. *** firms reported *** downtime involved in switching production among products and *** firms indicated that normal changeover and setup time for each machine is ***. *** U.S. producers reported that the equipment and machinery and the production and related workers were solely dedicated to the production of URD.

*** U.S. producers, representing an estimated *** percent of 1991 U.S. URD production, reported production, since January 1, 1989, of a full range of URD product features, (i.e., conductor type and size, insulation type and thickness, voltage rating, and jacket design), as identified in the Commission's questionnaire. ***, representing an estimated *** percent of 1991 U.S. URD production, reported production of a full range with the exception of XLPE and TRXLPE insulation. ***, representing an estimated *** percent of 1991 U.S. URD production, reported production of a full range with the exception of EPR insulation. ***, representing an estimated *** percent of 1991 U.S. URD production, reported production of less than a full range of URD product features.

U.S. Producers' Shipments

As presented in table 4, reported domestic shipments fell in terms of quantity and value by *** percent and *** percent from 1989 to 1990, and fell further by *** percent and *** percent, respectively, in 1991. Average unit values fell by *** percent from 1989 to 1990 and by *** percent in 1991.

Export shipments were ***. Export shipments increased by quantity and value by *** percent and by *** percent, respectively, from 1989 to 1990 and jumped *** in 1991. The average unit value of the export shipments fell by *** percent from 1989 to 1990 and further by *** percent in 1991. No company transfers of URD were reported by U.S. producers.

Total U.S. producers' shipments of URD fell by *** percent from 1989 to 1990 and by *** percent in 1991. Also, the value of such shipments fell by *** percent from 1989 to 1990 and by *** percent in 1991.

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[27] A CV line must run continuously to avoid extra costs of bringing the machine back on line following a shutdown. According to the petitioner, it would take "within a week" to bring a machine that has been shut down for a relatively short period of time back on line. This may be one of many reasons why URD producers maintain the capability of producing a variety of distribution cable products on the same equipment and machinery that are used to produce URD. Transcript, p. 48.

Table 4
URD: U.S. producers' shipments, by types, 1989-91[1]

Item	1989		1990		1991	
	*	*	*	*	*	*

[1] Data presented are from eight firms, accounting for all U.S. producers' shipments of URD. ***.

Note.--Average unit values are calculated using data of firms supplying both quantity and value information. They may be affected by changes in product mix.

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

The quantity of URD producers' domestic shipments by company are presented in table 5.

Table 5
URD: U.S. producers' domestic shipments, by producer, 1989-91[1]

(In thousands of pounds)

Item	1989		1990		1991	
	*	*	*	*	*	*

[1] Data presented account for all U.S. producers' domestic shipments of URD.

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

U.S. Producers' Inventories

Data for U.S. producers' inventories are presented in table 6. Generally, URD is produced in response to an order from an end user. A small amount of inventories may appear as there may be some lag time before production is reflected in shipments.[28] In addition, warehousing of URD provided for customer orders may be included in the inventories reported.[29]

U.S. producers' inventories fell by 7.1 percent from 1989 to 1990, and further by 13.1 percent in 1991. The ratio of inventories to U.S. shipments, as well as total shipments, increased steadily from *** percent in 1989 to *** percent in 1991.

[28] Petition, pp. 33-34.
[29] Transcript, p. 147.

Table 6
URD: End-of-period inventories of U.S. producers, 1989-91[1]

Item	1989	1990	1991
Inventories (1,000 pounds)...	19,273	17,899	15,562
Ratio of inventories to--			
Production (percent).....	8.0	9.0	9.2
U.S. shipments (percent)...	***	***	***
Total shipments (percent)..	***	***	***

[1] Data presented are from *** firms, accounting for an estimated *** percent of 1991 U.S. URD production.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information.

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

U.S. Employment, Wages, and Productivity

*** U.S. URD producers supplied full employment information in response to the Commission's request for data. These data are presented in table 7.

The number of production and related workers fell by less than one percent from 1989 to 1990, and fell further by 13.9 percent in 1991. Hours worked by production and related workers producing URD fell by 2.1 percent from 1989 to 1990 and by 16.9 percent in 1991. Wages and total compensation paid to production and related workers increased from 1989 to 1990, but fell in 1991 to levels below those of 1989. Hourly wages, hourly total compensation paid, and unit labor costs increased in all periods, while productivity fell irregularly from 1989 to 1991.

*** U.S. URD producers reported a reduction in the number of production and related workers of at least 5 percent or 50 workers due to ***.[30] These aggregated reductions, which occurred from ***, included *** workers laid off for *** and *** workers ***. *** U.S. producers, ***, reported that no substantial reductions had taken place.

Cablec, Pirelli, and Reynolds reported that unions represent their workers. Cablec's workers are represented by the Teamsters and the International Association of Machinists and Aerospace Workers. Pirelli's workers are represented by the International Brotherhood of Electrical Workers. Workers at *** Reynolds production facilities are represented by the Aluminum Brick and Glass Workers and the United Steelworkers of America.

[30] *** also reported a reduction in the number of production and related workers of at least 5 percent or 50 workers ***.

Table 7
URD: Average number of production and related workers, hours worked,[1] wages paid, total compensation paid, hourly wages paid, hourly total compensation paid, productivity, and unit labor costs,[2] 1989-91[3]

Item	1989	1990	1991
Number of production and related workers (PRWs).....	1,098	1,090	939
Hours worked by PRWs (1,000 hours).....	2,280	2,231	1,855
Wages paid to PRWs (1,000 dollars).....	27,280	28,078	23,437
Total compensation paid to PRWs (1,000 dollars).....	33,608	34,631	30,808
Hourly wages paid to PRWs....	$11.96	$12.59	$12.63
Hourly total compensation paid to PRWs.....	$14.74	$15.52	$16.61
Productivity (pounds per hour).....	105.6	89.1	90.9
Unit labor costs (per pound).	$0.14	$0.17	$0.18

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.
[3] Firms providing employment data accounted for *** percent of 1991 U.S. URD production.

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

Financial Experience of U.S. Producers

*** producers, ***, accounting for approximately *** percent of 1991 U.S. production of URD, provided usable financial data.

The income-and-loss experience of the U.S producers on their operations producing URD is presented in table 8. Net sales decreased by 17.6 percent from $437.3 million in 1989 to $360.4 million in 1990, and decreased an additional 19.1 percent to $291.5 million in 1991. Cost of goods sold and selling, general, and administrative expenses decreased in value in each year; however, they increased as a percent of net sales in each year, partially due to decreased net sales value. Operating income was $39.2 million in 1989 and $25.8 million in 1990. The combined companies incurred an operating loss of $8.5 million in 1991. Operating income (loss) margins, as a ratio to net sales, were 9.0 percent in 1989, 7.2 percent in 1990, and (2.9) percent in 1991.

Table 8
Income-and-loss experience of U.S. producers[1] on their operations producing URD, fiscal years 1989-91

Item	1989	1990	1991
	Value (1,000 dollars)		
Net sales	437,298	360,443	291,516
Cost of goods sold	363,255	303,615	270,298
Gross profit	74,043	56,828	21,218
Selling, general, and administrative expenses	34,874	31,032	29,689
Operating income or (loss)	39,169	25,796	(8,471)
Interest expense	***	***	***
Other income or (expense), net	***	***	***
Net income or (loss) before income taxes	***	***	***
Depreciation and amortization included above	6,687	7,994	10,112
Cash-flow[2]	***	***	***
	Share of net sales (percent)		
Cost of goods sold	83.1	84.2	92.7
Gross profit	16.9	15.8	7.3
Selling, general and administrative expenses	8.0	8.6	10.2
Operating income or (loss)	9.0	7.2	(2.9)
Net income or (loss) before income taxes	***	***	***
	Number of firms reporting		
Operating losses	***	***	***
Net losses	***	***	***
Data	***	***	***

[1] The producers and their fiscal yearends are ***.
[2] Cash-flow is defined as net income or loss plus depreciation and amortization.

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

Net sales of URD by the combined companies (***) were *** percent of net sales for the overall establishment operations in 1991. As shown in the following tabulation, net sales for overall establishment operations decreased 14.3 percent from $848.6 million in 1989 to $726.9 million in 1990, and decreased an additional 17.3 percent to $600.8 million in 1991.

Item	1989	1990	1991
Net sales (1,000 dollars).....	848,634	726,897	600,804
Operating income or (loss) (1,000 dollars).....	123,575	61,204	(7,944)
Operating income or (loss) as a share of net sales (percent)....	14.6	8.4	(1.3)

Operating income followed the same general downward trend for overall establishment operations as for URD operations. Operating income for overall establishment operations was $123.6 million in 1989 and $61.2 million in 1990. The combined companies incurred an operating loss of $7.9 million in 1991. Operating income (loss) margins, as a ratio to overall establishment net sales, were 14.6 percent in 1989, 8.4 percent in 1990, and (1.3) percent in 1991.[31]

Selected income-and-loss data of the U.S. producers on their operations producing URD, by company, are presented in table 9.

As shown in table 9, *** producers *** operating *** in 1991. The income-and-loss experience on a dollars-per-pound basis, by producer, is shown in table 10. The average net sales price per pound decreased 2 cents from $1.83 in 1989 to $1.81 in 1990, and decreased an additional 14 cents to $1.67 in 1991. Cost of goods sold was relatively constant throughout the period at $1.52 in 1989, $1.52 in 1990, and $1.55 in 1991. Operating income decreased 3 cents per pound from 16 cents in 1989 to 13 cents in 1990, and decreased 18 cents to a negative 5 cents in 1991. The sales quantities decreased by 16.7 percent from 239.3 million pounds in 1989 to 199.5 million pounds in 1990, and decreased by an additional 12.6 percent to 174.4 million pounds in 1991. The unit analysis and variance analysis indicate that the major cause of the decrease in operating income was the decrease in volume in each period, with decreases in average prices a contributing cause.[32]

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[31] Other products produced in the overall establishment operations by the producers were:

* * * * * * *

Operating income margins for products other than URD for the combined companies (***) were 20.5 percent for 1989, 9.7 percent for 1990, and 0.2 percent for 1991.

[32] Changes in product mix, determined by conductor type, conductor size, insulation thickness, insulation type, voltage rating, and design, may also be a contributing factor to changes in prices, costs, and volume.

Table 9
Income-and-loss experience of U.S. producers[1] on their operations producing URD, by firms, fiscal years 1989-91

Item	1989	1990	1991
	Value (1,000 dollars)		
Net sales:			
* * * * * * *			
Total	437,298	360,443	291,516
Operating income or (loss):			
* * * * * * *			
Total	39,169	25,796	(8,471)
	Ratio to net sales (percent)		
Operating income or (loss):			
* * * * * * *			
Average	9.0	7.2	(2.9)

[1] ***.

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

Table 10
Selected income-and-loss experience (on a per-pound basis) of U.S. producers on their operations producing URD, by firms, fiscal years 1989-91

Item	1989	1990	1991
	Quantity (1,000 pounds)		
Net sales:			
* * * * * * *			
Total	239,338	199,473	174,435
	Average unit value (per pound)		
Net sales:			
* * * * * * *			
Average	$1.83	$1.81	$1.67
Cost of goods sold:			
* * * * * * *			
Average	1.52	1.52	1.55
Operating income or (loss):			
* * * * * * *			
Average	.16	.13	(.05)

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

Research and Development Expenses

Research and development expenses for URD for *** producers *** amounted to $3.4 million in 1989, $3.4 million in 1990, and $3.1 million in 1991.

Investment in Productive Facilities

The investment in property, plant, and equipment and return on investment for the *** producers are shown in table 11. The operating return on total assets decreased sharply from 1989 to 1990 and decreased dramatically to negative returns in 1991. ***.

Table 11
URD: Value of assets and return on assets of U.S. producers,[1] fiscal years 1989-91

Item	1989	1990	1991
	Value (1,000 dollars)		
Fixed assets:			
Original cost	115,020	124,597	143,174
Book value	69,814	79,614	83,182
Total assets[2]	194,239	196,895	228,492
	Return on total assets (percent)		
Operating return[3]	20.2	13.1	(3.7)
Net return[4]	***	***	***

[1] *** producers reported data.
[2] Defined as the book value of fixed assets plus current and noncurrent assets. Total assets for URD were apportioned from total establishment assets used to produce URD and assets used to produce all products.
[3] Defined as operating income or loss divided by asset value.
[4] Defined as net income or loss divided by asset value.

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

Capital Expenditures

Capital expenditures by U.S. producers, as shown in table 12, decreased by 41.9 percent from $29.7 million in 1989 to $17.3 million in 1990, and decreased by an additional 50.8 percent to $8.5 million (less than one-third of the 1989 value) in 1991.

Table 12
URD: Capital expenditures by U.S. producers,[1] fiscal years 1989-91

(In thousands of dollars)

Item	1989	1990	1991
Land and land improvements...	***	***	***
Building and leasehold improvements.....	***	***	***
Machinery, equipment, and fixtures.....	***	***	***
Total.....	29,732	17,275	8,496

[1] *** producers reported data.

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

Capital and Investment

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of URD from Canada on their firm's growth, investment, ability to raise capital, or existing development and production efforts (including efforts to develop a derivative or improved version of URD). The producers' responses are presented in appendix C.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY

Section 771(7)(F)(i) of the Tariff Act of 1930 (19 U.S.C. § 1677(7)(F)(i)) provides that--

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of any merchandise, the Commission shall consider, among other relevant factors[33]--
>
> > (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),

[33] Section 771(7)(F)(ii) of the act (19 U.S.C. § 1677(7)(F)(ii)) provides that "Any determination by the Commission under this title that an industry in the United States is threatened with material injury shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent. Such a determination may not be made on the basis of mere conjecture or supposition."

(II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,

(III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,

(IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,

(V) any substantial increase in inventories of the merchandise in the United States,

(VI) the presence of underutilized capacity for producing the merchandise in the exporting country,

(VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 736, are also used to produce the merchandise under investigation,

(IX) in any investigation under this title which involves imports of both a raw agricultural product (within the meaning of paragraph (4)(E)(iv)) and any product processed from such raw agricultural product, the likelihood that there will be increased imports, by reason of product shifting, if there is an affirmative determination by the Commission under section 705(b)(1) or 735(b)(1) with respect to either the raw agricultural product or the processed agricultural product (but not both), and

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[34]

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[34] Section 771(7)(F)(iii) of the act (19 U.S.C. § 1677(7)(F)(iii)) further provides that, in antidumping investigations, ". . . the Commission shall

(continued...)

Information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the causal relationship between imports of the subject merchandise and the alleged material injury" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in the section entitled "Consideration of alleged material injury." Available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows. Other threat indicators have not been alleged or are otherwise not applicable.

U.S. Inventories of URD from Canada

*** inventories of Canadian URD were reported by U.S. importers of the subject product. The importers of record for URD from Canada are ***. URD is shipped by the Canadian URD producers to the United States ***; therefore, *** inventories are kept by the importers of record. Also, no usable inventory information was provided by U.S. utility companies.

Ability of Canadian Producers to Generate Exports and the Availability of Export Markets Other Than the United States

The Commission requested information regarding Canadian operations producing URD. Responses to this request were provided by ACW, Phillips, and PCI. Presented in table 13 are the three Canadian firms producing URD for the U.S. market and their share of Canadian URD exports to the United States.

Prior to the spring of 1991, there were four major producers of URD in Canada, including ACW, Phillips, and PCI, the three producers that provided responses to the Commission's request for information. Phillips and PCI are affiliates of U.S. URD producers Cablec and Pirelli, respectively. Alcan, a Canadian URD producer that withdrew from the URD industry in the spring of 1991, did not export URD to the United States during 1989 to 1991.[35]

ACW, which represented *** percent of Canadian URD exports to the United States in 1991, has exported URD to the United States since ***. The firm manufactures a wide variety of cable at ***. URD is currently manufactured at ***.[36] Company officials state that in the United States the firm seeks to sell URD primarily to investor-owned utilities rather than the municipal sector of the market, because they are more technically demanding and they

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[34] (...continued)
consider whether dumping in the markets of foreign countries (as evidenced by dumping findings or antidumping remedies in other GATT member markets against the same class or kind of merchandise manufactured or exported by the same party as under investigation) suggests a threat of material injury to the domestic industry."

[35] Transcript, p. 126.

[36] Company officials indicate ***. Telephone conversation with ***.

Table 13
URD: Canadian producers' shares of Canadian exports to the United States, by firms, 1989-91[1]

(In percent)

Item	1989	1990	1991
ACW	***	***	***
Phillips	***	***	***
PCI	***	***	***
Total	100.0	100.0	100.0

[1] Data presented are believed to account for all Canadian exports of URD from 1989 to 1991.

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

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

seek a product and producer offering technologically-advanced and differentiated product features. The municipal sector, on the other hand, is more price-sensitive and less technologically driven.[37] ACW stated ***.

In July 1991, the assets of the former Canada Wire and Cable, Inc. were purchased by ACW, a newly-formed corporation owned ultimately by Alcatel Cable S.A., a French corporation. According to ACW officials, following the change in ownership, the new French owner reviewed the company's various markets and concluded that the low level of profitability for its URD sales in the United States did not warrant any future sales and that the Canadian producer was to withdraw from the U.S market. ACW officials indicate that, in response to the directive by the new French owners, the firm retracted all outstanding bids that were inconsistent with its new pricing strategies,[38] rejected a major purchase order with Florida Power and Light, and increased its bid offering prices by 20 to 40 percent in the United States. In addition, effective December 31, 1991, it closed two sales offices, reducing sales staff by eight U.S. employees.[39]

Since September 26, 1991, the date that the policy decision was made, ACW claims that no new order commitments in the United States have been taken. Therefore, U.S. URD imports originating from ACW are expected to decline. These declines, however, will not be reflected in the data presented in this report since most of ACW's sales contracts are ***. Further, ACW indicates that the firm will be continuing to ship URD to the United States throughout 1992 under existing contracts made prior to September 26, 1991, but that the

[37] Transcript, pp. 122-123.
[38] In its questionnaire response, ACW cited bids/orders withdrawn at ***.
[39] Postconference brief by counsel on behalf of ACW (preface and p. 25), and transcript, pp. 79-80.

shipments to the United States should begin to decline since no new bids have been won.[40]

Data received by the Commission on the Canadian URD operations of ACW, Phillips, and PCI are presented in table 14. See appendix D for information on the Canadian URD operations, by firms. These data are believed to account for all Canadian exports of URD to the United States from 1989 to 1991.

Total reported capacity fell from 1989 to 1990. This decline in capacity reflected ***. In 1991, total reported capacity increased to levels above that in 1989. This is primarily due to ***. ***.

Total Canadian URD production fell by 14.1 percent from 1989 to 1990, but increased in 1991 by 8.3 percent. Capacity utilization fell irregularly from 64.5 percent in 1989 to 59.6 percent in 1991.

Shipments to the United States, which accounted for *** percent of total shipments in 1989, 1990, and 1991, respectively, fell by *** percent from 1989 to 1990, and increased by *** percent in 1991, to a level below that in 1989.[41] Likewise, Canadian URD producers' exports to all countries other than the United States, ***, fell from 1989 to 1990 and increased in 1991 to a level below that in 1989. Total exports and total shipments exhibited similar trends. Home-market shipments declined by *** percent from 1989 to 1991. The decline from 1989 to 1990 was caused by fewer home-market shipments made by *** and the decline in 1991 was caused solely by the decline in *** home-market shipments.

*** reported that it ***. Inventory data presented are those reported by ***. End-of-period inventories fell by *** percent from 1989 to 1990 and increased *** in 1991. The ratio of end-of-period inventories to total shipments fell in each year.

Projections reported for 1992 and 1993 indicate that exports to the United States are expected to fall. Phillips reported *** projected exports to the United States and PCI projected URD exports to the United States of *** in both 1992 and 1993. The decline in projected exports to the United States is attributable to forecasts of declining exports by ACW. The firm explains that since no new bids have been won since September 26, 1991, the amounts shipped to the United States under existing contracts will decline.[42] Information was provided by ACW on open orders as of February 26, 1992, which were made prior to the firm's pricing policy change. The firm reports that open orders exist with *** utility companies. The largest open order remains with ***, accounting for approximately *** percent of the outstanding orders, by quantity, as of February 26, 1992. The last scheduled delivery is to be made to *** by ***. *** represent *** percent of the outstanding orders. The last scheduled delivery to *** is to be made by ***, and that to *** is to be made by ***.

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[40] Transcript, pp. 80-81.

[41] ACW's URD exports to the United States increased in 1991 to principally the customers to whom the firm had been addressing the theme of technology leadership, i.e., to the investor-owned utilities. Transcript, p. 75.

[42] Transcript, pp. 80-81.

Table 14
URD: Canadian capacity, production, capacity utilization, end-of-period inventories, inventories as a ratio to total shipments, exports to the United States, exports to all other markets, home-market shipments, and total shipments, 1989-91 and projections for 1992-93[1]

(In thousands of pounds, except where noted)

Item	1989	1990	1991	Projections-- 1992	1993
Capacity[2]	65,350	61,750	65,850	66,100	66,350
Production	42,175	36,212	39,216	41,880	44,858
Capacity utilization (percent)	64.5	58.6	59.6	63.4	67.6
End-of-period inventories	***	***	***	***	***
Inventories as a ratio to total shipments (percent)	***	***	***	***	***
Shipments:					
Exports to the United States	***	***	***	***	***
Other exports	***	***	***	***	***
Total exports	***	***	***	***	***
Home-market shipments	***	***	***	***	***
Total shipments	41,986	37,188	39,196	41,470	44,758

[1] Data presented are believed to account for all Canadian exports to the United States of URD from 1989 to 1991.

[2] Respondents reported Canadian practical capacity to produce the subject product on the basis of *** hours per week and *** weeks per year.

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

Projected exports to all other countries, reported by ***, are expected to increase. The majority of these exports are projected by ***, which has based its 1992 projections on ***. Home-market shipments by all three Canadian URD producers are expected to increase.

All three Canadian exporters of URD to the United States offer a full range of product features with the exception of ***, which does not produce ***. Officials from *** explain that ***.

*** reported the production of *** on the same equipment and machinery used in the production of URD in Canada. These products accounted for *** percent of the firm's total net sales in 1991, whereas URD accounted for *** percent. *** reported that it produces *** on the same equipment and machinery used in the production of URD in Canada. These products accounted for *** percent of the firm's total net sales in 1991, whereas URD accounted for *** percent. *** reported the production of *** on the same equipment and machinery used in the production of URD in Canada. These products accounted for *** percent of the firm's total net sales in 1991. *** did not indicate the percentage of total sales accounted for by sales of URD.

In response to an inquiry regarding the producers' plans to add, expand, curtail, or shut down production capability and/or production of URD in Canada, *** replied ***. *** indicated ***.

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN IMPORTS OF THE SUBJECT MERCHANDISE AND THE ALLEGED MATERIAL INJURY

U.S. Imports

Importers'/purchasers' questionnaires were sent to 40 firms identified in the petition as possible importers of URD from Canada and to 2 additional firms identified by the respondent as end users of Canadian URD. Questionnaires were also sent to all U.S. and Canadian URD producers.

There seems to be confusion by U.S. utility companies as to who the actual importer of record is for the Canadian URD purchased. As a result, only limited useful import information was received from 26 utility companies, and 4 utility companies responded that they did not import or purchase the product under investigation. Twelve utility companies did not respond to the Commission's request for information.

ACW and Pirelli, ***, responded to the Commission's request for information. Phillips provided a *** response to the Commission's request for import data.[43] Data received in response to these questionnaires are believed to account for all known U.S. URD imports from Canada from 1989 to 1991. *** indicated that since January 1, 1989, they did not import URD into the United States.

Official import statistics collected by the U.S. Department of Commerce for products covered by HTS subheading 8544.60.60 include all insulated electric conductors (other than copper) rated at more than 1,000 volts. Since URD is covered by a "basket" category, the data overstate U.S. imports of URD. Accordingly, for the purposes of presentation in this report, U.S. imports of URD from Canada consist of data provided by U.S. importers in response to the importers'/purchasers' questionnaires.[44] U.S. URD imports from Mexico, as presented in this report, are obtained from official import statistics of the U.S. Department of Commerce, since very little information was provided by questionnaire recipients as to the U.S. imports of URD from this country.[45]

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[43] Phillips, an affiliate of Cablec, a U.S. producer and petitioner in this investigation, ***. Phillips provided the Commission with ***.

[44] Official import statistics for U.S. URD imports from Canada for 1989 and 1990 are *** than data provided to the Commission by U.S. importers, and are *** in 1991.

[45] Petitioner states that Canada and Mexico are the only "major" foreign sources for URD, and that "small quantities" of URD are occasionally imported from Brazil and Venezuela (petition, p. 11). Since the HTS subheading is a "basket" category, the import data presented for Mexico may be somewhat overstated for URD, although adjustments have been made to account for obvious anomalies.

Presented in table 15 are U.S. imports of URD from Canada and all other countries, i.e., Mexico. U.S. imports of URD from Canada, in terms of quantity, fell by *** percent from 1989 to 1990, and increased by *** percent in 1991 to a level *** percent below that of 1989. In terms of value, imports of URD from Canada followed the same trend, falling by *** percent from 1989 to 1990, and increasing by *** percent in 1991 to a level *** percent below that of 1989. Average unit values increased from 1989 to 1990, but fell in 1991 to a level below that of 1989.

*** reported imports of the product from Canada scheduled for delivery after December 31, 1991. *** reported a total of *** to be delivered in ***. According to the firm's foreign producer questionnaire response, *** expects to deliver to the United States *** during ***. *** reported a total of *** scheduled for delivery in ***.

Table 15
URD: U.S. imports, by sources, 1989-91[1]

Item	1989	1990	1991
	Quantity (1,000 pounds)		
Canada	***	***	***
Other sources[2]	235	6	566
Total	***	***	***
	Value (1,000 dollars)[3]		
Canada	***	***	***
Other sources[2]	362	27	838
Total	***	***	***
	Average unit value (per pound)[4]		
Canada	$***	$***	$***
Other sources[2]	1.54	4.50	1.48
Average	***	***	***

[1] Data presented are reported by the three known U.S. importers of URD and are believed to account for all U.S. imports of URD from Canada during 1989 to 1991.

[2] Imports from countries other than Canada consist of imports from Mexico. Data presented are obtained from official statistics. Since HTS subheading 8544.60.60 is a "basket" category, the import data presented for other sources (i.e., Mexico) may be somewhat overstated and the unit values may not be representative for URD. Minor adjustments have been made to account for obvious anomalies.

[3] Landed, duty-paid value.

[4] Average unit values may be affected by changes in product mix.

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

U.S. Producers' Imports

Imports of URD from Canada by U.S. producers are presented in table 16. Cablec's and Pirelli's imports of URD from their Canadian affiliates' accounted for *** percent of the quantity of U.S. URD imports from Canada in 1989, *** percent in 1990, and *** percent in 1991. ***.

Table 16
URD: U.S. producers' imports from Canada, by firms, 1989-91[1]

Item	1989		1990		1991	
*	*	*	*	*	*	*

[1] Data presented account for all U.S. producers' imports from Canada from 1989 to 1991.

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

U.S. Market Penetration by the Subject Imports

Market penetration, as presented in table 17, is calculated using U.S. URD import data obtained on the Canadian product and U.S. producers' URD domestic shipment data as submitted in response to the Commission's questionnaires. In addition, U.S. import data for URD imported from Mexico is compiled from official import statistics of the U.S. Department of Commerce.

Canada's share of apparent U.S. consumption of URD, based on quantity, fell from *** percent in 1989 to *** percent in 1990, but rose to *** percent in 1991. Likewise, based on value, Canada's share fell from 1989 to 1990, but increased in 1991 to a level slightly higher than that in 1989.

The U.S. producers' share of apparent U.S. consumption of URD, by quantity, increased from *** percent in 1989 to *** percent in 1990, and fell in 1991 to *** percent. The U.S. producers' share, by value, likewise increased slightly from 1989 to 1990, and fell in 1991.

Prices

Market Characteristics

URD is usually sold directly to utilities on a contract basis and is generally made to order in conformance with a utility's required specifications. In order to bid on a contract, a supplier must be on a utility's approved bidder's list. The prequalification approval process involves a technical and commercial evaluation of the supplier and can take

Table 17
URD: U.S. producers' U.S. shipments and U.S. imports as a share of apparent U.S. consumption, 1989-91[1]

(In percent)

Item	1989	1990	1991
	Share of the quantity of U.S. consumption		
Producers' U.S. shipments....	***	***	***
Imports from--			
Canada.....	3.1	2.2	4.1
Other sources.....	***	***	***
Total.....	100.0	100.0	100.0
	Share of the value of U.S. consumption		
Producers' U.S. shipments....	***	***	***
Imports from--			
Canada.....	3.2	2.4	3.8
Other sources.....	***	***	***
Total.....	100.0	100.0	100.0

[1] The shipment data reported by eight U.S. producers are estimated to account for nearly all U.S. shipments in 1989 and all U.S. URD shipments in 1990 and 1991.

URD imports from Canada, as presented, are from data submitted by ACW, Phillips, and Pirelli, ***. The data presented by these firms are estimated to account for all U.S. URD imports from Canada from 1989 to 1991.

Data presented for imports from all other countries are U.S. imports from Mexico as obtained from official import statistics of the U.S. Department of Commerce. Although adjustments have been made to correct obvious anomalies, the data are somewhat overstated because the subheading under which URD falls is a "basket" category.

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

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

from six months to two years.[46] The utility only sends out a request for quote to approved suppliers. This request for quote includes detailed product specifications, estimated quantities, and other terms and conditions.

Utilities evaluate the bids on the basis of a number of factors. Although price is very important, other factors include product engineering, delivery, payment terms, and vendor reliability. Some utilities use a formal bid evaluation process where suppliers are rated on different factors and given a score. For example, *** reported that in 1989 it evaluated bids as follows: 60 percent price, 25 percent technical evaluation, and 15 percent

[46] Transcript, p. 87.

commercial and other considerations. For 1990 and 1991, however, price was increased to 70 percent of the evaluation. The weights given to the various criteria vary among utilities. Information presented at the Commission's public conference indicated that Florida Power and Light gave a weight of 30 percent to price, 40 percent to product evaluation, and 30 percent to other considerations.

However, several utilities contacted by staff indicated that they do not use a formal bid evaluation process. Publicly-owned utilities almost always award contracts to the approved supplier with the lowest bid if the URD meets all of the utility's specifications. Investor-owned utilities tend to take other factors, such as service and delivery, into account although price is still a very important consideration. Data collected from purchasers showed that the low bidder usually won a large part of the contract.

Potential suppliers submit sealed bids and are usually given only one chance to quote.[47] However, occasionally some investor-owned utilities will negotiate price with selected suppliers who quote above the lowest bidder.[48] Typically, utilities award a contract to two or more suppliers to ensure a continuing supply of cable.

Most contracts are yearly blanket agreements, under which the utility submits monthly orders for a certain quantity of cable. Price is fixed over the length of the contract, except for an agreed-upon metal cost adjustment. This adjustment is based on a monthly or quarterly index, such as that published in Metals Week, and protects the utility and the supplier from fluctuations in the prices of aluminum and copper, the primary metals used in URD. Between January 1989 and December 1991, aluminum prices declined approximately 32 percent, with most of the decline occurring in 1989 and 1991, and copper prices fluctuated greatly, but declined approximately 27 percent overall.[49] This fall in aluminum and copper prices has contributed to the decline in URD prices.

In addition, demand for URD has fallen since 1989. This is due mainly to a decline in the level of new construction, particularly new housing starts. Also, *** indicated that a reduction in URD replacement programs by utilities has contributed to the fall in demand.

Most producers, importers, and purchasers agree that there are no substitutes for URD. They all agreed that the imported and U.S.-produced product could be used interchangeably. None of the 18 purchasers who responded to a question on differences in quality between Canadian URD and U.S.-produced URD reported that this was a significant factor in their firm's purchases of URD. However, two utilities, ***, reported that service and delivery were very important and that ACW may have an advantage in these areas.

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[47] Transcript, p. 17.
[48] Transcript of conference, p. 45, and questionnaire responses of ***.
[49] Bureau of Labor Statistics, Labstat Series Report.

Prices are quoted in dollars per thousand feet (mft), mainly on a delivered basis by both producers and importers. Transportation costs are generally one to five percent of the delivered cost of the product.

Questionnaire Price Data

Producers and importers were requested to report sales prices to their 10 largest customers for contracts for delivery in 1989, 1990, 1991, and after 1991. In addition, purchasers were asked to report bid prices for their largest contracts in each of the years. Price data were requested for the following three products:[50]

Product 1: 1/0 19/W Strand Aluminum 220 TRXLP Full Bare Neutral 50 Mil Polyethylene Jacket 15kV

Product 2: 1/0 19/W Strand Aluminum 260 TRXLP Full Bare Neutral 50 Mil Polyethylene Jacket 25kV

Product 3: #2 7/W Strand Aluminum 220 TRXLP Full Bare Neutral 50 Mil Polyethylene Jacket 15kV

Six producers and one importer, ACW, submitted price information. However, much of the data does not conform exactly to the above product descriptions due to the differing specifications requested by each utility. Furthermore, customers often change suppliers during contract renewals. Thus there were few consistent price series reported for individual utilities in the responses to the producers' and importers' questionnaires.

Price Trends

It was not possible to develop consistent price series or to provide a systematic presentation in a table for the three product categories from 1989 to 1991 for the reasons given above. However, an examination of the data received from producers, importers, and purchasers generally indicates a downward trend in prices since 1989, with the largest decline in 1990 and 1991.[51]

Domestic producer prices were difficult to evaluate given the questionnaire data reported. One producer, ***, provided data for monthly shipments by customer. Its prices were variable due mainly to monthly fluctuations in copper costs; however, prices do show a downward trend. *** and the petitioners reported that prices fell drastically in 1990 and 1991.

*** which provided price data on sales to utilities, and it was difficult to evaluate price trends for the reasons previously cited. However,

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[50] Counsel for the petitioners reported that these three products accounted for approximately *** percent of domestic sales. Telephone conversation with counsel on Feb. 3, 1992.

[51] Producers and importers all agree on this downward trend. See petition, p. 38, and ***.

several *** customers submitted data in the purchaser questionnaire. For example, ***'s final quoted price to *** decreased from *** per mft in 1989 to *** in 1991. Prices to *** fell from *** in 1989 to *** in 1991. Prices reported by purchasers are presented in the next section on price comparisons.

ACW reported that U.S. market prices began falling in early 1989 and its sales declined. ACW stated that in order to remain competitive in the U.S. market, ***. Then, in September 1991, following the purchase of ACW by Alcatel, ACW raised its prices 20 to 40 percent above U.S. market prices. According to ACW, it withdrew all bids for which there were not outstanding orders and has not received any new contracts since September 26, 1991.[52]

Price Comparisons

Usable price comparisons could not be obtained by examining the producer and importer questionnaire responses; however, purchaser responses do provide some examples of competing bids for deliveries in 1989, 1990, 1991, and after 1991. *** all reported bid information.

***, an investor-owned utility in ***, submitted information on prices quoted in *** for *** mft of product 1 (table 18). *** evaluates bids on whether technical requirements are met and on manufacturing capacity, delivery, and price. *** had originally bid much lower than the other suppliers in *** and was awarded the contract. ***. The award went to ***.

Table 18
URD: Bids received by ***

Bidding firm	Initial quote Per mft	Final quote Per mft
*	*	*
*	*	*
*	*	*

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

*** reported yearly bid information for quotes on URD similar to product 2. Bids for deliveries in 1989, 1990, and 1991 were submitted in ***. The quotes and volumes awarded are shown in table 19. *** stated that it based its decisions on price and vendor evaluation.

The largest portion of the 1989 contract was awarded to ***, while smaller portions were awarded to ***. The bids of other suppliers were not reported. In 1990, the largest quantity went to the lowest bidder, ***. ***'s bid price was much higher than the bids of competing firms. In 1991, *** received the largest part of the award, although *** had lower bids. *** received smaller portions of the contract. *** reported that it ***.

[52] Transcript, pp. 74 and 80, and ***.

Table 19
URD: Bids received by ***

Bidding firm	1989		1990		1991	
	Quote	Volume awarded	Quote	Volume awarded	Quote	Volume awarded
	Per mft	Mft	Per mft	Mft	Per mft	Mft
	*	*	*	*	*	*

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

*** reported bids for deliveries in 1989 through 1991 of product 2 (table 20). *** reports that it evaluates the quotations based on price, lead time, and vendor performance. Then it negotiates price and other terms with two or three of the lowest evaluated bidders and awards blanket orders to the chosen suppliers. *** indicated in its questionnaire response that although ***'s prices are usually very competitive, *** has awarded business to *** even when its bids are not low, due to ***'s better delivery than other suppliers.

Table 20
URD: Bids received by ***

Bidding firm	1989			1990			1991		
	Init. quote	Final quote	Volume awarded	Init. quote	Final quote	Volume awarded	Init. quote	Final quote	Volume awarded
	---Per mft--		Mft	---Per mft--		Mft	---Per mft--		Mft
	*	*	*	*	*	*	*		

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

In 1989, *** had the lowest initial quote. *** lowered their prices, but *** won the largest share of the contract. In 1990, *** had the lowest initial and final quotes and *** was awarded *** of the contract. The remaining *** was awarded to *** at a significantly higher price, even though *** bid lower initially. In 1991, ***'s initial and final bids were significantly lower than those of the other suppliers and it received *** contract award. *** negotiated only with *** for deliveries after 1991 because it was satisfied with ***'s service and had not yet purchased its 1991 estimated requirements from *** due to a slowdown in URD use.

*** reported bid information for product 2 for 1989 through 1991 (table 21). Although it considers conformance to specifications and past performance, in each case the award was made to the lowest bidder. *** was the low bidder in *** deliveries in ***. *** was awarded the contract for ***. *** was the highest bidder for *** periods shown in table 21. However, it bid the lowest in *** and received the contract for ***.

Table 21
URD: Bids received by ***

Bidding firm	1989 Quote Per mft	1989 Volume awarded Mft	1989 Quote Per mft	1989 Volume awarded Mft	1990 Quote Per mft	1990 Volume awarded Mft	1991 Quote Per mft	1991 Volume awarded Mft
	*	*	*	*	*	*	*	

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

*** provided details on its contracts for *** for *** mft of URD (table 22). *** reported that firms are evaluated on cable quality, viability as a current and future source of supply, leadtime, freight terms, payment terms, and price. For the *** contract, *** was the *** lowest bidder and won *** percent of the contract. However, for the *** contract, ***'s price was approximately *** percent higher than the lowest bidder, ***, and *** did not receive any of the contract award.

Table 22
URD: Bids received by ***

Bidding firm	1991 Quote Per mft	1991 Percent awarded	1992 Quote Per mft	1992 Percent awarded
	*	*	*	*

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

*** reported bids submitted for contracts for delivery in 1990, 1991, 1992, and 1993. Each contract covered four products which were similar to product 3. *** provided prices quoted by suppliers for each of the four URD products.

*** stated that it evaluates contracts on commercial acceptability, including price, terms, and delivery, and a technical review of the proposals. There is no negotiation after the bids are submitted. Bid prices are shown in table 23 for one product that accounted for 60 percent of the total volume quoted.

In ***, quotes were accepted for *** mft of URD to be delivered in ***. ***, which bid the lowest on each of the products, won *** contract. *** bid *** percent higher than *** on the four products.

Bids were received in *** for *** mft of URD to be delivered in ***. *** was the lowest bidder and won *** contract. Contracts for 1992 and 1993 were bid on in ***. ***'s quotes were much higher than those of the other ***

Table 23
URD: Bids received by ***

Bidding firm	1990 Quote per mft	1991 Quote per mft	1992 Quote per mft	1993 Quote per mft
* *	* *	* *	* *	*

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

suppliers for 1992 and 1993. ***, the lowest bidder on two of the four products, received *** contract for both years.

*** did not report complete information in the form requested. Bid prices for products 1, 2, and 3 were not reported for *** contracts and were reported only for the firms that won the *** contracts. *** received a portion of the contract for deliveries in ***. The names of other suppliers that bid on the contract, if any, were not reported.

*** reported that *** suppliers submitted quotes for deliveries of *** URD products in ***. After a technical evaluation of the *** suppliers, *** firms, ***, were chosen for a detailed commercial evaluation. According to ***, *** provided *** innovative options related to minimum purchase quantities, warehousing options, and a minimum percentage of volume to be placed with ***. *** compared the other *** vendors, ***, to *** in deciding how to allocate the award. *** bid the lowest of the *** winning vendors on *** of the *** products, including the *** highest volume products, but bid the highest of the *** on *** products. *** was awarded *** contract with the remaining portion awarded to ***.

Lost Sales and Lost Revenues

U.S. producers submitted 18 lost sale allegations totalling 30,695 mft and $41.9 million and *** lost revenue allegations totalling *** mft and *** involving 18 end users.[53] Staff contacted six of the utilities named in the allegations. In addition, information on two others was obtained from the purchaser questionnaires.

[53] A few of the lost sales, including the largest, ***, were reported by more than one U.S. producer. The dollar value and footage reported reflects the value of the highest lost sale reported by producers. In addition, ***, *** lost revenues and lost sales were reported. Therefore, the total values shown are greater than the actual reported loss to the domestic industry as a whole. For example, one may want to subtract the *** lost sale to *** reported by one domestic producer from the $41.9 million total since the sale was actually awarded to a U.S. producer, ***, which allegedly lost *** in revenues.

*** reported lost sales ranging from *** to *** and *** reported lost revenues of *** involving a *** contract with ***. *** reported that the contract was for *** URD products totalling *** mft, including one product for which bid prices were shown in the price section of this report, at a final bid price of ***. *** said that *** was the lowest bidder on *** items. After the initial bids were received, some of the URD specifications were changed and *** asked for new bid prices from the suppliers that had previously submitted low bids. *** was initially awarded *** items, which totalled approximately *** percent of the dollar value of the contract, while *** was awarded *** items, approximately *** percent of the dollar value of the contract. As stated previously, ***.

*** alleged a lost sale of *** for *** mft of URD in *** involving ***. *** said that although prices were quoted for *** mft the actual footage awarded was *** mft. *** was the lowest bidder and won *** of the contract. However, *** won the other *** of the contract. *** bid *** per mft, *** bid ***, *** bid ***, and *** submitted the highest bid at ***.

*** reported a lost sale of *** for *** mft involving *** in ***. As stated previously, *** was the lowest bidder and received *** award. *** reported that it placed *** order with *** due to *** excellent service record, lowest price, and good delivery.

*** reported a lost sale in *** of *** mft totalling *** and *** reported *** lost sales in *** of *** mft totalling ***, all involving ***. *** is municipally-owned and purchases URD on a contract basis ***. *** stated that *** was approved as an authorized supplier in ***. He said that *** had placed *** orders with *** in ***, although he could not recall the date of the quote. *** said that contracts are almost always awarded to the lowest bidder. *** has not bid on any *** contracts in ***.

*** reported one lost sale involving *** quote to ***, a public utility in ***, for *** for *** mft. *** said that *** was awarded the contract for approximately *** because *** submitted the lowest bid. *** stated that *** law requires that municipal utilities purchase from the lowest bidder if all specifications are met. *** has not submitted any new bids on URD to *** since ***.

*** reported that it lost one contract in *** for *** for *** mft involving ***. *** stated that ***'s price was *** percent below the next lowest bidder and it won the contract for *** mft of cable. *** said that awards are not always made to the lowest bidder. *** prefers to deal with *** because it has had performance problems with ***.

*** alleged a lost sale of *** mft at *** per mft, a total of ***, involving ***. In the purchaser questionnaire, *** enclosed a copy of the purchase order placed with *** for *** mft at *** per mft, a total of ***. *** did not report the bids of other suppliers.

*** reported losing *** in revenues in *** due to low-priced Canadian imports in a *** contract sale. *** reported that *** submitted a bid which was much lower than the other bids. *** called *** to verify that the bid was correct and *** then elected to withdraw its bid. The contract was split between ***. *** said that the price was firm to the lowest bidder, excluding ***, and then prices for the next higher two bidders were negotiated. Normally, the largest portion of the contract goes to the lowest bidder if each of the suppliers meets all of the specifications.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that during January-March 1989 through October-December 1991 the nominal value of the Canadian dollar fluctuated, appreciating overall by 5.1 percent relative to the U.S. dollar (table 24).[54] Adjusted for movements in producer price indexes in the United States and Canada, the real value of the Canadian currency depreciated 1.6 percent overall between January-March 1989 and the fourth quarter of 1991.

Table 24
Exchange rates:[1] Indexes of nominal and real exchange rates of the Canadian dollar and indexes of producer prices in the United States and Canada,[2] by quarters, January 1989-December 1991

Period	U.S. producer price index	Canadian producer price index	Nominal exchange rate index	Real exchange rate index[3]
1989:				
January-March.....	100.0	100.0	100.0	100.0
April-June.....	101.8	100.3	99.9	98.4
July-September.....	101.4	99.9	100.8	99.3
October-December....	101.8	99.3	102.0	99.5
1990:				
January-March.....	103.3	99.6	100.8	97.3
April-June.....	103.1	99.8	101.8	98.6
July-September.....	104.9	99.9	103.4	98.4
October-December....	108.1	101.2	102.7	96.1
1991:				
January-March.....	105.9	100.8	103.1	98.2
April-June.....	104.8	99.3	103.7	98.2
July-September.....	104.7	98.5	104.2	98.1
October-December....	104.8	98.2[4]	105.1	98.4[4]

[1] Exchange rates expressed in U.S. dollars per Canadian dollar.

[2] Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.

[3] The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and Canada.

[4] Derived from Canadian price data reported for October-November only.

Note.--January-March 1989 = 100.

Source: International Monetary Fund, International Financial Statistics, February 1992.

[54] International Financial Statistics, February 1992.

APPENDIX A

FEDERAL REGISTER NOTICES

[Investigation No. 731-TA-545 Preliminary]

Medium Voltage Underground Distribution Cable From Canada

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of a preliminary antidumping investigation.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigation No. 731-TA-545 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Canada of medium voltage underground distribution cable,[1] provided for in subheading 8544.60.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by March 16, 1992.

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

EFFECTIVE DATE: January 31, 1992.

FOR FURTHER INFORMATION CONTACT: Mary Trimble (202-205-3193), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202-205-1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202-205-2000.

SUPPLEMENTARY INFORMATION:

Background

This investigation is being instituted in response to a petition filed on January 31, 1992, by U.S. Cable Trade Action Group, an ad hoc trade association.

Participation in the Investigation and Public Service List

Persons (other than petitioners) wishing to participate in the investigation as parties must file an entry of appearance with the Secretary to the Commission, as provided in §§ 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the Federal Register. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to this investigation upon the expiration of the period for filing entries of appearance.

Limited Disclosure of Business Proprietary Information (BPI) Under an Administrative Protective Order (APO) and BPI Service List

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in this preliminary investigation available to authorized applicants under the APO issued in the investigation, provided that the application is made not later than seven (7) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with this investigation for 9:30 a.m. on February 21, 1992, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Mary Trimble (202-205-3193) not later than February 19, 1992, to arrange for their appearance. Parties in support of the imposition of antidumping duties in this investigation and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written Submissions

As provided in §§ 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before February 25, 1992, a written brief containing information and arguments pertinent to the subject matter of the investigation. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with §§ 201.16(c) and 207.3 of the rules, each document filed by a party to the investigation must be served on all other parties to the investigation (as identified by either the public or BPI service list), and a certificate of service must be timely filed. The Secretary will not accept a document for filing without a certificate of service.

Authority: This investigation is being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.12 of the Commission's rules.

Issued: February 4, 1992.

By order of the Commission.

Kenneth R. Mason,

Secretary.

[FR Doc. 92-3047 Filed 2-7-92; 8:45 am]

BILLING CODE 7020-02-M

[1] For purposes of this investigation, medium voltage underground distribution cable is an insulated electrical conductor used by electric utility companies in the medium voltage stage (i.e., for voltages exceeding 1,000 volts but not exceeding 46,000 volts) of transmitting electricity from power generation plants to utility customers in residential areas. Utility companies distribute electricity at high voltage from the power generation plant to regional substations primarily via uninsulated, overhead "high tension" wires. At the regional substation, the electricity is "stepped down" to medium voltage. Medium voltage underground distribution cable is used to conduct the electricity from the regional substations to neighborhood transformers, where it is again "stepped down" to household voltages. Medium voltage underground distribution cable is composed principally of metal (generally aluminum for the conductor and copper for the "neutral" or ground) and insulating compounds (e.g., polyethylene).

[A-122-818]

Initiation of Antidumping Duty Investigation: Medium Voltage Underground Distribution Cable From Canada

AGENCY: Import Administration, International Trade Administration, Department of Commerce.

EFFECTIVE DATE: February 27, 1992.

FOR FURTHER INFORMATION CONTACT: Stefanie Amadeo, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC 20230; telephone (202) 377-1174.

INITIATION OF INVESTIGATION:

The Petition

On January 31, 1991, we received a petition filed in proper form by the U.S. Cable Trade Action Group (the petitioner). Supplements to the petition were received on February 11, 18, 19, and 20, 1992. In accordance with 19 CFR 353.12, the petitioner alleges that medium voltage underground distribution cable (URD) from Canada is being, or is likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

The petitioner has stated that it has standing to file the petition because it is

an interested party, as defined under section 771(9)(E) of the Act, and because it has filed the petition on behalf of a U.S. industry producing a product that is subject to this investigation. If any interested party, as described under paragraphs (C), (D), and (E), or (F) of section 771(9) of the Act, wishes to register support for, or opposition to, this petition, it should file a written notification with the Assistant Secretary for Import Administration.

Under the Department's regulations, any producer or reseller seeking exclusion from a potential antidumping duty order must submit its request for exclusion within 30 days of the date of the publication of this notice. The procedures and requirements are contained in 19 CFR 353.14.

United States Price and Foreign Market Value

Petitioner's estimate of U.S. price (USP) is based on domestic industry sources and is comprised of bids, or offers for sale of the subject merchandise in the United States by the Canadian producer. Petitioner adjusted USP for movement charges.

Petitioner estimated foreign market value (FMV) based both on actual home market sales prices obtained from public bids and on constructed value (CV). Petitioner adjusted the bid prices for differences in merchandise. We deducted freight charges from the bid price.

Based on the comparisons of the bid prices in both markets, the alleged dumping margins for URD from Canada range from 77.22 to 240.48 percent. Based on the comparisons of USP and CV, the alleged dumping margins for URD from Canada range from 53.9 to 126.9 percent.

Initiation of Investigation

We have examined the petition on URD from Canada and have found that it meets the requirements of section 732(b) of the Act. Therefore we are initiating an antidumping duty investigation to determine whether imports of URD from Canada are being, or are likely to be, sold in the United States at less than fair value.

Scope of Investigation

The merchandise subject to this investigation, medium voltage underground distribution cable (URD), is an insulated electrical conductor used by electric utility companies in the medium voltage stage (*i.e.*, for voltages exceeding 1,000 volts but not exceeding 46,000 volts) of transmitting electricity. URD is generally used by utility companies to distribute electricity from regional substations to neighborhood transformers. URD is composed principally of metal (generally aluminum or copper for the conductor, and copper for the "neutral" or ground wires) and insulating compounds (*e.g.*, polyethylene). Imports of this product are currently classifiable under Harmonized Tariff Schedule (HTS) subheading 8544.60.60. Although this subheading also includes insulated electrical conductors of greater than 46,000 volts, the scope of this investigation is limited to medium voltage underground distribution cable. Although the HTS subheading is provided for convenience and customs purposes, our written description of the scope of this investigation is dispositive.

Preliminary Determination by the International Trade Commission

The International Trade Commission will determine by March 16, 1992, whether there is a reasonable indication that imports of URD from Canada are materially injuring, or threaten material injury to, a U.S. industry. If its determination is negative, the investigation will be terminated. Otherwise, if the investigation proceeds normally, the Department will make its preliminary determination on or before July 9, 1992.

This notice is published pursuant to section 732(c)(2) of the Act and 19 CFR 353.13(b).

Dated: February 20, 1992.

Marjorie A. Chorlins,

Acting Assistant Secretary for Import Administration.

[FR Doc. 92-4532 Filed 2-26-92; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF WITNESSES

CALENDAR OF THE PUBLIC CONFERENCE

Investigation No. 731-TA-545 (Preliminary)

MEDIUM VOLTAGE UNDERGROUND DISTRIBUTION CABLE FROM CANADA

Those listed below appeared at the United States International Trade Commission's conference held in connection with the subject investigation on February 21, 1992, in Hearing Room 101 of the USITC Building, 500 E Street, SW., Washington, DC.

In support of the imposition of antidumping duties

McKenna & Cuneo--Counsel
Washington, DC
on behalf of--

U.S. Cable Trade Action Group and its individual member companies (Cablec Utility Cable Co., BICC Cables Corp.; Pirelli Cable Corp.; Rome Cable Corp.; and Southwire-Furukowa Cable Co.)

Donald Duvall, Senior Vice President and General Manager for Polymer Cables, Cablec Utility Cable Co.

Joseph Anderson, Import-Export Manager, Pirelli Cable Corp.

Lawrence J. Bogard)
Linda C. Menghetti)--OF COUNSEL
Edward L. Tabakin)

In opposition to the imposition of antidumping duties

Rogers & Wells--Counsel
Washington, DC
on behalf of--

Alcatel Canada Wire, Inc.

Gordon Thursfield, President, Energy Group, Alcatel Canada Wire, Inc.

Brian Tinkler, Vice President of Sales and Marketing, North American Utility Markets, Energy Group, Alcatel Canada Wire, Inc.

Susan Nicotre, Sales Representative, Power Comm, Inc.

Jeffrey Anspacher, Senior Economist, Law and Economics Consulting Group, Inc.

Daniel J. Brewer, C.P.M., D.J. Brewer & Associates

John C. Blauvelt, President, Pro-Tech Associates

William Silverman)
Carrie Simon)--OF COUNSEL
Douglas J. Heffner)

Reid & Priest
Washington, DC
on behalf of--

Ohio Edison Co.

Joyce Hogue, Director of Materials Purchasing, Ohio Edison Co.

Michael R. Beiting, Senior Attorney, Ohio Edison Co.

David A. Gantz--OF COUNSEL

APPENDIX C

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF MEDIUM-VOLTAGE UNDERGROUND DISTRIBUTION CABLE FROM CANADA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe and explain the actual and anticipated negative effects, if any, of imports of URD from Canada on their investment, ability to raise capital, or existing development and production efforts (including efforts to develop a derivative or improved version of URD). Producers were also asked whether the scale of capital investments undertaken has been influenced by the presence of imports of URD from Canada. Responses are presented below:

Actual Negative Effects

* * * * * * *

Anticipated Negative Effects

* * * * * * *

Impact on Capital Investment

* * * * * * *

APPENDIX D

DATA ON CANADIAN URD OPERATIONS, BY FIRMS

Table D1
URD: Canadian capacity, production, capacity utilization, end-of-period inventories, exports to the United States, exports to all other markets, home-market shipments, and total shipments, by firms, 1989-91 and projections for 1992-93[1]

(In thousands of pounds, except where noted)

Item	1989	1990	1991	Projections-- 1992	1993
	*	*	*	*	*	*	*

[1] Data presented are believed to account for all Canadian exports to the United States of URD from 1989 to 1991.

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