STEEL WIRE ROPE FROM THE REPUBLIC OF KOREA AND MEXICO

Determinations of the Commission in Investigations Nos. 731-TA-546 and 547 (Final) Under the Tariff Act of 1930, Together With the Information Obtained in the Investigations

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

DETERMINATIONS AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-546 and 547 (Final)

STEEL WIRE ROPE FROM THE REPUBLIC OF KOREA AND MEXICO

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines,[2] pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from the Republic of Korea ("Korea") and Mexico of steel wire rope,[3] provided for in subheading 7312.10.90 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted these investigations effective September 28, 1992, following preliminary determinations by the Department of Commerce that imports of steel wire rope from Korea and Mexico were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigations and of a public

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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] Commissioners Brunsdale, Crawford, and Nuzum dissenting.

[3] The subject imported steel wire rope encompasses ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Excluded from the imports covered by these investigations is stainless steel wire rope, i.e., ropes, cables, and cordage other than stranded wire, of stainless steel, not fitted with fittings or made up into articles, provided for in subheading 7312.10.60 of the Harmonized Tariff Schedule of the United States.

hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 18, 1992 (57 F.R. 54419). The hearing was held in Washington, DC, on February 19, 1993, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF CHAIRMAN NEWQUIST, VICE CHAIRMAN WATSON, AND COMMISSIONER ROHR

Based on the information obtained in these final investigations, we determine that an industry in the United States is materially injured by reason of less than fair value (LTFV) imports of steel wire rope from the Republic of Korea and Mexico.[1]

I. LIKE PRODUCT AND DOMESTIC INDUSTRY

In determining whether an industry in the United States is materially injured or threatened with material injury by reason of the subject imports, the Commission must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930 (the "Act") defines the relevant domestic industry as "the domestic producers as a whole of a like product, or those producers whose collective output of the like product constitutes a major proportion of the total domestic production of that product."[2] In turn, the statute 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."[3]

The Commission's determination of what is the appropriate like product in an investigation is a factual determination, to which it applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis.[4] Generally, the Commission disregards minor variations

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[1] Material retardation of a domestic industry and threat of material injury by reason of the subject imports (and cumulation for threat) are not issues in these final determinations and, therefore, will not be discussed further.

[2] 19 U.S.C. § 1677(4)(A).

[3] 19 U.S.C. § 1677(10).

[4] In defining the like product, the Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability of the products; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) the use of common manufacturing facilities and production employees; and, where appropriate, (6) price. No single factor is dispositive, and the Commission may consider other

(continued...)

between the articles subject to an investigation and looks for clear dividing lines between possible like products.[5] While the Commission accepts Commerce's determination as to which imported articles are within the class of merchandise sold at LTFV, the Commission determines which domestic products are like the ones in the class defined by Commerce.[6] The Commission may define the class of domestically produced like products more broadly than the class of articles Commerce describes.[7]

In its final determinations, the Department of Commerce (Commerce) defined the class or kind of merchandise subject to these investigation as steel wire rope classifiable under HTS subheading 7312.10.90 and "encompass[ing] ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire."[8] Excluded from these investigations are imports of stainless steel wire rope, i.e., "ropes, cables and cordage other than stranded wire, of stainless steel, . . . which [are] classifiable under the Harmonized Tariff Schedule ("HTS") subheading 7312.10.6000".[9]

During the past eighteen months, the Commission has addressed the

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[4](...continued)
factors relevant to its like product determination in a particular investigation. See, e.g., Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169 & n.5 (Ct. Int'l Trade 1988) (hereinafter Asocoflores).

[5] See S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[6] See Algoma Steel Corp., Ltd. v. United States, 688 F. Supp. 639 (Ct. Int'l Trade 1988), aff'd, 865 F.2d 240 (Fed. Cir. 1989).

[7] See, e.g., Torrington Co. v. United States, 747 F. Supp. 744, 748 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

[8] 58 Fed. Reg. 7531 (Feb. 8, 1993) (Final Determination of Sales at LTFV: Steel Wire Rope from Mexico); see also 58 Fed. Reg. 11029, 11030 (Feb. 23, 1993) (Final Determination of Sales at LTFV: Steel Wire Rope from Korea).

[9] 58 Fed. Reg. 7531 (Feb. 8, 1993) (Final Determination of Sales at LTFV: Steel Wire Rope from Mexico); see also 58 Fed. Reg. 11029, 11030 (Feb. 23, 1993) (Final Determination of Sales at LTFV: Steel Wire Rope from Korea).

definition of like product in several steel wire rope investigations. In each of the previous investigations, the Commission defined the product as all steel wire rope, whether stainless steel or carbon steel.[10] These determinations were based on the ability to use common production facilities, processes, and employees, producer and customer perceptions, overlaps in general uses, and some overlap in channels of distribution.[11]

In the preliminary investigations, the Commission also defined the like product to include stainless steel wire rope.[12] We have gathered more

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[10] Steel Wire Rope from India, the People's Republic of China, Taiwan and Thailand, Inv. Nos. 701-TA-305 and 731-TA-478, 480-482 (Final), USITC Pub. 2442 at 4-5 (Oct. 1991); Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 at 9 (August 1991); see also Steel Wire Rope from Canada, Inv. No. 731-TA-524 (Preliminary), USITC Pub. 2409 at 27 (Aug. 1991); Steel Wire Rope from Argentina, Chile, India, Israel, Mexico, the People's Republic of China, Taiwan, and Thailand, Inv. Nos. 701-TA-305, 306 and 731-TA-476-482 (Preliminary), USITC Pub. 2343 at 7-9 (Dec. 1990); Steel Wire Rope from the Republic of Korea, Inv. No. 731-TA-112 (Preliminary), USITC Pub. 1314 at 4-6 (Nov. 1982).

[11] In the preliminary investigations of Steel Wire Rope from Argentina, Chile, India, Israel, Mexico, The People's Republic of China, Taiwan, and Thailand, Inv. Nos. 701-TA-305 and 306 (Preliminary) and 731-TA-476-482 (Preliminary), USITC Pub. No. 2343 at 6 (Dec. 1990), the pertinent question was whether carbon steel rope and stainless steel rope constituted two separate like products. Those inquiries were somewhat different from the present investigations in that the scope of the investigation included stainless steel wire rope. Thus, there was no question of inclusion of stainless but only whether carbon and stainless were one like product. Because Commerce later amended the scope of the investigation at petitioner's request to exclude stainless steel wire rope, the question for purposes of the Commission's final investigations in those previous cases was the same as the present investigations, e.g., whether the like product should include stainless steel wire rope at all.

[12] Steel Wire Rope from the Republic of Korea and Mexico, Inv. Nos. 731-TA-546 and 547 (Preliminary), USITC Pub. 2513 at 7 (May 1992).

In the preliminary investigations, the Commission did not draw a distinction concerning certain coated carbon steel wire that is considered a proprietary product. No party took a position in either the preliminary or final investigations with respect to this issue, although petitioner indicated that only carbon steel rope (presumably including proprietary products) should be included in the definition of a like product. See Petitioner's Prehearing Brief at 3-16; Preliminary Investigations Staff Conference Transcript at 50-51.

(continued...)

information in these final investigations and adopt the same definition of like product as in the preliminary investigations.[13] [14]

Petitioner argued that the like product does not include stainless steel wire rope and presented certain information regarding the differences between stainless and carbon steel wire rope that it claims was not presented or fully developed in the previous steel wire rope investigations or in the preliminary investigations.[15] Respondents asserted that the Commission should find domestically produced carbon and stainless steel wire rope are like imported carbon steel wire rope.[16]

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[12](...continued)
As in the preliminary investigations, we again do not separate like products based on whether the products are proprietary. We draw this conclusion because there are a wide range of uses of proprietary products which make a like product distinction difficult; there are similarities in characteristics and uses and production processes of the proprietary wire rope and non-proprietary wire rope; and the proprietary products lack distinctions other than their legal status as a patented product. We also note that the patents may have expired. See Report at I-5 & n.7; accord Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 at 10 (Aug. 1991); Generic Cephalexin Capsules from Canada, Inv. No. 731-TA-423 (Final), USITC Pub. 2211 at 7 n. 16 (Aug. 1989).

[13] Chairman Newquist and Commissioner Rohr note that had they defined the like product to exclude stainless steel wire rope, their material injury determination would be the same. Stainless steel wire rope comprises a very small percentage of the relevant data concerning all steel wire rope. Indeed, the slight changes that result from excluding the data concerning stainless steel wire rope present a stronger case of material injury to the domestic industry by reason of LTFV imports.

[14] Vice Chairman Watson does not join in this definition of the like product and domestic industry. His definition of the like product and domestic industry and his views on the condition of that industry are set forth, infra, in separate views. However, he joins in this determination on the issues of related parties, cumulation, and material injury by reason of LTFV imports.

[15] Petitioner's Postconference Brief at 3-17; Petitioner's Prehearing Brief at 3-16; Petitioner's Posthearing Brief at 4a-4b (giving tensile strengths of carbon and stainless); Transcript of Hearing at 24-25, 45-47, 74-76.

[16] Respondents rely on the findings and determination of the Commission in its previous steel wire rope investigations and their view that nothing has changed since those prior determinations to warrant a different approach in these investigations. See Postconference Brief of Respondent Grupo Industrial Camesa, et al., Exhibit 1 (hereinafter Mexican Respondents' Postconference (continued...)

The record of these investigations demonstrates that general physical characteristics of carbon and stainless steel wire rope are similar. Common industry specifications and standards apply equally to all steel wire rope.[17] Carbon steel rope has a higher tensile or breaking strength and longer wear resistance than stainless steel rope,[18] while stainless steel rope is resistant to corrosion, and may be nonmagnetic.[19] These differences are ameliorated, however, because carbon steel wire rope may be galvanized and otherwise coated to make it rust resistant and suitable for some corrosion-creating environments such as certain aircraft applications and as rigging on port cranes, oceanographic survey equipment, or mooring buoys.[20] Therefore, while carbon steel wire rope generally is used in applications where tensile strength and abrasion resistance is important,[21] carbon steel wire rope also can be used in applications where corrosion resistance is important and where stainless steel wire rope is often used.

Carbon and stainless steel wire rope are functionally interchangeable for many uses; however, the large price difference between the two products

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[16](...continued)
Brief); Wire Rope Importers' Association of America Postconference Brief at 6-8 (hereinafter Importers' Association Postconference Brief). Respondents also proffer alleged statements against interest made by petitioner during the preliminary stage of the prior investigations in which petitioner argued for one like product, stainless and carbon steel wire rope. See Mexican Respondents' Postconference Brief Exhibit 1; Importers' Association Postconference Brief at 6-8. Respondents did not take a position on the like product issue in the final investigations or rebut any of the additional comments raised by petitioner during the final investigations.

[17] Report at I-10-I-11; see, e.g., Stainless Steel Flanges from India and Taiwan, Inv. Nos. 731-TA-639 and 640 (Preliminary), USITC Pub. 2600 at 9 & nn. 28-29 (Feb. 1993) (recognizing that essential physical characteristics are related to industry specifics and standards).

[18] Report at I-9.

[19] Id.

[20] Id.

[21] Id. at I-8-I-9.

often makes interchangeability impractical.[22] Indeed, price appears to be the main difference between carbon and stainless steel wire rope,[23] and this difference explains why customers[24] and producers may perceive the two products as different.[25] Consistent with past Commission practice, however, we do not consider price differences alone when defining the like product.[26] Thus, we find arguments concerning the limited interchangeability of the products on the basis of price to be unpersuasive. Moreover, we do not require complete interchangeability to include products in one like product.[27]

The channels of distribution of the two products are similar.[28] Both carbon and stainless steel wire rope are sold through distributors to standard specifications and also sold according to specific order directly to customers. Although carbon steel wire rope is sold predominantly through the former channel and stainless steel wire rope through the latter channel, the

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[22] Id. at I-9, I-17-I-19, C-3-C-5.

[23] Id. at I-17-I-19, I-58-I-59; Transcript of Hearing at 74-75; Preliminary Investigations Staff Conference Transcript at 37; Petition at 23; Petitioner's Postconference Brief at 9; see also Preliminary Investigations Report at A-11 and A-72, Tables 5 and C-1.

[24] Customers reported that they view stainless steel wire rope as a "separate" product from carbon steel wire rope. Report at I-18-I-19.

[25] Report at I-17-I-19, C-3-C-7; Transcript of Hearing at 45-47, 74-75.

In the context of price, special uses, and appearance, producers generally do not view the products as practically substitutable in all applications. See Report at I-17, I-18-I-19, C-3-C-5; Transcript of Hearing at 45-47, 74-75 (comments on behalf of domestic producers). In the context of rope construction and general use applications, however, some producers indicated that they believe there could be some limited substitutability of the two products. See Report at I-17-I-19, C-3-C-5.

[26] E.g., Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 at 9 (Aug. 1991); Certain Steel Wheels from Brazil, Inv. No. 701-TA-296 (Final), USITC Pub. 2193 at 7 (May 1989).

[27] See, e.g., Steel Wire Rope from Argentina and Mexico, Inv. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 at 9 (Aug. 1991); Industrial Nitrocellulose from Brazil, Japan, People's Republic of China, Republic of Korea, United Kingdom, West Germany, and Yugoslavia, Inv. Nos. 731-TA-439 - 445 (Preliminary), USITC Pub. No. 2231 at 6 (Nov. 1989).

[28] Report at I-19, I-25-I-26.

overlap is significant.[29]

Manufacturing facilities and production related factors are similar and common for carbon and stainless steel wire rope. The same production facilities often produce both carbon and stainless steel wire rope using some of the same equipment and the same employees.[30] Distinctions between the production processes of carbon and stainless steel wire rope occur in the drawing stage of production; however, a number of producers of stainless steel wire rope that also produce carbon steel wire rope do not perform this process. Rather, they purchase the stainless steel wire already drawn.[31] The stranding and closing stages of production of carbon and stainless steel wire rope production are very similar. The only difference in the stranding stage of stainless steel wire rope amounts to operating stranders at slower speeds and allowing for more set-up time and special machinery preparation to clean equipment and change the guides and post-forming heads.[32] Differences in the closing stage of stainless steel wire rope production are merely cleaning machinery, changing the lubricants used, and changing to smaller guides and sheaves and harder closing heads.[33]

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[29] Id. at I-18-I-19.
[30] Id. at I-14-I-16, I-18-I-19, C-3-C-5; Memorandum from the Office of Economics, EC-Q-023 at 11 (Mar, 3, 1993).
[31] Report at I-14. Petitioner claimed in the preliminary investigations that, in defining the like product in the previous steel wire rope investigations, the Commission incorrectly stated that the manufacturing process begins with "the heat treatment of the rod, using the same machinery for both." According to petitioner, this is not accurate "due to differences in drawing stainless steel wire, including the fact that heat treatment used for stainless steel rod is annealing, rather than patenting." Petitioner's Postconference Brief at 4 & n. 8. This factor, however, is of little significance because, as noted, many companies producing stainless steel wire rope purchase the raw material steel wire already drawn to finished size rather than drawing it themselves.
[32] Report at I-15.
[33] Id. at I-15-I-16.

Some firms reported that the production processes were identical and that the machinery used was interchangeable, while other firms highlighted the additional labor or machinery costs associated with stainless steel rope production.[34] However, switching from production of galvanized carbon steel wire rope to production of stainless steel wire rope on the same machinery and equipment avoids much of the additional labor and down-time associated with cleaning the machinery and equipment when switching from production of the carbon product to production of the stainless product. Therefore, many distinctions between carbon and stainless steel wire rope production do not apply to production of galvanized carbon steel wire rope.[35]

Due to the overlap in general physical characteristics and end uses and channels of distribution, interchangeability of products for some applications, and similarity and commonality of manufacturing facilities, production processes, equipment and employees, we define the like product in these investigations to be all steel wire rope whether made of carbon steel or stainless steel.

Concomitantly, we define the domestic industry as all producers of carbon and stainless steel wire rope.

II. RELATED PARTIES

The related parties provision, 19 U.S.C. § 1677(4)(B), allows for the exclusion of certain domestic producers from the domestic industry for the purposes of an injury determination.[36] Applying the provision involves two

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[34] Id. at C-5; Memorandum from Office of Economics, EC-Q-023 at 11 (Mar. 3, 1993).

[35] Report at I-17.

[36] Respondent Wire Rope Importers' Association of America argued that because certain members of the petitioning Committee imported the subject product, they lack standing to bring this petition, and their data should be excluded. (continued...)

steps.[37] First, the Commission must determine whether the domestic producer meets the definition of a related party. Second, if a producer is a related party, the Commission may exclude such producers in "appropriate circumstances."[38]

The statute defines related parties as producers who are "related to the exporters or importers, or are themselves importers of the allegedly subsidized or dumped merchandise."[39] Exclusion of a related party is within the Commission's discretion based upon the facts presented in each case.[40] The rationale for the related parties provision is the concern that domestic producers who either are related to foreign producers or exporters, or are themselves importers of the subject merchandise, may be in a position that

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[36](...continued)
See Prehearing Brief of Wire Rope Importers' Association of America at 9-10 (hereinafter Importers' Association Prehearing Brief); Transcript of Hearing at 191-95, 210-12; Importers' Association Postconference Brief at 9-12. We do not find merit in these arguments. The Court of International Trade and the Federal Circuit have determined that Commerce has the authority and responsibility to decide whether to dismiss a petition for lack of standing. Suramerica de Aleaciones Laminadas, C.A. v. United States, 966 F.2d 660 (Fed. Cir. 1992). In the Minebea opinion, Judge Tsoucalas of the Court of International Trade followed his ruling in his 1991 NTN Bearings decision that "[it] is the responsibility of the ITA [Commerce] to determine standing." Minebea Co., Ltd. v. United States, 782 F. Supp. 117, 120 (Ct. Int'l Trade 1992) (quoting NTN Bearings v. United States, 757 F. Supp. 1425, 1430 (Ct. Int'l Trade 1990)), aff'd, App. No. 92-1289 (Jan. 26, 1993). The Commission has not made determinations on the issue of standing. See, e.g., Medium-Voltage Underground Distribution Cable from Canada, Inv. No. 731-TA-545 (Preliminary), USITC Pub. 2489 at 8 n. 25 (Mar. 1992).

[37] See, e.g., Sulfur Dyes from the Peoples Republic of China and the United Kingdom, Inv. No. 731-TA-548 and 551 (Final), USITC Pub. 2602 at 14 (Feb. 1993); Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520 and 521 (Final), USITC Pub. 2528 at 7 (June 1992).

[38] 19 U.S.C. § 1677(4)(B).

[39] 19 U.S.C. § 1677(4)(B).

[40] See, e.g., Torrington Co. v. United States, 790 F. Supp. 1162 (Ct. Int'l Trade 1992), aff'd, App. Nos. 92-1383, 1392 (Fed. Cir. Mar. 5, 1993); Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348. 1352 (Ct. Int'l Trade 1987).

shields them from any injury that might be caused by the LTFV imports.[41]

Four domestic producers imported the subject product during the period of investigation.[42] In the preliminary investigations, the Commission did not exclude these producers as related parties because it found their imports were not significant as a percentage of overall imports or overall domestic production. Further, the imports merely allowed the producers to continue to compete and fill out production lines or satisfy customer specifications.[43] We find nothing in these final investigations to change this conclusion.

These importing domestic producers comprise a large percentage of domestic production,[44] and eliminating their data from consideration in the Commission's determination likely would, contrary to one of the purposes of the provision, tend to skew the overall domestic industry data.[45] In addition, the imports of these domestic producers comprise only a small percentage of their overall steel wire rope production and one of these producers imported only in interim (e.g., January-September) 1992.[46] Finally, there is no evidence to suggest that any of these domestic producers imported the subject product for reasons other than to continue to compete (e.g., to fill out production lines, satisfy particular customer specifications, or

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[41] See S. Rep. No. 249, 96th Cong., 1st Sess. at 83 (1979).
[42] Report at I-30, I-49.
[43] USITC Pub. 2513 at 8. In the preliminary investigations, there were two additional domestic producers analyzed as related parties for importing subject products. Because Commerce subsequently excluded as having de minimis margins the two Korean producers whose products these domestic producers imported, these domestic producers are not related parties in these final investigations.
[44] Report at I-51 n.62. One domestic producer that imported subject products did not provide production data in these final investigations; however, this domestic producer imported a very small amount of subject products.
[45] Compare Report at I-51 with Report Tables 4, D-1-D-3; see Memorandum from Office of Economics, EC-Q-023 at 6 (Mar. 3, 1993).
[46] See Report at I-51; Memorandum from Office of Economics, EC-Q-023 at 6 (Mar. 3, 1993).

maintain competitive prices in a product that they could not produce themselves and sell at the same price).[47] These producers are in the same financial position *vis-a-vis* the rest of the domestic industry.[48] Based on the foregoing, we conclude that appropriate circumstances do not exist to exclude these producers as related parties.

III. CONDITION OF THE DOMESTIC INDUSTRY

In determining whether there is material injury to a domestic industry by reason of the LTFV imports, the Commission is directed to consider "all relevant economic factors that have a bearing on the state of the industry in the United States."[49] These include production, consumption, shipments, inventories, capacity utilization, market share, employment, wages, productivity, financial performance, capital expenditures, and research and development.[50] No single factor is determinative, and the Commission considers all relevant factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[51] The U.S. steel wire rope industry is continuing a restructuring or rationalization of its operations that was initiated prior to the period covered by these investigations.[52] [53] Much of the foregoing analysis is

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[47] Report at I-30-I-32; see Mexican Respondents' Postconference Brief at 17-22; Transcript of Hearing at 137.
[48] Report Tables 11, 14.
[49] 19 U.S.C. § 1677(7)(C)(iii).
[50] Id.
[51] Id.
[52] Report at I-24. Although we consider the expiration of the VRAs on steel wire rope and the elimination of GSP treatment for Mexican wire rope as a condition of trade in the industry, neither of these events alone or taken together affects the outcome of these investigations. See Report at I-29-I-31; Memorandum from Office of Economics, EC-Q-023 at 8 (Mar. 3, 1993). Indeed, Mexican subject imports were higher under the VRAs than after VRAs expired, and when GSP treatment for Mexican imports ended, prices did not change as the Mexican producer assumed the cost of the duty. See Transcript of Hearing at 138, 206.

provided in general terms and without exact amounts. This is done to protect the confidential nature of much of the data.

Apparent U.S. consumption decreased 8.0 percent, declining from 199,781 short tons in 1989 to 183,743 short tons in 1991. In interim 1992, consumption was lower (136,419 short tons) than during interim 1991 (139,249 short tons).[54]

Domestic production of steel wire rope decreased by 5.5 percent from 121,259 short tons in 1989 to 114,592 short tons in 1991. Production declined by 2.0 percent from interim 1991 to interim 1992.[55]

Capacity remained generally stable throughout the period of investigation. Capacity utilization was low throughout the period of investigation, declining from 51.5 percent in 1989 to 49.8 percent in 1991 and to 48.6 percent in interim 1992.[56]

Domestic producers' U.S. shipments of steel wire rope declined from 1989 to 1991 by 6.8 percent by quantity and 5.0 percent by value. Domestic producers' U.S. shipments also declined from interim 1991 to interim 1992 by 7.0 percent by quantity and 7.5 percent by value. The average unit value of domestic producers' U.S. shipments increased from 1989 to 1991, but declined slightly from one interim period to the next. U.S. producers' exports of steel wire rope increased 47.8 percent by quantity and 30 percent by value between 1989 and 1991, and also increased slightly by quantity and value from

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[53](...continued)
[53] Because Vice Chairman Watson defines a like product that includes only carbon steel wire rope he provides a separate analysis of the condition of the domestic carbon steel wire rope industry in his separate views and does not join the foregoing discussion of the condition of the industry that includes stainless steel wire rope.
[54] Report at I-23, Table 2.
[55] Id. at I-28, Table 4.
[56] Id.

interim 1991 to interim 1992.[57]

Domestic producers' year-end inventories of steel wire rope declined from 1989 to 1991, decreasing from 45,032 short tons in 1989 to 43,921 short tons in 1991.[58] End-of-period inventories declined from 43,430 short tons in interim 1991 to 42,032 short tons in interim 1992.[59] As a share of U.S. producers' total production, inventories of steel wire rope increased slightly from 37.2 percent in 1989 to 38.4 percent in 1991. In interim 1992, end-of-period inventories as a share of U.S. producers' total production decreased to 37.7 percent of production from 38.1 percent in interim 1991.[60]

The average number of production and related workers producing all steel wire rope remained relatively stable during 1989-1991, then declined by 4.1 percent during the interim periods.[61] The number of hours worked by such workers increased irregularly from 1989 to 1991, but declined from one interim period to the next. Productivity of production and related workers decreased by approximately 8.1 percent from 1989 to 1991. U.S. producers' unit labor costs for steel wire rope rose steadily throughout the period of investigation, increasing by 15.4 percent from 1989 to 1991 and by 2.7 percent from interim 1991 to interim 1992.[62]

In May, 1989, the U.S. Department of Labor, Employment and Training Administration (ETA), issued a certification of eligibility for workers at the former Wire Rope Division of Bethlehem Steel to apply for trade adjustment

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[57] Id. at I-27-I-28, Table 5. We note that had exports not increased as they did, domestic production of steel wire rope would likely have been even lower.
[58] Id. at I-31, Table 6.
[59] Id.
[60] Id.
[61] Id. at I-33, Table 8.
[62] Id. at I-32-I-34, Table 8.

assistance under section 223 of the Trade Act of 1974.[63] In October, 1991, pursuant to a petition, the ETA determined that workers at Wire Rope Corp. were ineligible to apply for such assistance.[64] However, in response to another petition filed in June, 1992, ETA determined that Wire Rope Corp.'s workers separated on or after April 13, 1991 were eligible for adjustment assistance.[65]

From 1989 to 1991, net sales, gross profits, and operating income declined.[66] Net sales decreased both by quantity and value from 1989 to 1991. The quantity and value of net sales also declined considerably from interim 1991 to interim 1992. Gross profits declined from $55.7 million in 1989 to $53.9 million in 1991. From one interim period to the next, gross profits

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[63] Id. at I-33.
[64] Id. at I-34.
[65] Id.
[66] Id. Tables 10, 12.

Counsel for the respondents from the Republic of Korea argues that the Commission should draw adverse inferences against petitioner concerning certain data reported by various domestic producers of steel wire rope because the data allegedly contain discrepancies. See Prehearing Brief of Respondents from the Republic of Korea at 3-14, 27 (hereinafter Korean Respondents' Prehearing Brief).

We do not draw adverse inferences here but rather consider any inconsistencies when analyzing the data. The Commission has received questionnaire responses from virtually all U.S. producers, and virtually all questions were addressed in these responses. There has been no failure to participate or cooperate in these investigations; rather, it is only with regard to a limited number of parties that certain information is inconsistent with information gathered in previous investigations or submitted by other questionnaire respondents. Even with respect to this so-called "inconsistent" information, a May 4, 1992 letter from counsel for petitioner to the Commission staff, to which Korean respondents refer, explains why some of the distinctions in the data occur. Staff has also provided additional explanations for any other inconsistencies. See Memorandum from Office of Investigations, INV-Q-046 (March 8, 1993); see also Transcript of Hearing at 88-92, 240, 244.

We note that the argument of the Korean respondents concerns distinctions in data from these investigations compared to the 1991 investigations. Respondents asserted that the data are consistent from the preliminary investigations to the final investigations in this case. See Transcript of Hearing at 88-89.

decreased from $42.1 million to $37.1 million. Operating income declined 43 percent from 1989 to 1991, falling from $11.8 million to $6.7 million and further decreased from $6.6 million in interim 1991 to $2.8 million in interim 1992.[67] Net income declined 89.8 percent from 1989 to 1991, falling from $7.2 million to $0.7 million; in interim 1992, the industry reported a net loss of $1.3 million.[68] In addition, return on assets decreased consistently throughout the investigation period, except for a slight increase in operating return on fixed assets and total assets in 1990.[69]

In the previous final investigations involving steel wire rope, the Commission found that the data did not depict an industry suffering from material injury or threatened with material injury by reason of the imports subject to those investigations. We note that we are not bound to follow the determinations of the previous steel wire rope investigations.[70] In contrast to the present investigations, during the period covered by the previous investigations, capacity, production, capacity utilization, domestic shipments, and employment indicators were steady and the financial indicators were generally strong.[71] The previous investigations involved only one-quarter-year or one-half-year data for 1991 and no data for 1992. As discussed above, the full-year 1991 data show a much different picture of the domestic industry than the quarter-year or half-year data considered in the previous investigations. Moreover, during January-September 1992, the

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[67] Report Tables 10, 12. Decreases similar to those for operating income are represented in data evaluated as a percentage of net sales and on a per-unit basis. Id. at I-37-I-39, Tables 10, 12.
[68] Id. at I-37, Table 10.
[69] Id. at I-41, Table 16.
[70] Torrington Co. v. United States, 790 F. Supp. at 1169; Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1094 (Ct. Int'l Trade 1988).
[71] USITC Pub. 2410 at 11-17, 20-23.

domestic industry's condition continued to decline precipitously.[72]

Based on the declines in production, capacity utilization, net sales, and operating income from 1989 to 1991, and further declines in interim 1992, we find that this industry is experiencing material injury.

IV. CUMULATION

In determining whether there is material injury by reason of LTFV imports, the Commission is required to assess cumulatively the volume and effect of imports from two or more countries subject to investigation if such imports are reasonably coincident with one another and "compete with each other and with like products of the domestic industry in the United States market."[73] Cumulation is not required, however, when imports from subject countries are negligible and have no discernible adverse impact on the domestic industry.[74]

In assessing whether imports compete with each other and with the domestic like product, the Commission generally has considered four factors:

> (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
>
> (2) the presence of sales or offers to sell in the same geographic markets of imports from different countries and the domestic like product;
>
> (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
>
> (4) whether the imports are simultaneously present in the

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[72] The different period of data in the present investigations (and different subject imports from different countries) also distinguishes the causation findings of the previous investigations.

[73] 19 U.S.C. § 1677(7)(C)(iv)(I); Chaparral Steel Co. v. United States, 901 F.2d 1097 (Fed. Cir. 1990).

[74] 19 U.S.C. § 1677(7)(C)(v).

market.[75]

No single factor is determinative and the list of factors is not exclusive. In addition, only a "reasonable overlap" of competition is required.[76]

Mexican and Korean imports are coincident in the U.S. market and there is little dispute that imports from Korea and Mexico compete with each other. Indeed, respondents from Korea and Mexico made this the main theme of their presentation at the hearing. Respondents alleged that there is a "two-tiered" domestic market in which domestically produced products compete with each other and imports compete with each other, but that there is no competition between imports and domestically produced products.[77]

Petitioner argued that the imports from Mexico and Korea subject to these investigations should be cumulated. The Mexican respondents and the Importers' Association opposed cumulation[78] and asserted that Mexican imports do not compete with the domestic like product because the imports occupy a separate tier (and that Mexican imports occupy a special "market niche") separate from the domestic products.[79] In the preliminary investigations, the

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[75] See Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[76] Weiland Werke, AG v. United States, 718 F. Supp. 50, 52 (Ct. Int'l Trade 1989); Granges Metallverken AB v. United States, 716 F. Supp. 17, 21, 22 (Ct. Int'l Trade 1989).

[77] See Transcript of Hearing at 14, 141-43, 161-62, 169-71, 179-82, 193-94, 223-24, 226; see also Mexican Respondents' Postconference Brief, Exhibit 4 (admitting that products from Mexico compete with products from Korea); Posthearing Brief of Respondents from Korea Appendix I at 17-18 (hereinafter Korean Respondents' Posthearing Brief). But see Importers' Association Prehearing Brief at 16-18 (noting the large difference in antidumping margins from Commerce for Korea and Mexico and other factors that indicate that products imported from the two subject countries do not compete with each other); Transcript of Hearing at 197 (noting the different margins).

[78] Prehearing Brief of Respondents from Mexico at 26 (hereinafter Mexican Respondents' Prehearing Brief); Importers' Association Prehearing Brief at 16-20.

[79] Mexican Respondents' Postconference Brief at 17-18, 24-25; Mexican Respondents' Prehearing Brief at 11-18.

Commission determined that the subject imports compete in the United States both with each other and with the domestic like product.[80]

The record of these final investigations again confirms that there is a "reasonable overlap" in competition between subject imports and domestic products.[81] Imported steel wire rope generally is considered interchangeable with the domestic product within certain limitations.[82] Moreover, all steel wire rope sold in the United States must meet certain specification standards according to particular end use,[83] and differences between the imports under investigation and the U.S. product are relatively insignificant in regard to quality or other product specific specifications.[84]

U.S. producers sell steel wire rope nationwide as do many U.S. importers,[85] demonstrating geographical overlap of subject imports and the U.S. product. In addition, Mexican and Korean imports and the U.S. product are sold through the same channels of distribution (e.g., most sales are through distributors/service centers rather than to end users).[86] Finally, imports from Korea and Mexico were being sold continuously in the U.S. market

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[80] USITC Pub. 2513 at 13-14.

[81] Report at I-27, I-71-I-73; Memorandum from Office of Economics, EC-Q-023 at 11-14 (Mar. 3, 1993); Transcript of Hearing at 23-24, 33-35, 68, 126-27, 153, 230, 235; Preliminary Investigations Staff Conference Transcript at 97; Mexican Respondents' Postconference Brief, Exhibit 4.

Commerce excluded two Korean firms from any future antidumping final order, thereby reducing the volume of subject imports from Korea compared to the preliminary investigations.

[82] Report at I-19, I-71-I-73 (presenting lost sales and revenues allegations which show the subject imports and the domestic product are interchangeable); Memorandum from Office of Economics, EC-Q-023 at 11-14 (Mar. 3, 1993).

[83] Report at I-10-I-11, I-59.

[84] Id. at I-59; Transcript of Hearing at 126-27, 156, 188 (testimony of respondents from Mexico and Korea).

[85] Report at I-57 & n.72.

[86] Id. at I-19, I-24-I-25, I-57; Memorandum from Office of Economics, EC-Q-023 at 6-7 (Mar. 3, 1993); see also Petitioner's Prehearing Brief at 36-37; Petitioner's Posthearing Brief at 5-6.

throughout the period of investigation.[87]

A. Negligible Imports Exception

The Commission is not required to cumulate in any case in which it determines that imports of the merchandise subject to investigation are negligible and have no discernible adverse impact on the domestic industry.[88] In determining whether imports are negligible, the Commission considers all relevant economic factors including whether:

> (I) the volume and market share of the imports are negligible,
>
> (II) sales transactions involving the imports are isolated and sporadic, and
>
> (III) the domestic market for the like product is price sensitive by reason of the nature of the product, so that a small quantity of imports can result in price suppression or depression.[89]

The legislative history states that the negligible imports exception is to be applied narrowly and that it is not to be used to subvert the purpose and general applicability of the cumulation provision of the statute.[90] Moreover, the Court of International Trade has directed the Commission "to interpret the negligible import provision in a manner that makes sense in light of the market."[91]

The Mexican respondents claim that their imports are "negligible."[92] In

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[87] See, e.g., Report Tables 2, 7, 19-34. The issue of competition between subject imports and the domestic product is more fully developed infra at pages 28-31 in the section on material injury. The conclusion drawn there applies equally here.

[88] 19 U.S.C. § 1677(7)(C)(v).

[89] Id.

[90] See H.R. Rep. No. 40, Part 1, 100th Cong., 1st Sess. 130-131 (1987); H.R. Rep. No. 576, 100th Cong., 2d Sess. 621 (1988).

[91] Torrington Co. v. United States, 790 F. Supp. at 1161.

[92] Mexican Respondents' Postconference Brief at 24-25, Attachment 2; see also Importers' Association Prehearing Brief at 18-20; Transcript of Hearing at 208-09.

The Mexican respondents noted that their imports are negligible

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the preliminary investigations, the Commission determined that the subject imports from Mexico were not negligible.[93] As shown below, some of the data have changed slightly since the preliminary investigations.

Mexican carbon steel wire rope imports were not negligible by volume. Mexican share of U.S. apparent consumption of all steel wire rope, was 1.2 percent in 1989, 2.4 percent in 1990, 1.7 percent in 1991, 1.6 percent in interim 1991, and 2.0 percent in interim 1992.[94] The Korean imports of subject steel wire rope maintained an even larger share of domestic consumption.[95]

Sales transactions of Mexican imports are not isolated or sporadic and subject Mexican imports entered the United States continuously throughout the

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[92](...continued)
particularly when compared to the much higher volume of Korean imports in these investigations. See Mexican Respondents' Postconference Brief Appendix 2 at 3 & n.53. However, because Commerce excluded two Korean companies' imports from these final investigations, there is no longer a large difference between the volume of Mexican imports in relation to subject Korean imports. The Mexican respondents also argued that because their products primarily serve market niches (e.g., Stewart Hi-Test Purse Cable, "sandline" used to service oil wells, and imports through primarily only one importer) and imports do not generally compete with domestic products, a determination not to cumulate here is particularly compelling. Id. However, even among these products, there is competition with the domestic industry and Korean imports.

[93] USITC Pub. 2513 at 15-16.

[94] Report at I-54, Table 24. These consumption percentages are based on domestic consumption of all steel wire rope and include stainless steel wire rope consumption. In defining the like product to exclude stainless steel wire rope, the denominator in the equation (U.S. consumption) will decrease and the percentage of consumption accounted for by these imports will increase slightly. Mexican imports of carbon steel wire rope as a share of U.S. apparent consumption of carbon steel wire rope were 1.2 percent in 1989, 2.4 percent in 1990, 1.7 percent in 1991, 1.7 percent in interim 1991, and 2.0 percent in the same period of 1992. See id. Table 23.

[95] Id. at I-54, Table 24. The exact level of Korean subject imports is confidential, but generally they are much more than double the Mexican import share. Again, when excluding stainless steel wire rope, Korean imports of carbon steel wire rope as a share of U.S. apparent consumption of carbon steel wire rope during the same time periods were higher. Id. at I-52, Table 23.

period of investigation.[96]

The domestic market for the like product is relatively price sensitive and a small quantity of imports will generally result in adverse price effects.[97] [98] Price is a major consideration in a purchase, although other factors may be important.[99] U.S. sales of steel wire rope must meet certain specification standards,[100] thereby bolstering price as a consideration by purchasers in a sale.[101]

Based on the volume and market share of Mexican imports and the fact that they are not isolated or sporadic, we determine that imports from Mexico are not negligible and, accordingly, we have cumulated these imports with those from Korea.

V. MATERIAL INJURY BY REASON OF LTFV IMPORTS

In determining whether the domestic industry is materially injured by reason of the imports under investigation, the statute directs the Commission to consider:

> (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

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[96] See, e.g., id. Tables 2, 7 and 19-34.

[97] 19 U.S.C. § 1677(7)(C)(V). In the preliminary stage of the previous investigations, the Commission noted the inherent price sensitivity of the steel wire rope market. USITC Pub. 2343 at 27.

[98] Vice Chairman Watson notes that demand for steel wire rope is price inelastic. Changes in price do not lead to larger changes in the quantity demanded. However, price competition does exist between subject imports and domestic products. For purchasers, small differences in price between the fungible products may be a deciding factor.

[99] Report at I-57-I-59; Memorandum from Office of Economics, EC-Q-023 (March 3, 1993).

[100] Report at I-10-I-11.

[101] A more complete discussion of the price sensitivity of the steel wire rope market is contained, infra, at pages 28-29. The conclusions drawn there are equally applicable here.

(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.[102]

The Commission may consider alternative causes of injury, but it is not to weigh causes.[103] The Commission need not determine that imports are the principal or substantial cause of material injury; rather, the Commission is to determine whether imports are a cause of material injury.[104] [105]

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[102] 19 U.S.C. § 1677(7)(B)(i).

[103] See Citrosuco Paulista, 704 F. Supp. at 1101.

[104] See Granges Metallverken, 716 F. Supp. at 25; Metallverken Nederland, B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989); Citrosuco Paulista, 704 F. Supp. at 1101; S. Rep. No. 249, 96th Cong., 1st Sess. 74 (1979); H.R. Rep. 317, 96th Cong., 1st Sess. 47 (1979).

Chairman Newquist and Commissioner Rohr note that the Korean respondents argue that the Commission should require that subject imports, by themselves, be "the cause" of the injury that is material, allegedly consistent with the GATT and Antidumping Code, and not that imports be merely "a cause" of injury. See Korean Respondents' Prehearing Brief at 38-58; Korean Respondents' Posthearing Brief Appendix I at 7-14; Transcript of Hearing at 94-95, 98-105, 121-22, 119, 122-23. Chairman Newquist and Commissioner Rohr note that the Antidumping Code is not part of U.S. law because it is not self-executing; and the Commission is required to follow U.S. law. See 19 U.S.C. § 2504; Suramerica de Aleaciones Laminadas, C.A. v. United States, 966 F.2d at 667-68. On this issue, U.S. law is clear -- imports are not required to be "the cause" of material injury for an affirmative material injury determination to be made. See, e.g., United Engineering & Forging v. United States, 779 F. Supp. 1375, 1391 (Ct. Int'l Trade 1991); Metallverken Nederland, 728 F. Supp. at 740-741; Granges Metallverken, 716 F. Supp. at 25; USX Corporation v. United States, 682 F. Supp. 60, 67 (Ct. Int'l Trade 1988); Maine Potato Council v. United States, 613 F. Supp. 1237, 1243 (Ct. Int'l Trade 1985); British Steel Corp. v. United States, 593 F. Supp. 405, 413 (Ct. Int'l Trade 1984); S. Rep. 249, 96th Cong., 1st Sess. 57 (1979); H.R. Rep. 317, 96th Cong., 1st Sess. 47 (1979).

Chairman Newquist and Commissioner Rohr are disturbed that parties persist in addressing this issue. The Commission, with reviewing court approval, has repeatedly and unequivocally rejected the Korean respondents' interpretation of U.S. law. It is unfortunate that financial resources, time, and effort are expended to "answer" a "question" that obviously no longer exists.

[105] Vice Chairman Watson notes that the courts have interpreted the statutory requirement that the Commission consider whether there is material injury "by reason of" the subject imports in a number of different ways. Compare, e.g., United Engineering & Forging v. United States, 779 F. Supp. 1375, 1391 (Ct. Int'l Trade 1991) ("rather it must determine whether unfairly-traded imports

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In determining whether there is material injury by reason of the LTFV imports, the statute directs the Commission to consider "whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[106]

The volume of the cumulated imports increased considerably from 1989 to 1991.[107] Moreover, the subject imports accounted for a steadily increasing share of the U.S. market in terms of quantity.[108]

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[105](...continued)
are contributing to such injury to the domestic industry. Such imports, therefore need not be the only cause of harm to the domestic industry" (citations omitted)); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989) (affirming a determination by two Commissioners that "the imports were a cause of material injury"); USX Corporation v. United States, 682 F. Supp. 60, 67 (Ct Int'l Trade 1988) ("any causation analysis must have at its core, the issue of whether the imports at issue cause, in a non de minimis manner, the material injury to the industry").

Accordingly, Vice Chairman Watson has decided to adhere to the standard articulated by Congress in the legislative history of the pertinent provisions, which states that the Commission must satisfy itself that, in light of all the information presented, there is a "sufficient causal link between the less-than-fair-value imports and the requisite injury." S. Rep. No. 249, 96th Cong., 1st Sess. 75 (1979).

The Vice Chairman notes the Korean respondents' argument regarding the causation standard to be applied by the Commission. In this regard, he notes that the causation standard to which he adheres is not inconsistent with the relevant GATT provisions and Codes.

[106] 19 U.S.C. § 1677(7)(C)(i).

[107] Report at I-52, I-54, Tables 23, 24. As the volume of Korean imports is confidential, cumulated figures are not provided so as to protect the confidentiality of the data.

Certain imports from Mexico enter the United States duty-free in bonded warehouse and are later re-exported. We did not count these Mexican shipments in our import data. However, due to their small quantity, counting them in the import data would not have affected our outcome and, indeed, would present a stronger case of material injury to the domestic industry by reason of LTFV imports. See Report at I-48 n. 58; Transcript of Hearing at 136.

[108] Report at I-54, Table 24. If the domestic industry does not include stainless steel wire rope, the market share of subject imports is even greater. See id. at I-52, Table 23. Because stainless steel wire rope only accounts for a very small percentage of all steel wire rope in the United

(continued...)

The value of subject imports decreased from 1989 to 1991. Thus, as the volume and market share of the subject imports increased from 1989 to 1991, their unit values declined significantly.[109] These import volume and market share increases occurred while domestic shipments were declining and domestic market share was increasing only marginally.[110]

In evaluating the effect of the subject imports on prices, the Commission considers whether there has been significant price underselling of imports and whether the imports suppress or depress prices to a significant degree.[111] In all available price comparisons, the subject imports undersold domestic steel wire rope, and in many of these instances, the margins of underselling were substantial.[112]

As the price of the subject imports continued to fall from 1989 to 1991, the highly fungible subject imports consistently and significantly undersold the domestic product. As a result, we find sufficient evidence that the subject imports' gain in domestic market share can be attributed, in large part, to the low prices of the unfairly traded imports.

We find it important in our analysis that the domestic market for these products is price sensitive.[113] The domestic and subject imported steel wire

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[108](...continued)
States, data including stainless steel wire rope would not lead Vice Chairman Watson to a different conclusion regarding material injury by reason of LTFV imports of carbon steel wire rope.

[109] Id. I-52, Table 24.

[110] Id. I-54, Table 24.

[111] 19 U.S.C. § 1677(7)(C)(ii).

[112] Report at I-61-I-63, Tables 25-29, Figures 3-7; Memorandum from Office of Economics, EC-Q-023 at 5-6 (Mar. 3, 1993).

[113] As noted, supra, in footnote 98, Vice Chairman Watson does not view the market for steel wire rope as price sensitive.

rope are substitutable.[114] The record shows that there are a large number of end users for which price is the deciding factor in purchasing decisions.[115] Total domestic steel wire rope demand is inelastic.[116] Changes in the price of steel wire rope have very little effect on the quantity of steel wire rope demanded by customers or on the total cost of finished products in which wire rope is used. Further, the cost of steel wire rope as an input into these products is relatively small compared to the total cost of the finished product.[117] Thus, any increase in imports has a larger effect on the market price for steel wire rope and on the price of the domestic product.[118]

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[114] Although respondents argued that imports are not substitutable for, and do not compete with, the domestic product, information gathered by the Commission in these investigations shows that there is significant substitutability and competition between the subject imports and the domestic product. See Report at I-10-I-11, I-19, I-24-I-25, I-59, I-71-I-73; Memorandum from Office of Economics, EC-Q-023, at 11-14 (Mar. 3, 1993); Transcript of Hearing at 23-24, 33-35, 68, 126-27, 153, 156, 174-75, 188, 235, 230; Preliminary Investigations Staff Conference Transcript at 97; see also Petitioner's Prehearing Brief at 36-37; Petitioner's Posthearing Brief at 5-6.

[115] Memorandum from Office of Economics, EC-Q-023 at 12 (Mar. 3, 1993); see also Transcript of Hearing at 150. In some instances, price may not be the most important factor in purchasing decisions. See Transcript of Hearing at 143, 156-58, 161, 172, 204-05, 220-22; see also, e.g., Mexican Respondents' Prehearing Brief at 15-18.

[116] Memorandum from Office of Economics, EC-Q-023 at 13-14 (Mar. 3, 1993). Mexican respondents argue that domestic supply may be elastic at the prices at which U.S.-produced steel wire rope is sold, but that it is inelastic at the prices at which imported steel wire rope is sold. Mexican Respondents' Prehearing Brief at 3-5, 12-18, 21; Posthearing Brief of Respondents from Mexico at 4-11 (hereinafter Mexican Respondents' Posthearing Brief). The Mexican respondents argue that U.S. producers have maintained approximately 60 percent of the domestic steel wire rope market since at least 1987, despite substantially lower prices for imported wire rope. They allege that customers that purchase U.S.-produced steel wire rope do not consider imported steel wire rope to be substitutable.

[117] See, e.g., Iwatsu Elec. Co. Ltd. v. United States, 758 F. Supp. 1506, 1514 (Ct. Int'l Trade 1991).

[118] Vice Chairman Watson notes that an increase in import volume may likely result in loss of sales volume for domestic producers; however, he notes that demand for steel wire rope is price inelastic and, therefore, an increase in imports is not likely to affect market prices.

Furthermore, declines in steel wire rope prices do not lead to increased consumption of the product.

Most producers and importers responding to Commission inquiries reported that quality differences and design or feature differences were not major factors in their firms' sales of the subject product.[119] Similarly, purchasers indicated that there was substantial competition between the domestic and imported products.[120] Moreover, because all steel wire rope sold in the United States must meet certain industry specification standards according to particular end use, quality concerns are further reduced as a factor affecting sales.[121] Overall, differences between the imports under investigation and the U.S. product are relatively insignificant in regard to quality or other product specifications or standards.[122] In addition, Mexican and Korean imports and the U.S. product are sold through the same channels of distribution (e.g., most sales are through distributors/service centers rather than to end users).[123]

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[119] Report at I-24-I-25; Memorandum from Office of Economics, EC-Q-023 at 12 (Mar. 3, 1993); see also Transcript of Hearing at 156, 161, 172 (no quality difference between U.S.-produced products and Mexican imports).

[120] Although some purchasers indicated that quality differences exist between the domestic and subject imported product, most believed that there were no differences. Most purchasers stated that they selected the subject imported steel wire rope due to its lower price. Some purchasers did note that liability concerns caused them to purchase domestic steel wire rope. Report at I-24-I-25, I-71-I-73; see also Memorandum from Office of Economics, EC-Q-023 at 12-13 (Mar. 3, 1993).

[121] Report at I-10-I-11, I-24-I-25, I-59.

[122] Id. at I-24-I-25, I-59; Transcript of Hearing at 126-27, 156, 188 (testimony of respondents from Mexico and Korea).

[123] Report at I-19, I-25-I-26, I-57; Memorandum from Office of Economics, EC-Q-023 at 6-7 (Mar. 3, 1993); see also Petitioner's Prehearing Brief at 36-37; Petitioner's Posthearing Brief at 5-6.

In the Preliminary Investigation Staff Conference, witnesses indicated that some importers commingle rope from a number of countries, and are often unable to differentiate products by the country of origin. See Preliminary Investigations Staff Conference Transcript at 28, 44-48. We note, however,

(continued...)

The record indicates that from 1989 to 1991, non-subject imports lost a significant share of the domestic market in terms of quantity. During that same period, the subject imports gained considerably more market share than the domestic industry, which gained only 0.8 percent of market share.[124] While the exact figures are confidential, we note that the quantity of the subject imports increased substantially.[125] The increase in the low-priced subject imports prevented U.S. products from increasing domestic shipments and domestic market share.[126] Moreover, Commission staff was able to confirm a significant number of lost sales allegations due to the low prices of the subject imports. The volume and price of the subject imports, in addition to the factors listed above, support the causal link between the material injury suffered by the domestic producers and the LTFV imports.[127] We conclude that

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[123](...continued)
that the Korean respondents later suggested that this language was meant to convey that imports from one country are placed in the same inventory as imports from other countries. See Korean Respondents' Prehearing Brief at 33-34 & n.52. Importers also commented that no mixing of imports and domestic products occurs. See Transcript of Hearing at 230-231. The Commission found in the previous steel wire rope preliminary investigations that such commingling of imports suggests that importers treat the products as fungible, further highlighting the potential for a reasonable overlap in competition with domestic products. Steel Wire Rope from Argentina, Chile, India, Israel, Mexico, The People's Republic of China, Taiwan, and Thailand, Inv. Nos. 701-305 and 306, 731-TA-476 through 482 (Preliminary), USITC Pub. 2343 at 16 (Dec. 1990). However, due to the conflict over the interpretation of this testimony, we have not considered such commingling as a factor showing competition (for material injury or cumulation purposes) in these final investigations but rather have relied on other factors.

[124] Report Table D-3.

[125] We note that between 1990 and 1991, the quantity of the subject imports increased substantially. That increase in the subject imports coincides with the domestic industry's significant decline in operating income between those years.

[126] The record contains substantial evidence that the majority of purchasers consider price to be the most important factor in their purchasing decisions. Memorandum from Office of Economics, EC-Q-023 at 12 (Mar. 3, 1993); Transcript of Hearing at 150; Report at I-71-I-73.

[127] Report at I-71-I-73.

the volume and price of the subject imports have had an adverse impact on domestic production, sales, capacity utilization, and financial performance.[128]

For these reasons, we find that the domestic industry has been materially injured by reason of LTFV imports of carbon steel wire rope from Korea and Mexico.

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[128] Id. at I-28, I-37, I-38, Tables 4, 10, 12.

SEPARATE VIEWS OF VICE CHAIRMAN WATSON ON THE ISSUES OF LIKE PRODUCT, DOMESTIC INDUSTRY, AND CONDITION OF THE INDUSTRY

In these separate views, I provide my definition of the like product and domestic industry and discuss the condition of that industry. With regard to all other issues, I join with the views of Chairman Newquist and Commissioner Rohr as noted therein.[1] Due to the requirement that the Commission explain its reasoning behind its determinations,[2] I provide separate discussion on like product and the condition of the industry.

I. LIKE PRODUCT AND DOMESTIC INDUSTRY

I define the like product to include all forms of carbon steel wire rope but exclude stainless steel wire rope.[3] Concomitantly, I define the domestic industry as all producers of carbon steel wire rope.

As is the case with other steel products, different physical characteristics between carbon and stainless steel wire rope determine their different end uses.[4] Carbon steel wire rope has a higher tensile or breaking strength and longer wear resistance than stainless steel wire rope,[5] whereas stainless steel wire rope is resistant to corrosion, and may be nonmagnetic.[6] Carbon steel wire rope is used in applications where tensile strength and

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[1] See, e.g., the discussion of related parties, cumulation, material injury by reason of LTFV imports, and the introductory paragraph to the condition section, supra, in the views of Chairman Newquist, Vice Chairman Watson, and Commissioner Rohr.

[2] See, e.g., USX Corp. v. United States, 655 F. Supp. 487, 490 (Ct. Int'l Trade 1989).

[3] Because stainless steel wire rope accounts for only a very small percentage of all steel wire rope produced in the United States, defining the like product to include stainless steel wire rope would not lead to a different conclusion regarding material injury by reason of LTFV imports of carbon steel wire rope.

[4] Report at I-8-I-10.

[5] Id. at I-9.

[6] Id.

abrasion resistance is important, such as in applications involving hoisting, excavating, drilling, logging, and mining.[7] Stainless steel wire rope is used for applications where a low magnetic field is required or in areas that require corrosion resistance, such as near radar and compass units and for minesweeping, on aircraft, or as life lines and riggings on yachts.[8] Stainless steel wire rope is also used in applications in alkaline or acidic environments found in chemical and food processing industries where cleanliness and corrosion-resistance are important.[9]

There is limited substitutability between carbon and stainless steel wire rope, particularly involving small-diameter galvanized carbon steel wire rope. However, in instances where both galvanized carbon and stainless steel wire rope may be functionally interchangeable, price differences and subsequent cost savings often result in the use of galvanized carbon over stainless steel wire rope.[10]

I find the production processes of the two products to be different and note particularly the distinctions at the drawing stage of production.[11] Although it is functionally possible to produce the two products in the same facilities with some of the same equipment using the same employees, it is not practical to do so. There is considerable down-time associated with cleaning equipment for stainless steel wire rope production after carbon steel wire

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[7] Id. at I-8.
[8] Id. at I-9.
[9] Id. at I-9-I-10.
[10] See Transcript of Hearing at 45, 74-76. Although there is functional interchangeability between stainless steel and galvanized carbon steel wire rope, there is no practical interchangeability between them due to their price difference. I note this practical versus functional distinction with other like product factors as well.
[11] Id. at I-11-I-13. Whereas carbon steel wire rope production involves an "annealing" process, stainless steel wire rope production involves an entirely different "patenting" process. Id. at I-11 & n. 17, I-13 & n. 21.

rope has been produced on the same equipment. Moreover, employees must be specially trained to produce stainless steel wire rope. Particular pieces of equipment and machinery are different for stainless steel wire rope production and for carbon steel wire rope production. Moreover, production operations for stainless steel wire rope are much slower.[12]

Producers and customers perceive limited commonality of uses between the two types of wire rope due to the special characteristics of the two products and the large price difference.[13] In the context of price, special uses, and appearance, producers generally do not view the products as practically substitutable.[14] Customers reported that they view stainless steel wire rope as a "separate" product from carbon steel wire rope, and not substitutable with carbon steel wire rope even with a 5 to 10 percent price change.[15]

Moreover, the channels of distribution of the two products are quite different. Carbon steel wire rope is sold mostly through distributors pursuant to standard specifications, whereas stainless steel wire rope is shipped mostly to end users.[16] This information is more complete than that collected during the preliminary investigations, in which the information concerning channels of distribution were mixed and showed no clear distinction between the two products.[17] Petitioner noted that three-quarters of all carbon steel wire rope is marketed to an extensive network consisting of

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[12] Id. at I-11-I-15, C-5-C-5.
[13] Id. at I-10 n.15, I-18-I-19, C-3-C-5.
[14] Id. at I-18-I-19, C-3-C-5; Transcript of Hearing at 45-47, 74-75.
[15] Id. at I-18, I-24.
[16] Id. at I-26, I-36.
[17] See Preliminary Investigations Staff Report at A-22, A-29-A-30. In the preliminary investigations, petitioner had only provided assertions that sales directly to end users were more prevalent for stainless steel rope than for carbon steel rope. Petition at 23. The issue was developed more fully in the final investigations.

several thousand producer-operated warehouses and unrelated distributors.[18] Stainless steel wire rope that is not sold directly to end users is marketed through a much more limited number of distributors and outlets.[19]

Given the additional evidence collected since the preliminary investigations on channels of distribution and production related factors, and the practical versus functional distinction which exists with respect to the like product factors, I am persuaded that stainless steel wire rope should not be included in the definition of the like product.

II. CONDITION OF THE CARBON STEEL WIRE ROPE INDUSTRY

In examining the condition of the domestic industry, I have considered all statutory factors, including consumption, production, capacity, capacity utilization, inventories, employment, shipments, productivity, and financial performance, capital expenditures, and research and development.[20] Much of the foregoing analysis is provided in general terms and without exact amounts. This is done to protect the confidential nature of much of the data.

Apparent U.S. consumption of carbon steel wire rope decreased 8.1 percent by quantity, declining from 197,327 short tons in 1989 to 181,411 short tons in 1991. In interim 1992, consumption was lower (134,663 short tons) than interim 1991 (137,558 short tons).[21]

Domestic production of carbon steel wire rope decreased by 5.1 percent from 120,315 short tons in 1989 to 114,161 short tons in 1991. Production declined by 2.1 percent from interim 1991 to interim 1992.[22]

Capacity remained generally stable throughout the period of

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[18] Petitioner's Prehearing Brief at 13-14.
[19] Id. at 14.
[20] 19 U.S.C. § 1677(7)(C)(iii).
[21] Report Table D-3.
[22] Id.

investigation. Capacity utilization was low throughout the period of investigation, and declined from 51.9 percent in 1989 to 50.4 percent in 1991. Capacity utilization also declined from interim 1991 (50.1 percent) to interim 1992 (49.1 percent).[23]

Domestic producers' U.S. shipments of carbon steel wire rope declined from 1989 to 1991 by 6.6 percent by quantity and 3.4 percent by value. Domestic producers' U.S. shipments also declined from interim 1991 to interim 1992 by 7.1 percent by quantity and 7.6 percent by value. The average unit value of domestic producers' U.S. shipments increased from 1989 to 1991, but declined slightly from one interim period to the next. U.S. producers' exports of carbon steel wire rope increased considerably by quantity and value between 1989 to 1991, and also increased slightly by quantity and value from one interim period to the next.[24]

Domestic producers' year-end inventories of carbon steel wire rope declined from 1989 to 1991, decreasing from 44,426 short tons in 1989 to 43,437 short tons in 1991.[25] End-of-period inventories declined from 42,938 short tons in interim 1991 to 41,568 short tons in interim 1992.[26] As a share of U.S. producers' total shipments, inventories of carbon steel wire rope increased slightly from 36.9 percent in 1989 to 37.7 percent in 1991. In interim 1992, end-of-period inventories as a share of U.S. producers' total shipments increased to 37.6 percent of shipments from 36.4 percent in interim

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[23] Id.
[24] Id. Domestic production of carbon steel wire rope would have been significantly lower without such increases in exports.
[25] Id.
[26] Id.

1991.[27]

The average number of production and related workers producing carbon steel wire rope remained relatively stable, then declined between the interim periods.[28] The number of hours worked by such workers increased irregularly from 1989 to 1991, but declined from one interim period to the next. Productivity of production and related workers decreased from 1989 to 1991. U.S. producers' unit labor costs for carbon steel wire rope rose steadily throughout the period of investigation, increasing both from 1989 to 1991 and from interim 1991 to interim 1992.[29]

From 1989 to 1991, net sales and operating income declined, while gross profits remained virtually steady.[30] Net sales decreased significantly both by quantity and value from 1989 to 1991. The quantity and value of net sales also declined considerably from interim 1991 to interim 1992. Gross profits remained virtually steady from 1989 to 1991, but decreased in the interim periods. Operating income declined substantially from 1989 to 1991, and also

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[27] Id. Chairman Newquist and Commissioner Rohr address the data on inventories of carbon and stainless steel wire rope as a share of U.S. producers' total production of those products. The Commission's Report does not provide those figures for carbon steel wire rope only; thus, I consider inventories as a percentage of shipments. However, the data on carbon steel wire rope inventories only as a percentage of carbon production would not be much different than the data considered by Chairman Newquist and Commissioner Rohr due to the small presence of stainless steel wire rope in the United States.

[28] Id.

[29] Id.

[30] Id. I-39-I-40, Tables 13, 15.

Respondents from the Republic of Korea argue that the Commission should draw adverse inferences against petitioner concerning certain data reported by various domestic producers of steel wire rope because the data allegedly contain discrepancies. I join with Chairman Newquist and Commissioner Rohr in determining not to draw adverse inferences for the reasons which they state, supra, in their views.

decreased from interim 1991 to interim 1992.[31] Net income declined substantially from 1989 to 1991, and in interim 1992, the industry reported a net loss.[32]

In the previous final investigations involving steel wire rope, the Commission found that the data did not depict an industry suffering from material injury or threatened with material injury by reason of the imports subject to those investigations. The Commission is not bound to follow the determinations of the previous steel wire rope investigations.[33] Contrary to the present investigations, the period covered by the previous investigations, showed that domestic capacity, production, capacity utilization, domestic shipments, and employment indicators were steady and the financial indicators were generally healthy.[34] The previous investigations involved only one-quarter-year or one-half-year data for 1991 and no data for 1992. As discussed above, the full-year 1991 data show a much different picture of the domestic industry than the partial-year data of the previous investigations. Moreover, during January-September 1992, the domestic industry's condition continued to decline precipitously.[35]

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[31] Report I-39-I-40, Tables 13, 15. Decreases similar to those for operating income are represented in data evaluated as a percentage of net sales and on a per-unit basis. Id.

[32] Id.

[33] Torrington Co. v. United States, 790 F. Supp. at 1169; Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1094 (Ct. Int'l Trade 1988).

[34] USITC Pub. 2410 at 11-17, 20-23.

[35] The different period of data in the present investigations (and different subject imports from different countries) also distinguishes the causation findings of the previous investigations from the present investigations.

DISSENTING VIEWS OF
COMMISSIONERS ANNE E. BRUNSDALE AND CAROL C. CRAWFORD

Steel Wire Rope from the Republic of Korea and Mexico
Invs. Nos. 731-TA-546 and 547 (Final)

Based on the record in these final investigations, we find that a domestic industry is not materially injured, or threatened with material injury, by reason of imports of carbon steel wire rope from the Republic of Korea (Korea) and Mexico that the U.S. Department of Commerce has determined are being sold at less than fair value (LTFV) in the United States.[1] We concur with our colleagues in the majority that (1) the like product is all steel wire rope and (2) the domestic industry consists of all U.S. producers of the like product.[2,3] We accept our colleagues discussion of the condition of the domestic industry as factually

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[1] Material retardation of the establishment of an industry is not an issue in these investigations and therefore will not be discussed further.

[2] See Views of Chairman Newquist, Vice Chairman Watson, and Commissioner Rohr, supra. We also agree that there are no related parties that should be excluded from the domestic industry.

[3] Since stainless steel wire rope accounts for a very small part of all steel wire rope production and sales, we note that our analysis would be essentially unchanged and we would make negative determinations even if that product were excluded from the like product.

correct, though we do not share their finding that the industry is materially injured.

No Material Injury by Reason of LTFV Imports

In determining whether LTFV imports are causing material injury, we are required to consider the volume of the subject imports, and the effect of such imports on both domestic prices and the domestic industry.[4] We are directed to examine these effects in the "context of the business cycle and conditions of competition that are distinctive to the affected industry."[5] We are also permitted to consider any other economic factors that are relevant to our determinations.[6] Although we may consider information that injury to the industry is caused by factors other than LTFV imports, we do not weigh causes.[7]

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[4] 19 U.S.C. 1677(7)(B).

[5] 19 U.S.C. 1677(7)(C)(iii).

[6] In making our determination, we have cumulated imports from Korea with those from Mexico. No new evidence has been developed in these final investigations to alter our views on the appropriateness of cumulation in these investigations as set forth in the Commission's opinion in the preliminary investigations. (See Steel Wire Rope from The Republic of Korea and Mexico, Invs. Nos. 731-TA-546 and 547 (Preliminary), USITC Pub. 2513 (May 1992), at 12-16 (Views of the Commission).)

[7] The statute requires that the Commission determine whether the domestic industry is "materially injured ... by reason of" the allegedly LTFV imports. Counsel for the Korean respondents asserts that the Commission should properly interpret the statute to require a determination whether the dumped imports are themselves causing material injury. We concur with counsel that the clear meaning of the statute is to require a determination

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As an initial matter, we note that steel wire rope is used in a variety of industries including mining, quarrying, construction, logging, and fishing. It is used for aircraft control cables, elevator hoist cables, and in drilling and servicing oil and gas wells.[8] Overall consumption of steel wire rope declined steadily during the period of investigation, falling by 8 percent between 1989 and 1991 and by 2 percent between January-to-September ("Interim") 1991 and the same period

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[7](...continued)
whether the domestic industry is materially injured by reason of LTFV imports, not by reason of LTFV imports among other things. Many, if not most domestic industries are subject to injury from more than one economic factor. Of these factors, there may be more than one that independently is causing material injury. It is assumed in the legislative history that the "ITC will consider information which indicates that harm is caused by factors other than the less-than-fair-value imports." S. Rep. No. 249, 96th Cong., 1st Sess., at 75. However, the legislative history makes it clear that the Commission is not to weigh or prioritize the factors that are independently causing material injury. Id. at 74; H.R. Rep. No. 317, 96th Cong., 1st Sess., at 47. The Commission is not to determine if the allegedly LTFV imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249 at 74. Rather, it is to determine whether any injury "by reason of" the allegedly LTFV imports is material. That is, the Commission must determine if the subject imports are causing material injury to the domestic industry. "When determining the effect of imports on the domestic industry, the Commission must consider all relevant factors that can demonstrate if unfairly traded imports are materially injuring the domestic industry." S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987) (emphasis supplied).

[8] Report at I-8.

in 1992.[9] This decline followed an increase in consumption between 1987 and 1989.[10]

There has been substantial restructuring of the domestic steel wire rope industry in recent years. At least three firms, including two integrated steel firms, have ceased production of steel wire rope and sold their assets. Other firms have closed specific facilities.[11]

We also note that imports of certain steel products, including steel wire rope, were limited under voluntary restraint agreements ("VRAs") from October 1, 1984, to March 31, 1992. These agreements covered imports from a total of 19 countries, including both Korea and Mexico.[12]

While the decline in demand, the restructuring of corporate assets, and the presence of the VRAs have all affected the domestic steel wire rope industry, the statute requires us to determine whether there is material injury to the domestic industry by reason of LTFV imports. That is, we must determine whether the domestic industry would have been materially better off if the subject imports had been fairly traded. It is to that task that we now turn, keeping in mind the conditions of competition discussed above.

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[9] Id. at I-23.

[10] Mexican Respondents' Prehearing Brief at 9.

[11] Report at I-23 - I-24.

[12] Id. at I-21 - I-22.

Volume Effect. The statute directs that, in determining whether there is material injury by reason of dumped imports, the Commission must consider "whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[13]

The market share of subject imports ranged from [***] percent of the quantity of U.S. apparent consumption of carbon steel wire rope in 1990 to [***] percent in 1991. In interim 1992, subject imports accounted for [***] percent of the quantity of U.S. apparent consumption, compared with [***] percent in interim 1991. In value terms, the share of the subject imports ranged from [***] percent in 1990 to [***] percent in the interim period of 1992. In both quantity and value, the market share of subject imports declined from 1989 to 1990 and then rose in 1991 to a level that was above that in 1989. While the quantity share declined between the two interim periods, the value share rose.[14]

The quantity of subject imports declined from 1989 to 1990 and then rose in 1991, increasing overall by more than 30 percent between 1989 and 1991. Between the interim periods, the quantity of subject imports declined by more than 5 percent. The value of subject imports followed the same pattern as the quantity data

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[13] 19 U.S.C. 1677(7)(C)(i).

[14] Report at I-54 - I-55, Table 24.

between 1989 and 1991, falling from 1989 to 1990 and then rising in 1991. However, the value of the imports was slightly lower in 1991 than in 1989. The value of imports rose slightly between the interim periods.[15]

Fairly traded imports fell steadily between 1989 and 1991, in both quantity and value terms, and then rose between the interim periods. Total imports, both subject and non-subject, fell from 82,420 short tons in 1989 to 72,380 short tons in 1990, and then rose to 74,402 short tons in 1991. Between the interim periods, total imports rose from 55,377 to 58,423 short tons.[16]

In evaluating the significance of the changes in the volumes and market shares of subject imports, we have considered the extent to which increases in subject imports have been at the expense of imports from other countries not subject to the current investigations. This issue is, of course, central in any investigation. The likelihood of material injury will be greater where there is strong competition between the subject imports and the domestic like product. Indeed, at the extreme, if subject imports only compete with other imports, there is no way that there could be material injury to a domestic industry.

The likelihood that subject imports have grown at the expense of non-subject is increased in these investigations because earlier antidumping and countervailing duty

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[15] Id.

[16] Id.

investigations occurred during the current period of investigation.[17] Because of preliminary affirmative determinations by the Department of Commerce in these earlier investigations, importers of steel wire rope from Argentina, India, Mexico, the Peoples' Republic of China, Taiwan, and Thailand were required to post a cash deposit or a bond and were subject to suspension of liquidation during much of 1991. Bonds or cash deposits were required on imports from India beginning in February 1991, while bonds or deposits were required on imports from the other countries beginning that April.[18] Liquidation of these imports resumed and deposit or bond requirements were eliminated in August and October of 1991 following the Commission's negative determinations in these earlier cases.

While one of the current respondents -- Mexico -- was subject to these earlier investigations, Korea was not. We must therefore consider whether any expansion of subject imports during 1991, and particularly those imports from Korea, merely

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[17] See Steel Wire Rope from Argentina and Mexico, Invs. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 (August 1991) and Steel Wire Rope from India, The People's Republic of China, Taiwan, and Thailand, Invs. Nos. 701-TA-305 (Final) and 731-TA-478, 480 through 482 (Final), USITC Pub. 2442 (October 1991).

[18] Liquidation of imports of steel wire rope from India were suspended February 4, 1991, when Commerce found that these imports had benefitted from countervailable subsidies. (See 56 Fed. Reg. 4259 (Feb. 4, 1991).) Liquidation of imports from Argentina, China, Mexico, Taiwan, and Thailand were suspended on April 22, 1991, after a preliminary determination that they were being sold at less than fair value. (See 56 Fed. Reg. 16317, 1639, 16320, 16322, 16323, 16325 (April 22, 1991).)

replaced imports that were then subject to antidumping and countervailing duty investigations.

In considering this question, it is useful to note that the increase in subject imports between 1990 and 1991 was made up wholly of increases from Korea. Imports from Mexico declined by almost one-third between these two years. Further, the increase in subject imports was more than five times the increase in total imports. Thus, the bulk of the increase in Korean imports came at the expense of other imports, quite possibly the imports that were subject to investigation in the earlier antidumping and countervailing duty investigations.

The changes in shipments and market shares between interim 1991 and interim 1992 are also consistent with the 1991 increase in subject imports being primarily at the expense of other imports, particularly those subject to the 1991 investigations. The entire decline in subject imports between the interim periods involved subject Korean imports; Mexican imports increased slightly between the interim periods. Shipments by the domestic industry and domestic market share declined between the interim periods as well. Fair-valued imports increased between these two periods.[19] Clearly, the declining market share of the domestic industry was the result of increased non-subject imports, not increased imports from Korea and Mexico.

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[19] Report at I-54 - I-55, Table 24.

Price Effects. The statute directs that, in evaluating the effect of subject imports on prices, the Commission must consider whether there is significant price underselling by subject imports and whether, to a significant degree, subject imports depress prices or prevent price increases that otherwise would have occurred.[20]

There is no evidence of price depression in these investigations. In general, prices of domestic steel wire rope neither increased nor decreased to any significant extent during the period of investigation.[21] At the same time, prices of the subject imports were either steady or decreased slightly.[22]

We likewise see little evidence that prices were suppressed. We note that there was substantial excess capacity in the domestic industry during the entire period of investigation. Capacity utilization reached a high of 56.2 percent in 1990. In 1991 and interim 1992, capacity utilization was below 50 percent.[23] Furthermore, the steel wire rope industry appears to be very competitive, with at least 11 domestic producers.[24] In a competitive industry with substantial excess capacity, we expect any effect of dumped imports to be reflected primarily in

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[20] 19 U.S.C. 1677(7)(C)(ii).

[21] Report at I-65.

[22] Id.

[23] Id. at I-28, Table 4.

[24] Id. at I-25, Table 3.

reduced quantities, not in reduced prices. Even if there were no dumping, we would expect competition among the domestic producers to keep prices from rising.[25]

The record does contain evidence that subject imports consistently sold for significantly lower prices than did the domestic product -- i.e., the imports undersold the domestic product.[26] However, as we discuss in our consideration of substitution, we believe that this is indicative of real and perceived differences between the domestic and imported products, not of price suppression or depression.[27]

Impact on the Affected Industry. The statute directs the Commission to examine the impact of subject imports on the domestic industry, lists specific factors for the Commission to consider, and provides that the "Commission shall evaluate all relevant economic factors ... within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[28]

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[25] This reasoning is supported by the high elasticity of substitution suggested by the Office of Economics. (See Economics Memorandum, EC-Q-023, at 10-11.)

[26] Report at I-65 - I-66.

[27] See discussion of substitutability in "Impact on the Affected Industry," infra.

[28] 19 U.S.C. 1677(7)(C)(iii).

We have considered the evidence on all of the statutory impact factors, which are discussed in the "Conditions of Competition" section of the majority opinion. However, since we are directed to determine whether the dumped imports are causing material injury to a domestic industry and not simply whether the domestic industry is suffering injury from any cause, or perhaps from some unknown combination of causes, this information alone does not allow us to determine, as the statute directs us to do, whether "an industry in the United States is materially injured ... by reason of" dumped imports.[29]

(1) Substitution Between Imports and the Domestic Product. An understanding of the effect of the unfair imports depends on the substitutability between the unfair imports and the domestic like product. The effect of dumped imports will be greater if the dumped imports are very like the domestic like product. Conversely, if the imports and the domestic product are very different, it is less likely that the dumped imports cause material injury.

The degree to which there is competition between steel wire rope from subject countries and that which is produced domestically was one of the most hotly contested issues in these investigations. According to petitioners, steel wire rope is a completely fungible product and the domestic and imported

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[29] 19 U.S.C. 1673(2).

products compete "head-to-head on a daily basis".[30] Respondents, on the other hand, argue that the market for steel wire rope is segmented, with imports competing among themselves for 40 percent of the market, while the remaining 60 percent is held by domestic producers. Thus, in respondents' view, there is no competition between the imports and domestic steel wire rope.[31]

In our view, the truth lies closer to respondents' argument. The available pricing and sales data suggest only limited substitutability between domestic and imported steel wire rope and are inconsistent with any other interpretation. We do not accept respondents' argument in its extreme form, i.e., that there is no competition between domestic and imported steel wire rope, however. We believe, rather, that the degree of competition is quite limited.

The heart of respondents' argument is that, in spite of substantial price differences between imported and domestic steel wire rope, there has been no significant increase in the market share of the imported product. The record supports this argument. Imported steel wire rope generally sells for lower prices than the domestic product. Even petitioners were forced

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[30] Petitioner's Prehearing Brief at 32-33, 36-38; See also Petitioner's Posthearing Brief at 4-12.

[31] Mexican Respondents' Prehearing Brief at 12-18; Mexican Respondents' Posthearing Brief at 8-11; Korean Respondents' Prehearing Brief at 32-38.

to admit as much at the Commission's hearing.[32] The Commission's underselling data also show that, throughout the period of investigation, imports from both Mexico and Korea sold for prices that were consistently substantially below those commanded by the domestic product.[33]

At the same time, there has been no decided decline in the share of sales that are made by the domestic industry. Throughout the period of investigation, the market share of the domestic industry fluctuated within a narrow band -- between 57.2 percent and 61.8 percent by quantity and between 62.8 percent and 67.3 percent by value. The domestic industry's market share, in both quantity and value terms, was higher in 1990 and 1991 than in 1989.[34]

If imported steel wire rope were truly fungible with the domestic product in all relevant respects, one would not expect to see such small fluctuations in domestic market share in response to price differences such as are observed in this

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[32] See Transcript at 150 (Testimony of Mr. Charles Salanski, Executive Vice President, Wire Rope Corporation of America), 151 (Testimony of Robert Plaskett, President, MacWhyte Company), and 152 (Testimony of Frederik Paulsen, President, Wire Rope Corporation).)

[33] Report at I-68 - I-70, Tables 30-34. See also, Mexican Respondents' Post-Hearing Brief at 8-9.

[34] Report at I-83, Table 24.

market.[35] Rather, one would expect widespread shifting to the less expensive but equally good imported product. That no such shifting occurs strongly indicates that there are real or perceived non-price differences, whether in the physical quality of the products, their terms of sale, or otherwise. While the record evidence strongly indicates that there are such non-price differences, it does not clearly identify what these differences are. A number of considerations are, however, suggested that may, at least in part, explain the limited substitutability.

About half of purchasers responding to the Commission's questionnaires indicated that imports from Korea and Mexico were of lower quality than the domestic product. The most often cited difference was inconsistent quality in the imported product. Also mentioned were that the imported products are stiffer and harder to spool and that they do not wear as well as the domestic products. Other purchasers reported that the imported products are less ductile and do not work as well as running ropes.[36] Other factors that have been raised as contributing to the market preference for domestic product include a formal or informal "Buy

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[35] A domestic industry might be able to maintain its market share over a somewhat longer period of time in spite of price differences if sales in the industry were all made under long term contracts. However, this does not appear to be the case in this industry. Based on questionnaire responses, approximately half of sales by U.S. producers were made on a spot basis. The contracts covering the remaining sales typically have a duration of one year. (Id. at I-56, n. 69.)

[36] Id. at I-66.

America" standard on the part of some customers,[37] an unwillingness to use imported rope in applications such as mining and elevators where there are product liability concerns,[38] concerns about the handling of claims involving imported product, and the availability of technical assistance.[39] All of these considerations limit the substitutability between domestic steel wire rope and subject imports.

(2) Margins of Dumping. In understanding the effect of the dumped imports on the domestic industry, i.e., whether the domestic industry would have been materially better off if the subject imports had been fairly traded, it also is useful to consider the size of the dumping margin as determined by the Department of Commerce. The dumping margin indicates how much below a fair level the price of the subject imports was during Commerce's period of investigation. The greater the difference between the price charged and the fair price, the greater the likelihood that the unfair imports have materially injured the domestic industry.

In this case, subject imports from Korea -- which constitute more than 80 percent of subject imports -- were found to have an

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[37] Id. at I-57; Hearing Transcript at 156 (Testimony of Jorge Cano, chief Executive Officer, Grupo Industrial Camesa, S.A. de C.V.) and 204 (Testimony of Fred Couse, Vice President of Fehr Brothers).

[38] Transcript at 156 (Testimony of Mr. Cano) and 204 (Testimony of Mr. Couse).

[39] Transcript at 204 (Testimony of Mr. Couse).

extremely small dumping margin of only 1.51 percent.[40] On the other hand, the margin for Mexican imports was set at 111.68 percent. This margin is based on best information available because the Mexican respondent investigated by Commerce failed to respond adequately to Commerce's questionnaire.[41]

(3) Output Effects. As noted above, the dumped imports did not depress or suppress the price of domestic steel wire rope to any significant degree. Thus, any impact on the affected industry was primarily through the effect on output.[42] However, the various considerations discussed above demonstrate that any decline in quantity of domestic sales does not rise to the level of material. First, any increase in sales by subject imports was primarily at the expense of other imports, not the domestic product. There is only limited competition between imports and domestic steel wire rope. Second, the small market share of the Mexican imports and the low dumping margin on the subject Korean imports further suggest that any effect of the unfair imports is very limited.

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[40] Report at I-20. Indeed, imports from the two largest Korean producers, Korea Iron & Steel Wire, Ltd., and Young Heung Iron & Steel Co., Ltd., were found to have de minimis margins, and their products are therefore not subject to the current final investigations.

[41] Id. at I-21.

[42] Changes in output could, of course, affect other statutorily identified factors. For example, employment, capacity utilization, growth, and profits would all obviously be affected by a decline in output.

For all of these reasons, we find that neither the volume of subject imports from Korea and Mexico, nor the increase in the share of the market which these imports constitute, is significant. We also find that there has been no price suppression or depression. Finally, we conclude that the domestic industry would not have been materially better off even if the subject imports had been fairly traded. There is no material injury by reason of dumped imports of steel wire rope from Mexico and the Republic of Korea.

No Threat of Future Material Injury

In making a threat determination, the statute directs the Commission to consider a list of ten threat factors in addition to such other economic factors as may be relevant to its determination. The statute further provides that a threat determination "shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent",[43] that our decision "may not be made on the basis of mere conjecture or supposition",[44] and that the evidence must show more than a "mere possibility" that injury might occur.[45]

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[43] 19 U.S.C. 1677(7)(F)(ii).

[44] Id.

[45] Alberta Gas Chemicals, Inc., v. United States, 515 F. Supp. 780 (1981).

Our analysis of the threat of future injury is influenced by the same economic considerations as our determination that there was no material injury. In particular, the limited substitutability between imported and domestic steel wire rope and the tendency for imports to compete among themselves limit the danger of any future injury. With this background, we consider those statutory factors that are relevant to our determination in these investigations.[46]

Among other factors, the statute directs us to consider "any rapid increase in United States market penetration" of the subject imports.[47] While the share of subject imports increased from 1990 to 1991, it declined between the two interim periods.[48] Further, as discussed previously, the increase in imports in 1991 was totally due to increased imports from Korea and is largely, if not totally, explained by the pendency at that time of antidumping investigations against imports from several other countries.

Aggregate capacity to produce steel wire rope in Korea and Mexico has declined slightly during the period of investigation

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[46] In assessing the threat of future injury, we have cumulated imports from Korea and Mexico. Cumulation is optional in threat determinations. Here we have followed the suggestion of petitioners that cumulation is appropriate. (See Petitioner's Prehearing Brief at 47.) By following petitioner's suggestion we give them their best chance of demonstrating a future threat.

[47] 19 U.S.C. 1677(7)(F)(i)(III).

[48] Report at I-53, Table 24.

and is projected to continue declining in 1993.[49] In 1992, there was a slight increase in capacity in Mexico resulting from the replacement of old equipment.[50] However, Korean capacity declined throughout the period of investigation.

With the exception of 1990, capacity utilization has been fairly steady throughout the period of investigation.[51] While there is excess capacity in the subject countries, this is not a new development, and we see no evidence suggesting that this capacity will suddenly be used to produce large quantities of additional steel wire rope for sale in the United States. If the presence of excess capacity created incentives to generate large enough sales in the United States at sufficiently low unfair prices to materially injure the domestic industry, that pressure should already have manifested itself as present material injury. This, plus our conclusion that imports have not previously entered at prices that are suppressing or depressing domestic prices, leads us to conclude that imports are unlikely to begin entering at prices that will depress or suppress prices.[52]

Data on inventories of subject imports held in the United States are not complete. Moreover, inventory data obtained for Korea were not reported separately for subject and nonsubject

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[49] Id. at I-46, Table 20, and I-48, Table 21.

[50] Transcript at 138-139 (Testimony of Mr. Cano).

[51] Report at I-46, Table 20, and I-48, Table 21.

[52] 19 U.S.C. 1677(7)(F)(i)(IV).

products.[53] Such data as are available do show some increase in inventories by the end of the interim 1992 period. However, we do not find this to provide the requisite indication that a real and imminent threat exists, particularly given the incompleteness of the available data.

On the basis of the considerations discussed above, we find that imports of steel wire rope from Korea and Mexico do not pose a real threat of imminent material injury to the domestic industry.

Conclusion

We determine that an industry in the United States is neither materially injured nor threatened with material injury by reason of imports of steel wire rope from Korea and Mexico.

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[53] Report at I-45, Table 19.

DISSENTING VIEWS OF COMMISSIONER JANET A. NUZUM

On the basis of the record developed in these final investigations, I find that the industry in the United States producing steel wire rope is neither materially injured nor threatened with material injury[1] by reason of imports of steel wire rope from the Republic of Korea (Korea) and Mexico that the U.S. Department of Commerce (Commerce) has determined are being sold at less than fair value (LTFV) in the United States.

I. LEGAL STANDARD

Under section 735(b) of the Tariff Act of 1930, as amended (the Act), the Commission determines whether "an industry in the United States is materially injured, or is threatened with material injury," by reason of imports of the merchandise found by Commerce to be sold at LTFV in the United States.[2] Section 771(7)(A) of the Act defines "material injury" as "harm which is not inconsequential, immaterial, or unimportant."[3]

In making this determination, the Commission is specifically required to consider the volume of imports, the effect of imports on prices in the United States, and the impact of the imports on domestic producers of the like product.[4] Many factors are considered by the Commission in its investigation under this framework; decisions are based on the record as a whole. "The presence or absence of any factor which the Commission is required to evaluate

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[1] Material retardation of the establishment of an industry is not at issue in these investigations.

[2] 19 U.S.C. § 1671d(b).

[3] 19 U.S.C. § 1677(7)(A)

[4] 19 U.S.C. § 1677(7)(B).

. . . shall not necessarily give decisive guidance" with respect to our determination.[5]

A final determination under section 735(b) must be based on positive evidence in the record; it may not be based on speculation or supposition. In evaluating the record, the Commission may weigh the evidence and selectively rely on certain evidence as more credible; however, the Commission's determination in the final analysis must be supported by substantial evidence on the record.[6]

II. LIKE PRODUCT AND DOMESTIC INDUSTRY

Consistent with the majority of my colleagues, I find that the like product in these investigations is all steel wire rope and that the domestic industry consists of all U.S. producers of the like product. I therefore join in the discussion of like product and domestic industry, including related parties, as expressed in the views of Chairman Newquist, Vice-Chairman Watson, and Commissioner Rohr.[7]

Furthermore, in response to petitioners' arguments that the like product should not include stainless steel wire rope, but should be limited to carbon steel wire rope, I make the following observations. First, in prior investigations involving these products, the Commission has consistently defined the like product as all steel wire rope. Second, this record does contain, in fact, more evidence of distinctions between stainless steel and

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[5] 19 U.S.C. § 1677(7)(E)(ii).

[6] 19 U.S.C. § 1516A(b)(1).

[7] See Views of Chairman Newquist, Vice-Chairman Watson, and Commissioner Rohr at 5-15.

carbon steel wire rope than was presented in previous investigations. There nevertheless remains, in my view, sufficient blurring of the dividing line that petitioners would draw between these two product groups to support defining the like product to include stainless steel wire rope. Finally, I note that stainless steel wire rope accounts for a very small part of all steel wire rope production and sales, and that I would make negative determinations based on this record even if stainless steel wire rope were excluded from the like product.

III. CONDITIONS OF COMPETITION IN THE STEEL WIRE ROPE INDUSTRY

In evaluating the impact of dumped or subsidized imports on a domestic industry, the Commission is required to "evaluate all relevant economic factors . . . within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[8] I find that a discussion of these particular conditions of competition, including a general understanding of the market forces at work in this industry, provides a useful starting point for my analysis.

Apparent U.S. consumption. One important condition of competition in these investigations is the fact that the domestic industry experienced a steadily declining market throughout the period of investigation.[9] Apparent U.S. consumption declined from 199,781 short tons (tons) in 1989 to 189,526 tons in 1990 to 183,743 tons in 1991, and from 139,249 tons in interim (January-September) 1991 to 136,419 tons in interim 1992. The period-to-period changes in the volume of consumption were declines of, respectively,

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[8] 19 U.S.C. § 1677(7)(C)(iii).

[9] Report of the Commission (Report) at I-23, table 2.

5.1 percent, 3.1 percent, and 2.0 percent. These declines resulted from overall reduced demand in the sectors that use wire rope -- manufacturing, construction, mining, and lumbering.[10] Reduced activity in these end-use sectors was likely affected by general economic conditions during this period.

The declines in demand experienced by the domestic wire rope industry during the period of investigation are particularly noteworthy because they provide a larger context in which one must examine the indicators of domestic industry performance. As appears to be the case here, declines in the condition of the domestic industry may be consistent with the forces of a shrinking customer base.

Market segmentation. Evidence in the record tends to support the view that, within this declining overall market, there are two overlapping market segments. These segments may be distinguished by four factors: price; source of supply; type of purchaser; and end-use application. One segment is characterized by higher prices, is supplied largely by U.S. producers, and serves less price-sensitive purchasers[11] and certain critical end-use applications.[12] The other segment, in contrast, is characterized by lower prices, is supplied mostly by imported products, and tends to serve more price-sensitive purchasers and noncritical end-use applications. Head-to-

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[10] Report at I-25.

[11] These purchasers tend to have informal "Buy America" practices. Report at I-57; hearing transcript (transcript) at 156 and 204. Formal "Buy America" practices are less common. Petitioners' posthearing brief at app., pp. 5a-5c.

[12] Such applications would include, for example, mining and elevators, where there are product liability concerns. See transcript at 156 and 204. Another reason cited was the availability of technical assistance from domestic producers. Id. at 204.

head competition between the imported and domestic products is mostly limited to the area of overlap of the segments.

The distinctions between these market segments are important because they illustrate the role that nonprice factors play in the level and degree of competition in the marketplace. This does not mean, however, that meaningful competition between imported and domestic product does not occur. Depending on the resultant volume and price effects, and the impact on the domestic industry, even competition in an area of overlap may be significant. In addition, the relatively consistent differences in price levels between the two segments suggest that prices in one segment may very well affect price levels in the other.[13]

IV. CUMULATION

In determining whether there is material injury by reason of LTFV imports, the Commission is required to assess cumulatively the volume and effect of imports from two or more countries subject to investigation if such imports "compete with each other and with like products of the domestic industry in the United States market."[14] Cumulation for present injury analysis is not required, however, when imports from a subject country are negligible and have no discernible adverse impact on the domestic industry.[15]

In evaluating whether imports compete with each other and with the domestic like product, the Commission traditionally has considered four

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[13] Report at I-61 - I-63, tables 25-29; and I-68 - I-70, tables 30-34.

[14] 19 U.S.C. § 1677(7)(C)(iv)(I); Chaparral Steel Co. v. United States, 901 F.2d 1097, 1105 (Fed. Cir. 1990).

[15] 19 U.S.C. § 1677(7)(C)(v).

factors relating to fungibility, geographic markets, channels of distribution, and simultaneous presence in the market.[16] Only a "reasonable overlap" of competition is required.[17]

Consistent with my colleagues, I have cumulated the subject imports from Korea and Mexico in examining present injury. Respondents do not dispute the fact that the Korean and Mexican products compete; indeed, representatives of the Mexican industry concede that very fact.[18] On the basis of such statements and other information on the record,[19] I find that cumulation for purposes of present injury is mandated.

With respect to the "negligible imports" exception, I note that the market share of the subject imports from Mexico is not within the range generally justifying exclusion.[20] That market share is small, however, and

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[16] These four factors are:

> (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
> (2) the presence of sales or offers to sell in the same geographic markets of imports from different countries and the domestic like product;
> (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and
> (4) whether the imports are simultaneously present in the market.

See Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (CIT), aff'd per curiam, 859 F.2d 915 (Fed. Cir. 1988). No single factor is determinative, and the list of factors is not exclusive. See, e.g., Granges Metallverken AB v. United States, 716 F. Supp. 17 (CIT 1989).

[17] See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (CIT 1989).

[18] Transcript, pp. 134 and 181.

[19] See, e.g., Report at I-44 - I-45; and transcript at 142, 170-171, 179-180, and 226.

[20] See Report at I-55, table 24.

there is evidence that some of the Mexican product competes in the U.S. market in an attenuated manner with the domestic product.[21] Although these factors do not rise to the level which justifies invoking the "negligible imports" exclusion in a present injury analysis, I have taken them into consideration in deciding not to cumulate for purposes of my threat analysis.

In analyzing whether unfair imports pose a threat of material injury to a domestic industry, the Commission is not required, but has the discretion, to cumulate the price and volume effects of imports from two or more countries. In these investigations, I have decided not to cumulate the subject imports from Korea and Mexico for purposes of threat analysis, largely due to the differing circumstances of competition between the different types of Mexican products and either the domestic or Korean products. This issue will be addressed in further detail later in discussion of threat.

V. VOLUME OF THE SUBJECT IMPORTS

The Commission is required to consider the volume of the subject imports, and whether "the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant."[22]

Before discussing the data on import volume, I would like first to note that, during the period of investigation, several Title VII investigations were being conducted with respect to steel wire rope products, which are likely to have had some effect on volume trends. One of the current respondent countries -- Mexico -- was subject to an antidumping investigation,

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[21] Transcript at 136-137.

[22] 19 U.S.C. § 1777(7)(C)(i).

along with other countries, during 1991. Importers of steel wire rope from Argentina, India, Mexico, the People's Republic of China, Taiwan, and Thailand were required to post a cash deposit or a bond and were subject to suspension of liquidation.[23] In my evaluation of volume trends with respect to subject imports, nonsubject imports, and domestic products, I have taken into account the possibility that these other investigations may have had an effect on competition. In particular, I think it is significant that imports from Korea were not subject to these previous investigations.

The volume[24] of the subject imports fluctuated over the period of investigation, with an overall increase. That increase is accounted for by the increase in imports from Korea in 1991; in other periods the cumulated imports declined, and the imports from Mexico fell by one-third in 1991. I note again the fact that imports from six countries, including Mexico, were subject to deposit or bond requirements during 1991. Imports from these countries declined during that year. In interim 1992, nonsubject imports increased and subject imports declined.[25]

Subject import market share also increased from 1990 to 1991, and then declined in interim 1992 but remained above the level at the beginning of the

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[23] Liquidation of imports of steel wire rope from India was suspended on Feb. 4, 1991, and liquidation of imports from Argentina, China, Mexico, Taiwan, and Thailand was suspended on Apr. 22, 1991. See, respectively, 56 F.R. 4259 (Feb. 4, 1991) and 56 F.R. 16317, 1639, 16320, 16322, 16323, 16325 (Apr. 22, 1991). Liquidation of these imports resumed following the Commission's negative determinations in these investigations. See Steel Wire Rope from Argentina and Mexico, Invs. Nos. 731-TA-476 and 479 (Final), USITC Pub. 2410 (August 1991); and Steel Wire Rope from India, The People's Republic of China, Taiwan, and Thailand, Invs. Nos. 701-TA-305 and 731-TA-478 and 480-482 (Final), USITC Pub. 2442 (October 1991).

[24] I rely on quantity data as a more credible measure of the volume of imports, both in absolute terms and for market share.

[25] Report at I-55, table 24.

period of investigation. The gain in market share achieved by the subject imports in 1991 came primarily at the expense of nonsubject imports. In interim 1992, nonsubject imports gained greater market share than was lost by the subject imports, accounting for the increase in total import market share. The U.S. industry market share, meanwhile, fluctuated within a fairly narrow band, peaking in 1990 and then losing 2 percentage points in 1991. The domestic industry continued to lose market share in interim 1992, but that loss appeared to be associated with an increase in nonsubject imports. The U.S. industry maintained over 57 percent of the market throughout the period of investigation.[26]

Thus, although both the absolute and market share increases for imports from Korea in 1991 were significant, those increases came primarily at the expense of other import sources and were not sustained in the following period. In fact, in interim 1992, both the volume and the market share of the cumulated imports declined. U.S. producers lost 2 percentage points of the market to the subject imports in 1991. The year before they had gained 3 percentage points, partially at the expense of the subject imports. Then, in interim 1992, the U.S. market share suffered due to nonsubject import competition. In view of the overall pattern of small variations in U.S. market share, and greater give-and-take among the various import sources, I do not find that, overall, increases in the volume and market share of the cumulated subject imports were significant.

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[26] Report at I-55, table 24.

VI. PRICE EFFECTS OF THE SUBJECT IMPORTS

The Commission is also required to consider the effect of the subject imports on prices in the United States for the like product. In evaluating this effect, the Commission must consider whether there has been significant price underselling by the subject imports, and whether the subject imports either depress prices to a significant degree, or prevent price increases which otherwise would have occurred to a significant degree.[27]

Underselling. The subject imports undersold the domestic product in essentially all price comparisons by margins ranging from 0.5 percent to 69.1 percent.[28] Such a pattern of underselling would ordinarily be considered significant, especially given the fact that purchasers generally described the quality of the imported and domestic products as comparable.[29] In these investigations, however, the underselling does not appear to have resulted in either any significant loss of domestic market share or, as explained below, any significant price depression or suppression. Rather, the existence of underselling appears to reflect differing levels of price sensitivity within the market segments supplied by, on the one hand mostly domestic product, and on the other hand mostly imports.[30] I also note that the margins of underselling remained fairly stable throughout the period of investigation.[31]

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[27] 19 U.S.C. § 1677(7)(C)(ii).

[28] Report at I-61 - I-63, tables 25-29, and I-68 - I-70, tables 30-34.

[29] Report at I-66.

[30] See, e.g., transcript at 150-152.

[31] Report at I-68 - I-70, tables 30-34. See also, Mexican respondents' posthearing brief at 8-9.

For these reasons, I place less weight on evidence of underselling in these investigations.[32]

Price depression and price suppression. There is no evidence of price depression in these investigations. Prices of domestic steel wire rope remained essentially stable during the period of investigation. At the same time, prices of the subject imports were either steady or decreased slightly.[33]

I also find that the record does not contain positive evidence of significant price suppression by the subject imports. I base this conclusion largely on the relatively stable relationship between the domestic industry's revenues and its cost of goods sold. In 1989, cost of goods sold was equal to 76.1 percent of industry revenues; in 1991, the same ratio was 75.6 percent; and in the interim 1992, the ratio was 76.8 percent.[34] The observed decline in operating profitability is thus almost totally the result of increases in selling, general, and administrative costs (SG&A) as a percentage of sales. The increases in these expenses are at least in part the result of a declining volume of sales.[35]

In these investigations, the industry appears to have been able to pass on cost increases in materials. On the other hand, the industry has not been able to cover SG&A cost increases, over which it has relatively more control. This is reflected in differing trends in operating and gross profit margins.

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[32] I would emphasize, however, that I do so given the weight of other evidence in this record which I find, overall, supports a negative determination.

[33] Report at I-65.

[34] Report at I-37, table 10.

[35] See petitioners' posthearing brief at 13-15 and Memorandum INV-Q-045.

Under these circumstances, I am inclined to attach more significance to the gross profit margins. On balance, the pattern of revenue and cost changes is not indicative of price suppression by the subject imports, particularly in an industry that has been going through a period of declining demand for its product.

I have also examined the record for other evidence of adverse price effects by the subject imports. I note in this context the evidence of lost sales, lost revenues, and allegations of price competition.[36] In view of the relatively stable domestic market share and price levels, however, I find that such losses were either minor to the industry as a whole or substantially offset by gains elsewhere within the industry.

I have also considered trends in unit values, which may sometimes serve as an indicator of price trends.[37] Domestic unit values rose during 1989-91 and declined in interim 1992; subject import unit values showed the opposite trend.[38] This does not suggest a correlation between domestic and import pricing. The fact that unit value trends differ significantly from pricing trends suggests that the former is affected more by product mix than by individual product prices. If this is true, the domestic producers appear to be moving towards higher value products, while the imports are concentrating on lower value products. Because, however, the record contains no significant

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[36] Report at I-71 - I-73 and petitioners' posthearing brief, exhibits 5A-5E.

[37] I do not generally rely on unit values as a proxy for prices except where the pricing data are unreliable. I consider the pricing data reliable in these investigations but nevertheless examined unit values for completeness of analysis.

[38] Compare Report at I-29, table 5, with Report at I-49 - I-50, table 22.

evidence of shifts in product mix, I do not place weight on the unit value data. I note simply that they do not support an adverse price effect finding.

VII. IMPACT ON THE AFFECTED INDUSTRY

An analysis of the impact of the subject imports on the condition of the domestic industry is to be based on all relevant economic factors which have a bearing on the state of the industry, including specified factors enumerated in the statute.[39] Furthermore, the analysis should focus on the particular nature and structure of the industry involved, in the context of the business cycle and conditions of competition that are distinctive to the affected industry.[40]

I note that neither a finding that competition in the marketplace is limited, nor a finding that the industry was experiencing declining demand during the period precludes an affirmative determination. Rather, I must determine whether, in view of the particular conditions of competition, the subject imports were causing material injury.[41]

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[39] 19 U.S.C § 1677(7)(C)(iii).

[40] Id.

[41] The Commission need not determine that the LTFV imports are "the principal, a substantial, or a significant cause of material injury." S. Rep. No. 249, 96th Cong., 1st Sess. 57, 74 (1979). Congress clearly indicated that to do so "has the undesirable result of making relief more difficult to obtain for industries facing difficulties from a variety of sources; industries that are often the most vulnerable to less-than-fair-value imports." Id. at 74-75. Rather, a finding that imports are a cause of material injury is sufficient. See Metallverken Nederland, B.V. v. United States, 728 F. Supp. 730, 741 (CIT 1989); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (CIT 1988).

In these investigations, I generally concur in the discussion of the condition of the domestic industry as presented in the views of Chairman Newquist, Vice-Chairman Watson, and Commissioner Rohr.[42]

During the period 1989 to 1991, key industry indicators did not follow a pattern that establishes a sufficient causal link to the subject imports. For example, both the volume of U.S. producers' U.S. shipments and operating income as a percent of net sales declined steadily while the volume of subject imports first declined, then increased, then declined again. From interim 1991 to interim 1992, the volume of U.S. shipments fell by 7.0 percent and the operating margin was reduced by nearly one-half; meanwhile, the volume of imports from Korea and Mexico declined. In contrast, nonsubject imports increased during the same period.

Where other indicators varied in a manner that appears related to the subject import volumes, I find the variance too small to support a causal link. For example, from 1990 to 1991, the volume of imports from Korea and Mexico increased by more than 50 percent. During this same period, the value of domestic shipments declined by 5.1 percent, the unit value of such shipments rose by 2.5 percent, employment declined by 1.0 percent, and net sales fell by 6.2 percent. When imports declined from interim 1991 to interim 1992, these same indicators experienced declines of, respectively, 7.5 percent, 0.3 percent, 4.1 percent, and 6.4 percent. I further note that consumption declined, both from 1990 to 1991 and from interim 1991 to interim 1992, in degrees of magnitude similar to these declines in domestic industry performance.

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[42] See Views of Chairman Newquist, Vice-Chairman Watson, and Commissioner Rohr at 15-19.

In view of the difficulties facing this industry, I have carefully examined the record for evidence of adverse effects on the domestic industry from the subject imports. The record does contain some evidence of lost sales and revenues.[43] Considering the overall volume and price effects attributable to the subject imports, however, these instances of lost sales and revenues do not appear to have had more than a de minimis effect on the domestic industry as a whole.

The heart of respondents' market segmentation argument is that in spite of substantial price differences between imported and domestic steel wire rope, there has been no significant increase in the market share of the imported product, nor any significant adverse price effect. Although I have reservations about the validity of such a market segmentation argument as a general rule, I find that this particular record supports this argument.

In my view, the record in these investigations lacks sufficient evidence of significant adverse effects on the domestic industry producing steel wire rope by reason of the subject imports from Korea and Mexico; I therefore find that there is no material injury by reason of such imports.

VIII. THREAT OF MATERIAL INJURY

Having arrived at negative determinations with respect to present injury, I now turn to examine whether the subject imports pose a threat of material injury to the domestic industry. Section 771(7)(F) of the Act directs the Commission to determine whether a U.S. 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." The statute

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[43] Report at I-71 - I-73.

specifically states, "Such a determination may not be made on the basis of mere conjecture or supposition."[44] The Commission considers as many of the ten statutory factors as are relevant to the facts of the particular investigation before it, as well as any other relevant economic factors.[45] Our reviewing court has stated that the ten statutory factors "primarily serve as guidelines for the Commission's analysis of the likely impact of future imports."[46] I discuss each of the factors relevant to the facts of these investigations below.

Cumulation. As noted above, cumulation of the subject imports is discretionary in analyzing threat. In these investigations, I decline to cumulate the imports from the two countries subject to investigation for purposes of my threat analysis.[47] My decision is based primarily on the fact that the imports from Mexico[48] were concentrated in three product types,[49] each of which competed in a somewhat limited way in the U.S. market, as discussed

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[44] 19 U.S.C. § 1677(7)(F)(ii). See Metallverken B.V. v. United States, 744 F. Supp. 281, 287 (CIT 1990).

[45] Factor I, regarding the nature of the subsidy, Factor VIII, regarding product shifting, and Factor IX, regarding raw agricultural products, are not relevant to these investigations.

[46] Calabrian Corp. v. United States, Slip Op. 92-69 at 23 (CIT May 13, 1992).

[47] I note that I would make negative threat determinations even if I were to cumulate the imports.

[48] I note that the available information on the Mexican wire rope industry is limited to one firm, Camesa, S.A. de C.V. (Camesa). However, the record indicates that Camesa "dominates" the Mexican steel wire rope industry and accounts for the vast majority of the subject Mexican exports to the United States. Report at I-47. There is no indication that other producers are poised to enter the U.S. market.

I note further that my discussion of Camesa is necessarily constrained to protect company-specific data.

[49] Transcript at 136-137.

below. I have also considered the different levels and trends observed for the subject imports from each of the two countries.

First, the purse seine cable produced by Camesa is a higher strength product than U.S. purse seine cable. The Mexican product serves the super purse seine tuna fleet, which reportedly requires such greater strength.[50] Second, a substantial portion of the Mexican exports are imported by one large U.S. producer and its affiliates.[51] Producer/importers have generally stated that they import products they do not produce in order to fill out product lines, as well as for other reasons.[52] It may be inferred, therefore, that the imports by this producer do not compete head-to-head with its own production. Finally, Camesa exports to the United States through its U.S. affiliate.[53] This channel of distribution thus distinguishes it from the subject imports from Korea, which enter via unrelated importers.[54]

Foreign capacity and capacity utilization. Productive capacity for steel wire rope in Korea declined during the period of investigation and is projected to continue declining in 1993.[55] In 1992, there was an increase in capacity in Mexico resulting from the replacement of old equipment.[56]

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[50] Report at I-48 and transcript at 136, 173-174. See also prehearing report at I-74, n.62.

[51] Report at I-51.

[52] Report at I-30 and I-32.

[53] Transcript at 136; Report at I-51.

[54] Report at I-24.

[55] Report at I-46, Table 20, and I-47.

[56] Transcript at 138-139; see also Report at I-48, table 21.

With the exception of an increase in 1990, Korean capacity utilization has been fairly steady throughout the period of investigation.[57] I do not find the scale of the Mexican operations sufficiently large that any excess capacity is "likely to result in a significant increase in imports of the merchandise to the United States." The subject producers in each country had unused capacity throughout the period of investigation, but there is no evidence suggesting that this excess capacity will suddenly be used to produce large quantities of additional steel wire rope for sale in the United States.

Subject import market penetration. The statute directs us to consider any rapid increase in United States market penetration by the subject imports and the likelihood that the penetration will increase to an injurious level.[58] While the share of subject imports from Korea increased from 1990 to 1991, it declined in the most recent 9-month period.[59] Further, as discussed previously, this increase may be largely explained by the pendency at that time of antidumping investigations against imports from several other countries. In view of these circumstances, I do not find a likelihood of the subject imports from Korea increasing their share of the market to injurious levels. Indeed, the termination of those other investigations at least suggests the opposite; specifically, imports from Korea may continue to lose market share to other imports.

Imports from Mexico doubled their market share from 1989 to 1990, and increased it again in interim 1992.[60] However, this share remained very small

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[57] Report at I-46, Table 20, and I-48, Table 21.

[58] 19 U.S.C. § 1677(7)(F)(i)(III).

[59] Report at I-54, table 24.

[60] Report at I-54, table 24.

and even potential increases in the volume of Mexican exports are unlikely to bring that market share to injurious levels.

Price depression or suppression. Korean and Mexican products similarly undersold domestic products throughout the period of investigation. Prices of imports from Korea generally decreased slightly over the period.[61] The absence of significant price depression or price suppression in my present injury analysis applies similarly to each of the countries subject to investigation in the context of a threat analysis.[62] There is no indication on the record that prices will have, in the future, a price effect that they have not had in the past. The record does not establish "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."[63]

Inventories. Data on inventories of subject imports held in the United States are not complete. Moreover, importers did not provide separate data on Korean products of companies subject to these investigations as opposed to those found to have de minimis margins.[64] Such data as are available do show some increase in inventories by the end of the interim 1992 period. Also, the reported inventories for both countries were much higher, as a percent of shipments, than were those for the domestic industry. However, considering that the high imports-to-shipments ratios throughout the period do not appear

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[61] Report at I-65.

[62] The trend for Mexican product prices is confidential. It does not, however, support findings of either price depression or suppression. See id.

[63] 19 U.S.C. § 1677(7)(F)(i)(IV).

[64] Report at I-45.

to have had any adverse volume or price effect, I cannot view such inventory levels as threatening material injury. Overall, I do not find inventory levels to provide a compelling indication of real and imminent threat, particularly given the incompleteness of the available data.

Development and production efforts. The steel wire rope industry being a relatively mature one, I am not inclined to place much weight on this threat factor. I note that both research and development expenses and capital expenditures remained relatively stable during the period of investigation.

Other adverse trends. I have identified no other adverse trends that would suggest a threat of material injury by the subject imports.

Based on an analysis of the record in these investigations, I conclude that the industry in the United States producing steel wire rope is not threatened with material injury by reason of LTFV imports of steel wire rope from Korea and Mexico.

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

Institution

Following preliminary determinations by the U.S. Department of Commerce (Commerce) that imports of steel wire rope[1] from the Republic of Korea (hereinafter "Korea") and Mexico are being, or are likely to be, sold in the United States at less than fair value (LTFV) (57 F.R. 43704, September 22, 1992 for Mexico and 57 F.R. 45035, September 30, 1992 for Korea) the U.S. International Trade Commission (Commission) instituted investigations Nos. 731-TA-546 and 547 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) to determine whether 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. Notice of the institution of these investigations and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of November 18, 1992 (57 F.R. 54419).[2] The hearing was held in Washington, DC, on February 19, 1993.[3]

With the publication of notices in the Federal Register, Commerce made its final LTFV determinations effective on February 8, 1993 for Mexico[4] (58 F.R. 7531) and on February 23, 1993 for Korea (58 F.R. 11029).[5] The relevant statute directs the Commission to make its final injury determinations within 45 days after Commerce's final determinations. The Commission voted on these investigations on March 8, 1993, and is scheduled to transmit its determinations to Commerce on March 15, 1993.

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[1] The imported products covered by these investigations encompass ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Imports of these products are covered by statistical reporting numbers 7312.10.9030, 7312.10.9060, and 7312.10.9090 of the Harmonized Tariff Schedule of the United States (HTS).

Excluded from the imports covered by these investigations is stainless steel wire rope, i.e., ropes, cables, and cordage other than stranded wire, of stainless steel, not fitted with fittings or made up into articles, provided for in HTS subheading 7312.10.60.

Although HTS subheadings and statistical reporting numbers are provided for convenience and customs purposes, the written description of the imported products covered by these investigations is dispositive.

[2] Copies of the Commission's and Commerce's cited Federal Register notices are presented in app. A.

[3] Witnesses at the hearing are listed in app. B.

[4] At the request of respondent Grupo Industrial Camesa, S.A. de C.V., Commerce postponed its final determination concerning steel wire rope from Mexico from Nov. 30, 1992 until Jan. 29, 1993 (57 F.R. 49455, Nov. 2, 1992).

[5] Following a request for postponement by the respondents (Korea Iron & Steel Wire, Ltd., Manho Rope Manufacturing Co., Ltd., and Young Heung Iron & Steel Co., Ltd.), Commerce postponed its final determination concerning imports from Korea until Feb. 12, 1993 (57 F.R. 45035, Sept. 30, 1992).

Background

These investigations result from a petition filed on April 9, 1992, on behalf of The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (petitioner) alleging that an industry in the United States is materially injured, or is threatened with material injury, by reason of imports from Korea and Mexico of steel wire rope that are allegedly being, or are likely to be, sold in the United States at less LTFV. In response to that petition, on April 9, 1992, the Commission instituted investigations Nos. 731-TA-546 and 547 (Preliminary), and on May 20, 1992, unanimously determined that there was a reasonable indication that an industry in the United States is materially injured by reason of allegedly LTFV imports from Korea and Mexico. The Commission transmitted its determinations to the Secretary of Commerce on May 26, 1992.

PREVIOUS RELATED INVESTIGATIONS

Steel wire rope has been the subject of numerous Commission antidumping and countervailing duty investigations since the early 1970s (table 1). In 1991 alone, the Commission conducted eight antidumping or countervailing duty investigations concerning steel wire rope.

THE PRODUCT

Description and Uses

Although "steel wire rope" can be made of carbon steel or stainless steel, the imported steel wire rope subject to these investigations excludes stainless steel wire rope and consists only of ropes, cables,[6] and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. In general, steel wire rope is identified as:

Bright steel wire rope.--Carbon steel wire rope that is not coated (except for its covering of grease or lubricant) as described below. "Bright" is a term derived from the shiny appearance of the wires left by passage through the drawing dies during manufacture.

Galvanized steel wire rope.--Carbon steel wire rope that is made of zinc-coated (galvanized) carbon steel wire.

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[6] As defined, wire rope includes most products referred to by the industry as "cable," such as aircraft control cable, elevator cable, automotive brake and transmission cable, and bridge suspension cable. However, the term "cable" also encompasses certain products that are not covered by these investigations, such as fiber ropes used in the maritime industry and heavy wires used for the transmission of electricity.

Table 1
Steel wire rope: Previous Commission antidumping and countervailing duty investigations since 1973

Country	Investigation No.	Date of issue	USITC report No.	Commission determination
Japan[1]	AD-124	1973	TC 608	Affirmative
Korea[2]	731-TA-112(P)	1982	USITC 1314	Affirmative[3]
Israel	701-TA-306(P)	1990	USITC 2343	Negative
Chile	731-TA-477(P)	1990	USITC 2343	Negative
India	701-TA-305(F)[4]	1991	USITC 2442	Negative
Argentina	731-TA-476(F)[4]	1991	USITC 2410	Negative
Canada	731-TA-524(P)	1991	USITC 2409	Negative
India	731-TA-478(F)[4]	1991	USITC 2442	Negative
China	731-TA-480(F)[4]	1991	USITC 2442	Negative
Mexico	731-TA-479(F)[4]	1991	USITC 2410	Negative
Taiwan	731-TA-481(F)[4]	1991	USITC 2442	Negative
Thailand	731-TA-482(F)[4]	1991	USITC 2442	Negative

[1] Subsequent to a Department of the Treasury (Treasury) finding that imports of steel wire rope from Japan had been sold in the United States at LTFV, the Commission determined that an industry in the United States was being, or was likely to be, injured by reason of those LTFV imports. The antidumping order against Japan is still in effect.

[2] A petition was filed in 1977 regarding imports of steel wire rope from Korea. At that time, Treasury did not find more than de minimis sales at LTFV.

[3] Commerce subsequently failed to find more than de minimis dumping margins.

[4] The Commission's final negative determination is the subject of an appeal before the Court of International Trade.

Source: Commission publications.

Coated carbon steel wire rope.--Carbon steel wire rope where the rope or its component parts have been coated with metals or metallic alloys or with textile, plastic, or other nonmetallic materials. Some wire rope in this category may be considered proprietary products by its producer.[7]

Stainless steel wire rope.--Steel wire rope, coated or uncoated, made of stainless steel wire rod or stainless steel wire.

As noted above, carbon steel wire rope can be "bright," galvanized, or coated with metals, textiles, plastics, or other materials. Stainless steel wire rope is not usually coated. Carbon steel differs significantly from stainless steel.[8] The focus of the discussion that follows is on carbon steel

[7] *** held patents, which have expired, on several processes and considered that its products made on certain lines are "proprietary."

[8] Stainless steel, like nonalloy steel (commonly, carbon steel), is a carbon-iron alloy; however, stainless steels possess less carbon and higher

(continued...)

wire rope; factors and characteristics specific to stainless steel wire rope are noted where applicable.

A wire rope is composed of two basic parts: (1) a central core surrounded in helical fashion by several strands and (2) the strands that, in turn, comprise a central core surrounded helically by several wires (figure 1). The strand used for making wire rope differs from other types of strand and is dedicated to the production of wire rope.

A wire rope's resistance to bending fatigue and abrasive wear is directly affected by the design of the strands, which is the most important determinant of the operating characteristics of a finished rope. During the operation of a wire rope, the main strands and individual wires change position longitudinally with respect to one another; these relative motions tend to distribute and equalize the combined stresses among the component strands and wires as the rope is flexed. The geometric design of the strands is important because the spacing between wires affects the degree of movement of the wires, while giving support and strength to the rope. Also, the more wires used, the more flexibility and better fatigue resistance the rope will offer. However, as the number of wires increases, so does the tendency of the strand to deform under a crushing load. For abrasive or corrosive applications, large outer wires will outlast small ones, but will introduce undesirable side effects in the form of increased stiffness and decreased fatigue resistance. These may be reduced by the substitution of alloy materials (such as stainless steel wire) for the high carbon steels normally used, or the carbon steel may be coated with a protective material such as zinc (i.e., galvanized).

The core at the center of a wire rope keeps the rope round and the strands properly spaced within the design standards. The core is generally composed of one or more steel wires, but it may be a steel wire rope (called an independent wire-rope core (IWRC)), a steel wire strand (wire strand core (WSC)), or may be composed of a fiber material (fiber core (FC)). The choice of core is influenced by end use and considerations of flexibility, resilience, and toughness. Fiber cores may be composed of synthetic materials

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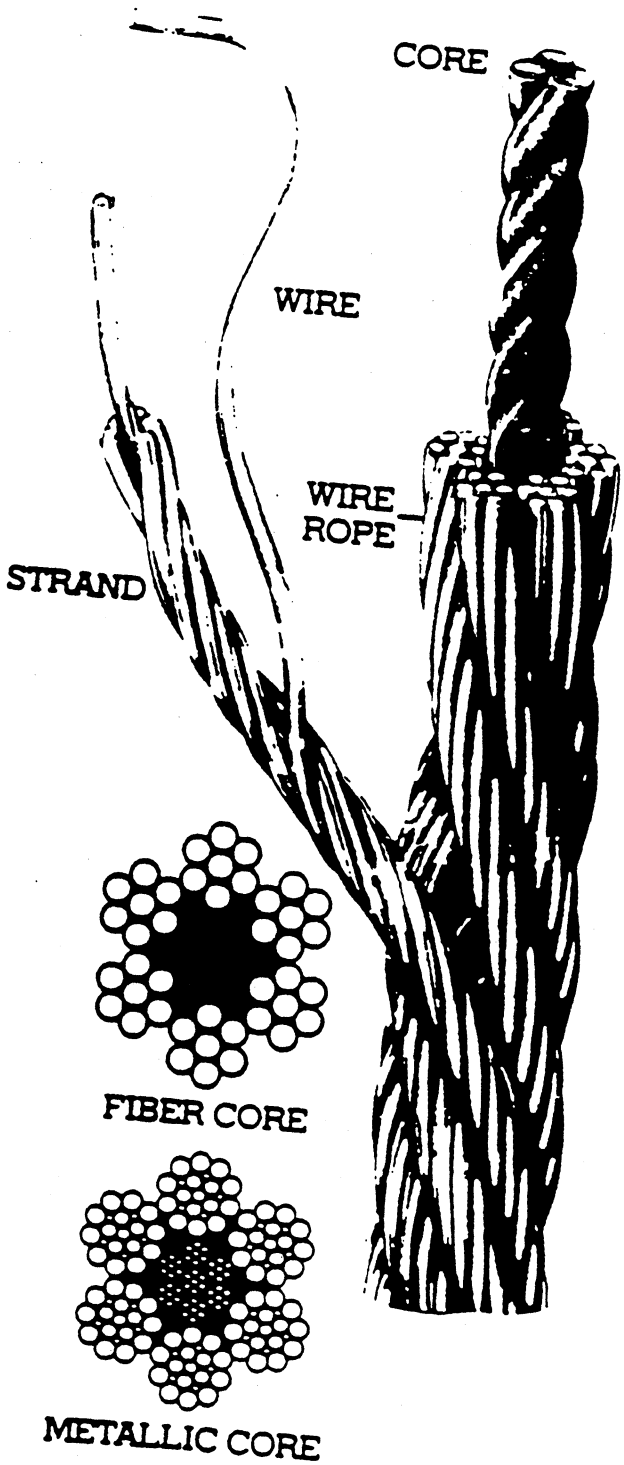
[8](...continued)
amounts of alloying agents (chiefly chromium and nickel for example) than do carbon steels. For example, the high-carbon steel used to produce carbon steel wire rope typically contains between 0.65 percent and 0.80 percent carbon and less than 0.30 percent each of chromium and nickel. Stainless steel used to form stainless steel wire rope contains less than 0.2 percent carbon, 10 to 20 percent chromium, and 7 to 15 percent nickel, depending on steel grade. For a comparison of specifications see ASTM A-510-90 and A-313-87, carbon steel wire rod and stainless steel wire rod, respectively. Stainless steels, including stainless steel wire rod, are not typically produced by producers of carbon steels (or carbon steel wire rod), and possess superior performance characteristics relative to carbon steel (including galvanized carbon steels), chiefly resistance to corrosion and high temperatures, imparted by their alloying agents.

Figure 1.--Steel wire rope: Components



Source: The Rochester Corporation, Wire Rope, p. 4.

such as polypropylene, nylon, or rayon, or vegetable materials such as manila, hemp, or sisal. IWRC rope possesses greater resistance to crushing but is less flexible than FC rope. WSC rope is the least flexible, but possesses a high load-bearing capacity. Stainless steel ropes do not, generally, possess IWRC or FC; their use is more for static applications.

Specific working characteristics of steel wire rope may be enhanced by changing the number of wires or strands, altering the shape of the rope's surfaces (including "swaged," "die-formed," or "shaped-strand" steel wire rope) through the use of coatings to the rope or its component parts, or by changing the grade of steel or material used to fabricate the rope. Such modifications are more common on carbon steel wire rope than on rope composed of stainless steel.

Coatings to the rope, to its strands, or to its wires increase performance characteristics by inhibiting outside agents from contaminating the rope's lubricant and by reducing abrasion to the rope and to strands within the rope. For example, plastic (usually a polypropylene, but also vinyl or nylon) may be extruded around the core, the strands, or the finished rope; the process is termed "plastic impregnation" when it refers to a complete covering of all component strands and wires within a rope. Usually only carbon steel wire rope is coated with plastics or base metals. (Most carbon steel wire rope and its component strands are coated with grease.) Stainless steel wire rope may be coated with plastic, but this is not usual because of the inherent corrosion resistance of the metal and because its shiny appearance is considered important for aesthetic and cleanliness reasons.

PRODUCT CHARACTERISTICS AND USES

Wire rope is considered by the industry to be a "machine" that is used for applications that require mechanical force to be transmitted. All of the various types of steel wire rope have specific characteristics associated with their construction, their type or grade of steel or material, or their coating. These specific characteristics determine the operating characteristics of the rope and, hence, its end use; there may be different sizes (measured in terms of the rope's diameter) and constructions of wire rope on the same machine.

Steel wire rope forms much of the rigging[9] on earth-moving and materials-handling equipment in industries such as mining, quarrying, construction, logging, and fishing. Steel wire rope is used for aircraft control cables, elevator hoist cables, and in the petroleum and natural gas industries for drilling and well servicing. There are more limited applications for coated and alloy ropes in the food industry, in light-duty industry, in the home, and on farms. Heavy bright carbon steel wire ropes tend to be used where tensile strength is important and where abrasion is high, precluding the use of a metallic coated rope. As noted earlier, these

[9] "Rigging" denotes hoist lines, boom lines and pendants, trip lines, draglines, holding and closing lines, swing lines, bow and stern lines, conveyor lines, and winch lines on power shovels, excavators, cranes, dredges, hoists, conveyors, winches, and other equipment.

ropes tend to have a heavy coating of grease. Small diameter coated (galvanized or plastic coated) wire rope might be utilized for a control cable in an environment considered corrosive or hard to service, or for utility use.

A coating of zinc or plastic or the use of a stainless steel imparts a greater resistance to corrosion or temperature extremes and a longer useful life than that possessed by bright steel wire rope. Considerations of cost over the life of the article and the ability to coat are two factors. For example, heavily greased thick carbon steel wire rope (without other coating) is used in mooring gas- and petroleum-drilling rigs in the North Sea. The choice of coating is often made with respect to the use of the rope; for example, rigging on port cranes and other lifting equipment is usually composed of galvanized steel wire rope. Galvanized steel wire rope is further protected against corrosion in a marine environment by plastic coating or plastic impregnation for use in oceanographic survey equipment and mooring buoys.[10] Most commercial and light aircraft use galvanized steel wire rope for the control cables.

Stainless steel wire rope, whether coated with a plastic or not, is used in applications in alkaline or acidic environments found in chemical and food-processing industries and where cleanliness and corrosion-resistance are important. It is used in marine and aircraft applications. For example, it is used to form the lifelines and rigging on yachts.[11] On most military jets and certain civilian jet aircraft, stainless steel wire rope coated with polypropylene is used for the control cables[12] (although galvanized steel wire rope apparently accounts for the bulk of use on commercial airliners and civilian aircraft). Because of its nonmagnetic properties, stainless steel wire rope also is used in proximity to radar and compass units and for minesweeping.[13] No evidence has been developed in these investigations that carbon steel wire rope is used for these applications.

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[10] There is reportedly some use of 3-inch thick Kevlar® plastic-coated cables for ship mooring lines. The extent to which Kevlar® has replaced steel in these specific applications is difficult to assess. Kevlar® is a proprietary product of E.I. DuPont de Nemours, but is stranded and formed outside that company; it apparently lacks good abrasion resistance, but possesses a higher tensile strength and lighter weight for the same length than does steel. Reportedly *** making steel wire rope have stranded Kevlar®. (Staff interview with engineering personnel at *** and ***.)

[11] Stainless steel rope is not greased for this application because it would soil the sails; any grease or carbon spots would also suggest that the wires or strands had been damaged. Stainless steel wire rope is used in chemical and food plants because it is "cleaner" (i.e., free of grease or oil) than a bright or galvanized steel wire rope and its superior resistance to corrosion makes it more able to withstand an alkaline or caustic environment.

[12] In this static application, stainless steel wire rope appears to have an advantage over galvanized or bright carbon steel wire rope; according to industry experts, the slightest amount of rust pitting can cause a rope to deteriorate and lose tensile strength. Moreover, the rope's diameter is important for considerations of weight and movement within confined spaces. Also, aircraft control cables are usually difficult to service or inspect.

[13] Staff interview with engineering personnel at ***.

There is limited substitutability between carbon and stainless steel wire rope, in part because of the significantly higher cost of stainless steel wire rope (described by one importer as four times that of carbon steel wire rope).[14] Most of the substitution occurs between small-diameter galvanized and stainless steel wire rope. Appendix C contains responses by producers regarding the substitutability and end uses of carbon and stainless steel wire rope.[15]

INDUSTRY SPECIFICATIONS

Steel wire rope is produced to one of several standards established by a number of government or independent groups. The standards typically specify the materials to be used and the various properties and dimensions of the products. For example, the American Petroleum Institute (API) has established certain standards for wire rope used in oil field applications (termed the API-9A). The U.S. Bureau of Mines has likewise established certain minimum standards for wire rope in underground mines. The Federal specification, RR-W-410D, written for procurement by agencies of the Federal Government, is reportedly used in the industry as a basic standard. Procurement standards also exist for the U.S. military established for specific end-use applications in aircraft controls, the most common of which are MIL-W-5425, MIL-W-1511, and MIL-83420. "Aircraft cable" was a military procurement standard, but the term has become a generic standard for applications using galvanized and stainless steel wire rope in diameters of 1/6 to 3/8 inch. Standards are established by other bodies as well, such as the American Society of Mechanical Engineers, which established standards for the ropes used in ski lifts and elevators.

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[14] Petitioner calculated the difference between the average unit value of shipments of stainless steel wire rope to range between 820 percent and 873 percent higher than carbon steel wire rope during the period of investigation. Petitioner's prehearing brief, p. 15. In its posthearing brief, (p. 4b), petitioner mentioned a 500-percent difference.

[15] With respect to importers' responses to questions on differences and similarities in physical characteristics, uses, and interchangeability, most importers indicated that it would be unlikely that stainless steel wire rope would be substituted for bright steel wire rope because of the large price differential between the types of steel wire rope (ranging from five times to eight times) and because superior corrosion resistance of stainless steel makes it the material of choice in applications requiring corrosion resistance, such as marine, chemical, and food applications. One *** indicated that "substitution is minimal and the possibility of substitution is remote; a change in price would not alter the possibility of substitution."

Some importers also indicated that breaking-strength variances between stainless and carbon steel wire rope limit substitution. For example, one importer, ***, indicated that its imports of stainless steel wire rope are predominantly below 3/8 inches in diameter whereas its imports of bright (carbon) steel wire rope fall in the range of 3/8 inches to 1-1/4 inches in diameter. According to another importer, ***, "substitution is not likely as each product is specially designed to perform in a specific manner;" several other importers qualified that statement to indicate that for some types of wire rope, substitution could occur if the performance requirements are the same.

Many of these standards have been adopted by the fishing, mining, oil and gas, and construction equipment industries abroad.

Wire rope sold in the United States meets at least one of the standards listed above. A review of company literature indicates that producers, whether domestic or foreign, state they are able to meet the standards imposed by Fed. spec. RR-W-410D or API-9A or the MIL specifications listed above, and in several cases have certificates from the applicable testing bodies (e.g., API or Lloyd's) attesting to the quality of the producer's wire rope for specific applications.

The Manufacturing Process

The basic principles of wiremaking and ropeforming have remained relatively unchanged for several decades, except for certain advances in coating techniques. There have been incremental improvements in methods for handling, cleaning, coating, or lubricating the rod from which the wire is made, and in heat-treating and finishing the wire. Changes in the production process also focus on making it faster and more continuous (i.e., reducing the number of discrete steps at which the rod, wire, strand, and rope must be manipulated), automating controls and measurement techniques, and reducing the environmental hazards posed by such steps as lead patenting and the handling of acids and lubricants.

The manufacturing process for steel wire rope consists of three major steps: (1) drawing rod into wire, (2) stranding wire, and (3) closing strands into rope. The stages in the process are described below, and a schematic diagram of the process and machinery involved in the production of steel wire rope is presented in figure 2.[16]

DRAWING ROD INTO WIRE

Carbon steel wire rod is subjected to a specialized heat treatment process termed "patenting,"[17] cleaned, coated, and reduced to a smaller diameter through a series of dies to wire. Depending upon the amount of

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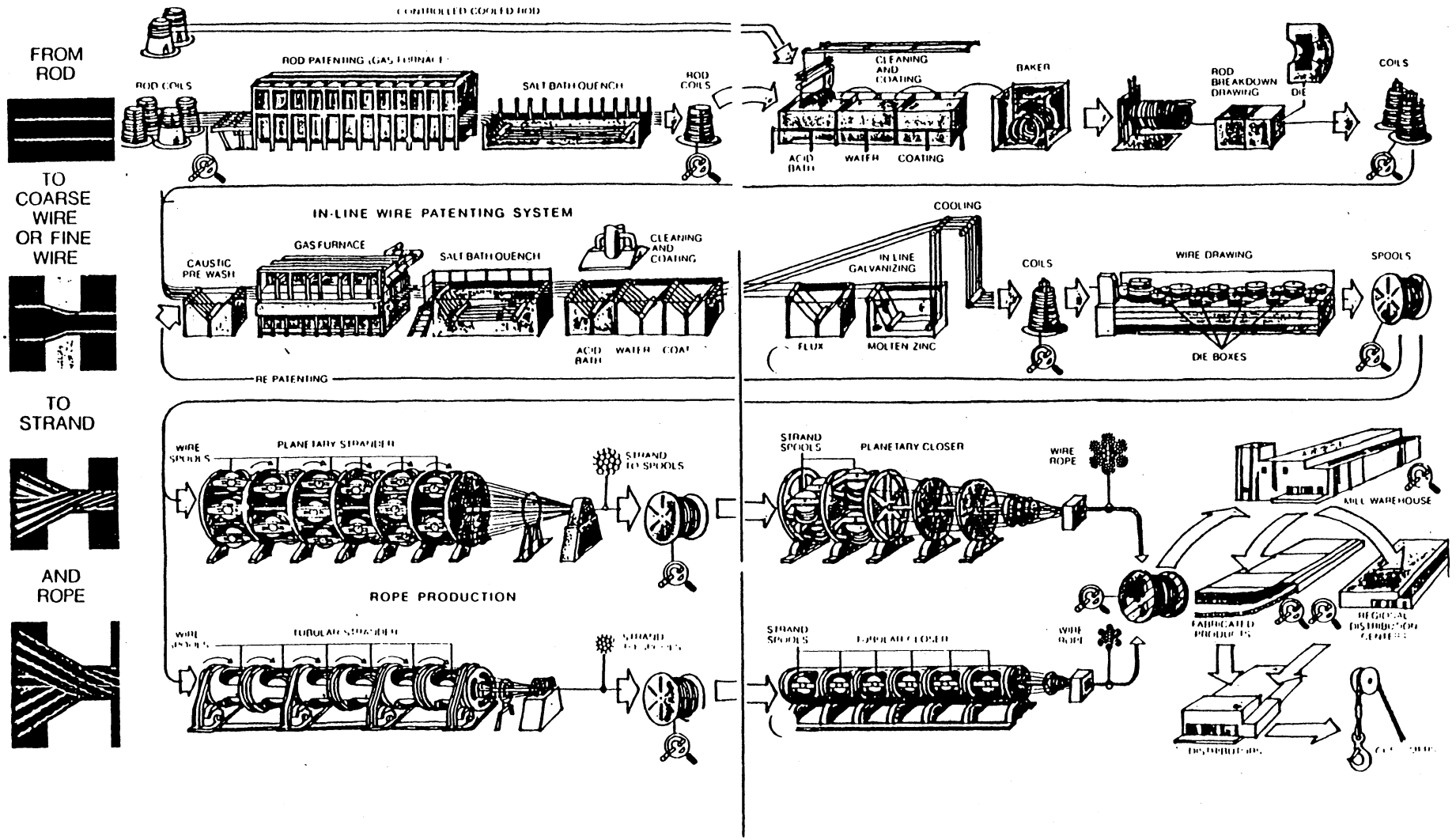
[16] In response to the question "Does your firm produce products other than steel wire rope on the same equipment and machinery used in the production of steel wire rope?", six producers (***) answered "No" and four producers (***) answered "Yes". The other products (generally other types of strand and cable) reported to be produced on the same equipment and machinery are "galvanized strand" (***), "galvanized structural strand" (***), "stainless strand" (***), "brass plated strand/cable" (***), "high carbon steel wire" (***), and "prestressed concrete strand" (***).

[17] "Patenting" is a special heat treatment used only on the medium- and high-carbon steels (i.e., steel with a carbon content above 0.40 percent, and usually with a carbon content of between 0.60 and 0.80 percent) that are typically used in making steel wire rope.

Figure 2. --Steel wire rope: Manufacturing process



Source: Wire Rope Corp. of America, Wire Rope Manufacturing, pp. 2 and 3.

desired reduction during drawing (termed the draft), the wire may also undergo patenting and re-drawing to a smaller diameter.

Hot-rolled carbon steel wire rod is first passed through gas-fired patenting furnaces to improve ductility and to provide for a uniform grain structure. The rod is heated to above 1,600 degrees Fahrenheit, which is above its "critical" (or eutectic) temperature, then rapidly cooled to about 950 degrees Fahrenheit by being quenched in a bath of molten lead or salt to achieve a desired grain structure of fine pearlite and a mechanical property of high ductility.[18] After scale or other surface deposits are cleaned from the rod in either a bath of acid or through abrasive techniques, the rod is washed in water, and a coating of lime, borax, or phosphate is baked on. This provides the rod with a protective layer and serves as a carrier for the lubricant for the first draw.[19]

The patented and cleaned rod is then cold-drawn through a series of wire-forming tungsten carbide dies that reduce its diameter to between approximately 0.009 inch and 0.250 inch, and the wire is then wound on air-cooled or water-cooled wire drawing blocks. The cold-drawing process reshapes the steel grain into a fibrous structure and improves tensile strength. However, cold-drawing produces an isothermic reaction that disturbs the grain structure and may necessitate further heat treatment, quenching, cleaning, and coating.

The wire for galvanized strand or rope can be coated either at an intermediate stage and then drawn to finished diameter or after it has reached the desired diameter.[20] Companies making carbon steel wire rope tend to purchase the rod and perform the operations listed above. However, those companies producing galvanized carbon steel wire rope are apparently split between those purchasing rod and those purchasing galvanized wire because of the incremental cost of installing zinc-coating equipment and productivity losses to their product mix, and the environmental costs and liabilities associated with zinc.

Stainless steel wire rod and wire are used as the input materials to produce stainless steel wire rope. As noted earlier, stainless steel differs from carbon steel, and stainless steel wire rod is processed differently.[21]

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[18] United States Steel, The Making, Shaping and Treating of Steel, 1985, p. 999.

[19] Not all manufacturers of carbon steel wire rope draw rod into wire, although a majority do: *** manufacturers, accounting for approximately *** percent of the production of carbon steel wire rope, purchase rod from which they draw wire. These companies are: ***. The *** remaining companies, accounting for approximately *** percent of domestic carbon steel wire rope production, purchase "redraw" wire. Redraw wire is carbon steel wire rod that has been patented, coated, and drawn to finished size. These companies are ***.

[20] Most of the domestic industry electrogalvanizes the wire at finished diameter and any further wire drawing (reduction of the wire's diameter) is minimized to prevent loss to the zinc coating.

[21] For example, stainless steel rod is annealed, a process that involves heating the material to near or below the critical temperature and control-

(continued...)

Also, because of metallurgical differences, stainless steel wire rod is not capable of being reduced in size to the same degree as carbon steel wire rod. The reduction ratio, termed "draft," for stainless rod is approximately 60 to 65 percent versus 80 to 90 percent for carbon steel wire rod. Hence, stainless steel wire rod is typically sold in diameters that are less than those of carbon steel wire rod. Coils of stainless steel wire rod are of lower weight and contain shorter lengths of rod as well. Whereas carbon steel wire rod is priced on a tonnage basis (and is considered a commodity product), stainless steel wire rod is priced on a poundage basis (and is considered a specialty item). Because of the higher input and processing costs and lower yield, stainless steel wire rope is more expensive than carbon steel wire rope, as noted earlier.

To some extent these processing and cost differences account for differences in the input purchased. Of the eight companies reporting production of stainless steel wire rope, only the *** (which accounted for *** domestic shipments in 1991), purchased and drew stainless steel rod.[22] At least five companies, ***, purchased drawn stainless steel wire.[23]

Purchasing stainless steel wire eliminates several production steps, including heat treating and cleaning the rod, preparing it for drawing, and drawing the rod into wire, and may be related to the smaller amount of stainless steel wire rope that is produced (because of the additional capital expenditures needed for separate rod preparation and drawing lines).[24] Among the domestic producers, not one purchases both carbon and stainless steel wire rod. Companies that purchase stainless steel wire rod purchase carbon steel redraw wire, and those that purchase carbon steel wire rod purchase stainless steel wire as their input for any production of stainless steel wire rope.

Where stainless steel wire is drawn, the dies must be harder, different lubricants are used, and the drawing capstans operate slower than in the case of carbon steel wire. This does not prevent the utilization of the same drawing line, but does mean that dies must be replaced and engineering adjustments to dies and machinery must be made to produce stainless steel wire in place of carbon steel wire; some of these adjustments include changing the reduction amounts during the drawing process and operating the drawing machines slower to avoid additional heat treatment. In addition, there is additional testing for quality control and to ensure that the stainless steel wire is not commingled with carbon steel wire. These changes in operational procedures necessitate additional employee training.

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[21] (...continued)
cooling in batches in specialized ovens with atmospheric and temperature controls. The stainless steel wire rod is control-cooled for a longer period than that utilized for carbon steel wire rod.

[22] Telephone interviews with personnel at ***.

[23] Petitioner's prehearing brief, p. 12, staff fieldwork, and telephone interviews.

[24] Conversation with *** on Jan. 11, 1993.

STRANDING WIRE

Strands are formed in a single operation from individual wires laid about a core so that all wires in the strand can move in unison to distribute load and bending stresses equally. This is achieved with "tubular" or "planetary" stranding machines, as shown in figure 2. Tubular stranders are faster than planetary stranders, although planetary stranders are capable of handling a larger number of wires and achieve a heavier weight strand than tubular stranders. Regardless of whether a tubular or planetary strander is used, strand used for making carbon steel wire rope is generally lubricated as the wires move into the stranding die. This lubrication is necessary to enable the wires and the strands to move freely in the wire rope as well as to protect the strand. After emerging from the stranding die, strand is frequently "postformed," a process that involves passing the strand through a series of straightening rollers in order to remove excessive twist. At this point, the strand may be die-formed or coated.

According to industry officials, several differences between stranding carbon and stainless steels exist. For stainless steel wire rope, tubular stranders are used predominantly, as opposed to the use of both tubular and planetary stranders for carbon steel wire rope. Set-up times and machinery operating times are longer for stainless; and some special machinery preparation is required to change or remove lubricants and to remove contaminants, especially where the machinery is used interchangeably.[25] There are some machinery differences as well in terms of the use of teflon or plastic-coated guides for stainless steel wire. Also, because stainless steel is harder, the machinery must be operated at a slower running speed, and the wire-preforming and strand post-forming heads are harder than with carbon steels.[26] Petitioners indicate that workers receive specialized training to enable them to handle the specialized production techniques and problems that arise in stranding stainless steel wire, including adjustments to the length of lay in stranding operations.[27]

CLOSING INTO ROPE

The final operation, called "closing," is accomplished on a tubular or planetary "closer," operating in a manner similar to tubular or planetary stranders. The difference between the strander and the closer is that a preforming head, which imparts a helical shape to the strands, is positioned in front of the closing die. Preforming the strands reduces stress and results in longer service life. Spools or bobbins of strand are placed in cradles in the closer to dispense simultaneously all strands of a sufficient length needed to make a single rope without a splice. The closing die presses the strands together, forming the rope.

Stranding and rope closing machinery for stainless steel wire rope production does not differ significantly from that utilized for carbon steel

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[25] Final questionnaire response of ***, p. 12. ***. (Staff fieldwork at *** on Jan. 5, 1993.)

[26] Staff interviews with engineering personnel at *** on May 5 and May 6, 1992.

[27] Telephone interviews with *** on Jan. 23, 1993.

wire rope because the forming process is similar. However, there are differences and many of the differences at the closing stage are the same as or similar to those at the stranding stage. The machinery is generally clean of the heavy greases and oils that are used for carbon steel; different lubricants are used, including wax and light lubricants; wire and strand guides and sheaves are smaller, often composed of plastic and coated steel because the wires are lighter and of a smaller diameter than those that usually comprise carbon steel wire rope; and preforming and closing heads are generally harder than those utilized for carbon steel wire rope because stainless steel is harder than carbon steel. All these changes involve differences in set-up time--said to be longer with respect to stainless steel wire rope, and which may represent one reason for the existence of dedicated lines in certain firms, or for a different shift to be used for the production of stainless steel wire rope.

Questionnaire responses on the question of equipment interchangeability between carbon and stainless steel wire rope are inconclusive.[28] A number of producers, some of which specialize in stainless steel wire rope production, indicate that little or no effort is required to produce the two types of wire rope on the same equipment. However, personnel at *** and ***, which accounted for about *** and *** percent, respectively, of reported domestic shipments of stainless steel wire rope in 1991, stated that they use different lines and that these lines are dedicated for the production of stainless steel and carbon steel wire rope at their facilities;[29] ***, as noted earlier.[30] A number of other producers indicate that interchangeability is limited by the need to produce stainless steel wire rope free of the heavy grease that characterizes carbon steel, or free of carbon residues that might spot, stain, or discolor the stainless steel wire rope.[31] This is apparently less of a problem for companies that produce both stainless steel and galvanized carbon steel wire rope because less lubricant and lighter greases are used for galvanized rope (i.e., the cleanup is lessened). There also is the consideration that electrogalvanized wire flakes less and there is less dust than when the company forms rope comprised of hot-dip galvanized or bright carbon steel wire. Several companies that answered that the equipment is interchangeable produce stainless steel and galvanized steel wire rope, whereas those that emphasized the cleanup tasks produce mostly bright and some stainless steel wire rope.[32]

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[28] Comments of the producers concerning interchangeability, equipment modifications, and differences and similarities in the manufacturing process are presented in appendix C.

[29] Telephone interview with *** on Feb. 23, 1993.

[30] Staff fieldwork at *** on Jan. 5, 1993. ***.

[31] Machinery changeover from carbon steel to stainless steel requires from *** to *** hours according to ***, and *** to *** hours according to ***, if the machinery is capable of producing a given construction. According to industry production personnel, the machinery must be completely cleaned of grease, oil, and carbon steel or zinc dust, and guides and heads changed to protect the wire and maintain its cleanliness and aesthetic appearance. This is considered important for stainless steel use in the food or chemical industries so as not to introduce contaminants into the production process, and for the yacht industry so as not to soil sails or give an impression that the rope has developed barbs. (Staff interview with *** on Dec. 16, 1992.)

[32] Telephone interview with ***.

Carbon and Stainless Steel Wire Rope

In these investigations the petitioner has argued that carbon steel wire rope and stainless steel wire rope are two distinct products based on (1) differences in metallurgical content and physical properties, (2) different end-use applications, (3) separate channels of distribution, (4) different production processes, and (5) the utilization of different production facilities and equipment, and employees.[33] In general, respondents have argued that the Commission's traditional like-product analysis and established precedent require that stainless steel wire rope be included within the like product definition.

Carbon steel and stainless steel wire ropes differ in their physical appearance and are distinct in their physical and mechanical characteristics and end uses. Most carbon steel wire rope is coated with grease that acts as a lubricant and protects the rope from rusting, giving the rope a dark, greasy appearance. Carbon steel wire rope may be coated with zinc (galvanized), in which case it has a dull luster, or plastic, textile, or other coating. In contrast, stainless steel wire rope is not often coated with grease (although it might have a light lubricant coating), nor is the rope normally covered with a plastic, textile, or other coating.

Because of differences in the physical and mechanical characteristics of carbon and stainless steel wire ropes, there is limited interchangeability between them. Moreover, where there might be interchangeability, the price differential makes it commercially impractical. As noted earlier, the high tensile strength and flexibility of carbon steel wire rope make it the material of choice in the construction, mining, lumber, and oil and gas industries. The corrosion-resistant properties of stainless steel wire rope make it the material of choice in applications in the marine, food processing, aerospace, and chemical industry.

Summary information compiled by the Commission staff on comparisons of carbon and stainless steel wire rope using various "like product" criteria are presented in the following tabulation:

Factor	Carbon steel wire rope	Stainless steel wire rope
Physical appearances and uses.....	Dark, greasy; may have oil or grease sheen; dull sheen if galvanized.	Shiny and bright; may have light oil sheen; seldom otherwise coated.

[33] Petitioner's prehearing brief, pp. 4-16.

Factor	Carbon steel wire rope	Stainless steel wire rope
Physical appearances and uses--Continued...		
	Mostly dynamic applications; abrasion-resistance, flexibility, tensile strength important; used as rigging on equipment, in mining, oil and gas, and lumber industries.	Mostly static applications; corrosion resistance more important than flexiility; cosmetic appearance and surface cleanliness also important; limited overlap with galvanized carbon steel wire rope by price differences. Used in marine, aerospace, chemicals, and food process industries.
	Bulk of production in larger diameters, although some small (below 3/8 inch) diameter rope produced.	Mostly produced in diameters below 3/8 inch; some plaited bands produced for lift-gate control.
Common manufacturing facilities and personnel.....	Could be produced on same or similar equipment as stainless. Equipment changes/cleanup necessary.	Could be produced on same or similar equipment as carbon. Bulk of production on dedicated lines.
	Mostly produced from purchased carbon rod; stainless steel wire used by carbon steel wire rope producers for stainless rope production.	*** produced from purchased stainless rod. Purchased rod is of smaller diameters, treated differently. If produce carbon rope, purchase redraw wire.
Interchangeability between products: Producer substitutability.....	Limited; production techniques differ.	Limited; if produced at same facility, usually produced on dedicated lines.
Customer substitutability.....	Little or none due to price and end-use characteristics.	Little or none due to price and end-use characteristics.

Factor	Carbon steel wire rope	Stainless steel wire rope
Channels of distribution	Mostly sold through distributors to standard specification.	Mostly shipped directly to customer to specific order and specification.
Customer and producer perceptions.....	Separate product from stainless steel wire rope.	Separate product from carbon steel wire rope.
Price.....	Substantially lower priced than stainless steel wire rope.	Substantially (5 to 8 times) higher priced than carbon steel wire rope.

Comparison of U.S. and Foreign Wire Rope and Manufacturing Processes

In general, little difference appears to exist between the production processes in domestic facilities and those abroad.[34] This is often reflective of a mature industry and attributable to the diffusion of process technology, techniques, and equipment on a worldwide basis, the similarity of engineering requirements for specific end uses, product liability concerns, and the commonality of design or procurement standards. However, certain processes, including certain types of coating processes, are considered proprietary.

Imported steel wire rope may be considered interchangeable with domestic product within certain limitations that render certain imports not suitable for high-risk applications (that is, when human life is at risk) and in some product niches where there may be little or no competition between imports and the domestically produced steel wire rope. Moreover, purchasers that have formal or informal "Buy American" requirements or product liability concerns could favor the domestic product over imports. Evidence raised in the preliminary investigations shows that imports into the U.S. market are often commingled and sold interchangeably,[35] and imports of carbon steel wire rope generally flow through the same channels of distribution as do the domestic products, as discussed in the section of this report entitled "Channels of Distribution and End Uses."

U.S. Tariff Treatment

Imports of steel wire rope subject to these investigations are provided for in subheading 7312.10.90 of the Harmonized Tariff Schedule of the United States (HTS). The column 1-general (most-favored-nation) rate of duty for

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[34] No information is provided in the petition on the manufacturing process in Korea, although staff interviews with the domestic industry indicate that there is little difference from the process used in the United States.

[35] Testimony of Mr. Howard Schloss, conference transcript, p. 97.

carbon steel wire rope, applicable also to imports from Korea and Mexico, is 4.0 percent ad valorem. Duty-free entry under the Generalized System of Preferences was withdrawn from Mexico in July 1990. Under the proposed North American Free-Trade Agreement (NAFTA), steel wire rope from Mexico is subject to tariff reduction to zero over a 10-year period.

NATURE AND EXTENT OF SALES AT LTFV

Korea

Commerce published its final determination that steel wire rope from Korea is being, or is likely to be, sold in the United States at LTFV in the Federal Register of February 23, 1993 (58 F.R. 11029). To determine whether sales of steel wire rope from Korea to the United States were made at LTFV, Commerce compared U.S. price with the foreign market value.

In its investigation, Commerce examined the quantity and value of all sales to the United States during the period of investigation, as follows:

Firm	In metric tons	In dollars
Korea Iron & Steel Wire, Ltd.....	***	***
Manho Rope Mfg. Co., Ltd.....	***	***
Young Heung Iron & Steel Co., Ltd.....	***	***

Commerce determined these sales to be at LTFV:

Firm	In feet	In dollars
Korea Iron & Steel Wire, Ltd.....	***	***
Manho Rope Mfg. Co., Ltd.....	***	***
Young Heung Iron & Steel Co., Ltd.....	***	***

The range of margins was as follows:

Firm	Low margin	High margin
Korea Iron & Steel Wire, Ltd.....	***	***
Manho Rope Mfg. Co., Ltd.....	***	***
Young Heung Iron & Steel Co., Ltd.....	***	***

Commerce's margins are presented in the following tabulation (in percent ad valorem):

Firm	LTFV margin
Korea Iron & Steel Wire, Ltd.....	0.23[1]
Manho Rope Mfg. Co., Ltd.....	1.51
Young Heung Iron & Steel Co., Ltd.....	0.10[1]
All others.....	1.51

[1] De minimis and excluded from any final antidumping duty order by Commerce.

Mexico

Commerce published its final determination that steel wire rope from Mexico is being, or is likely to be, sold in the United States at LTFV in the Federal Register of February 8, 1993 (58 F.R. 7531). In its notice, Commerce stated that it used "best information available" to determine the respondent's margins because the company, Camesa, S.A. de C.V, failed to respond adequately to Commerce's questionnaire. Commerce's margins are presented in the following tabulation (in percent ad valorem):

Firm	LTFV margin
Camesa, S.A. de C.V.....	111.68
All others.....	111.68

VOLUNTARY RESTRAINT AGREEMENTS

From October 1, 1984, through March 31, 1992, certain steel products, including wire rope, were subject to trade limitations under Voluntary Restraint Agreements (VRAs) negotiated with 19 foreign governments (including Korea and Mexico) and the European Community.[36] Under the VRAs, many suppliers of steel wire rope were subject to either market share limits or agreements limiting export quantities. Wire rope was often included in the broader category of wire and wire products within the VRAs. The specifically mentioned export limits under the agreements ranged from a low of 0.676 percent (about 1,115 short tons) of apparent U.S. consumption (ADC)[37] for Brazil to a high of about 57,500 short tons for Korea.[38] Most of the VRAs included with the subject goods any imports of wire rope fitted with fittings or wire rope that is plated with brass. The first VRA signed covered the period from October 1, 1984, through September 30, 1989 (VRA I), and the second VRA covered the period from October 1, 1989, through March 31, 1992 (VRA II). With respect to Korea and Mexico, VRA II was divided into an initial period, October 1, 1989, through December 31, 1990, and a final period, January 1, 1991, through March 31, 1992.

Korea

Imports of steel wire rope (including bright, galvanized, and stainless steel wire ropes, and those equipped with fittings) comprised a separate category in both VRAs. According to data based on export certificates, U.S. imports of steel wire rope comprised 99.74 percent (32,282 metric tons) of the ceiling in the last nine months (January-September 1989) of VRA I. With

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[36] The restraint limits discussed in this section are more accurately defined as export limits, as the countries under agreement controlled their shipments of exports in lieu of U.S. import quotas.

[37] Apparent U.S. consumption was forecast quarterly by Data Resources Inc., Lexington, MA, under contract to Commerce; adjustments to the previous period's forecast and quota were made in subsequent periods.

[38] Based on the October 1990 forecast of apparent U.S. consumption of arrangement products subject to export licensing during the final period of Jan. 1, 1991, through Mar. 31, 1992.

respect to VRA II, the Korean export ceiling was 57,500 metric tons in both the initial and final periods; U.S. imports from Korea comprised 88.25 percent (50,746 metric tons) and *** of the VRA ceilings in the initial and final periods, respectively.

Mexico

Regarding Mexico, steel wire rope was included in the category "all wire and wire products." Under VRA I, there were no separate subcategories. Hence, the limit that applied to imports of steel wire rope was the same as that for the overall category--namely, 0.45 percent of ADC of wire and wire products. The U.S. government tried to break out a new subcategory for wire rope in 1986 but did not convince the Mexican negotiators to do so, and "suppression limits" (regarded as targets and not enforced by Commerce)[39] were agreed to by both sides. The suppression limits were not exceeded during 1987 or 1988, but were exceeded during 1989.

Under VRA II, there was a separate subcategory for steel wire rope: the export limits were set at 2.54 percent and 2.94 percent of ADC for the initial period and final period, respectively. The adjusted initial period export ceiling was 4,524 metric tons, which was exceeded by 86 kilograms (i.e., the export ceiling was filled) based on export certificate data. The adjusted export ceiling for the final period was 7,544 metric tons,[40] and imports from Mexico reached *** of that level.[41]

THE U.S. MARKET

Apparent U.S. Consumption

Data on apparent U.S. consumption of steel wire rope are presented in table 2. These data consist of U.S. shipments (domestic shipments and company transfers) of U.S.-produced steel wire rope as reported in the Commission's questionnaire responses and imports of steel wire rope as recorded in official import statistics.

Apparent U.S. consumption of steel wire rope (including stainless)[42] declined from 199,781 short tons in 1989 to 189,526 short tons in 1990, a decrease of 5.1 percent. From 1990 to 1991 consumption then further declined by 3.1 percent to 183,743 short tons. From January-September 1991 to January-September 1992, apparent U.S. consumption further fell by 2.0 percent, declining from 139,249 short tons during January-September 1991 to 136,419 short tons during January-September 1992.

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[39] Technically, VRAs were "enforced" by the exporting countries, but Commerce could object to the lack of compliance and threaten quotas which would have legal force.

[40] DRI forecast dated October 1990, and December 1991.

[41] Staff telephone conversation with ***, Jan. 21, 1993.

[42] In the Commission's preliminary determinations, the like product was found to consist of all steel wire rope (including stainless).

Table 2
All steel wire rope: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (short tons)				
Producers' U.S. shipments[1]...	117,361	117,146	109,341	83,872	77,996
U.S. imports from--					
Korea (subject)[2].....	***	***	***	***	***
Mexico (subject)[3].....	2,417	4,466	3,113	2,278	2,742
Subtotal.....	***	***	***	***	***
Other sources[2] [4].....	***	***	***	***	***
Total.....	82,420	72,380	74,402	55,377	58,423
Apparent consumption...	199,781	189,526	183,743	139,249	136,419
	Value (1,000 dollars)				
Producers' U.S. shipments[1]...	221,284	221,430	210,186	161,121	149,051
U.S. imports from--					
Korea (subject)[2].....	***	***	***	***	***
Mexico (subject)[3].....	2,639	4,675	2,928	2,059	2,827
Subtotal.....	***	***	***	***	***
Other sources[2] [4].....	***	***	***	***	***
Total.....	131,188	107,713	108,412	80,055	87,602
Apparent consumption...	352,472	329,143	318,598	241,176	236,653

[1] Shipments of Bethlehem Steel Corp. and National Standard Co., which as such ceased operations in 1989, are included only in the 1989 figures. Figures for all other periods consist of 10 of the 11 manufacturers producing steel wire rope during those periods. *** did not supply data in the final investigations.

[2] Subject Korea data exclude (and "other sources" include) exports by KIS and Young Heung, which were found by the Department of Commerce to be fairly traded. ***.

[3] Subject (i.e., nonstainless) Mexico data in 1989 include imports of 556 tons, valued at $500 thousand, which were misclassified as stainless steel wire rope in official statistics.

[4] "Other sources" include imports of stainless steel wire rope from all sources. The 1989 data have been reduced by 392 tons, valued at $293 thousand, to remove incorrectly classified merchandise from Canada.

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.

U.S. Producers

Table 3 presents the U.S. producers of steel wire rope, the locations of their plants, positions on the petition, and shares of 1991 production of steel wire rope. In the final investigations, Commission staff sent producers' questionnaires to all 11 firms. All producers responded ***.

To one degree or another, the U.S. steel wire rope industry has restructured and/or rationalized its operations during and before the period for which data were collected in these investigations. Some integrated steel producers left the market to independent producers. The current status of firms that previously manufactured steel wire rope is described below:

Firm	Comment
Armco, Inc.....	Closed its facility effective 3/31/88. All production facilities/inventories sold/leased to Wire Rope Corp. as of 4/14/88.
Bethlehem Steel Corp. Wire Rope Div.....	Permanently closed in April 1989. Williamsport Wirerope Works commenced operations in June 1989 at a much reduced operating level.
National Standard Co.....	National Standard Co., which owned Strandflex, sold it to Maryland Specialty Wire on January 1, 1990.
Pennsylvania Wire Rope Corp.....	Ceased market production of stainless steel wire rope at its Williamsport, PA, facility in December 1989, and has now consolidated with its parent, Strandflex, producing steel wire rope in Oriskany, NY.
Universal Wire Products.....	Sold *** to Wire Rope Corp. in September 1987, ***.

U.S. Importers

To identify U.S. importers of steel wire rope from Korea and Mexico, Commission staff relied on data provided by the U.S. Customs Service, as well as information given in the petition and by counsel for the Wire Rope Importers' Association. Commission staff mailed questionnaires to approximately 120 firms believed to import steel wire rope from the subject countries. Staff also sent importers' questionnaires to the 11 firms that received producers' questionnaires. In general, the principal importers in the United States of steel wire rope from the subject countries are U.S. distributors, while smaller importers tend to be end users.

Table 3
All steel wire rope: Current U.S. producers, location of production facilities, position on the petition, and share of U.S. production in 1991

Firm	Location	Position on petition[1]	Share of U.S production in 1991		
			Carbon	Stainless	Total
Bergen Cable Technologies	Lodi, NJ	***	***	***	***
Bridon American	Exeter, PA	Supports[1]			
Carolina Steel & Wire Corp.	Lexington, SC	***	***	***	***
Loos & Co.	Pomfret, CT	***	***	***	***
Macwhyte Co. &	Kenosha, WI Sedalia, MO	Supports[1]	***	***	***
Paulsen Wire Rope	Sunbury, PA	Supports[1]	***	***	***
Penn Wire Rope/ Strandflex	Oriskany, NY	***	***	***	***
The Rochester Corp.	Culpeper, VA	Supports[1]	***	***	***
Williamsport Wire-rope Works	Williamsport, PA	Supports[1]	***	***	***
Wire & Cable Specialties	West Chester, PA	***	***	***	***
Wire Rope Corp. of America	St. Joseph, MO Kansas City, MO	Supports[1]	***	***	***
Total			100.0	100.0	100.0

[1] Petitioner.

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

Channels of Distribution and End Uses

Information gathered from questionnaire responses in these investigations indicates that the major channel of distribution for steel wire rope for both U.S. producers and importers is distributors/service centers. With regard to the end uses of steel wire rope (including products sold to end users through distributors/service centers), U.S. producers reported that the principal end-use markets for U.S.-produced steel wire rope in 1991 were in construction, including maintenance (33,803 short tons); mining, quarrying and lumbering (30,758 short tons); machinery, industrial equipment and tools (21,557 short tons); oil and gas (11,366 short tons), and aviation and aerospace (448 short tons). (Approximately 11,000 short tons were not accounted for.) No producer reported any differences in the end uses of U.S., Korean, and Mexican-produced steel wire rope.

Importers reported that the principal markets, by order of sales magnitude, were construction (including maintenance); machinery, industrial equipment, and tools; mining, quarrying, and lumbering; oil and gas; and

aviation and aerospace.[43] No differences could be detected between the respective end uses of products originating in Korea and those manufactured in Mexico.

Stainless steel wire rope is a made-to-order product, with most shipments going directly to end users.

The following tabulation provides the shares of shipments of steel wire rope by channels of distribution for both U.S. producers and U.S. importers (in percent) in 1991:

Item	Distributors/ service centers	End users
U.S. producers.....	71.8[1]	28.2[2]
U.S. imports of steel wire rope from:		
Korea.....	89.0[3]	11.0
Mexico.....	***[4]	***

[1] Shipments to related distributors/service centers account for *** percentage points.
[2] Shipments to related end users account for *** percentage points.
[3] Approximately 6.5 percent of distributor sales of Korean product were to related distributors.
[4] Approximately *** percent of distributor sales of Mexican product were to related distributors.

CONSIDERATION OF ALLEGED MATERIAL INJURY

The information in this section of the report was compiled from responses to the Commission's questionnaires. The 10 producers that provided questionnaire responses are believed to account for virtually all U.S. production of carbon steel wire rope and nearly all U.S. production of stainless steel wire rope.

The following information is based on the total steel wire rope (including stainless) operations of U.S. producers. Carbon steel wire rope accounted for 99.6 percent of reported U.S. production (by quantity) of steel wire rope in 1991. Separate trade data on carbon steel wire rope and stainless steel wire rope and summary data on all steel wire rope are presented in appendix D.

U.S. Production, Capacity, and Capacity Utilization

The U.S. steel wire rope industry has undergone some structural changes since the periods previously covered by these and the 1991 multicountry investigations. These changes, however, have resulted more in a greater

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[43] Only slightly over half of the importers responding to the Commission's importers' questionnaire completed the relevant question.

concentration of production assets among remaining firms than in a net loss of production capability.

Data on reported U.S. production, capacity, and capacity utilization in connection with operations on steel wire rope are presented in table 4. Reported capacity exceeded apparent consumption in all years and periods.

U.S. producers' capacity to produce steel wire rope (including stainless) declined irregularly during the period for which data were collected in the investigations, from 230,375 short tons in 1989 to 229,925 short tons in 1990 and 230,025 short tons in 1991. U.S. producers' capacity increased slightly from January-September 1991 to January-September 1992.

U.S. production of all steel wire rope increased from 121,259 short tons in 1989 to 129,292 short tons in 1990, or by 6.6 percent, and then decreased to 114,592 short tons in 1991, or by 11.4 percent. Production declined by 2.0 percent during January-September 1992 compared with that in January-September 1991.

U.S. producers' capacity utilization for all steel wire rope fluctuated during 1989-91, rising from 51.5 percent in 1989 to 56.2 percent in 1990 and declining to 49.8 percent in 1991. From January-September 1991 to January-September 1992, U.S. producers experienced a slight decline in their operating rate, as capacity utilization declined from 49.6 percent in the interim 1991 period to 48.6 percent in the comparable period of 1992.

Stainless steel wire rope accounted for a very minor share of U.S. producers' overall steel wire rope operations. U.S. producers' production of stainless steel wire rope accounted for less than one percent of total steel wire rope production throughout the period for which data were collected in the investigations, and producers generally did not provide separate capacity data for the product.

U.S. Producers' Shipments

U.S. SHIPMENTS

From 1989 to 1990, U.S. producers' U.S. shipments of steel wire rope fell by 0.2 percent by quantity, but increased by 0.1 percent by value (table 5). From 1990 to 1991 U.S. shipments declined by 6.7 percent by quantity and by 5.1 percent by value. U.S. shipments continued to decline from January-September 1991 to January-September 1992, decreasing by 7.0 percent by quantity and by 7.5 percent by value. The average unit value of U.S. producers' U.S. shipments of steel wire rope increased from 1989 to 1990, continued to rise in 1991, and declined slightly during the interim period.

U.S. producers' U.S. shipments of stainless steel wire rope were minimal relative to U.S. producers' U.S. shipments of all steel wire rope. Such stainless steel shipments never rose above one percent of total shipments throughout the period for which data were collected in the investigations.

Table 4
All steel wire rope: U.S. capacity, production, and capacity utilization, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
Capacity[1] (short tons)	230,375[2]	229,925[3]	230,025[3]	172,520[3]	172,570[3]
Production (short tons)	121,259[2]	129,292[3]	114,592[3]	85,547[3]	83,835[3]
Capacity utilization (percent)	51.5	56.2	49.8	49.6	48.6

[1] Capacity figures represent both end-of-period and average-of-period capacity, as the data collected were identical. Capacity was generally reported for a 3-shift operation, averaging 135 hours per week, 50 weeks per year.

[2] Data on capacity and production include the capacity and production data of *** and the production data of ***. They do *not* include ***. They also exclude production of stainless steel wire rope by ***, which did not report these data.

[3] Figures for these periods consist of 10 of the 11 manufacturers producing steel wire rope during those periods. *** did not supply data in the final investigations.

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.

U.S. shipments of carbon steel wire rope during 1991 by type are shown in the following tabulation:

Type	Short tons
Bright	82,312
Galvanized	***
Other or unknown	***
Total	108,849

EXPORTS

Six U.S. producers, accounting for some 91 percent of total shipments of U.S.-produced steel wire rope in 1991, reported exports of steel wire rope. The principal export markets are ***. Between 1989 and 1991, the quantity of U.S. producers' exports of steel wire rope rose by 47.8 percent, increasing from 4,811 short tons in 1989 to 7,113 short tons in 1991. Likewise, during the same period the value of U.S. producers' exports rose by 30.1 percent, increasing from $7.9 million in 1989 to $10.3 million in 1991. The average unit value of U.S. producers' exports declined by 12.0 percent from 1989 to 1991, then increased by 4.1 percent from January-September 1991 to January-September 1992.

Table 5
All steel wire rope: U.S. producers' U.S. shipments (domestic shipments and company transfers), export shipments, and total shipments, 1989-91, January-September 1991, and January-September 1992[1]

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (short tons)				
Company transfers	6,276	7,061	7,849	5,940	5,939
Domestic shipments	111,085	110,085	101,492	77,932	72,057
Subtotal	117,361	117,146	109,341	83,872	77,996
Exports	4,811	6,227	7,113	5,486	5,927
Total	122,172	123,373	116,454	89,358	83,923
	Value (1,000 dollars)				
Company transfers	9,227	10,226	13,138	9,437	9,930
Domestic shipments	212,057	211,204	197,048	151,684	139,121
Subtotal	221,284	221,430	210,186	161,121	149,051
Exports	7,894	9,756	10,268	7,926	8,918
Total	229,178	231,186	220,454	169,047	157,969
	Unit value (per short ton)				
Company transfers	$1,470	$1,448	$1,674	$1,589	$1,672
Domestic shipments	1,847	1,864	1,901	1,907	1,896
Average	1,827	1,839	1,884	1,884	1,879
Exports	1,641	1,567	1,444	1,445	1,505
Average	1,820	1,825	1,857	1,857	1,853

[1] Shipments of Bethlehem Steel Corp. and National Standard Co., which as such ceased operations in 1989, are included only in the 1989 figures. Figures for all other periods consist of 10 of the 11 manufacturers producing steel wire rope during those periods. *** did not supply data in the final investigations.

Note.--Unit values are calculated using data of firms supplying both quantity and value information.

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

U.S. Producers' Inventories

U.S. producers' yearend inventories of all steel wire rope declined irregularly throughout the period for which data were collected in the investigations (table 6). As a ratio to U.S. producers' total production, such inventories ranged between 37.2 percent and 38.4 percent.

U.S. Producers' Purchases

Five of the 10 producers who responded to the final questionnaire[44] reported they had purchased steel wire rope (including stainless) throughout the period for which data were collected in the investigations, either from other domestic manufacturers, from nonproducing U.S. sources such as importers, or directly from foreign sources. Purchases by U.S. producers of steel wire rope from other U.S. producers and nonproducing U.S. sources declined irregularly from *** short tons, or *** percent of production in 1989, to *** short tons, or *** percent of production in 1991 (table 7). U.S. producers' purchases from all U.S. sources declined by *** percent from January-September 1991 to January-September 1992, falling from *** to *** short tons. The significant decline from 1989 to 1990 resulted in large measure from the transition of ownership of the Bethlehem wire rope facility to Williamsport.

Six of the producers who responded to the final questionnaire reported they had imported steel wire rope during the period under investigation. U.S. producers' total imports of steel wire rope declined by *** percent from 1989 to 1990, rose by *** percent from 1990 to 1991, and decreased by *** percent from January-September 1991 to January-September 1992. As a ratio to production, U.S. producers' imports rose from *** percent in 1989 to *** percent in 1990, but returned to *** percent in 1991. For all periods, U.S. producers' imports from the subject countries averaged *** of U.S. producers' total imports from all sources. In addition to the subject countries, other sources of U.S. producers' imports included ***.

In response to the Commission's query regarding producers' reasons for importing steel wire rope, producers explained as follows. *** offered the following three reasons: (1) some markets have been lost due to import competition and the only possibility of servicing those markets is through importing and reselling; (2) to maintain commercial relationships with distributors who may require a foreign line or products or otherwise would stop buying from U.S. manufacturers; and (3) to round out a product line that cannot be manufactured at a competitive price. *** stated that it imported to fill out its product line in order to maintain commercial relations with distributors, as well as to provide ***, which it claims cannot be produced competitively in the United States. *** reported that it imports *** to be

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[44] ***, which did not respond to the Commission's final questionnaire and is excluded from these data, imported *** short tons of steel wire rope in 1989, *** short tons in 1990, and *** short tons in 1991, according to ***. All these imports were of subject Korean product.

Table 6
All steel wire rope: End-of-period inventories of U.S. producers, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
Inventories (short tons).....	45,032	48,159	43,921	43,430	42,032
Ratio of inventories to--					
Production (percent).....	37.2	37.3	38.4	38.1	37.7
U.S. shipments (percent)...	38.4	41.1	40.2	38.8	40.4
Total shipments (percent)..	36.9	39.0	37.7	36.4	37.6

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

Table 7
All steel wire rope: U.S. producers' U.S. purchases, U.S. producers' imports, and ratios of U.S. purchases and imports to production, 1989-91, January-September 1991, and January-September 1992[1]

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (short tons)				
U.S. producers' U.S. purchases[2]	***	***	***	***	***
U.S. producers' imports from--					
Korea[3]	3,643	5,180	4,342	3,676	3,294
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	***	***	***	***	***
	As a ratio (percent) to the quantity of production				
U.S. producers' U.S. purchases	***	***	***	***	***
U.S. producers' imports from--					
Korea[3]	3.0	4.0	3.8	4.3	3.9
Mexico	***	***	***	***	***
Subtotal	***	***	***	***	***
All other countries	***	***	***	***	***
Total imports	***	***	***	***	***

[1] Figures consist of 10 of the 11 current manufacturers of steel wire rope. *** did not supply data in the final investigations.
[2] Consists of purchases from other U.S. producers and from nonproducing U.S. sources such as importers.
[3] Includes imports of fairly traded product.

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

price competitive in the marketplace. *** stated that it imports steel wire rope "to be involved in a market that required low nondomestic prices."[45]

Employment, Wages, and Productivity

Employment indicators for the 8 U.S. producers that provided usable employment information were mixed. The average number of production and related workers producing all steel wire rope declined irregularly by 0.5 percent from 1989 to 1991 and fell by 4.1 percent during the interim period (table 8). The number of hours worked by such workers increased irregularly from 1989 to 1991, but declined during the interim period. Productivity of production and related workers increased by 0.4 percentage points from 1989 to 1990, declined by 3.4 percentage points from 1990 to 1991, and then rose by 0.5 percentage points from January-September 1991 to January-September 1992. U.S. producers' unit labor costs for all steel wire rope increased by 2.7 percent from 1989 to 1990 and by 12.4 percent from 1990 to 1991, then further rose by 2.7 percent during the interim period.

Citing lack of sales and foreign competition, U.S. producers placed some workers on permanent or indefinite layoff during the period of investigation. *** reduced its workforce by *** employees in April 1989 when the ***. *** laid off *** workers during 1991 and an additional *** during the first three months of 1992, the majority of them permanently. In 1991, *** discharged *** workers indefinitely and *** suspended *** workers for 6 months. During the same year, the *** cut its workforce by *** workers, *** of them permanently, and tranferred *** employees to other products.[46]

The average hourly wages paid to production and related workers producing all steel wire rope and the total compensation paid to such workers increased from 1989 to 1990. Hourly wages declined from 1990 to 1991, while hourly total compensation increased during the same period to above 1989 levels. From January-September 1991 to January-September 1992, the average hourly wages for those same production and related workers rose, while total compensation paid to them also increased. Workers at 6 firms are represented by unions.

On May 26, 1989, the U.S. Department of Labor, Employment and Training Administration (ETA), issued a certification of eligibility for workers at the former Wire Rope Division of Bethlehem Steel to apply for trade adjustment assistance under section 223 of the Trade Act of 1974. ETA's determination stated that "(t)he Bethlehem Wire Rope Division increased its imports of wire, wire rope, and strand, from 1981 to 1988. These products are directly competitive with those manufactured at the Williamsport, PA, facility in 1988." The determination concluded that "increases of imports of articles like or directly competitive with steel wire, wire rope, and wire strand produced at the Williamsport Wire Rope Division of the Bethlehem Steel Corporation contributed importantly to the decline in sales or production and

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[45] Final questionnaire responses.
[46] Final questionnaire responses.

Table 8
Average number of U.S. production and related workers producing all steel wire rope, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit labor costs,[2] 1989-91, January-September 1991, and January-September 1992[3]

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
Production and related workers (PRWs)	1,599	1,607	1,591	1,583	1,518
Hours worked by PRWs (1,000 hours)	3,286	3,473	3,383	2,518	2,430
Wages paid to PRWs (1,000 dollars)	36,496	40,046	38,497	28,724	27,781
Total compensation paid to PRWs (1,000 dollars)	44,280	48,521	48,347	35,952	36,189
Hourly wages paid to PRWs	$11.11	$11.53	$11.38	$11.41	$11.43
Hourly total compensation paid to PRWs	$13.48	$13.97	$14.29	$14.28	$14.89
Productivity (short tons per 1,000 hours)	36.8	37.2	33.8	33.9	34.4
Unit labor costs (per short ton)	$366	$376	$423	$421	$432

[1] Consists of 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 reported total U.S. production (based on quantity) in 1991. Shipments of Bethlehem Steel Corp. and National Standard Co., which as such ceased operations in 1989, are included only in the 1989 figures. Figures for all other periods consist of 8 of the 11 manufacturers producing steel wire rope during those periods. *** did not supply usable data.

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.

to the total or partial separation of workers of that firm."[47] All workers who became totally or partially separated from employment on or after October 1, 1988, but before May 26, 1991, were eligible for assistance. ETA provided the following information on payment activity through May 1991 for the affected Williamsport employees:

[47] ETA Certification No. TA-W-22758 provided by counsel to the petitioner, July 25, 1991.

Number of workers	Amount paid	Type of assistance
***	***	Trade readjustment assistance
***	***	Training and related expenses
***	***	Job search
***	***	Relocation
***	***	Total

On July 15, 1991, a petition for trade adjustment assistance was filed on behalf of workers at Wire Rope Corp. On October 3, 1991, ETA determined that workers at Wire Rope Corp. were ineligible to apply for such assistance.

In response to a petition filed by Wire Rope Corp. on June 1, 1992, ETA determined on August 18, 1992 that Wire Rope Corp's workers separated on or after April 13, 1991 were eligible for adjustment assistance owing to "increases of imports like or directly competitive with steel wire rope produced at Wire Rope Corp. of America, Inc., Kansas City, Mo." ETA did not specify the country or countries of origin of the imports.

Financial Experience of U.S. Producers

Ten U.S. producers[48] of steel wire rope, representing virtually 100 percent of reported U.S. production in 1991, supplied financial data. *** provided profit-and-loss data on both their carbon steel and stainless steel wire rope operations. Although *** reportedly produced both carbon steel wire rope and stainless steel wire rope, ***. Sales of steel wire rope represented about two-thirds of overall establishment sales from 1989 to 1991 and during interim 1992.

After reviewing the data submitted by the producers, and in light of the fact that *** producer of steel wire rope (WRCA) was verified by Commission staff during the previous investigations, we did not conduct an on-site verification of any of the producers in these investigations. Respondents have raised questions regarding data discrepancies and SG&A costs; these concerns are addressed in a separate memorandum.

OVERALL ESTABLISHMENT OPERATIONS

Income-and-loss data on the overall establishment operations of the U.S. producers are shown in table 9. Net sales decreased marginally from 1989 to 1990, and then moderately in 1991 and in interim 1992 as compared to interim 1991. While the decrease from 1989 to 1990 can be attributed to fewer producers, the decrease in 1991 reflects reduced operations.

Although cost of goods sold decreased in absolute terms from period to period, from 1989 to 1991 it increased relative to net sales. Coupled with declining sales, this resulted in decreasing gross profits and gross profit margins. Since selling, general, and administrative (SG&A) expenses increased

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[48] Bethlehem Steel ceased wire rope operations in 1989.

Table 9
Income-and-loss experience of U.S. producers on the overall operations of their establishments wherein all steel wire rope is produced, fiscal years 1989-91, January-September 1991, and January-September 1992[1]

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Value (1,000 dollars)				
Net sales	354,506	349,000	337,075	253,653	245,437
Cost of goods sold	269,269	262,040	260,137	194,589	188,838
Gross profit	85,237	86,960	76,938	59,064	56,599
Selling, general, and administrative expenses	60,548	66,239	64,891	47,794	47,190
Operating income or (loss)	24,689	20,721	12,047	11,270	9,409
Shutdown expenses	0	272	110	84	0
Interest expense	8,979	9,111	7,740	6,377	4,681
Other income or (loss), net[2]	1,824	(4,004)	1,267	1,138	(2,516)
Net income or (loss) before income taxes	17,534	7,334	5,464	5,947	2,212
Depreciation and amortization included above[2]	8,794	9,194	9,671	7,452	7,291
Cash flow	26,328	16,528	15,135	13,399	9,503
	Ratio to net sales (percent)				
Cost of goods sold	76.0	75.1	77.2	76.7	76.9
Gross profit	24.0	24.9	22.8	23.3	23.1
Selling, general, and administrative expenses	17.1	19.0	19.3	18.8	19.2
Operating income or (loss)	7.0	5.9	3.6	4.4	3.8
Net income or (loss) before income taxes	4.9	2.1	1.6	2.3	0.9
	Number of firms reporting				
Operating losses	1	0	4	2	2
Net losses	1	2	5	4	3
Data	10	9	9	9	9

[1] Firms which did not have fiscal years ending Dec. 31 and their respective fiscal year ends were as follows: ***.
[2] ***.

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

from 1989 to 1991 and remained flat in interim 1992 as compared to interim 1991, operating income, net income, and cash flow were all down.

OVERALL STEEL WIRE ROPE OPERATIONS

Income-and-loss data on the overall (carbon and stainless) steel wire rope operations of the U.S. producers are shown in table 10. Despite a decline in the number of producers from 10 in 1989 to 9 in 1990, net sales increased slightly from $233.0 million to about $235.7 million. *** net sales (see table 11, which presents selected income-and-loss data by firm).

While the per-ton sales value (table 12) increased from $1,811 in 1989 to $1,824 in 1990, the per-ton cost of sales decreased about $32, to $1,350. Therefore, the per-ton gross profit margin increased by about $45. This in turn led to a 10-percent ($5.3 million) increase in gross profits from $55.7 million to $61.0 million. However, SG&A expenses also increased by $5.2 million (about $39 on a unit basis), as ***. Therefore, operating income remained flat at about $11.8 million.

Operating results were down in 1991. Net sales decreased 6 percent to $221.1 million, as seven of the nine producers reported decreased sales. Even though the per-ton sales value increased $43 from $1,824 to $1,867, the per-ton cost of sales increased $58 from $1,350 to $1,408. The ensuing decrease in the per-ton gross profit margin along with the decrease in sales volume resulted in a $7.1 million decrease in gross profits. Even though SG&A expenses decreased about $2 million on an absolute basis, they increased on a per-ton basis. Therefore, operating income decreased by close to one-half, and net income decreased by about 85 percent. Comparing interim 1992 to interim 1991 is virtually the same as comparing 1991 to 1990. Net sales, both value and volume, were down. Per-ton sales value was down while the cost of goods sold value was up. The resulting decrease in gross profits flowed through to operating income. SG&A expenses decreased on an absolute value, but increased on a unit basis.

Table 10
Income-and-loss experience of U.S. producers on their operations producing all steel wire rope, fiscal years 1989[1]-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Value (1,000 dollars)				
Net sales	232,961	235,735	221,062	170,252	159,438
Cost of goods sold	177,283	174,730	167,159	128,125	122,381
Gross profit	55,678	61,005	53,903	42,127	37,057
Selling, general, and administrative expenses	43,891	49,108	47,233	35,528	34,245
Operating income or (loss)	11,787	11,897	6,670	6,599	2,812
Shutdown expenses	0	0	0	0	0
Interest expense	6,564	6,537	5,193	4,533	3,002
Other income or (loss), net	1,987	(210)	(743)	(383)	(1,153)
Net income or (loss) before income taxes	7,210	5,150	734	1,683	(1,343)
Depreciation and amortization included above	6,295	6,360	6,581	5,237	4,991
Cash flow	13,505	11,510	7,315	6,920	3,648
	Ratio to net sales (percent)				
Cost of goods sold	76.1	74.1	75.6	75.3	76.8
Gross profit	23.9	25.9	24.4	24.7	23.2
Selling, general, and administrative expenses	18.8	20.8	21.4	20.9	21.5
Operating income or (loss)	5.1	5.1	3.0	3.9	1.8
Net income or (loss) before income taxes	3.1	2.2	0.3	1.0	(0.8)
	Number of firms reporting				
Operating losses	1	0	2	3	3
Net losses	3	2	4	5	4
Data	10	9	9	9	9

[1] Included in 1989 net sales is approximately *** in sales by Williamsport relating to the steel wire rope inventory it purchased from Bethlehem and subsequently sold to third parties.

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

Table 11
Income-and-loss experience of U.S. producers on their operations producing all steel wire rope, by firms, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * * *

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

Table 12
Income-and-loss experience of U.S. producers providing both quantity and value information on their operations producing all steel wire rope, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * * *

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

The following tabulation displays the cost of goods sold data contained in table 12 on a unit basis for each of its three main components:

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Per short ton				
Raw materials	$566	$551	$589	$595	$601
Direct labor	196	176	184	168	175
Other factory costs	620	623	635	630	644
Total	1,382	1,350	1,408	1,393	1,420
	Share of cost of goods sold (percent)				
Raw materials	41.0	40.8	41.8	42.7	42.3
Direct labor	14.2	13.1	13.1	12.0	12.3
Other factory costs	44.8	46.1	45.1	45.3	45.4
Total	100.0	100.0	100.0	100.0	100.0

As is evident from the tabulation, raw materials and direct labor decreased from 1989 to 1990, while factory costs remained steady. However, all three cost components increased in 1991, and in interim 1992.

Most *** from 1989 to 1991 and from interim 1991 to interim 1992, as shown in the tabulation below (in dollars per short ton):

* * * * * *

Several producers reported steel wire rope ***. The petitioners pointed out that "***."[49]

If SG&A expenses ***, as shown in the following tabulation (in thousands of dollars, except where indicated):

* * * * * *

CARBON STEEL WIRE ROPE OPERATIONS

The carbon steel wire rope operations of the U.S. producers are shown in table 13, and table 14 presents selected income-and-loss data by firm. The results are very similar to those for overall steel wire rope operations in that financial results improved somewhat in 1990 before declining in 1991, and were down when comparing interim 1992 to interim 1991. As a result of removing the high-value stainless steel product, per-ton sales values, costs, and profit levels, as presented in table 15, are lower than those for all steel wire rope (table 12).

Table 13
Income-and-loss experience of U.S. producers on their operations producing carbon steel wire rope, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * * *

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

Table 14
Income-and-loss experience of U.S. producers on their operations producing carbon steel wire rope, by firms, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * * *

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

[49]Petitioners' prehearing brief, pp. 27, 28.

Table 15
Income-and-loss experience of U.S. producers providing both quantity and value information on their operations producing carbon steel wire rope, fiscal years 1989-91, January-September 1991, and January-September 1992

* * * * * *

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

The following tabulation displays the cost of goods sold data contained in table 15 on a unit basis for each of its three main components:

* * * * * *

Raw materials and direct labor decreased in 1990 while other factory costs barely increased; all three costs increased in 1991. Raw materials remained flat in interim 1992 as compared to interim 1991, while direct labor and other factory costs increased somewhat.

As with all steel wire rope, *** from 1989 to 1991 and from interim 1991 to interim 1992, as shown in the tabulation below (in dollars per short ton):

* * * * * *

If SG&A expenses ***, as shown in the following tabulation (in thousands of dollars, except where indicated):

* * * * * *

INVESTMENT IN PRODUCTIVE FACILITIES AND RETURN ON ASSETS

Data on investment in productive facilities and return on assets are shown in table 16. Separate data for carbon and stainless steel wire rope are not available.

CAPITAL EXPENDITURES

The capital expenditures of the producers are shown in table 17. Separate data for carbon and stainless steel wire rope are not available.

RESEARCH AND DEVELOPMENT EXPENSES

The research and development expenditures of the responding producers are shown in table 18. Separate data for carbon and stainless steel wire rope are not available

Table 16
Value of assets and return on assets of U.S. producers' establishments wherein all steel wire rope is produced, fiscal years 1989-91, January-September 1991, and January-September 1992

Item	As of the end of fiscal year-- 1989	1990	1991	As of Sept. 30-- 1991	1992
	Value (1,000 dollars)				
All products:					
Fixed assets:					
Original cost	142,014	125,808	131,681	127,209	134,670
Book value	62,657	59,000	60,580	57,584	57,987
Total assets	188,374	183,299	174,455	178,769	176,108
All steel wire rope:					
Fixed assets:					
Original cost	101,913	83,305	82,479	82,976	84,842
Book value	38,818	33,917	30,945	31,624	29,592
Total assets[1]	114,470	106,840	95,941	97,904	101,866
	Return on book value of fixed assets (percent)[2]				
All products:					
Operating return	33.0	28.3	14.9	(3)	(3)
Net return	21.6	5.6	4.0	(3)	(3)
All steel wire rope:					
Operating return	17.9	21.5	10.4	(3)	(3)
Net return	7.2	1.6	(8.7)	(3)	(3)
	Return on total assets (percent)[2]				
All products:					
Operating return	11.0	9.1	5.2	(3)	(3)
Net return	7.0	1.8	1.4	(3)	(3)
All steel wire rope:					
Operating return	6.1	6.8	3.4	(3)	(3)
Net return	2.4	0.5	(2.8)	(3)	(3)

[1] Total establishment assets are apportioned, by firm, to product groups on the basis of the ratios of the respective book values of fixed assets.
[2] Computed using data from only those firms supplying both asset and income-and-loss information and, as such, may not be derivable from data presented.
[3] Not applicable, partial year data.

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

Table 17
Capital expenditures by U.S. producers of all steel wire rope, by products, fiscal years 1989-91, January-September 1991, and January-September 1992

(In thousands of dollars)

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
All products:					
Land and land improvements	34	57	29	24	15
Building and leasehold improvements	2,560	1,463	358	263	175
Machinery, equipment, and fixtures	9,070	11,121	7,129	4,548	4,862
Total	11,664	12,641	7,516	4,835	5,052
All steel wire rope:					
Land and land improvements	34	41	24	24	10
Building and leasehold improvements	728	43	201	180	99
Machinery, equipment, and fixtures	4,070	5,165	4,200	2,691	3,070
Total	4,832	5,249	4,425	2,895	3,179

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

Table 18
Research and development expenses of U.S. producers of all steel wire rope, by products, fiscal years 1989-91, January-September 1991, and January-September 1992

(In thousands of dollars)

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
All products	885	860	939	729	630
All steel wire rope	844	859	893	686	612

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 carbon steel wire rope from Korea or Mexico on their firms' growth, investment, ability to raise capital, and/or development and production efforts. Their responses are shown in appendix E.

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

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 the merchandise, the Commission shall consider, among other relevant economic factors[50]--
>
> (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),
>
> (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,

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[50] 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."

> (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 706 or 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.[51]

Items (I) and (IX) are not applicable in these investigations. 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." 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.

U.S. Importers' Inventories

U.S. importers' inventories of carbon steel wire rope from the subject countries, as reported by 20 importers who submitted useable questionnaires, are presented in table 19. U.S. importers' end-of-period inventories of carbon steel wire rope from all countries declined by 6.9 percent from 1989 to 1990, rose by 8.2 percent from 1990 to 1991, and increased by 19.5 percent from January-September 1991 to January-September 1992.

---

[51] 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 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."

Table 19
Carbon steel wire rope: U.S. importers' end-of-period inventories, by sources, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (short tons)				
Korea[1]	***	***	***	***	***
Mexico	***	***	***	***	***
Subtotal	13,456	13,059	14,516	13,717	16,860
Other sources	2,087	1,413	1,147	1,112	860
Total	15,543	14,472	15,663	14,829	17,720
	Ratio to imports (percent)				
Korea[1]	***	***	***	***	***
Mexico	***	***	***	***	***
Average	56.2	50.5	45.2	43.2	51.0
Other sources	35.2	35.7	37.3	38.6	25.7
Average	51.8	48.5	44.5	42.8	48.6

[1] Because data were not reported separately for subject and nonsubject product, these figures include inventories of nonsubject product from exporters found by Commerce to have de minimis margins.

Note.--Ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized. Also, the table includes data provided by ***, a U.S. producer and importer of steel wire rope.

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

End-of-period inventories of Korean-produced carbon steel wire rope declined by *** percent from 1989 to 1990, increased by *** percent from 1990 to 1991, and rose by *** percent from January-September 1991 to January-September 1992. Because data were not reported separately with respect to subject and nonsubject product, importers' inventories include nonsubject product from exporters found by Commerce to have de minimis margins. U.S. importers' inventories of Mexican-produced carbon steel wire rope *** from 1989 to 1990, *** in 1991, and *** percent from January-September 1991 to January-September 1992.

As a ratio to imports, inventories from all sources fluctuated between 42.8 percent and 51.8 percent. Inventories from Korea ranged from a low of *** percent of imports in January-September 1991 to a high of *** percent in 1989. Inventories from Mexico fluctuated from a *** in 1989 to *** in January-September 1992.

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

Information presented in this section was provided by counsels for the responding foreign firms. Telegrams also were sent to the U.S. embassies in the countries under investigation requesting information regarding the respective foreign industries. The U.S. embassy in Seoul responded by providing the name and address of the U.S. counsel to the Korea Iron and Steel Association, information already known by Commission staff. The U.S. embassy in Mexico City did not reply.

KOREA

The petition identified 10 manufacturers of carbon steel wire rope in Korea which petitioner believes account for virtually all carbon steel wire rope exports to the United States.[52] Five of the 10 manufacturers identified in the petition are represented by counsel in these investigations. They are Korea Iron & Steel Wire, Ltd. (KIS); Manho Rope Mfg. Co., Ltd. (Manho); Young Heung Iron & Steel Co., Ltd. (Young Heung); Chun Kee Steel & Wire Rope Co., Ltd. (Chun Kee); and Dong-Il Steel Mfg. Co., Ltd. (Dong-Il). Through U.S. counsel, the firms provided information concerning their sales and carbon steel wire rope operations in Korea.[53]

The Department of Commerce found the exports to the United States of steel wire rope from KIS and Young Heung to be fairly traded. Table 20 presents presents capacity, production, inventory, and sales information for the subject companies only.

Table 20
Subject carbon steel wire rope: Korean capacity, production, inventories, and shipments, 1989-91, January-September 1991, January-September 1992, and projected 1992-93

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992	Projected-- 1992	Projected-- 1993
*	*	*	*	*	*	*	*

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

[52] Petition, p. 26.

[53] Steel wire rope produced in Korea is not currently the subject of any antidumping findings or remedies in any GATT-member countries.

Carbon steel wire rope sales accounted for *** percent of Manho's total sales in 1991; the percentage was *** percent for Chun Kee, and *** percent for Dong-Il. The aggregate capacity utilization for the three Korean producers was consistently high in all periods for which data were collected, never falling below *** percent. Carbon steel wire rope capacity remained fairly constant from 1989 to 1991 and was projected to decrease in 1992 and 1993. Production rose by *** percent from 1989 to 1990, declined by *** percent from 1990 to 1991, and further decreased by *** percent from January-September 1991 to January-September 1992. Full-year 1992 and 1993 production volumes were projected to fall below the 1991 production output. Exports of subject product to the United States as a share of total shipments declined from *** percent in 1989 to *** percent in 1990, rose to *** percent in 1991, and then declined by *** percentage points from January-September 1991 to January-September 1992. The ratio was projected to be *** percent in 1993.

The following tabulation shows the share of production of carbon steel wire rope in 1991 of each reporting Korean producer, relative to reported total production, and the share of exports of carbon steel wire rope to the United States accounted for by each producer relative to total U.S. imports of Korean product (in percent):

	Share of production in 1991	Firm's exports to the United States as a share of official 1991 imports
KIS	***	***[1]
Young Heung	***	***[1]
Manho	***	***
Chun Kee	***	***
Dong-Il	***	***
Total	100.0	***

[1] Commerce established de minimis margins for these companies' exports to the United States and excluded them from any final order.

MEXICO

Three Mexican manufacturers of carbon steel wire rope are believed to export the product to the United States: Camesa S.A. de C.V.; Cablesa S.A. de C.V.; and Aceros Nacionales (ACNAC). Of the three, Camesa dominates carbon steel wire rope production in Mexico. Camesa estimated that its share of the Mexican market was about *** percent in 1991.[54] [55] Camesa accounted for an estimated *** or *** percent of Mexican exports of the subject product to the United States during 1991.[56] Information on Camesa's capacity, production, and shipments of steel wire rope was provided through counsel, and data are presented in table 21.[57]

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[54] Conversation with Jeffrey Winton, counsel to Camesa, Jan. 15, 1993.

[55] ***.

[56] Conversation with Jeffrey Winton, counsel to Camesa, Jan. 15, 1993.

[57] Carbon steel wire rope produced in Mexico is not currently the subject of any antidumping findings or remedies in any GATT-member country.

Table 21
Carbon steel wire rope: Camesa's capacity, production, inventories, and shipments, 1989-91, January-September 1991, January-September 1992, and projected 1992-93

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992	Projected-- 1992	Projected-- 1993
*	*	*	*	*	*	*	

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

Camesa's carbon steel wire rope capacity ***. Camesa's production of carbon steel wire rope *** from 1989 to 1991, *** from January-September 1991 to January-September 1992, and was projected to *** by *** percent from 1992 to 1993. Actual and projected capacity utilization fluctuated between *** percent in 1992 and *** percent in January-September 1991. Carbon steel wire rope accounted for an estimated *** percent of Camesa's total sales.

Camesa's exports of carbon steel wire rope to the United States *** from 1989 to 1991 and *** from January-September 1991 to January-September 1992.[58] As a share of total shipments, exports to the United States *** from *** percent in 1989 to *** percent in 1991, and *** from *** percent in January-September 1991 to *** percent in January-September 1992. Exports to the United States were expected to *** from 1992 to 1993, although their share of shipments is projected to ***. Except for its inventory levels, Camesa projected ***.

[58] Based on the importers' questionnaire response of GTR, Inc./Seaborne Trading (San Pedro, CA), one type of steel wire rope that Camesa manufactures is a very specialized wire rope that is used in the fishing industry (super tuna purse seiners). This steel wire rope is traded under its trademark name "Stewart Hi Test Purse Cable." It was jointly developed by Camesa and GTR and is marketed exclusively by GTR. Much of this wire rope exported to GTR never enters U.S. Customs statistics because the cable is subsequently exported. In 1989, GTR imported *** short tons from Mexico, of which *** short tons were exported. In 1990, GTR imported *** short tons from Mexico, of which *** short tons were exported. In 1991, GTR imported *** short tons from Mexico, of which *** short tons were exported. In January-September 1992, GTR imported *** short tons from Mexico, of which *** short tons were exported.

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

U.S. Imports

U.S. imports of carbon steel wire rope are presented in table 22.[59] The quantity and value of U.S. imports of carbon steel wire rope from all sources declined irregularly from 1989 to 1991, falling 10.2 percent by quantity and 18.5 percent by value. From January-September 1991 to January-September 1992, the quantity and value of total U.S. imports rose by 5.6 percent and 9.4 percent, respectively.

The subject imports from Korea rose irregularly from 1989 to 1991, increasing *** percent by quantity. The quantity of imports declined by *** percent during January-September 1992 compared with imports in the corresponding period of 1991. By value, imports from Korea declined irregularly by *** percent from 1989 to 1991. The value of such imports increased by *** percent in January-September 1992 compared with the corresponding period of 1991.

The quantity and value of U.S. imports from Mexico nearly doubled from 1989 to 1990, fell to above 1989 levels in 1991, and rose somewhat from January-September 1991 to January-September 1992.[60]

The unit value of total imports, as well as that of imports from Korea and Mexico, declined uninterruptedly from 1989 to 1991 and increased slightly from January-September 1991 to January-September 1992.

In terms of the type of carbon steel wire rope imported from Korea and Mexico, importers responded that they import bright steel over galvanized steel at about a two-to-one ratio.[61]

Six producers, ***, reported they had imported steel wire rope during the period under investigation. Of these, *** producers imported *subject* steel wire rope. In 1991, U.S. producers' imports of subject product amounted to *** short tons, or *** percent of the quantity of total subject imports during that year. U.S. imports by producer are shown in the

---

[59] Subject Korea data exclude (and "other sources" include) exports by KIS and Young Heung, which were found by the Department of Commerce to be fairly traded. ***.

[60] Imports of steel wire rope from Mexico were subject to collection of cash deposits or bonds from April 22, 1991 to August 1991, pursuant to preliminary and final LTFV determinations of the U.S. Department of Commerce.

[61] Only about half of the importers responding to the Commission's importers' questionnaire completed the relevant question.

Table 22
Carbon steel wire rope: U.S. imports, by sources, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	Jan.-Sept.-- 1992
	Quantity (short tons)				
Korea[1]	***	***	***	***	***
Mexico[2]	2,417	4,466	3,113	2,278	2,742
Subtotal	***	***	***	***	***
Other sources[1]	***	***	***	***	***
Total[1]	80,793	70,655	72,562	54,098	57,106
	Value (1,000 dollars)				
Korea (subject)[1]	***	***	***	***	***
Mexico[2]	2,639	4,675	2,928	2,059	2,827
Subtotal	***	***	***	***	***
Other sources[1]	***	***	***	***	***
Total	120,133	97,825	97,943	72,799	79,675
	Unit value (per short ton)				
Korea (subject)[1]	$***	$***	$***	$***	$***
Mexico[2]	1,092	1,047	941	904	1,031
Average	***	***	***	***	***
Other sources[1]	***	***	***	***	***
Average	1,487	1,385	1,350	1,346	1,395

[1] Subject Korea data exclude (and "other sources" include) exports by KIS and Young Heung, which were found by the Department of Commerce to be fairly traded. Counsel for respondents provided export quantities for these companies amounting to ***.

[2] Mexico data in 1989 include imports of 556 tons, valued at $500 thousand, which were misclassified as stainless steel wire rope in official statistics.

Note.--Because of rounding, figures may not add to the totals shown; unit values are calculated from unrounded figures.

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

following tabulation:[62] [63]

* * * * * *

Additional information on U.S. producers' imports (including non-subject) is shown in table 7 and discussed in the section entitled "U.S. Producers' Purchases."

Market Penetration of Imports

Shares of apparent U.S. consumption of carbon steel wire rope and all steel wire rope accounted for by the subject imports are presented in tables 23 and 24.

The share of both the quantity and the value of U.S. consumption of carbon steel wire rope accounted for by aggregate subject imports of carbon steel wire rope from Korea and Mexico declined from 1989 to 1990, but rose from 1990 to 1991 (table 23). Such imports accounted for between *** percent (in 1990) and *** percent (in 1991 and January-September 1991) of the quantity of apparent U.S. consumption of carbon steel wire rope. In terms of market share by value, such imports fluctuated between *** percent (in 1990) and *** percent in January-September 1992. Mexico's share of apparent U.S. consumption, in terms of quantity and value, was small relative to Korea's share.

The quantity of U.S. imports of the subject steel wire rope from Korea and Mexico as a share of apparent U.S. consumption of all steel wire rope declined by *** percentage points from 1989 to 1990, rose by *** percentage points from 1990 to 1991, then declined by *** percentage points from January-September 1991 to January-September 1992 (table 24). In terms of the share of the value of apparent U.S. consumption, those same imports from Korea and Mexico declined by *** percentage points from 1989 to 1990, then increased by *** percentage points from 1990 to 1991 and by *** percentage points from January-September 1991 to January-September 1992.

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[62] ***, which did not respond to the Commission's final questionnaire, is not included in the tabulation. However, according to data *** supplied in the preliminary investigations, the company's imports of steel wire rope during the period of investigation consist of *** short tons of steel wire rope in 1989, *** short tons in 1990, and *** short tons in 1991. All these imports were of subject Korean product.

[63] Data provided by petitioners' counsel, Feb. 26 and Mar. 1, 1993.

Table 23
Carbon steel wire rope: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (short tons)				
Producers' U.S. shipments....	116,534	116,550	108,849	83,460	77,557
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico[2].....	2,417	4,466	3,113	2,278	2,742
Subtotal.....	***	***	***	***	***
Other sources[1].....	***	***	***	***	***
Total.....	80,793	70,655	72,562	54,098	57,106
Apparent consumption...	197,327	187,205	181,411	137,558	134,663
	Value (1,000 dollars)				
Producers' U.S. shipments....	206,875	210,044	199,747	152,473	140,849
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico[2].....	2,639	4,675	2,928	2,059	2827
Subtotal.....	***	***	***	***	***
Other sources[1].....	***	***	***	***	***
Total.....	120,133	97,825	97,943	72,799	79,675
Apparent consumption...	327,008	307,869	297,690	225,272	220,524

Table continued on next page.
See footnotes at end of table.

Table 23--Continued
Carbon steel wire rope: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Share of the quantity of U.S. consumption (percent)				
Producers' U.S. shipments....	59.1	62.3	60.0	60.7	57.6
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico[2].....	1.2	2.4	1.7	1.7	2.0
Subtotal.....	***	***	***	***	***
Other sources[1].....	***	***	***	***	***
Total.....	40.9	37.7	40.0	39.3	42.4
Total.....	100.0	100.0	100.0	100.0	100.0
	Share of the value of U.S. consumption (percent)				
Producers' U.S. shipments....	63.3	68.2	67.1	67.7	63.9
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico[2].....	0.8	1.5	1.0	0.9	1.3
Subtotal.....	***	***	***	***	***
Other sources[1].....	***	***	***	***	***
Total.....	36.7	31.8	32.9	32.3	36.1
Total.....	100.0	100.0	100.0	100.0	100.0

[1] Subject Korea data exclude (and 'other sources' include) exports by KIS and Young Heung, which were found by the Department of Commerce to be fairly traded. Counsel for respondents provided export quantities amounting to ***.

[2] Mexico data in 1989 include imports of 556 tons, valued at $500 thousand, which were misclassified as stainless steel wire rope in official statistics.

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

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, except where noted.

Table 24
All steel wire rope: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Quantity (short tons)				
Producers' U.S. shipments....	117,361	117,146	109,341	83,872	77,996
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico (subject)[2].....	2,417	4,466	3,113	2,278	2,742
Subtotal.....	***	***	***	***	***
Other sources[1 3].....	***	***	***	***	***
Total.....	82,420	72,380	74,402	55,377	58,423
Apparent consumption...	199,781	189,526	183,743	139,249	136,419
	Value (1,000 dollars)				
Producers' U.S. shipments....	221,284	221,430	210,186	161,121	149,051
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico (subject)[2].....	2,639	4,675	2,928	2,059	2,827
Subtotal.....	***	***	***	***	***
Other sources[1 3].....	***	***	***	***	***
Total.....	131,188	107,713	108,412	80,055	87,602
Apparent consumption...	352,472	329,143	318,598	241,176	236,653

Table continued on next page.
See footnotes at end of table.

Table 24--Continued
All steel wire rope: U.S. producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1989-91, January-September 1991, and January-September 1992

Item	1989	1990	1991	Jan.-Sept.-- 1991	1992
	Share of the quantity of U.S. consumption (percent)				
Producers' U.S. shipments....	58.7	61.8	59.5	60.2	57.2
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico (subject)[2].....	1.2	2.4	1.7	1.6	2.0
Subtotal.....	***	***	***	***	***
Other sources[1 3].....	***	***	***	***	***
Total.....	41.3	38.2	40.5	39.8	42.8
Total.....	100.0	100.0	100.0	100.0	100.0
	Share of the value of U.S. consumption (percent)				
Producers' U.S. shipments....	62.8	67.3	66.0	66.8	63.0
U.S. imports from--					
Korea (subject)[1].....	***	***	***	***	***
Mexico (subject)[2].....	.7	1.4	.9	.9	1.2
Subtotal.....	***	***	***	***	***
Other sources[1 3].....	***	***	***	***	***
Total.....	37.2	32.7	34.0	33.2	37.0
Total.....	100.0	100.0	100.0	100.0	100.0

[1] Subject Korea data exclude (and 'other sources' include) exports by KIS and Young Heung, which were found by the Department of Commerce to be fairly traded. Counsel for respondents provided export quantities amounting to ***.

[2] Subject (i.e., nonstainless) Mexico data in 1989 include imports of 556 tons, valued at $500 thousand, which were misclassified as stainless steel wire rope in official statistics.

[3] 'Other sources' include imports of stainless steel from all sources. The 1989 data has been reduced by 392 tons, valued at $293 thousand, to remove incorrectly classified merchandise from Canada.

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, except where noted.

Prices

The price of steel wire rope depends on the grade and type of steel used,[64] the number of wires in a strand, the number of strands in the rope, the finish of the wire,[65] the kind of core used, the diameter of the completed wire rope, and the finish of the rope.[66] Stainless steel is more expensive than carbon steel; galvanized wire is more expensive than bright wire; and a steel core is more expensive than a fiber core. For any construction, the more wire and strands within the rope the higher its price.

MARKETING PRACTICES

More than half of the U.S. producers and about 40 percent of the importers responding to the Commission's questionnaires reported that they publish price lists for sales to distributors.[67] These lists serve primarily as a product guide and are used as a benchmark from which discounts are typically given to meet competition. Those producers that import steel wire rope have separate price lists for imported and domestic products.[68] ***, a U.S. producer and importer of steel wire rope, differentiates between three different grades of galvanized cables in its price list. The quality of imported cables, the lowest priced, is referred to as "good;" commercial quality is referred to as "better;" and military-specification quality, the highest priced, is referred to as "best."

Sales terms vary from company to company. Most companies offer selling terms of a 2-percent discount if paid in 10 days with the balance due in 30 days, or net 30 days. Producers' reported lead times were generally 1 to 7 days for a warehoused product and 1 to 3 months for special or out-of-stock items. Importers require 1 to 7 days in lead time for shipments from inventory and 3 to 4 months for shipments from abroad.

Steel wire rope is sold on both a spot and on a contract basis.[69] U.S. producers reported that the majority of sales to distributors are on a spot basis whereas most sales to end users are by contract. Importers of the Korean product reported that about half of their sales to both distributors

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[64] Grades (from less to more costly) include plow steel, improved plow steel, extra improved plow steel, and extra-extra improved plow steel. Types of steel consist of carbon steel and stainless steel.

[65] The finish of the wire may be bright or galvanized.

[66] Steel wire rope can be compacted through a process called swaging, or it can be coated or impregnated with plastic.

[67] Importers not publishing price lists negotiate prices based on acquisition costs and actual market conditions at the time of sale.

[68] Hearing transcript, pp. 150-152.

[69] U.S. producers' and importers' contracts are typically 1 year, but may extend for a longer period. Contract terms vary considerably, from fixed prices and specified quantities and shipment dates for the full contract period, to an agreement to supply steel wire rope at prices current at the time of shipment. The more flexible contract terms tend to result in prices that are similar to spot prices, reflecting market conditions at the time of shipment.

and end users are on a spot basis and about half are by contract. Most of the imports from Mexico were reportedly sold on a spot basis.

Contract bids are typically made for sales to government entities, the mining industry, and original equipment manufacturers. In general, a bid price is determined by one or more of the following: the price of the previous contract or bid, the cost of supplying the rope, the price levels of similar contracts, and the volume specified. Although price is a major consideration, the lowest price does not always win a contract, except for U.S. Government purchases. Factors such as perceived quality, availability, and service are also important.

Bids to supply steel wire rope for a year or less are likely to have a fixed price, whereas bids to supply steel wire rope for more than a year are likely to contain a price escalation clause. These clauses may link price increases to a predetermined percentage of increases in input costs such as steel rod and labor. Price clauses may also contain caps limiting the amount of cost increases that can be passed on to the purchaser. In some cases, there may be more than one chance to quote on a particular sales agreement. Bid specifications often include complementary products such as fittings and assemblies.

Half of the reporting U.S. producers reported making some explicit "Buy American" sales. For three of these producers, explicit "Buy American" sales were relatively small, comprising less than 5 percent of their total sales. The other two producers reported selling 11-15 percent of their steel wire rope to this restricted market.

Two producers and seven importers reported being unable to supply steel wire rope to their customers in a timely manner at the prevailing price during January 1989-September 1992.[70] The two producers reported that this was due to low inventories resulting from efforts to reduce inventory costs, from increased sales, and from inaccurate forecasting. Several importers of the Korean product reported that there were delivery problems due to labor strikes in Korea during 1991. *** also reported being unable to supply one customer in a timely manner due to long lead times ***.

Transportation and Packaging

Almost all of the U.S. producers reported that they sell steel wire rope nationwide.[71] About 40 percent of the importers reported selling on a nationwide basis.[72] U.S.-produced steel wire rope and that imported from Korea and Mexico is often sold through company-owned warehouses and leased warehouses to related and unrelated distributors and end users.

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[70] One other producer, ***, also reported supply difficulties; however, it did not have delivery problems or long lead times. *** reported that it was not able to supply the product because its prices were too high.

[71] ***.

[72] In contrast with U.S. producers, importers generally reported selling a higher proportion of their imported steel wire rope to customers located less than 500 miles from their U.S. selling locations.

Six of ten responding U.S. producers indicated that they generally sell steel wire rope on a delivered basis, and four sell on an f.o.b. plant basis. Most importers typically sell on an f.o.b. basis. Several producers and importers reported that they sell on a delivered basis for large quantities over a certain amount, ranging from 1,000 to 5,000 pounds, and on an f.o.b. basis for smaller quantities. Many of the U.S. producers and importers that sell on an f.o.b. basis arrange freight to their customers and, as a result, frequently know the delivery costs to their customers.

Producers and importers have mixed opinions as to whether transportation costs are an important factor in a customer's purchase decision. Three of ten producers and 16 of 27 importers reported that U.S. freight costs are an important sourcing consideration for purchasers. Depending on the company, reported U.S. freight charges range from 1 to 12 percent of the net f.o.b. price. Seven of the eight responding producers and 18 of 25 responding importers reported that they generally arrange the U.S. transportation to their customers; the other producer and the other 7 importers indicated that the purchaser generally arranges transportation.

Steel wire rope is usually sold on either a wood or a steel reel. Wood reels reportedly average 1 to 3 percent of the U.S. f.o.b. selling prices and steel reels can comprise 3 to 12 percent of the f.o.b. selling prices. Prices of wood reels are almost always included in the price of the steel wire rope, whereas prices of steel reels are usually shown separately. No credit is given for the return of wood reels, which are generally discarded by the purchaser, but a credit is offered for the return of steel reels. Reels of wood or steel are chosen for shipment depending on the weight of the steel wire rope being shipped. Most of the U.S. producers reported selling steel wire rope on both wood and steel reels, whereas most importers sell steel wire rope only on wood reels.

Substitute Products

In many cases substitute products are not available for steel wire rope applications. Most producers and importers agreed that there are few, if any, substitutes for steel wire rope. However, in some lifting, pulling, or tie-down applications, fiber rope, nylon webbing, chain and other metallic ropes or straps, wire mesh, and hydraulic equipment may be used instead of steel wire rope. One producer and a few importers stated that substitute products, particularly nylon and other synthetic fiber ropes and slings, have replaced steel wire rope in a few applications.

A few producers and importers indicated that there is the possibility of substitution between different types of subject steel wire rope, such as bright and galvanized, and between different constructions of steel wire rope. However, these producers and importers generally were not able to speculate on the effects of a 5 to 10 percent change in the price of any one product. Producers and importers did agree that a 5 to 10 percent fall in the price of stainless steel wire rope would not cause substitution of stainless steel wire rope for carbon steel wire rope. Stainless steel wire rope is used in much more demanding applications, such as corrosive environments, than carbon steel wire rope and it is generally priced much higher.

Quality Considerations

As discussed earlier in the report, all steel wire rope sold in the United States must meet certain specification standards according to its end use. In addition to these requirements, individual customers may also have a qualification process. For distributor/service center customers, only 1 of the 7 responding U.S. producers reported that it had to be qualified, whereas 11 of the 28 responding importers reported that they had to be qualified. For end-user customers, 6 of the 9 responding U.S. producers and 6 of the 19 responding importers had to be qualified. No U.S. producers and only one importer, ***, reported that it had failed qualification tests during the period of investigation.[73]

In response to a question in the Commission's questionnaire, the vast majority of producers and importers reported that neither quality differences nor design/feature differences between domestic and imported steel wire rope were major factors in their firm's sales of the subject product. Only 2 of 10 producers and 4 of 29 importers cited these product differences as a factor in their sales. ***, a U.S. producer, reported that some of its product line consists of patented proprietary products. ***, also a U.S. producer, reported that its products provide "greater fatigue resistance, less stretch, and longer cable life." ***, an importer of the Korean product, reported that domestic companies produce specialty ropes, whereas the imports are general purpose ropes. ***. It contends that this product is not produced domestically and that its steel wire rope is of a higher quality than that available domestically. In addition, *** stated that the domestic product is of higher quality but that this does not make up for the much lower price of imports. Finally, ***, an importer, stated that its wire rope is differentiated from other sellers' products by its *** and that this brand identity is a significant factor in its sales.

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[73] ***, an importer of the Korean product, reported that a small amount of its steel wire rope is returned; however, it is an insignificant percentage of total sales.

QUESTIONNAIRE PRICE DATA

The Commission requested U.S. producers and importers to provide quarterly price data between January 1989 and September 1992 for the following five products:

PRODUCT 1: Galvanized aircraft wire rope, 1/8-inch diameter, 7x19 classification.

PRODUCT 2: Galvanized wire rope, 1/4-inch diameter, 7x19 classification.

PRODUCT 3: Bright wire rope, 9/16-inch diameter, 6x7 classification, IPS, fiber core (FC).

PRODUCT 4: Bright wire rope, 5/8-inch diameter, 6x25 classification, RRL, EIPS, IWRC.

PRODUCT 5: Bright wire rope, 3/4-inch diameter, 6x25 classification, EIPS, IWRC.

The price data were requested on a net U.S. f.o.b. and delivered basis for each responding firm's largest sale and total quarterly sales to distributors/service centers.[74] Three U.S. producers provided price information for products 1 and 2, and six producers reported prices for products 3-5; the quantities reported for product 3, a bright wire rope known as sandline, were much larger than those reported for the other products. Between three and nine importers of the Korean product provided delivered prices in each quarter for products 1, 2, 4, and 5, while only 1 or 2 importers provided delivered prices in each quarter for product 3; the quantities reported for products 1 and 2, both galvanized wire ropes, were much larger than those reported for the other products and much larger than those reported by the domestic producers for products 1 and 2.[75] Only two importers of Mexican steel wire rope provided price data, and only for products 3-5; quantities were largest for product 3.

Price Trends

Price trends of U.S.-produced and imported steel wire rope were based on the net U.S. delivered selling prices[76] to distributors/service centers reported in producers' and importers' questionnaire responses. Quarterly weighted-average delivered prices of the specified products are shown in tables 25-29 and in figures 3-7.

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[74] In addition, producers and purchasers were requested to report separately for their "Buy American" sales or purchases. However, no firms reported prices for such sales or purchases of products 1-5.

[75] In addition, two U.S. producers provided price data for their imports of the Korean product. These prices were not included in the weighted averages presented in tables 25-29 and figures 3-7. However, including these data would not significantly alter the weighted averages presented.

[76] Selling price data that included delivery charges were reported more frequently than prices that were on an f.o.b. basis. ***.

Table 25
Weighted-average net delivered prices for sales to distributors/service centers of product 1 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-September 1992[1]

Period	United States Price Per foot	United States Quantity Hundred feet	Korea Price Per foot	Korea Quantity Hundred feet	Margin Percent
1989:					
Jan.-Mar...	***	***	$0.07	16,038	***
Apr.-June..	***	***	.07	13,967	***
July-Sept..	***	***	.08	11,356	***
Oct.-Dec...	***	***	.08	9,792	***
1990:					
Jan.-Mar...	***	***	.08	13,420	***
Apr.-June..	***	***	.07	17,274	***
July-Sept..	***	***	.07	15,840	***
Oct.-Dec...	***	***	.06	14,097	***
1991:					
Jan.-Mar...	***	***	.07	17,380	***
Apr.-June..	***	***	.06	18,116	***
July-Sept..	***	***	.07	24,517	***
Oct.-Dec...	***	***	.06	20,709	***
1992:					
Jan.-Mar...	***	***	.07	26,040	***
Apr.-June..	***	***	.07	28,760	***
July-Sept..	***	***	.06	27,162	***

[1] Prices of steel wire rope imported from Mexico were not reported for product 1.

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

Table 26
Weighted-average net delivered prices for sales to distributors/service centers of product 2 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-September 1992[1]

Period	United States Price Per foot	United States Quantity Hundred feet	Korea Price Per foot	Korea Quantity Hundred feet	Margin Percent
1989:					
Jan.-Mar...	***	***	$0.13	10,198	***
Apr.-June..	***	***	.13	10,601	***
July-Sept..	***	***	.12	10,902	***
Oct.-Dec...	***	***	.12	10,029	***
1990:					
Jan.-Mar...	***	***	.13	14,982	***
Apr.-June..	***	***	.11	21,427	***
July-Sept..	***	***	.11	16,836	***
Oct.-Dec...	***	***	.11	15,545	***
1991:					
Jan.-Mar...	***	***	.10	26,988	***
Apr.-June..	***	***	.09	25,279	***
July-Sept..	***	***	.10	25,992	***
Oct.-Dec...	***	***	.11	25,130	***
1992:					
Jan.-Mar...	***	***	.10	27,155	***
Apr.-June..	***	***	.10	27,884	***
July-Sept..	***	***	.10	29,221	***

[1] Prices of steel wire rope imported from Mexico were not reported for product 2.

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

Table 27
Weighted-average net delivered prices for sales to distributors/service centers of product 3 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-September 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1989:								
Jan.-Mar...	$0.41	17,493	***	***	***	***	***	***
Apr.-June..	.44	12,725	***	***	***	***	***	***
July-Sept..	.42	22,611	***	***	***	***	***	***
Oct.-Dec...	.40	21,234	***	***	***	***	***	***
1990:								
Jan.-Mar...	.42	20,804	***	***	***	***	***	***
Apr.-June..	.38	17,263	***	***	***	***	***	***
July-Sept..	.40	24,794	***	***	***	***	***	***
Oct.-Dec...	.41	26,788	***	***	***	***	***	***
1991:								
Jan.-Mar...	.41	17,021	***	***	***	***	***	***
Apr.-June..	.41	22,394	***	***	***	***	***	***
July-Sept..	.42	23,169	***	***	***	***	***	***
Oct.-Dec...	.41	17,477	***	***	***	***	***	***
1992:								
Jan.-Mar...	.41	13,757	***	***	***	***	***	***
Apr.-June..	.42	16,002	***	***	***	***	***	***
July-Sept..	.40	19,721	***	***	***	***	***	***

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

Table 28
Weighted-average net delivered prices for sales to distributors/service centers of product 4 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-September 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1989:								
Jan.-Mar...	$0.65	6,128	$0.53	1,973	18.8	(1)	(1)	(2)
Apr.-June..	.67	7,678	.56	1,517	16.3	(1)	(1)	(2)
July-Sept..	.67	6,150	.55	1,562	17.0	(1)	(1)	(2)
Oct.-Dec...	.67	6,417	.52	1,457	22.1	(1)	(1)	(2)
1990:								
Jan.-Mar...	.69	7,387	.50	2,147	27.2	(1)	(1)	(2)
Apr.-June..	.72	7,706	.50	2,233	30.0	(1)	(1)	(2)
July-Sept..	.70	7,396	.47	1,383	33.4	(1)	(1)	(2)
Oct.-Dec...	.64	5,757	.45	1,450	30.8	(1)	(1)	(2)
1991:								
Jan.-Mar...	.64	6,861	.48	4,973	24.4	***	***	***
Apr.-June..	.71	6,564	.50	5,433	29.5	***	***	***
July-Sept..	.66	5,830	.51	5,748	23.4	***	***	***
Oct.-Dec...	.63	4,778	.50	5,139	21.4	***	***	***
1992:								
Jan.-Mar...	.70	4,324	.51	5,130	27.4	***	***	***
Apr.-June..	.63	4,349	.50	5,105	21.0	***	***	***
July-Sept..	.62	4,590	.48	5,604	21.7	***	***	***

[1] No sales reported.
[2] Margin was not calculated.

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

Table 29
Weighted-average net delivered prices for sales to distributors/service centers of product 5 reported by U.S. producers and importers, and margins of underselling (overselling), by quarters, January 1989-September 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1989:								
Jan.-Mar...	$0.89	6,729	$0.72	2,194	19.0	(1)	(1)	(2)
Apr.-June..	.92	7,100	.73	1,622	21.1	(1)	(1)	(2)
July-Sept..	.98	8,007	.73	1,801	25.5	(1)	(1)	(2)
Oct.-Dec...	.93	6,878	.72	1,411	22.2	(1)	(1)	(2)
1990:								
Jan.-Mar...	.87	7,627	.63	2,479	27.8	(1)	(1)	(2)
Apr.-June..	.93	9,947	.71	2,695	23.0	(1)	(1)	(2)
July-Sept..	1.00	9,073	.65	1,711	34.7	***	***	***
Oct.-Dec...	.99	8,191	.64	1,400	35.0	***	***	***
1991:								
Jan.-Mar...	.95	7,112	.60	2,319	36.2	***	***	***
Apr.-June..	.96	7,542	.64	2,589	33.1	***	***	***
July-Sept..	.92	6,756	.64	2,652	30.2	***	***	***
Oct.-Dec...	.92	6,258	.66	1,752	29.0	***	***	***
1992:								
Jan.-Mar...	.89	5,964	.64	1,979	27.5	***	***	***
Apr.-June..	.91	5,543	.70	1,760	22.5	***	***	***
July-Sept..	.86	5,235	.63	2,618	26.7	***	***	***

[1] No sales reported.
[2] Margin was not calculated.

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

Figure 3
Weighted-average net delivered prices for sales to distributors/service centers of product 1 reported by U.S. producers and importers, January 1989-September 1992

* * * * * * *

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

Figure 4
Weighted-average net delivered prices for sales to distributors/service centers of product 2 reported by U.S. producers and importers, January 1989-September 1992

* * * * * * *

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

Figure 5
Weighted-average net delivered prices for sales to distributors/service centers of product 3 reported by U.S. producers and importers, January 1989-September 1992

* * * * * * *

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

Figure 6
Weighted-average net delivered prices for sales to distributors/service centers of product 4 reported by U.S. producers and importers, January 1989-September 1992

* * * * * * *

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

Figure 7
Weighted-average net delivered prices for sales to distributors/service centers of product 5 reported by U.S. producers and importers, January 1989-September 1992

* * * * * * *

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

United States

Prices of products 1-5 fluctuated, but neither increased nor decreased overall, during the period for which data were collected.[77]

Korea

Delivered prices of products 1-5 reported by importers of the Korean product generally decreased slightly over the period for which data were collected.

Mexico

One importer, ***, provided almost all of the data for prices of products 3-5 imported from Mexico.[78] No prices were reported for products 1 or 2. The prices of the three products were ***, although the price of product 5 *** between 1991 and 1992.

Price Comparisons

Quarterly price comparisons between U.S.-produced carbon steel wire rope and the products imported from Korea and Mexico were developed from net delivered prices reported in the U.S. producers' and importers' questionnaires.

Price comparisons involving steel wire rope imported from Korea were possible for each product in each quarter during January 1989-September 1992. All of the price comparisons for the five products showed the imported products to be priced less than the domestic products, with margins of underselling ranging from 6.8 percent to 69.1 percent. The margins of underselling were considerably higher for the lower priced products 1 and 2 than they were for the higher priced products 3-5.

Thirty-two quarterly price comparisons involving products 3-5 were possible between the domestic and imported Mexican steel wire rope during January 1989-September 1992. *** of the price comparisons showed the imported

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[77] Several U.S. producers offered explanations for the price fluctuations. *** said that steel wire rope prices have generally been stable during the period for which data were collected. *** reported prices, ***, appear to fluctuate because these products are normally sold on a quote/bid basis and that the prices depend on which industry and which customer is involved in a particular sale. Prices to purchasers that are discounted from list price tend to be more stable. Another reason for apparent price fluctuations offered by *** is that customers that purchase large annual volumes of steel wire rope receive a better price than other customers. However, these purchasers may or may not be the largest purchaser of a particular product in a particular quarter. Finally, ***.

[78] ***.

products to be priced less than the domestic products, by margins ranging from *** to *** percent.

PURCHASER RESPONSES

Thirty-three purchasers, almost all distributors/service centers, responded to the Commission's purchaser questionnaire. Of the 33 purchasers, 32 reported purchasing U.S.-produced steel wire rope, 27 reported purchasing Korean steel wire rope, and 12 reported purchasing Mexican steel wire rope during January 1989-September 1992.

In response to a question in the purchasers' questionnaire, the vast majority of companies reported that steel wire rope from Korea and Mexico is employed in the same range of uses as domestically produced steel wire rope.[79] In addition, 22 of 27 purchasers rated the Korean product as equal in quality to the domestic product while 5 rated it as inferior. Seven purchasers of the Mexican product rated it as equal in quality to the domestic, four rated it as inferior, and one rated it as superior.

In rating the reasons for their purchasing decisions, purchasers rated quality the highest, followed by price and availability which were rated equally important. Fifteen purchasers reported some quality disadvantages of the imported steel wire rope. The quality disadvantage mentioned most often by purchasers was that the quality of steel wire rope from Korea and Mexico was inconsistent. Specifically, some purchasers reported that Korean steel wire rope is stiffer and harder to spool and does not wear as well as domestic steel wire rope. Others reported that Korean and Mexican steel wire rope does not perform well as a running rope and is less ductile than the domestic product.

For those companies that purchased Mexican or Korean steel wire rope instead of the domestic product, price was rated as the most important reason. All of the responding purchasers reported that Korean and Mexican steel wire rope was available at a lower delivered price than U.S.-produced steel wire rope in 1991. Most responding purchasers reported that prices of Korean and Mexican steel wire rope would have had to have been 10-40 percent higher before they would have purchased U.S.-produced steel wire rope.[80]

Purchasers were requested to provide purchase price data for the five products for which data were requested from producers and importers. Purchasers were asked to provide delivered price and quantity data for their

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[79] Four firms disagreed with this statement. One reported that it does not use imports on drilling or production rigs. Another firm said that the Korean product is generally used to produce different types of slings than the domestic product. A third stated that the one specification of import rope it uses is not available domestically. The other firm reported that "imports are generally sold for those applications that do not require a high level or guarantee of performance."

[80] One purchaser reported that prices of the Korean product would have had to have been 45-65 percent higher before it would have bought the domestic product.

largest purchases of the five products during each quarter of January 1990-September 1992. Twenty-two purchasers supplied price data, which are presented in tables 30-34. Prices of the Korean products reported by purchasers were lower than prices of the domestic products in all 55 possible comparisons.[81] Imports from Mexico were priced lower than the domestic products in *** 29 possible comparisons; the quantities reported for the Mexican product were largest in product 3.

[81] As in the case of the producer/importer price comparisons, the quantities of the galvanized Korean products 1 and 2 were greater than those of the domestic product; however, in the purchaser data, product *** had the largest overall quantities of Korean product.

Table 30
Weighted-average net delivered purchase prices of product 1 reported by purchasers, and margins of underselling (overselling), by quarters, January 1990-September 1992[1]

Period	United States		Korea		
	Price	Quantity	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent
1990:					
Jan.-Mar...	$0.13	929	$0.10	1,480	17.2
Apr.-June..	.11	523	.08	1,805	28.4
July-Sept..	.13	415	.09	1,000	28.7
Oct.-Dec...	.09	337	.09	1,205	3.5
1991:					
Jan.-Mar...	.11	667	.11	1,139	0.5
Apr.-June..	.13	328	.08	1,129	37.5
July-Sept..	.13	289	.09	1,256	34.6
Oct.-Dec...	.13	286	.08	1,124	35.3
1992:					
Jan.-Mar...	.09	176	.06	1,487	30.6
Apr.-June..	.10	491	.07	1,001	30.3
July-Sept..	.09	722	.08	770	19.6

[1] Prices of steel wire rope imported from Mexico were not reported for product 1.

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

Table 31
Weighted-average net delivered purchase prices of product 2 reported by purchasers, and margins of underselling (overselling), by quarters, January 1990-September 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1990:								
Jan.-Mar...	***	***	$0.11	1,635	***	(1)	(1)	(2)
Apr.-June..	***	***	.12	550	***	(1)	(1)	(2)
July-Sept..	***	***	.11	850	***	***	***	***
Oct.-Dec...	***	***	.11	500	***	(1)	(1)	(2)
1991:								
Jan.-Mar...	***	***	.10	1,180	***	(1)	(1)	(2)
Apr.-June..	***	***	.10	280	***	(1)	(1)	(2)
July-Sept..	***	***	.11	700	***	(1)	(1)	(2)
Oct.-Dec...	***	***	.08	3,950	***	(1)	(1)	(2)
1992:								
Jan.-Mar...	***	***	.10	800	***	(1)	(1)	(2)
Apr.-June..	***	***	.10	1,200	***	(1)	(1)	(2)
July-Sept..	***	***	.10	650	***	(1)	(1)	(2)

[1] No sales reported.
[2] Margin was not calculated.

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

Table 32
Weighted-average net delivered purchase prices of product 3 reported by purchasers, and margins of underselling (overselling), by quarters, January 1990-September 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1990:								
Jan.-Mar...	$0.40	15,275	***	***	***	***	***	***
Apr.-June..	.38	12,894	***	***	***	***	***	***
July-Sept..	.41	11,609	***	***	***	***	***	***
Oct.-Dec...	.40	15,379	***	***	***	***	***	***
1991:								
Jan.-Mar...	.40	16,415	***	***	***	***	***	***
Apr.-June..	.40	15,337	***	***	***	***	***	***
July-Sept..	.40	16,153	***	***	***	***	***	***
Oct.-Dec...	.41	11,558	***	***	***	***	***	***
1992:								
Jan.-Mar...	.42	13,882	***	***	***	***	***	***
Apr.-June..	.39	13,465	***	***	***	***	***	***
July-Sept..	.40	14,888	***	***	***	***	***	***

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

Table 33
Weighted-average net delivered purchase prices of product 4 reported by purchasers, and margins of underselling (overselling), by quarters, January 1990-September 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1990:								
Jan.-Mar...	$0.72	1,080	$0.52	263	27.2	***	***	***
Apr.-June..	.61	1,037	.52	600	15.0	***	***	***
July-Sept..	.74	720	.55	202	25.0	***	***	***
Oct.-Dec...	.76	853	.44	993	41.9	***	***	***
1991:								
Jan.-Mar...	.68	1,044	.53	289	22.6	***	***	***
Apr.-June..	.78	1,645	.49	626	36.5	***	***	***
July-Sept..	.73	918	.49	342	32.8	***	***	***
Oct.-Dec...	.74	1,266	.52	314	29.5	(1)	(1)	(2)
1992:								
Jan.-Mar...	.77	1,360	.44	1,367	43.2	(1)	(1)	(2)
Apr.-June..	.74	946	.52	359	30.1	***	***	***
July-Sept..	.72	927	.49	311	31.8	(1)	(1)	(2)

[1] No sales reported.
[2] Margin was not calculated.

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

Table 34
Weighted-average net delivered purchase prices of product 5 reported by purchasers, and margins of underselling (overselling), by quarters, January 1990-September 1992

Period	United States		Korea			Mexico		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per foot	Hundred feet	Per foot	Hundred feet	Percent	Per foot	Hundred feet	Percent
1990:								
Jan.-Mar...	$0.96	1,210	$0.72	900	25.0	***	***	***
Apr.-June..	.90	1,796	.67	721	25.7	***	***	***
July-Sept..	.98	1,419	.63	987	36.0	***	***	***
Oct.-Dec...	.99	1,012	.60	1,792	39.3	***	***	***
1991:								
Jan.-Mar...	.90	1,267	.71	560	21.7	***	***	***
Apr.-June..	.94	780	.64	961	31.7	(1)	(1)	(2)
July-Sept..	.95	899	.72	785	24.3	***	***	***
Oct.-Dec...	.95	861	.69	712	27.6	***	***	***
1992:								
Jan.-Mar...	.95	892	.63	979	33.4	(1)	(1)	(2)
Apr.-June..	.92	933	.70	703	23.9	***	***	***
July-Sept..	.95	1,028	.75	537	21.5	***	***	***

[1] No sales reported.
[2] Margin was not calculated.

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

Lost Sales and Lost Revenues

Five U.S. steel wire rope producers reported 79 lost sales allegations involving competition from steel wire rope imported from Korea and Mexico.[82] [83] The lost sales allegations totaled $1.9 million or 1.5 million feet of steel wire rope. Three of these producers also reported 16 lost revenues allegations due to steel wire rope imported from Korea and Mexico.[84] The lost revenues allegations totaled $188,834 for 486,000 feet of steel wire rope. The value and quantity of alleged lost sales and lost revenues for each country are shown in the following tabulation:[85]

	Value	Quantity (1,000 ft.)
Lost sales:		
Korea.....	$741,814	1,123
Mexico.....	1,144,685	424
Lost revenues:		
Korea.....	***	***
Mexico.....	***	***

Staff spoke with 8 of the 27 purchasers named in lost sales and lost revenues allegations. The results of these conversations are reported below.

*** named *** in an alleged lost sale totaling ***. *** acknowledged that *** had purchased Mexican steel wire rope in *** instead of the domestic product due to a lower price and he said that the information given by *** was correct. *** said that approximately *** percent of *** purchases are U.S.-produced steel wire rope and *** percent are imported. He said that the ratio of import to domestic purchases at *** has remained the same or possibly has decreased slightly since 1989. *** stated that there were some quality problems with imported steel wire rope from Korea but that there had not been any quality problems with the Mexican products. He said the imported products are mainly the smaller size diameters that do compete with the domestic products of these sizes. Approximately *** percent of *** customers specify U.S.-produced steel wire rope.

*** also named *** in an allegation that *** purchased *** steel wire rope from Korea instead of the domestic product due to a lower price. *** reported that it was not given the opportunity to quote on this business and did not know the quantities of each of the products. *** said that *** had increased its purchases of Korean products but that this was due to ***. ***

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[82] One firm, ***, did not actually quote prices to six of the nine customers cited in its lost sales allegations. Therefore, it indicated what its prices would have been.

[83] Three other U.S. producers of steel wire rope, ***, indicated in their questionnaires that they also had lost sales to the subject imported products, but did not provide details.

[84] Two other U.S. steel wire rope producers, ***, indicated in their questionnaires that they also had to reduce prices to compete with the subject imported products, but did not provide any details.

[85] ***.

also said that some of the imported galvanized steel wire rope products that it purchases are not produced domestically.

*** said that *** are purchased strictly on the basis of price and that *** had purchased these two types of steel wire rope from importers of the Korean product. He also said that *** will not sell imported steel wire rope as a working rope in such applications as overhead lifting, crane ropes, and wire rope slings due to liability considerations.

*** was named *** in a lost sale allegation involving *** feet of *** steel wire rope. ***.

*** said that *** had begun purchasing steel wire rope imported from Korea about one-and-a-half years ago because it is approximately half the price of U.S.-produced steel wire rope. ***. However, *** has had quality problems with Korean steel wire rope and therefore it has stopped purchasing the Korean product. ***.

*** had experienced quality problems with steel wire rope manufactured by ***, a domestic producer, about five years ago and so discontinued its purchases from this manufacturer. ***.

*** alleged losing sales of *** due to lower priced Mexican imports purchased by ***. *** reported that prices of the Mexican imports were *** and *** per hundred feet while its prices would have been ***. ***. Despite the price differences, U.S.-produced *** comprised over *** percent of *** purchases of this product during the period for which data were collected, while approximately *** percent was imported from Korea, and approximately *** percent was imported from Mexico.

Staff spoke with ***. *** said that many end users prefer U.S.-produced steel wire rope because of past quality problems with imported steel wire rope. However, due to the downturn in the oil industry, more of *** customers are purchasing imported sandline to cut costs. *** reported that during the period for which data were collected, prices of the Korean product would have to have been 30 percent higher and prices of the Mexican product would have to have been 35 percent higher before *** would have switched from buying the imported products to buying the domestic products.

*** in allegations of lost sales due to imports from Mexico ***.[86] ***. *** of *** was not able to comment on the specific allegations. However, he said that his firm's purchases of imported steel wire rope have increased over the past 3-5 years and that the Mexican product had been purchased instead of the domestic product due to price. *** added that *** has had no quality problems with either imported or domestic steel wire rope and that, in fact, the galvanized steel wire rope from Korea was of higher quality than the domestic product.

*** was named in several lost sales allegations by ***, which alleged a loss of ***. *** said that the prices alleged by *** for the Korean steel wire rope were ***. *** stated that he had asked *** to reduce its price in

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[86] ***.

order to compete with the Korean products but that the domestic price was "not even close" to the import price. Therefore, *** purchased the imports from Korea.

He further stated that there were no differences in quality between the imports and domestic products. However, for one type of steel wire rope, *** sells only U.S.-produced steel wire rope. This is due to the insurance liability on *** since *** believes that there is a much better chance of collecting from the domestic manufacturers if there is a cable failure.

*** alleged losing a sale of an unknown amount of *** priced at *** per hundred feet to Korean *** priced at ***. Staff contacted the purchaser named in the allegation, ***. *** reported that ***. *** said that the domestic product is perceived to be of much higher quality than the Korean product. End users that are concerned about liability, such as those that use the rope for lifting purposes, generally purchase the domestic product.

Two domestic producers named *** in several lost sales. *** alleged losing a sale in *** quoted at *** per hundred feet due to Mexican imports priced at *** per hundred feet. *** reported that ***. The prices of the Mexican products were reportedly *** per hundred feet whereas *** prices were ***. *** said that in 1991, U.S.-produced *** was priced *** percent higher than Mexican *** and that *** purchased the Mexican product mainly because of the lower price. In addition, he said that his customers reported that the quality of Mexican *** was higher than that of the domestic product, which is made from ***. In 1992, *** began purchasing domestic ***.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the currencies of the two countries subject to these investigations depreciated in relation to the U.S. dollar over the period from January-March 1989 through July-September 1992 (table 35).[87] The nominal values of the Korean and Mexican currencies depreciated by 14 and 25 percent, respectively. When adjusted for movements in producer price indexes in the United States and the specified countries, the real value of the Korean currency depreciated by 7.1 percent while the Mexican currency appreciated by 25.8 percent during the periods for which data were collected.

[87] International Financial Statistics, December 1992.

Table 35
Exchange rates:[1] Indexes of nominal and real exchange rates of selected currencies, and indexes of producer prices in those countries,[2] by quarters, January 1989-September 1992

Period	U.S. producer price index	Korea			Mexico		
		Producer price index	Nominal exchange rate index	Real exchange rate index[3]	Producer price index	Nominal exchange rate index	Real exchange rate index[3]
1989:							
Jan.-Mar.	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June	101.8	100.8	101.6	100.6	103.3	96.2	97.7
July-Sept.	101.4	100.7	101.3	100.6	105.7	92.7	96.6
Oct.-Dec.	101.8	101.2	100.7	100.1	109.7	89.4	96.4
1990:							
Jan.-Mar.	103.3	101.8	98.1	96.7	117.9	86.4	98.6
Apr.-June	103.1	104.0	95.4	96.3	125.7	83.6	102.0
July-Sept.	104.9	105.5	94.7	95.2	132.9	81.4	103.1
Oct.-Dec.	108.1	108.2	94.7	94.8	139.9	79.5	102.9
1991:							
Jan.-Mar.	105.9	109.8	93.9	97.3	147.8	78.4	109.5
Apr.-June	104.8	110.0	93.4	98.0	153.5	77.4	113.4
July-Sept.	104.7	110.6	92.4	97.7	158.0	76.5	115.4
Oct.-Dec.	104.8	111.5	89.9	95.7	163.2	75.8	117.9
1992:							
Jan.-Mar.	104.6	112.5	88.4	95.1	170.4	75.8	123.6
Apr.-June	105.6	113.7	86.5	93.1	174.8	75.1	124.2
July-Sept.	106.1	114.5	86.0	92.9	177.9[4]	75.0	125.8[4]

[1] Exchange rates expressed in U.S. dollars per unit of foreign currency.
[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 the specified countries.
[4] Derived from Mexican price data reported for July-August only.

Note.--January-March 1989 = 100. The real exchange rates, calculated from precise figures, cannot in all instances be derived accurately from previously rounded nominal exchange rate and price indexes.

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

APPENDIX A

FEDERAL REGISTER NOTICES

[Investigations Nos. 731-TA-546 and 547 (Final)]

Steel Wire Rope From the Republic of Korea and Mexico

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of final antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731-TA-546 and 547 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from the Republic of Korea and Mexico of steel wire rope,[2] provided for in subheading 7312.10.90 of the Harmonized Tariff Schedule of the United States.

For further information concerning the conduct of these investigations, hearing procedures, 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 C (19 CFR part 207).

EFFECTIVE DATE: September 28, 1992.

FOR FURTHER INFORMATION CONTACT: Janine Wedel (202-205-3178), 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

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of steel wire rope from the Republic of Korea and Mexico are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on April 9, 1992, on behalf of the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers.

Participation in the Investigations and Public Service List

Persons wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, not later than twenty-one (21) 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 these investigations 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 these final investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than twenty-one (21) 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.

Staff Report

The prehearing staff report in these investigations will be placed in the nonpublic record on January 22, 1993, and a public version will be issued thereafter, pursuant to § 207.21 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on February 19, 1993, at the U.S. International Trade

[2] The imported products covered by these investigations encompass ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Imports of these products are covered by statistical reporting numbers 7312.10.9030, 7312.10.9060, and 7312.10.9090 of the Harmonized Tariff Schedule of the United States (HTS). Excluded from the imports covered by these investigations is stainless steel wire rope, i.e., ropes, cables, and cordage other than strandard wire, of stainless steel, not fitted with fittings or made up into articles, provided for in HTS subheading 7312.10.60. Although HTS subheadings and statistical reporting numbers are provided for convenience and customs purposes, the written description of the imported products covered by these investigations is dispositive.

Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before February 12, 1993. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on February 17, 1993, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rules.

Written Submissions

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.22 of the Commission's rules; the deadline for filing is February 16, 1993. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.24 of the Commission's rules. The deadline for filing posthearing briefs is February 24, 1993; witness testimony must be filed no later than three (3) days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before February 24, 1993. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also 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 investigations must be served on all other parties to the investigations (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: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules.

By order of the Commission.

Issued: November 12, 1992.

Paul R. Bardos,

Acting Secretary.

[FR Doc. 92-27938 Filed 11-17-92; 8:45 am]

BILLING CODE 7020-02-M

[A-201-806]

Final Determination of Sales at Less Than Fair Value: Steel Wire Rope From Mexico

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

ACTION: Final determination.

EFFECTIVE DATE: February 8, 1993.

FOR FURTHER INFORMATION CONTACT: Will Sjoberg or Robin Gray, Office of Agreements Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, Washington, DC 20230; telephone (202) 482-3793.

Final Determination of Sales at Less Than Fair Value

We determine that steel wire rope from Mexico is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

The Department made a preliminary determination in this investigation on September 22, 1992 (57 FR 43704). On September 24, 1992, the respondent, Grupo Industrial Camesa, S.A. de C.V. ("Camesa"), requested that the Department disclose the calculations and methodology used in its preliminary determination. However, since the Department used best information available ("BIA") as the basis for its preliminary determination, there were no calculations or methodology to disclose. On October 1, 1992, the petitioner, The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers, requested to participate in any public hearing that may be requested by the respondent. No public hearing was requested by respondent.

On October 2, 1992 the respondent requested a postponement of the final determination 60 days from November 30, 1992, until January 29, 1993. In its letter of October 6, 1992, the petitioner objected to the respondent's request for a postponement. On October 15, 1992, the respondent filed a letter defending its request for an extension. The Department saw no compelling reason to deny the respondent's request, and postponed the final determination until January 29, 1993 (57 FR 49455).

On November 10, 1992, the respondent and petitioner submitted case briefs. Petitioner filed a rebuttal brief on November 16, 1992.

Scope of Investigation

This investigation covers imports of steel wire rope from Mexico. Steel wire rope encompasses ropes, cables, and cordage of iron or carbon steel other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Excluded from these investigations is stainless steel wire rope, i.e., ropes, cables and cordage other than stranded wire, of stainless steel, not fitted with fittings or made up into articles, which is classifiable under Harmonized Tariff Schedule ("HTS") subheading 7312.10.6000.

Imports of these products are currently classifiable under the following HTS subheadings: 7312.10.9030, 7312.10.9060 and 7312.10.9090. Although the HTS subheadings are provided for convenience and Customs purposes, our written description of the scope of these proceedings remains dispositive.

Period of Investigation

This investigation covers sales of the subject merchandise by Camesa during the period from November 1, 1991 through April 30, 1992.

Best Information Available

For our preliminary determination, we used BIA for Camesa as required by section 776(c) of the Act, because respondent failed to meet the deadline for responding to sections B and C of the Department's questionnaire.

Section 353.37(b) of the Department's regulations (19 CFR 357.37(b) (1992)) provides that the Department may take into account whether a party fails to provide requested information, or otherwise significantly impedes the Department's investigation in determining what is BIA. As BIA, we used petitioner's information as described below.

Verification

No verification took place because the respondent failed to adequately respond to the Department's questionnaire.

Interested Party Comments

Comment 1

The respondent, Camesa, objects to the Department's strict adherence to filing deadlines which ultimately culminated in the Department's use of BIA to calculate the preliminary antidumping margin. Camesa admits error in not filing their questionnaire response but states that the basis for the error was "an oversight by Camesa's counsel."

Camesa supports its argument by citing the parallel investigation of steel wire rope from Korea (Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination; Steel Wire Rope From Korea ("the Korean case"), 57 FR 45035 (September 3, 1992)). Camesa alleges that in the Korean case, the Department both accepted petitioner's sales at below cost ("COP") allegation subsequent to the Department's deadline and granted a retroactive extension for filing the COP allegation. Camesa states the Department should remedy its allegedly inconsistent actions.

The petitioner agrees with the Department's use of BIA due to the respondent's failure to submit a timely questionnaire response.

Department's Position

Deadlines for responses to the Department's questionnaires are set in accordance with § 353.31(b)(2) of the Department's regulations, which authorizes the Department to "specify the time limit for response." Section 353.31(b) further provides that "ordinarily the [Department] will not extend the time limit stated in the questionnaire or request for other factual information. *Before the time limit expires*, the recipient of the [Department's] request may request an extension (emphasis added)." In the present case, respondent failed to request a timely extension for responding to sections B and C of the Department's questionnaire. Only after

the deadline had passed did Camesa request an extension of the questionnaire deadline. Thus, the Department correctly denied this request as untimely.

Unlike the situation presented in this investigation, the petitioner in the parallel Korean case did not miss the relevant deadline. Given the Department's postponement of the preliminary determination in accordance with § 353.15(c), the petitioner's COP allegation was filed no later than 45 days before the scheduled date for the preliminary determination, the deadline set forth in § 353.312(c)(1)(i) of the Department's regulations. Thus, the Department's acceptance of the COP allegation did not constitute a "retroactive extension" as alleged by the respondent.

Comment 2

Camesa argues that it did cooperate with the Department during the investigation and therefore, the preliminary margin, based on the highest margin included in the petition, was erroneous. Camesa supports its argument by citing the facts surrounding the Department's refusal to extend the deadline for filing sections B and C of the questionnaire response. Camesa states that it submitted an "extensive and complete response to section A of the questionnaire that totalled well over 300 pages." Furthermore, Camesa states that it did attempt to obtain an extension of the deadline for submitting the response to sections B and C. Camesa cites the Department's refusal to extend that deadline as the reason why Camesa did not submit the response. According to Camesa, given that fact, the Department cannot characterize this as a case "in which the respondent has willfully refused to respond to the Department's questionnaire." Consequently, Camesa should be characterized as a cooperative respondent.

The petitioner agrees with the Department's selection of the highest rate alleged in the petition as the basis for BIA in this situation. In support of its position, the petitioner states that both the statute and the regulations warrant the use of BIA when a party does not respond to the Department's request for factual information in a timely manner (citing 19 U.S.C. 1677e(c); 19 CFR 353.37(a)). As for what constitutes BIA in a particular situation, the petitioner cites § 353.37(b) of the Department's regulations which provides "[i]f an interested party refuses to provide factual information requested by the Secretary or otherwise impedes the proceeding, the Secretary may take that into account in determining what is best information available."

Petitioner argues that the actions taken in the preliminary determination are consistent with the Department's own administrative practice. They cite Sodium Thiosulfate from the Federal Republic of Germany and the United Kingdom, Final Determinations of Sales at Less Than Fair Value, 55 FR 51749 (December 17, 1990), wherein the Department used the highest margin alleged in the petition as the basis of BIA despite the fact that respondent's failure to "respond was a result of its 'modest level of involvement in the U.S. market, not because it attempted to impede the Department's investigation.'" Petitioner further alleges that selecting the highest rate alleged in the petition is consistent with Department practice even though respondent provided "some" information (citing Steel Wire Rope from Mexico, Final Determination of Sales at Less Than Fair Value, 56 FR 31098 (July 9, 1991)).

The petitioner states that not only are the Department's actions consistent with prior administrative practice but judicial precedent as well. They cite *Rhone Poulenc, Inc.* v. *United States*, 899 F.2d 1185 (Fed. Cir. 1990), wherein the Court of Appeals for the Federal Circuit affirmed the Department's "selection of the highest margin available where timely and sufficient responses are not submitted." The petitioner also cites *Allied-Signal Aerospace Co.* v. *United States* ("*Allied-Signal*"), 16 CIT _____, Slip Op. 92-157 (September 17, 1992), where the Court of International Trade ("CIT") upheld the Department's decision to select the highest margin among other companies' rates from the prior investigation as BIA, rather than the highest margin for other companies involved in the subject review.

Department's Position

The Department disagrees with the respondent. We determine that using the highest margin contained in the petition as BIA is consistent with the Act, the Department's regulations, and the administrative and judicial precedent, noted above. In determining what rate to use as BIA, the Department follows a two-tiered methodology, whereby the Department may assign lower rates for those respondents who cooperated in an investigation and rates based on more adverse assumptions for those respondents who did not cooperate in an investigation. See Final Determination of Sales at Less Than Fair Value: Certain Welded Stainless Steel Pipes From Taiwan, 57 FR 53705, 53708 (November 12, 1992).

Camesa's complete failure to reply to sections B and C of the Department's questionnaire has been determined by the Department to constitute uncooperative behavior. Camesa's response to section A, in no way, gave the Department any basis to estimate the actual dumping margins during the POI. Therefore, in accordance with Department practice, we are applying the higher of (1) the highest margin alleged in the petition, or (2) the highest calculated rate of any respondent in the investigation. See Final Determination of Sales at Less Than Fair Value: Certain Welded Stainless Steel Pipes From Taiwan, 57 FR 53705, 53708 (November 12, 1992). Because Camesa was the only respondent in the investigation, we are applying the highest margin alleged in the petition, as adjusted (see Department Position to Comment 3).

Comment 3

Camesa argues that there is no evidence in the petition to support the highest dumping margin alleged by the petitioner, and cites the previous investigation, decided a year and a half ago, in which the Department assigned a dumping margin of only 52.46 percent. Noting the disparity between the margin alleged in the current petition (133.83 percent) and the margin alleged a year and a half ago on the same product, Camesa states the dumping allegations found in the current petition are "seriously flawed."

Camesa questions whether the petition correctly deducted a distributor mark-up from Camesa's alleged U.S. prices, "even though the petition clearly indicates that the alleged U.S. prices represented prices that *Camesa* received from its unrelated distributor customers, not the prices received by a Camesa distributor from its customers." (emphasis in the original).

Camesa argues that the petition both overstates the U.S. credit expense by applying a Mexican peso interest rate to the difference between the credit terms on U.S. and home market sales and by using an "improper" Mexican peso rate to calculate the U.S. credit expense. Camesa states that this methodology is erroneous due to "the fact that higher prices result in a higher credit expense" and if Camesa was actually dumping, "the credit expense on home-market sales would be higher than the credit expense on U.S. sales (for an equivalent credit period)." Camesa states that because its U.S. prices were denominated in U.S. dollars, the U.S. credit expense should have been calculated using a U.S. dollar interest

rate ("which was significantly lower than the Mexican peso interest rate").

Finally, Camesa argues that the calculation found in petition "seriously understates Camesa's home-market discounts." Camesa alleges that the petition is inconsistent by both "ignoring a number of additional discounts offered by Camesa on home-market sales" (documented in section A of its questionnaire response) and in calculating the alleged margin using a discount rate of 28.5 percent when, "according to the petition, most of Camesa's home-market distributors receive discounts of 37 percent."

The petitioner submits that its allegations were based on both "affidavits from industry participants and a comprehensive report from an outside consultant." Petitioner states that, "[n]otwithstanding these facts," the Court of International Trade has determined that, "the information that Commerce ultimately selects as the best information available is 'not necessarily accurate information, it is information which becomes usable because a respondent has failed to provide accurate information.'" (*Allied-Signal*, Slip Op. at 6, *citing Association Columbiana de Exportadores de Flores* v. *United States*, 13 CIT 13, 28, 704 F. Supp. 1114, 1126 (1989), *appeal after remand*, 13 CIT 526, 717 F. Supp. 834 (1989), *aff'd*, 901 F.2d 1089 (Fed. Cir. 1990), *cert. denied sub nom. Floramerica, S.A.* v. *United States*, 111 S.Ct. 136 (1990).

Department's Position

We agree, in part, with Camesa. Because Camesa is prohibited by law from commenting on the methodology in the petition prior to initiation (see: 19 CFR 353.12(i) and *Roses, Inc.* v. *United States*, 706 F.2d 1563 (Fed. Cir. 1983), we believe that it is appropriate for the Department to give Camesa a limited opportunity to comment on that methodology, even where it is receiving a margin based entirely on BIA. In this situation, however, Camesa's rights are strictly limited to those comments that it can support without submitting any information on its costs or prices for the record. To allow Camesa selectively to submit such information where it has not submitted an adequate questionnaire response would permit Camesa to manipulate the outcome of the investigation. This would defeat the purpose of the BIA rule, which is to permit the calculation of accurate dumping margins by providing respondents with an incentive to cooperate fully in dumping and countervailing duty proceedings. See: *Rhone Poulenc* v. *United States*, 899 F.2d 1185 (Fed. Cir. 1990). Thus, Camesa is restricted to identifying clerical and methodological errors in the petition on the basis of public information. It may not submit factual information from its records to rebut the facts represented in the petition.

The Department agrees with Camesa in that petitioner incorrectly deducted distributor mark-up Camesa's alleged U.S. prices. The petitioner used Camesa's price to distributors as its basis for U.S. price. Therefore, no deduction for distributor mark-up is necessary. The Department has adjusted its analysis accordingly.

The Department's practice in analyzing credit expenses is to make a circumstance of sale adjustment for a *bona fide* difference in credit expenses incurred in the United States and home market. Notwithstanding the fact that petitioner alleged that such a difference existed, petitioner incorrectly limited its adjustment to FMV and did not provide the requisite information for U.S. credit. Therefore, the Department has disallowed any credit adjustment.

The Department disagrees with Camesa's contention that the petition understates its home market discounts in that the discount rate of 28.5 percent is an average of the rates presented. However, the Department is unable to confirm Camesa's allegation that the petition states, "most of Camesa's home market distributors receive discounts of 37 percent." Thus, no changes in the petitioner's methodology needed to be made.

As for the petitioner "ignoring" discounts offered by Camesa on its home market sales (documented in section A), the Department realizes that a petitioner must use information reasonably available at the time that the petition is submitted. At the time that the original petition was filed, section A of Camesa's questionnaire response was not on the record. Finally, Camesa cannot now rely on selectively reported data with respect to this issue. Therefore, the Department will not further adjust for discounts described in section A of the questionnaire response.

Continuation of Suspension of Liquidation

In accordance with section 733(d)(1) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of steel wire rope from Mexico, as defined in the "Scope of Investigation" section of this notice, that are entered or withdrawn from warehouse for consumption on or after September 22, 1992, the date of publication of our preliminary determination in the **Federal Register**. The U.S. Customs Service shall continue to require a cash deposit or bond equal to the estimated dumping margin as shown below. The suspension of liquidation will remain in effect until further notice. The average dumping margins are as follows:

Manufacturer/producer/exporter	Margin (percent)
Camesa, S.A. de C.V	111.66
All others	111.66

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. In addition, we are making available to the ITC all nonprivileged and nonproprietary information relating to this investigation. We will allow the ITC access to all privileged and business proprietary information in our files, provided the ITC confirms in writing that it will not disclose such information, either publicly or under administrative protective order, without the written consent of the Deputy Assistant Secretary for Compliance, Import Administration.

Within 45 days from publication of this final notice, the ITC will determine whether these imports are materially injuring or threatening material injury to the U.S. industry. If the ITC determines that material injury, or threat of material injury does not exist, the proceeding will be terminated and all securities posted as a result of the suspension of liquidation will be refunded or canceled. However, if the ITC determines that material injury does exist, the Department will issue an antidumping duty order directing Customs officials to assess antidumping duties on steel wire rope from Mexico, on or after the effective date of the suspension of liquidation, equal to the amount by which the foreign market value exceeds the U.S. price.

Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order ("APO") of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.35(d). Failure to comply is a violation of the APO. This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)) and 19 CFR 353.20.

Dated: January 29, 1993.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-2838 Filed 2-5-93; 8:45 am]

BILLING CODE 3510-DS-M

[A-580-811]

Final Determination of Sales at Less Than Fair Value; Steel Wire Rope From Korea

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

ACTION: Final determination.

EFFECTIVE DATE: February 23, 1993.

FOR FURTHER INFORMATION CONTACT: Amy Beargie, Anna Snider or Richard

Rimlinger, Office of Antidumping Compliance, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4733.

Final Determination

We determine that steel wire rope from Korea is being, or is likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the publication of our affirmative preliminary determination and postponement of the final determination on September 30, 1992 (57 FR 45035), the following events have occurred.

On October 8 and October 9, 1992, the respondents, Korea Iron & Steel Wire, Ltd. (KIS), Man Ho Rope Mfg. Co., Ltd. (Man Ho) and Young Heung Iron and Steel Co., Ltd. (YHC), submitted responses to the cost of production (COP) and constructed value (CV) portion of our questionnaire. We issued supplemental questionnaires covering respondents' October 8 and 9 submissions on November 4, 1992. We received responses to these supplemental questionnaires on December 1, 1992.

We conducted verification of the sales and cost questionnaire responses for all respondents between November 9 and December 18, 1992. Respondents submitted corrections of clerical errors to their sales and cost responses on November 10, November 25, December 8, and December 16, 1992. On November 20, 1992, YHC submitted updated duty drawback information for a small number of sales which we had requested at verification.

On October 13, 1992, petitioner requested a public hearing and respondents indicated their interest in participating in the hearing. On December 2, 1992, we notified interested parties that we were revising the case brief and hearing schedule set forth in the notice of the preliminary determination. We extended the deadlines for case briefs from December 4, 1992 to January 8, 1993, and rebuttal briefs to January 13, 1993. We also rescheduled the public hearing date for January 15, 1993.

On December 29, 1992, petitioner withdrew its request for a hearing, provided that the Department further extend the deadlines for case briefs and rebuttals to January 12 and January 19, 1993, respectively. Respondents objected to petitioner's extension request on December 30, 1992, but did not oppose the cancellation of the hearing.

On January 4, 1993, we notified interested parties that we were extending the deadlines for case briefs to January 11, 1993 and for rebuttals to January 19, 1993. We received no further objections regarding the deadline. Petitioner and respondents filed case and rebuttal briefs on these dates. We did not hold a public hearing to discuss issues raised in these submissions.

Scope of the Investigation

The product covered by this investigation is steel wire rope. Steel wire rope encompasses ropes, cables, and cordage of iron or carbon steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass plated wire. Imports of these products are currently classifiable under the following Harmonized Tariff Schedule (HTS) subheadings: 7312.10.9030, 7312.10.9060, and 7312.10.9090.

Excluded from this investigation is stainless steel wire rope, which is classifiable under the HTS subheading 7312.10.6000, and all forms of stranded wire. Although HTS subheadings are provided for convenience and customs purposes, our own written description of the scope of this proceeding is dispositive.

Period of Investigation

The period of investigation (POI) extends from November 1, 1991 through April 30, 1992.

Such or Similar Merchandise

We have determined that all products covered by this investigation constitute a single category of such or similar merchandise. For purposes of calculating a dumping margin, the Department compared products sold in the United States with identical or similar products sold in the home market. For model-match purposes, we relied on the following criteria: (1) Type of steel wire, i.e., bright carbon steel or galvanized carbon steel; (2) diameter of wire rope; (3) type of core, i.e., fiber or steel; (4) class of wire rope (number of strands by number of wires), e.g., 6x7, 6x19, 6x37 or 8x19; and (5) other characteristics including grade of steel, number of wires per strand, and design of strands.

Where there were no sales of identical merchandise in the home market with which to compare merchandise sold in the United States, sales of the most similar merchandise were compared on the basis of the criteria described above, ranked in order of importance from 1 through 5. For criterion (5), respondents were instructed to use grade of steel, number of wires per strand, and design of strands in the order they deemed appropriate. We determined that the ranking chosen by respondents was reasonable. We made adjustments for differences in the physical characteristics of the merchandise in accordance with section 773(a)(4)(C) of the Act.

Fair Value Comparisons

To determine whether sales of steel wire rope from Korea to the United States were made at less than fair value, we compared United States price (USP) with the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

United States Price

We calculated USP using the methodology described in the preliminary determination, with the following exceptions:

1. We revised KIS' credit expense for one U.S. sale. See Comment 15.
2. For each PVC-coated product sold by KIS in the United States, we deducted the PVC-coating expense from the response field "other movement expenses" and added this expense to the corresponding difference-in-merchandise (difmer) amount. Where the U.S. sale of a PVC-coated product could not be matched to a home market item, we added the PVC-coating expense to the CV of the model. See Comment 18.
3. We adjusted KIS' U.S. database to reflect the revised estimate of number of days outstanding for those U.S. sales with credit expenses based on certain payment terms. See Comment 22.

Foreign Market Value

We calculated FMV using the methodology described in the preliminary determination, with the following exceptions:

1. For all respondents, we revised the claimed adjustments for home market credit expenses to exclude the value-added tax (VAT). See Comment 3.

Cost of Production

Based on petitioner's allegations, and in accordance with section 773(b) of the Act, we investigated whether the three respondents had made sales in the home market at less than their respective COP. If over 90 percent of the respondents' sales of a given model were at prices

above the COP, we did not disregard any below-cost sales because we determined that the respondent's below-cost sales were not made in substantial quantities. If between 10 and 90 percent of a respondent's sales of a given model were at prices above the COP and the below-cost sales occurred in two or more months, we disregarded only the below-cost sales. Where we found that more than 90 percent of a model's sales were at prices below the COP and the below-cost sales occurred in two or more months, we disregarded all sales for that model and calculated FMV based on CV. Respondents provided no evidence that their sales were at prices which would permit recovery of all costs within a reasonable period of time in the normal course of trade in accordance with 19 U.S.C. 1677b(b)(2). We calculated the COP based on the sum of the respondents' cost of materials, fabrication, general expenses, and packing. The submitted COP and CV data were relied upon, except in the following instances where the costs were not appropriately quantified or valued:

YHC

1. For both COP and CV, we increased YHC's general and administrative (G&A) expenses to account for expenses incurred as a result of a loan guarantee that was defaulted on by its former parent company. See Comment 12.

2. For both COP and CV, we revised YHC's interest expense calculation to include interest expenses incurred on the purchase of machinery used to produce non-subject merchandise. See Comment 13.

Man Ho

1. For both COP and CV, we set general interest expense equal to zero. See Comment 29.

In accordance with section 773(e)(1)(B)(i) of the Act, we included in CV the greater of the company's reported general expenses, adjusted as detailed above, or the statutory minimum of ten percent of the cost of manufacturing. For profit, we used the greater of the company's actual reported profit on home market sales or the statutory minimum of eight percent of the cost of manufacturing plus general expenses. See section 773(e)(1)(B)(ii) of the Act.

Currency Conversion

We made currency conversions based on the official exchange rates in effect on the dates of the U.S. sales as certified by the Federal Reserve Bank.

Verification

As provided in section 776(b) of the Act, we verified information provided by respondents using standard verification procedures, including the examination of relevant sales and financial records, and original source documentation containing relevant information.

Interested Party Comments

Common Issues

Comment 1: Petitioner argues that each of the respondents "knowingly submitted erroneous sales data in their respective responses to Section A of the Department's questionnaire," in that they did not submit volume and value of sales of the subject product in the home and U.S. markets during the POI on a date-of-sale basis, as requested by the Department, but instead submitted this information on a date-of-shipment basis. Petitioner contends that these figures on a date-of-shipment basis are inaccurate. Additionally, petitioner maintains that the August 10 and August 12, 1992 submissions that revised this information to a date-of-sale basis are untimely. In the absence of accurate and timely information, petitioner contends that the Department should proceed on the basis of best information available (BIA).

KIS, Man Ho and YHC argue that petitioner's assertion that respondents "knowingly submitted erroneous sales data" in the Section A responses is without support on the record. Respondents explain that they originally reported quantity and value of sales based upon date of shipment information contained in their existing records and had indicated in Section A that they would submit data on a date-of-sale basis, as required, after they had compiled data for Sections B and C. Respondents note that they did in fact submit this information and their actions "in no way interrupted, limited, jeopardized, or prejudiced the investigation." Consequently, respondents contend, there is no basis for petitioner's assertion that the responses warrant BIA.

DOC Position: We agree with the respondents. The Department agreed to respondents' requests in their Section A responses that they could submit revised quantity and value data after compiling data for Sections B and C. Thus, there would be no grounds to reject respondents' data as proposed by petitioner.

Comment 2: Petitioner argues that the respondents' submissions of corrections to the response found in the course of preparing for the sales and cost verifications are untimely, extensive, and, in the case of YHC, unsupported by source documents.

Regarding untimeliness, petitioner cites 353.31(a)(1)(i) of the Department's regulations, which states that new factual information may not be submitted later than seven days prior to the scheduled starting date of verification. Because these corrections were submitted after this deadline, petitioner maintains that the Department should reject them as untimely.

Petitioner also asserts that these corrections constitute more than corrections of clerical errors. Petitioner argues that the Department should reject respondents' responses and apply BIA. Petitioner cites Circular Welded Carbon Steel Pipes from Thailand: Final Determination of Sales at Less Than Fair Value, 51 FR 3384, 3386 (January 27, 1986), in which the Department determined that "while correction of minor errors is acceptable during verification, as a general matter we will not accept portions of responses (or entire responses) when they are changed in major respects shortly before the start of verification or at the verification site because there is insufficient time for analysis and verification." Petitioner also cites Antifriction Bearings (Other Than Tapered Roller Bearings) and Parts Thereof from the Federal Republic of Germany: Final Determination of Sales at Less Than Fair Value, 54 FR 18992, 19037 (May 3, 1989) (Antifriction Bearings) and Certain Granite Products from Italy: Final Determination of Sales at Less Than Fair Value, 53 FR 27187, 27191 (July 19, 1988) (Granite) in support of this position.

Petitioner also submits that YHC's figure for total value of U.S. sales of the subject merchandise during the POI presented at verification is not indicated in any of the respondent's submissions to the Department. Petitioner maintains that YHC failed to provide verifiable figures pertaining to its sales in the U.S. market. For this reason, petitioner argues that the Department should reject YHC's response.

In response to petitioner's assertions regarding the extensiveness of the corrections, respondents characterize their revisions as minor. They explain that their records did not permit them to respond readily to the antidumping questionnaire. As a consequence, respondents had to create new databases by entering all of their sales data manually into a computer. In this process, they made simple clerical and programming errors which they identified and submitted to the Department prior to verification.

Respondents state that the Department's determinations cited by petitioner in support of its BIA assertions are not applicable in this case. They argue that for the Antifriction Bearings determination to be relevant, the Department would have been required "to correct [the] response during the course of verification," and "to perform the recalculations necessary to develop accurate information." Likewise for Granite, the Department would have "borne the responsibility for attempting to identify and perform numerous and substantial recalculations necessary for the development of accurate sales and cost of production data."

Finally, YHC contests petitioner's claim that its total U.S. sales figure could not be verified. YHC admits that petitioner is correct in stating that its figure for total U.S. sales does not appear in any of its responses. However, respondent notes that the verified total can be reached by simply summing the U.S. sales amounts reported in two different submissions. Specifically, YHC explains that the verified total is the sum of the sales reported in Section C of its response and the three additional sales reported in a subsequent submission to the Department.

DOC Position: We agree with respondents. We do not consider the corrections identified in the course of preparing for verification to be of a frequency or magnitude to warrant rejecting the responses in their entirety and using petitioner's data as BIA. As determined in Circular Welded Carbon Steel Pipes from Thailand and by Department practice, "correction of minor errors is acceptable during verification." We do not agree that Antifriction Bearings and Granite are relevant in this case, as we did not need to perform substantial recalculations in order to obtain verifiable data. Indeed, we examined supporting documentation for the correction reports presented at verification and found that the revisions to the response were justified and did not constitute new factual information. In addition, we dispute petitioner's claim that the figure for total U.S. sales of the subject merchandise during the POI was not verified. As we noted in YHC's verification report, the figure presented by YHC for total U.S. sales tied to monthly trial balances and sales ledgers. Therefore, we have accepted the responses as corrected and verified for the final determination.

Comment 3: Petitioner argues that respondents' calculations of home market credit expenses should not include the VAT. Petitioner also asserts that Man Ho's and YHC's inclusion of the VAT in their respective calculations of the average collection period of accounts receivable is improper and results in "an artificial and arbitrary inflation" of these figures.

Petitioner cites Polyethylene Terephthalate Film, Sheet, and Strip from the Republic of Korea: Final Determination of Sales at Less Than Fair Value, 56 FR 16305, 16310 (April 22, 1991) (Pet Film) in which the Department determined that a circumstance-of-sale (COS) adjustment for VAT payments was not warranted because the respondent did not pay the VAT to the government at the time of sale, but instead maintained a rolling account. Petitioner argues that because respondents do not pay the VAT at the time of sale, but have arrangements similar to those of the respondent in Pet Film, the Department should exclude the VAT from the respondents' home market credit calculations.

In rebuttal, respondents argue that the use of a VAT-inclusive price to calculate credit expense is justified. For example, YHC notes that "VAT is part of the actual sales price charged by YHC to its customers. As such, the customer's obligation to YHC for the total sales price, including VAT, attaches on the date of sale. YHC's obligation to pay VAT to the government also attaches on the date of sale."

Respondents explain that they incur an imputed loss because they do not have use of the funds they are entitled to for VAT reimbursement until their customers pay their bills. Furthermore, they argue that, in addition to the credit actually extended to their customers by advancement of VAT on those customers' behalf, they also incur an opportunity cost due to the delay in reimbursement for VAT they are owed by their customers from the date of sale.

Respondents cite Color Television Receivers from Korea: Final Results of Antidumping Administrative Review, 51 FR 41,365, 41,376 (November 14, 1986) (Color TVs), which they claim supports the inclusion of the VAT in the total sales price when calculating credit expense. Specifically, they note that in Color TVs the Department allowed a home market imputed tax adjustment based upon the number of days between tax payment and receipt of payment from the customer.

Man Ho and YHC also disagree with petitioner's assertion that their average collection period methodology is improper, arguing that in order to reflect the actual amount owed to them by their customers in the calculation of credit expense, it is necessary to adjust the average collection period of accounts receivable for the VAT.

DOC Position: We agree with petitioner. It is not the Department's current practice to impute credit expenses related to VAT payments. We find that there is no statutory or regulatory requirement for making the proposed adjustment. While there may be a potential opportunity cost associated with the respondents' prepayment of the VAT, this fact alone is not a sufficient basis for the Department to make an adjustment in price-to-price comparisons. We note that virtually every charge or expense associated with price-to-price comparisons is either prepaid or paid for at some point after the cost is incurred. Accordingly, for each pre- or post-service payment, there may also be an opportunity cost or gain. Thus, to allow the type of adjustment suggested by the respondents would imply that in the future the Department would be faced with the virtually impossible task of trying to determine the potential opportunity cost or gain of every charge and expense reported in the respondents' home market and U.S. databases. This exercise would make our calculations inordinately complicated, placing an unreasonable and onerous burden on both respondents and the Department, without necessarily ensuring a more accurate dumping margin calculation. Consequently, we have not adjusted respondents' FMVs for this imputed VAT credit expense.

Comment 4: The three respondents contend that the final determination should be made without reference to COP since the cost allegations were filed after the regulatory deadline for such allegations. Respondents argue that the Department's action in initiating the COP investigation effectively reads the word "scheduled" out of § 353.31(c)(1)(i) of the Department's regulations. 19 CFR 353.31(c)(1)(i). Respondents assert that the subsequent extension of the preliminary determination does not retroactively render the cost allegations timely.

Petitioner responds that, pursuant to 19 U.S.C. 1677b(b), the Department may initiate a COP investigation on its own accord. Even assuming incorrectly that the Department lacked authority to self-initiate, petitioner maintains that the subject allegations were filed in a timely manner pursuant to 19 CFR 353.31(c)(1)(i). Notwithstanding its timely submission, petitioner states that respondents' relevant questionnaire responses were untimely and incomplete, thereby invoking the exception to the time guidelines set out in the subject regulation.

DOC Position: Section 353.31(c)(1)(i) of the Department's regulations states:

(c) Time limits for certain allegations. (1) The Secretary will not consider any allegation of sales below the cost of production that is submitted by the petitioner or other interested party, as defined in paragraph (k)(3), (k)(4), (k)(5), or (k)(6) of § 353.2, later than: (i) In an investigation, 45 days before the scheduled date for the Secretary's preliminary determination, unless a relevant response is, in the Secretary's view, untimely or incomplete, in which case the Secretary will determine the time limit;

19 CFR 353.31(c)(1)(i).

By letter of August 4, 1992, petitioner submitted cost allegations against the three respondents. On August 6, 1992, petitioner requested a postponement of the preliminary determination because it needed time to assess and comment on responses to Sections B and C of the Department's questionnaire which were filed by respondents on July 27, 1992. Respondents had been granted a three-week extension to file their responses which reduced the number of days petitioner had to review the information.

On August 24, 1992, in accordance with 19 CFR 353.15(d), the Department granted petitioner's request for an extension of the preliminary determination date from September 16, 1992 to September 23, 1992. On August 25, 1992, the Department initiated a cost investigation.

When the date of the preliminary determination was postponed, the effective deadline for submission of cost allegations became August 10, 1992. Because petitioner's allegations were filed on August 4, 1992, the Department deems them to be submitted in a timely manner pursuant to § 353.31(c)(1)(i) of the Department's regulations. We disagree with respondents' contention that, by accepting the subject allegations as timely, the Department has effectively read the word "scheduled" out of the regulation. The "scheduled date for the Secretary's preliminary determination" refers to the actual anticipated date of the preliminary determination, irrespective of whether or not such date has been rescheduled.

Comment 5: Petitioner claims KIS and Man Ho have improperly allocated depreciation, repairs and other overhead on the basis of weight. Petitioner argues that these costs bear no relation to the weight of the products manufactured and should be allocated on the basis of machine hours.

Respondents counter that their methodology is less distortive than petitioner's. Machine hours are not kept by respondents in their normal accounting system. Respondents argue that heavier ropes are made on larger machines, which incur higher operating expenses and maintenance costs. Therefore, allocating costs based on weight more accurately reflects the true cost of the product. Respondents also note that many of their machines are fully depreciated. If depreciation was based on machine hours, some products would not be burdened with any depreciation because products made on machines which were fully depreciated would have no depreciation allocated to them. Thus, respondents conclude that one avoids this anomaly by basing depreciation on weight.

DOC Position: We agree with respondents. KIS and Man Ho allocated overhead costs on a reasonable basis consistent with their normal accounting systems. During the plant tours at verification, we observed the machines used in the production process and we agree that weight does have a relationship to the indirect labor and overhead costs because the size of the machine dictates the weight of the rope produced. Therefore, we determine that the respondents' allocation method is reasonable.

Company-Specific Issues

YHC

Comment 6: Petitioner asserts that evidence presented at verification contradicts the date-of-sale methodology specified by YHC in its response. Petitioner contends that YHC had indicated in its narrative response that date of sale for home market sales was the same as date of shipment, except in a few specific circumstances.

At verification, YHC revised dates of shipment and dates of sale for a small number of transactions. YHC submitted these revisions to the Department on November 10, 1992. For these sales, dates of sale precede dates of shipment. Petitioner observes that "it does not appear from the verification report or exhibits that these revisions are related to one of the limited instances in which YHC had previously acknowledged that the date of sale would precede the date of shipment." In addition, petitioner notes that for some of YHC's home market sales to a particular customer, the dates of sale and shipment are the same, while for other sales to the same customer the dates differ. Petitioner claims that this finding is evidence that YHC's date-of-sale methodology is suspect.

Petitioner further argues that "[s]ince YHC's declared methodology for determining date of sale could not be verified, and in fact was contradicted by information provided by YHC at verification with respect to two of the ten pre-selected home market transactions, the Department must determine that [YHC's] response could not be verified." Petitioner contends that the Department should apply the highest margin alleged in the petition as BIA for these sales.

In rebuttal, YHC explains that it "did not maintain that shipment date was always the correct date of sale for home market sales." YHC notes that it had reported in the questionnaire response that it "generally uses the date of the sales slip for the date of sale in the home market," and that the date of the sales slip is often the date of shipment. YHC explains that it also indicated in its response that there are situations in which the date of sale precedes the date of shipment, such as for contract sales and sales made pursuant to written purchase orders. YHC maintains that "its methodology for determining date of sale fully complied with the instructions in the Department's questionnaire."

With regard to petitioner's observation that for some home market sales to a particular customer, dates of sale and shipment are the same, while for other sales to the same customer the dates differ, YHC notes the following: Home market sales are generally made from inventory, but on occasion steel wire rope is made to order. In the case of a sale from inventory, dates of sale and shipment would, in most instances, be the same, while dates of sale and shipment for merchandise produced to order would differ.

DOC Position: We do not agree with petitioner's assertion that YHC's data presented at verification contradict its date-of-sale methodology. Instead, we find that YHC's data confirm its methodology. The revisions that YHC presented at verification relate to situations in which YHC previously acknowledged that the date of sale might precede date of shipment. The sales that are the subject of Correction Report VII of the November 10, 1992 submission are sales made to customers for whom YHC had indicated that it would report the date of the purchase order as the date of sale. YHC stated in its response that it would use the date of the purchase order as the date of sale for these customers because the company issues written purchase orders. The remaining sales at issue from Correction Report VIII are sales made under contract. YHC noted in its response that it would report the date of

the contract as the date of sale for these transactions.

At verification, we examined sales documentation that supported YHC's date-of-sale methodology. For numerous home market transactions, we inspected the associated purchase orders, contracts, or sales invoices in order to establish that YHC had correctly reported dates of sale. These documents demonstrated that the dates of sale determined by YHC were the dates on which the essential terms of the transaction were fixed, namely price and quantity. Additionally, we reviewed relevant sales documentation (e.g., delivery slips) which supported YHC's reported dates of shipment. We found that YHC had reported this information accurately. Therefore, we have no justification for applying BIA.

Comment 7: Petitioner maintains that YHC failed to provide any evidence, either in its questionnaire response or at verification, to confirm its date-of-sale methodology with respect to sales of products purchased from Dae Heung Industrial Co., Ltd. (DHC), a related company. Petitioner argues that the Department should determine that the response could not be verified with respect to these transactions and should apply the highest margin alleged in the petition as BIA for these sales.

In rebuttal, YHC explains that its methodology for determining date of sale for DHC products is the same as the overall date-of-sale methodology explained in its questionnaire response. YHC writes that "U.S. sales of DHC products are produced to order" and "home market sales of DHC products are from inventory." Therefore, YHC explains that "for home market sales of DHC products, the sales date and shipment date match because YHC makes these sales of DHC-produced products from inventory. However, for YHC's sales of DHC products to the United States, the date of sale is significantly prior to the date of shipment."

DOC Position: We agree with respondent. We do not find that YHC failed to provide information regarding date-of-sale methodology for sales of DHC products. Instead, we verified that the DHC date-of-sale methodology is the same as the overall methodology we have accepted for all YHC sales. Therefore, there is no reason to apply BIA to these sales.

Comment 8: Petitioner claims that the methodology used by YHC to revise the total home market sales figure at verification is different from that specified in the Section B narrative and constitutes a new response. Petitioner also argues that the total home market sales figure does not tie to YHC's sales ledgers. Petitioner claims that because the Department could not verify the total value of YHC's total home market sales, which was used as the basis for allocating credit expenses, YHC's claimed adjustment for credit expenses must be disallowed.

Respondent contends that "the revised figure was verified, and directly contrary to petitioner's allegation, does reconcile with the supporting documentation submitted by YHC."

DOC Position: We agree with YHC. We believe that YHC justified and fully supported its revised calculation of the total home market sales figure used to calculate home market credit. At verification, YHC deducted from the total home market sales figure sales to a related company of non-subject merchandise (e.g., wire, materials, and lubricant). We examined invoices supporting these deductions and found that they were appropriately excluded from the home market sales total. Additionally, we tied the reported home market sales total to YHC's sales ledgers for finished goods and merchandise. We found no discrepancies. Therefore, YHC's revisions do not constitute a new response and we have no justification for disallowing the credit adjustment.

Comment 9: Petitioner maintains that interest expenses incurred on a general borrowing loan category used to calculate YHC's short-term interest rate could not be verified. Petitioner argues that information gathered in its review of the verification exhibits does not support the expense claimed by YHC in its response for general borrowing during the POI. Petitioner argues that the Department should: (a) Disallow the claimed credit adjustment; (b) use the lowest interest rate available to YHC during the POI to calculate home market credit as BIA; or (c) use the "correct" figure that it has discerned from verification documents for general borrowing interest expense to calculate home market credit.

Respondent argues that "contrary to petitioner's allegation, interest incurred by YHC during the POI for general borrowing was as reported in its Section B response." YHC explains that "the figure petitioner offers as YHC's total interest incurred during the POI * * * is misstated * * * and additionally, fails to account for interest on construction * * * [I]t is the sum of these two figures which is the total general borrowing interest incurred during the POI."

DOC Position: We agree with respondent. At verification, we examined interest expenses incurred on general borrowing in our review of home market credit expenses and found them to be as reported in Section B of YHC's response. In order to verify this element of home market credit expense, we examined actual loan ledgers for general borrowing which supported the terms of the loans, applicable interest rates, cumulative daily balances reported, and interest expenses incurred. Additionally, we tied these interest expenses to YHC's expense ledgers and to the monthly trial balances and found no discrepancies. Therefore, we have no justification for disallowing the adjustment or applying BIA.

YHC Cost Issues

Comment 10: Petitioner asserts that it was improper for YHC to use actual production costs in calculating COP for merchandise purchased from DHC, a related company, since there is not 50 percent direct and/or indirect ownership between these companies. Petitioner argues that the Department permits the use of actual costs instead of transfer prices for COP calculations for related-party purchases only when there is more than 50 percent direct and/or indirect ownership between companies. Petitioner claims that Antifriction Bearings (1989) supports this position. Petitioner contends that we should use transfer prices for these calculations. However, petitioner argues that since YHC did not provide transfer prices, the Department must use BIA for these transactions.

Petitioner also argues that it is improper to use actual production costs for CV purposes. Petitioner notes that the Department generally uses transfer prices for constructed value purposes unless such prices do not "fairly reflect the value in the market under consideration." Petitioner argues that since YHC did not provide transfer prices in the response, the Department should use BIA for these transactions.

YHC contends that the Department's practice is to allow the use of transfer prices for COP and CV of purchases from related suppliers when it can be demonstrated that such prices are at arm's length, but that actual costs are required when it cannot be demonstrated that prices are at arm's length. YHC argues that Antifriction Bearings supports its position, not petitioner's. YHC explains that it could not demonstrate that its purchases from DHC were made at arm's-length prices, therefore, its use of actual cost rather than transfer price was appropriate, if not required.

DOC Position: We agree with YHC that use of actual production costs is appropriate. Section 773(b) of the Act is

clear in its direction that the relevant cost involved in a below-cost investigation is the "cost of producing the merchandise in question." DHC is the producer of the finished product in question here, not YHC. YHC simply purchases the finished product from DHC. Therefore, we believe that it is appropriate to base COP on DHC's actual costs that YHC supplied in its response.

This approach is consistent with Fresh and Chilled Atlantic Salmon from Norway: Final Determination of Sales at Less Than Fair Value, 56 FR 7661, 7672 (February 25, 1991) in which we based the COP of a respondent's resold merchandise on the producer's COP, plus respondent's general, selling and administrative expenses, profit and packing. See also Fresh Kiwifruit from New Zealand: Final Determination of Sales at Less Than Fair Value, 57 FR 13695, 13701–2 (April 17, 1992) and Oil Country Tubular Goods from Canada: Final Results of Administrative Review, 56 FR 38408, 38411 (August 3, 1991).

Comment 11: Petitioner argues that YHC understated its general and administrative expenses (G&A) by basing these expenses on the twelve-month period ending June 30, 1992, rather than its fiscal year, January 1 to December 31, 1991. Petitioner states that the use of the financial statements from the most recent fiscal year is a long-established preference of the Department. Petitioner claims that the Department should disregard YHC's G&A calculation and use BIA.

YHC argues that it endeavored to have its G&A calculation more accurately correspond to the period of investigation. Respondent notes that it reported the period July 1, 1991 to June 30, 1992 and that the Department's November 4, 1992 deficiency letter failed to request the use of financial data from its audited financial statements.

DOC Position: We agree with petitioner in part. The Department's normal practice is to calculate G&A based on a company's most recent audited financial statement. However, at verification, we compared the G&A reported in the Section D response with the amount reported in the audited financial statements and confirmed that there was no substantial difference between the two because the year-end adjustments were included in the reported G&A figure. Therefore, we have used the reported G&A figure which we believe accurately reflects the G&A incurred by the company.

Comment 12: Petitioner argues that YHC improperly excluded certain expenses from its COP. The excluded expenses relate to a liability incurred as a result of a loan guarantee that was defaulted on by its former parent corporation. Petitioner maintains that the circumstances relating to the expense do not extend to what is considered an extraordinary expense under U.S. Generally Accepted Accounting Principles (GAAP). Petitioner argues that the Department has included in COP expenses that respondents have excluded as extraordinary, such as those resulting from strikes, fires, or restructuring. For example, petitioner cites Sweaters Wholly Or In Chief Weight of Man-Made Fiber From Korea: Final Determination of Sales at Less Than Fair Value, 55 FR 32659, 32669 (1990) in which the Department determined that the cost of a strike, which respondent excluded as extraordinary, was not unusual for a manufacturing concern and, therefore, not an extraordinary event, and should be included in COP.

YHC argues that the item is properly treated as an extraordinary item under both Korean and U.S. GAAP and should be excluded from production costs.

DOC Position: We agree with petitioner. The assumption of the loan by the respondent constitutes a normal cost of doing business and, as such, becomes an expense to the respondent. We do not agree with respondent that this item should be treated as extraordinary. For an item to be considered as "extraordinary" under U.S. GAAP, it must be unusual in nature and infrequent in occurrence. See Floral Trade Council v. United States, slip op. 92–213 (CIT December 1, 1992). The assumption of debt by a guarantor is neither unusual in nature nor infrequent and, therefore, not extraordinary under U.S. GAAP. Even if these expenses were considered extraordinary under Korean GAAP, these are costs incurred by YHC as part of its overall operations and, therefore, must be included in the calculation of YHC's COP.

Comment 13: Petitioner asserts that YHC made an improper reduction of interest expenses by decreasing total interest expense for a portion attributed to the purchase of machinery not used in the production of the subject merchandise. In support of its argument, petitioner cites Silicon Metal From Brazil: Final Determination of Sales at Less Than Fair Value, 56 FR 26977, 26987 (June 12, 1992) (Silicon Metal), in which the Department determined that the interest expense of a loan taken by respondent for the purchase of machinery used to produce merchandise not subject to the investigation should be included in COP.

DOC Position: We agree with petitioner that interest expense should not be reduced for amounts claimed to be related to the purchase of machinery used for non-subject merchandise. As stated in Silicon Metal, in determining COP, we regard interest as fungible, and thus, make no distinction regarding the type of interest incurred. Our long-standing practice is to calculate a respondent's total interest expense, offset by short-term interest income, as a percentage of cost of goods sold. Accordingly, we have disallowed this deduction.

Comment 14: Petitioner maintains that respondent improperly deducted interest income on short-term investments from its interest expense. Petitioner claims that YHC has failed to document properly that this income was in fact derived from short-term investment. Petitioner argues that, because this information was not verified, the Department should disallow this deduction.

DOC Position: We disagree with petitioner. We verified that the reported interest income was in fact derived from short-term investments.

KIS

Comment 15: Prior to the preliminary determination, KIS informed the Department that the credit expense for one U.S. observation was significantly overstated due to the fact that the dollar amount of the credit expense had been multiplied by an incorrect exchange rate twice. KIS contends that the Department should revise the subject credit expense to reflect the corrected amount.

Petitioner argues that the Department should use the credit expense originally reported for this sale since respondent offered no explanation as to why the noted error had not been repeated in calculating the credit expense for other U.S. sales. Petitioner further states that the Department did not seek to verify the corrected credit expense.

DOC Position: We have revised the U.S. database to reflect the change requested by KIS. We determine that respondent's explanation is reasonable because the original credit expense reported for the subject observation was grossly inflated compared with that of other sales. Furthermore, at verification we found that respondent did not repeat the noted errors in calculating the credit expense for other U.S. sales.

Comment 16: Petitioner contends that the Department should include in KIS' home market sales listing sales identified at verification that were made under a certain unit price agreement and shipped during the period between respondent's initial response and

supplemental response to the Department's questionnaire. Petitioner states that, given the respondent's lack of candor regarding these home market sales, the Department should apply as BIA the highest margin calculated to each U.S. sale of a such or similar product. Petitioner also states that the Department should estimate the amount of shipments made pursuant to this agreement up until the date of verification and calculate the margins accordingly.

KIS claims that petitioner erroneously refers to the updated shipments as "sales" under an "agreement." Respondent states that the "sale" was the "agreement" and, thus, these were shipments under the "sale." KIS contends that it brought the subject shipments to the Department's attention and provided all information requested by the Department at verification. Respondent also notes that the Department verified the completeness and accuracy of the updated shipment information. Respondent states that there is no basis in the record or in logic for the Department to go beyond the date of KIS' supplemental response and estimate the amount of wire rope shipped under the agreement up until the date of verification.

DOC Position: At verification, KIS identified shipments made pursuant to a contract negotiated during the period of investigation that had occurred subsequent to the date of the questionnaire response. We verified the accuracy and completeness of the additional shipments. The shipments represent a small percentage of respondent's home market database. Accordingly, for this determination, we determine that the addition of such shipments to respondent's home market database is a minor revision and, as such, does not warrant the application of a BIA rate. Furthermore, we are satisfied that respondent provided all information required by the Department.

Comment 17: Petitioner contends that the Department should ensure that the classes of wire rope and designs of strand categorized under "other" are consistent in the matching of such or similar home market merchandise to models sold in the United States.

KIS states that the Department found KIS' model matches consistent with the Department's methodology at verification. Respondent also states that petitioner has failed to make any specific allegations regarding design and strand in KIS' product matches and, therefore, has waived any rights it has to complain on this issue.

DOC Position: We agree with respondent. In the original questionnaire, we identified the hierarchy of criteria to be applied in the matching of similar merchandise. The Department further required that the cost variance for physical differences in merchandise be accounted for and reported under the difmer field. We find KIS' breakdown of each criterion for purposes of matching such or similar merchandise to be reasonable and in accordance with the Department's instructions. Furthermore, we verified that the difmer amounts accurately reflect the cost variance of physical differences in such or similar merchandise and that the cost variances are within 20 percent of the cost of manufacturing of U.S. merchandise, as required by the Department's questionnaire.

Comment 18: Petitioner contends that KIS failed to identify separately all sales of PVC-coated products in both the U.S. and home markets, thereby preventing the Department from making appropriate model matches and from quantifying adjustments for differences in merchandise. Petitioner states that it is inappropriate to bury the cost of a significant manufacturing process that results in a physically different product in a claimed adjustment for "other movement expenses." Petitioner asserts that the Department should apply a BIA rate (the highest margin calculated for any sale by any respondent) to each U.S. sale of a product with the same control number as the PVC-coated products identified by respondent. Petitioner also notes that the PVC contractor could be related to respondent, thereby calling into question the validity of respondent's reported PVC expenses.

Finally, petitioner states that the respondent failed to reveal whether any of its home market sales involved PVC-coated wire rope and, therefore, the Department should reject all information provided by the respondent for its home market sales and use BIA instead.

KIS responds that it properly included the actual PVC-coated fee amount in each relevant U.S. observation on a transaction-by-transaction basis in the field for other movement expenses. Respondent notes that the original questionnaire did not ask respondent to segregate PVC-coating expenses nor did it include PVC-coating in its hierarchy of model match criteria. Respondent states that the Department verified that KIS had no home market sales of PVC-coated steel wire rope during the POI.

DOC Position: In the questionnaire, we did not require respondents to report separately PVC-coating expenses, nor did we include PVC-coating in the criteria for model matches. However, we agree with petitioner that it is inappropriate to account for PVC-coating as an "other movement expense." PVC-coating is a manufacturing expense and, as such, should be accounted for in the difmer amount assigned to each U.S. sale of a PVC-coated product. Therefore, for each PVC-coated product sold in the United States, we have deducted PVC-coating expense from the field "other movement expenses" and added the expense to the corresponding difmer amount. Where the U.S. sale of a PVC-coated product could not be matched to a home market item, we added the PVC-coating expense to the CV of the model. Because this adjustment constitutes a minor revision, we reject petitioner's contention that we apply a BIA rate to each U.S. sale of a product with the same control number as the PVC-coated sales.

We verified that respondent had no sales of PVC-coated products in the home market. We also verified that the outside PVC contractor was not related to respondent. Therefore, we reject petitioner's contention that the Department should reject all information provided by the respondent for its home market sales and use instead the best information available.

Comment 19: Petitioner states that KIS reported nothing more than the maturity date of the discounted promissory notes as the date of payment for home market sales and failed to provide complete details of such notes as required by the Department's supplemental questionnaire. Thus, petitioner contends that the Department should calculate home market credit expense utilizing the shortest number of days outstanding for any home market sale as BIA.

Petitioner also notes that KIS reported credit expenses based on an estimated number of days outstanding for those sales not paid for as of the date of the supplemental questionnaire. Petitioner contends that, at a minimum, the Department should reject respondent's estimate of number of days outstanding and apply the shorter of the average period of time between shipment and payment for (a) that customer or (b) all home market sales.

KIS maintains that it did not simply report the maturity dates of the notes but, rather, that it calculated the date of payment on these notes by applying a FIFO methodology to the maturity dates of the promissory notes to derive a date of payment on a transaction-specific basis. Respondent notes that the Department verified KIS' calculation of

days outstanding and found no discrepancies.

As to sales with no date of payment, respondent contends that the Department verified a chart of pay dates for sales updated since the supplemental questionnaire response and that these verified pay dates should be used for those sales.

DOC Position: Since KIS maintains an open accounts receivable system, such that it is not possible to match invoices to specific payments, we find respondent's reporting of the date of payment based on a FIFO methodology to be reasonable. The Department examined this methodology at verification and found no discrepancies.

At verification, respondent provided the Department with a chart of actual payment dates for sales originally reported with no date of payment. We verified the actual number of days outstanding for sales selected from this chart in order to ascertain the reasonableness of respondent's estimate of number of days outstanding. Because the estimate of credit days fell within the range of the actual days outstanding for the sample sales verified, we consider respondent's estimate of number of days outstanding to be reasonable. Therefore, we have used respondent's estimates of dates of payment in the calculation of home market credit expenses for sales reported with no date of payment.

Comment 20: Petitioner claims that KIS failed to account for the short-term financing it receives from the discounting of letters of credit issued in payment of sales to the United States and other export markets in its calculation of the average interest rate for home market credit expenses. Thus, petitioner contends that the Department should use petitioner's estimated short-term financing interest rate of five percent as the home market interest rate. At a minimum, petitioner asserts that the Department should include the estimated interest rate for short-term financing in the calculation of the average interest rate.

Assuming that the respondent had not availed itself of the estimated five percent financing available, petitioner contends that the Department should use the interest rate which KIS claims to have paid on discounted notes, rather than the interest rate calculated by respondent. Petitioner cites Carbon Steel Wire Rod from Brazil: Final Determination of Sales at Less Than Fair Value (Carbon Steel) to support its argument. 48 FR 43202, 43204 (September 22, 1983).

KIS responds that it properly calculated an average short-term interest rate for home market credit expenses and that the Department verified the accuracy of this calculation. Respondent states that the Department's policy is to use a home market interest rate based on the company's actual home market borrowing practice. KIS contends that there is no basis in fact, law, or logic for substituting or including a U.S. interest rate in the calculation of home market credit expenses when the respondent has actual, arm's-length, verified borrowings in the home market.

Regarding petitioner's argument that the Department should use the interest rate claimed for discounted notes, KIS states that it properly included the interest which it paid on discounted notes in the calculation of a domestic interest rate. Respondent argues that Carbon Steel is inapposite and that the interest rate paid on discounted notes applies only to those notes which are discounted, not to notes which are kept to maturity, or to other payment arrangements.

DOC Position: We agree with respondent. To the extent that interest expense can be isolated for home market sales, we find it inappropriate to include interest expense for export sales in the calculation of a domestic interest rate. Thus, we find respondent's calculation of a domestic interest rate to be reasonable, and found no discrepancies in respondent's methodology at verification.

We agree with respondent that it properly included the interest paid on discounted notes as well as that paid on short-term loans and overdrafts in the calculation of the average short-term interest rate for home market sales, and that the interest on such notes should not be the sole determinant of the domestic interest rate. Carbon Steel is inapposite because, in that case, the Department was able to obtain the actual interest expense for each U.S. sale whereas, here, the respondent is imputing interest expense for each home market sale.

Comment 21: Petitioner contends that respondent failed to account for the period of time between the negotiation of shipping documents and date of shipment in its calculation of the number of days outstanding for U.S. credit expenses. Thus, petitioner concludes that the Department should make an adjustment to credit expense to account for this period. Petitioner further contends that the Department should calculate the credit expense for this period using the reported home market interest rate.

KIS responds that, as verified by the Department, its U.S. credit expense is actual rather than imputed, thereby rendering the time period between shipping and negotiation irrelevant.

DOC Position: We verified that the respondent reported actual credit expenses incurred for sales to the United States. Thus, we agree with respondent that the time period between negotiation and shipment is irrelevant.

Comment 22: Petitioner contends that a revised estimate of the number of days outstanding was not proffered at verification. Thus, petitioner concludes that the Department should calculate credit expenses for these U.S. sales based upon an estimate of 20 credit days.

KIS states that it presented a revised estimate of the number of days outstanding for these U.S. sales at verification.

DOC Position: The respondent presented at verification a revised estimate of the number of days outstanding for U.S. sales with certain payment terms, which we verified and found to be accurate. Accordingly, we have adjusted the U.S. database to reflect KIS' revised estimate of the number of days outstanding for those U.S. sales with certain payment terms.

Comment 23: Respondent reported "less" charges, L/C advice fees, monogram fees, and PVC-coating fees as other movement expenses. "Less" charges are incurred when the L/C opening bank's payment to the L/C advising bank is either untimely or insufficient. Petitioner contends that respondent improperly allocated other movement expenses over the value of total export sales rather than U.S. sales. Petitioner asserts that, at a minimum, the monogram fee should be allocated over U.S. sales.

KIS responds that "less" charges and L/C advice fees apply to all export sales and that the monogram fee applies to export sales other than the those made to the United States. Thus, respondent concludes that these charges and fees were properly allocated over all export sales.

DOC Position: We agree with respondent. We verified that "less" charges and L/C advice fees for all exports were used in the allocation of other movement expenses. Also, the record does not indicate that the subject monogram fee applies solely to products sold in the United States. Therefore, we determine that other movement expenses were properly allocated over all export sales. *See* Comment 18 for a discussion of PVC-coating expenses.

Comment 24: KIS provided estimates of movement charges for those sales not shipped as of the date of the supplemental questionnaire. For those sales with no date of payment, KIS

reported estimated credit expenses. Petitioner contends that, based on the record, respondent's estimated U.S. charges were understated by significant amounts and, therefore, the Department should reject such estimates and apply as BIA the highest reported expense for each U.S. sale.

As to home market sales, petitioner assumes that estimates were overstated to the same degree that U.S. sales were understated. Thus, petitioner concludes that the Department should reject such estimates and apply as BIA the lowest reported expense for each home market sale.

KIS states that estimates are the best approximation which one can make regarding an unknown figure and, based on the record, its estimates were astonishingly close to the actual figures. Respondent also states that the Department verified estimated home market charges and should, therefore, reject petitioner's assertion that the lowest reported expense should be applied to each home market sale.

DOC Position: Based on our verification of estimated expenses for U.S. sales and estimated payment dates for home market sales, we find respondent's estimates to be accurate and, therefore, have employed them in this final determination.

KIS Cost Comments

Comment 25: Petitioner claims that KIS used an incorrect period to report its costs, October 1991 through March 1992, when the period of investigation is November 1991 through April 1992.

KIS states that the primary reason it elected to report costs from October 1991 to March 1992 was to match costs to sales made during the POI. Respondent argues that the inventory holding period of one month from production to shipment was accurately applied to match the cost of production to sales during the POI.

DOC Position: We disagree with petitioner. KIS requested a shift in the reporting period by one month which the Department allowed since there was no indication of inflation or other factors which would impact the manufacturing costs. We reviewed the price level at verification between the two months in question and determined that there was no significant difference in costs for these two months.

Comment 26: Petitioner states that respondent's classification of communication, entertainment, and miscellaneous expenses as fixed overhead is incorrect. Petitioner asserts that these expenses should be classified as G&A.

Respondent contends that the costs and the allocation methodology were verified and petitioner offers no compelling reason why these verified costs should not be classified in KIS's response as they are classified in its normal accounting records which are consistent with Korean GAAP.

DOC Position: We agree with respondent. During verification, KIS explained that costs that did not generally vary with production were classified as fixed overhead costs. KIS classified as general and administrative costs those costs which related to the activities of the company as a whole, rather than solely to the production process. We find these classifications to be reasonable and consistent with KIS' normal accounting system.

Comment 27: Petitioner claims that there is no evidence to support KIS' assertion that subcontract services provided by related parties were provided at arm's-length prices.

Respondent states that the percentage of total material cost purchased from related suppliers during the POI was immaterial and not at prices below those paid to unrelated processors.

DOC Position: Whether the subcontract services provided by related parties were at arm's-length prices is irrelevant. We examined the total amount of materials purchased from related suppliers. We determined that the amount of material input from related suppliers was of such an inconsequential amount relative to the total cost of production, that it could not have had an impact on the final determination.

Man Ho

Comment 28: Petitioner contends that Man Ho failed to explain or account for a revision to total home market sales value submitted subsequent to verification. Petitioner claims that this revision constitutes a new response and that the response should be rejected. Alternatively, because the calculation of credit expense depends in part on total home market sales, petitioner argues that the Department should reject respondent's claimed adjustment for home market credit expenses.

Man Ho states that it explained and accounted for its revised total of home market sales prior to commencement of verification and that the Department verified such revised data.

DOC Position: Upon commencement of verification, Man Ho provided the Department with a list of corrections. Among these corrections was a revised total home market sales value to be used in the calculation of home market credit expenses. This correction was made pursuant to the discovery of a minor clerical error. Man Ho also identified additional shipments, pursuant to a contract negotiated during the POI, that had occurred subsequent to the date of the questionnaire. We verified both the correction and additional shipments. We consider these changes to be minor revisions of the home market database and we do not believe rejection of the response is warranted.

Although the total value of home market sales was not adjusted to account for the additional shipments in the calculation of an accounts receivable turnover rate, we have determined that the addition of such shipments has an insignificant impact on the calculation of credit expenses. Therefore, we have used the accounts receivable turnover rate reported by respondent for purposes of calculating home market credit expenses.

Man Ho Cost Comments

Comment 29: Petitioner states that Man Ho improperly offset the interest component of COP by the amount at which interest income earned from short-term investment of working capital exceeded total interest expense during the fiscal year. Thus, petitioner claims that general interest expense should be set equal to zero for purposes of calculating COP.

Man Ho argues that all interest income from short term investments should be deducted from the calculation of interest expense. Respondent asserts that the mere fact that income happens to exceed expenses is not a reasonable basis for treating a portion of the income differently.

DOC Position: We agree with petitioner. Short-term interest income related to production is an offset to interest expense, not to COP and, therefore, can only be used to reduce total interest expense to not less than zero. See Frozen Concentrated Orange Juice From Brazil: Final Results of Administrative Review, 55 FR 26721, 26723 (1990). Therefore, we have set general interest expense equal to zero for purposes of calculating COP.

Comment 30: Petitioner states that Man Ho improperly identified certain fixed overhead expenses as variable overhead expenses. Petitioner also claims that respondent improperly allocated some of these expenses to G&A.

Respondent maintains that fixed overhead expenses were properly classified in accordance with the Department's cost questionnaire.

DOC Position: We agree with respondent. It is immaterial whether factory overhead expenses are

categorized as fixed or variable because both are ultimately added to COP. During verification, respondent explained that portions of repairs, maintenance, taxes, dues, insurance and vehicle maintenance expenses varied with production. Man Ho classified as fixed overhead, those costs that generally did not vary with production. Man Ho classified general and administrative costs as those costs which related to the activities of the company as a whole rather than solely to the production process. We find these classifications to be reasonable and consistent with Man Ho's normal accounting system under Korean GAAP.

Continuation of Suspension of Liquidation

We are directing the U.S. Customs Service to continue to suspend liquidation for Man Ho of all entries of steel wire rope, as defined in the "Scope of Investigation" section of this notice, that are entered, or withdrawn from warehouse, for consumption on or after September 30, 1992, the date of publication of our preliminary determination in the Federal Register. We are not ordering suspension of liquidation of entries of steel wire rope produced by KIS or YHC. The U.S. Customs Service shall require a cash deposit or posting of a bond equal to the estimated amount by which the FMV of the merchandise subject to this investigation exceeds the U.S. price, as shown below. This suspension of liquidation will remain in effect until further notice. The weighted-average dumping margins are as follows:

Manufacturer/producer/exporter	Weighted-average margin percentage
Korea Iron & Steel Wire, Ltd	0.23 (*de minimis*).
Man Ho Rope Mfg. Co., Ltd	1.51.
Young Heung Iron & Steel Co., Ltd.	0.10 (*de minimis*).
All Others	1.51.

Exclusion of KIS and YHC

Normally, the Department will exclude from the application of an antidumping duty order a producer found to have a *de minimis* or zero weighted-average dumping margin during the POI. 19 CFR 353.21(c). The Department's final determination resulted in *de minimis* dumping margins for KIS and YHC. However, the Department is currently drafting proposed regulations which would eliminate exclusions. In this case, the Department is concerned about the possibility that numerous small producers of Korean steel wire rope could start to funnel sales of their merchandise through KIS or YHC and evade any antidumping order which might result from this investigation. The Department's proposed regulation will address this problem and the practice of excluding firms from an order based on a negative fair value determination for that firm.

In the meantime, the Department wants to make clear that when KIS and YHC are excluded from an antidumping duty order on steel wire rope from Korea, this exclusion will apply only to steel wire rope which is both produced and sold by KIS or YHC to the United States. We will review import statistics and work closely with the U.S. Customs Service to ensure that other producers are not making sales through KIS or YHC to evade an order and to ensure that entry documentation identifies the producer of the steel wire rope.

The Department has the authority to conduct a changed circumstances review to determine whether KIS or YHC is reselling steel wire rope produced by other companies in Korea. We will immediately initiate a review if we have reason to believe that the integrity of the order on Korean steel wire rope is threatened as a result of such evasion. A preliminary or final affirmative finding could result in the suspension of liquidation of all entries of KIS or YHC, as appropriate.

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination.

Notification of Interested Parties

This notice serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: February 12, 1993.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-4057 Filed 2-22-93; 8:45 am]
BILLING CODE 3510-DS-P

APPENDIX B

WITNESSES AT THE HEARING

CALENDAR OF PUBLIC HEARING

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

Subject	:	STEEL WIRE ROPE FROM THE REPUBLIC OF KOREA AND MEXICO
Invs. Nos.	:	731-TA-546 and 547 (Final)
Date and Time	:	February 19, 1993 - 9:30 a.m.

Sessions were held in connection with the investigations in the Main Hearing Room 101 of the United States International Trade Commission, 500 E St., S.W., Washington, DC.

In support of the imposition of antidumping duties

Harris & Ellsworth
Washington, DC
On behalf of--

The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers

Charles W. Salanski, Committee Chairman and Executive Vice President, Wire Rope Corp. of America, Inc.

William B.R. Hobbs, President and Chief Executive Officer, Bridon American Corp.

Robert W. Plaskett, President, Macwhyte Co., and President, Broderick & Bascom

Frederik B. Paulsen, Jr., President, Paulsen Wire Rope Corp.

A.G. Canales, President, The Rochester Corp.

Spiro Mallas, Marketing Director, Bridon American Corp.

Richard Conner, Vice President of Marketing, Macwhyte Co.

Michael Hughes, Vice President of Wire Rope Sales, The Rochester Corp.

T.I. Martin, Vice President of Marketing Services, The Rochester Corp.

Robert Berry, Manager of Materials, The Rochester Corp.

Charles E. Myers, Closer Operator, The Rochester Corp.

Continued on the following page.

In support of the imposition of antidumping duties--Continued

Mr. Russell Koessl, President, U.A.W. Local 960, International Union United Automobile, Aerospace and Agricultural Implement Workers of America

Herbert E. Harris, II)
Cheryl Ellsworth)
Jeffrey S. Levin) --OF COUNSEL
Jennifer A. Fedor)

In opposition to the imposition of antidumping duties

Mudge Rose Guthrie Alexander & Ferdon
Washington, DC
On behalf of--

Chun Kee Steel & Wire Rope Co. Ltd.

Dong-Il Steel Manufacturing Co. Ltd.

Korea Iron & Steel Wire Ltd.

Manho Rope Manufacturing Co. Ltd.

Young Heung Iron & Steel Co. Ltd.

William S. Fleming, Economic Consultant

N. David Palmeter) --OF COUNSEL
Richard G. King)

Shearman & Sterling
Washington, DC
On behalf of--

Grupo Industrial Camesa, S.A. de C.V.

Jorge Cano, President and Chief Executive Officer

Comercial Camesa, S.A. de C.V.

Aceros Camesa, S.A. de C.V.

Camesa, Inc.

Continued on the following page.

In opposition to the imposition of antidumping duties--Continued

Camesa, Inc.--Continued

Elmar Langholz, President

H.J. Davey, Vice President

Thomas B. Wilner)
Joshua A. Newberg) --OF COUNSEL

Klayman & Associates, P.C.
Washington, DC
On behalf of--

Wire Rope Importers' Association of America (WRIAA)

Fred Couse, Vice President, Fehr Brothers Industries, Inc.

Howard Schloss, Vice President, Indusco Industrial Sales Co., Inc.

Stephanie Luck, Research Assistant, Klayman & Associates

Larry Klayman--OF COUNSEL

APPENDIX C

RESPONSES OF U.S. PRODUCERS TO QUESTIONS CONCERNING THE DIFFERENCES AND SIMILARITIES BETWEEN CARBON STEEL WIRE ROPE AND STAINLESS STEEL WIRE ROPE

In response to questions on differences and similarities in the physical characteristics, uses, and interchangeability of stainless steel wire rope and non-stainless steel wire rope, the producers' responses were:

Producer	Response
***	Physical characteristics/uses.--"Company does not produce Stainless Steel Wire Rope." Substitution.--"The likelihood of substitution is very remote. The demand would not change as all three types have very specific uses. We are not in the aircraft cord business where this could be a problem."
***	Physical characteristics.--"Stainless steel non-corrosive." Uses.--"Stainless steel preferred where physical appearance important or non-corrosive properties paramount such as marine applications." Substitution.--"Unless Mil-W-8342010 is rescinded, imported cable can easily be substituted--buyers concerned with price only. +/- 5% would not affect demand."
***	Physical characteristics.--"Carbon and stainless steel wire rope are the same construction, same wire sizes, and made on the same stranding machines." Uses.--"Aerospace, data processing, auto and farm equipment; stainless steel is used in corrosive environments." Substitution.--"Substitutions not likely to be made."
***	Physical characteristics.--"Standard grades of stainless steel generally will not achieve the strength levels of carbon steel wire rope generally used where the rope is exposed to corrosive conditions or temperatures which would be detrimental to plain carbon steel." Uses.--"Some examples of stainless steel applications are marine atmospheres, alkaline or acidic environments found in chemical processing or food processing applications. Carbon steel wire rope is not used for these applications." Substitution.--"NA."
***	Physical characteristics/uses.--no response. Substitution.--"Some ropes can be substituted except for stainless steel which cannot, even given a 5-10% price decrease. Stainless steel is not a substitute for steel wire rope with or without a price change, increase or decrease of either product 5-10%."

***..... Physical characteristics.--"They are not interchangeable."
Substitution.--"Bright, galvanized and coated wire rope can, in many instances, be substituted for one another but are not interchangeable with stainless steel wire rope. 5 or 10% reduction in price of stainless steel would not affect demand relative to non-stainless steel wire rope. It would not be practical to substitute bright wire rope for stainless steel wire rope in a corrosive atmosphere as the service life would be reduced significantly. A 5 or 0% change in price would have no effect."

***..... Physical characteristics.--"Stainless does not rust; tensiles tend to be lower than for same product in galvanized."
Uses.--"Stainless used in automotive, aircraft, medical & marine applications."
Substitution.--"In most applications galvanized may be substituted for bright, and stainless for galvanized. A 5% change between bright and galvanized might have an effect, but a 5% change between stainless and galvanized would have no effect on demand. In most cases stainless could substitute for galvanized or bright but a 5% price change would have no effect."

***..... Physical characteristics.--"Stainless steel has better resistance to corrosion."
Uses.--"Stainless steel wire rope is required for Marine application requiring exposure to weather over an extended period of time. Carbon steel wire rope is not used for these applications."
Substitution.--"Wire rope demand is price inelastic. Given a price change of 10%, substitution could occur between galv. & bright wire rope. Price differentials vs. stainless do not allow this substitution (stainless is too expensive). No substitution of stainless for bright wire rope would occur."

In response to the question "Does your firm produce stainless steel wire rope on the same equipment and machinery used for the production of non-stainless steel wire rope?", five producers (***) answered "No" and five producers (***) answered "Yes". Comments concerning interchangeability, equipment modifications, etc. of the producers answering "Yes" are presented below.

* * * * * *

In response to the question on differences and similarities in the manufacturing process of stainless steel wire rope and non-stainless steel wire rope, the producers' responses were as follows:

* * * * * *

APPENDIX D

SUMMARY TABLES

Table D-1
All steel wire rope: Summary data concerning the U.S. market, 1989-91, January-September 1991, and January-September 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

Item	Reported data			Jan.-Sept.--		Period changes			
	1989	1990	1991	1991	1992	1989-91	1989-90	1990-91	Jan.-Sept. 1991-92
U.S. consumption quantity:									
Amount	199,781	189,526	183,743	139,249	136,419	-8.0	-5.1	-3.1	-2.0
Producers' share 1/	58.7	61.8	59.5	60.2	57.2	+0.8	+3.1	-2.3	-3.1
Importers' share: 1/									
Korea, subject 2/	***	***	***	***	***	+***	-***	+***	-***
Mexico, subject 3/	1.2	2.4	1.7	1.6	2.0	+0.5	+1.1	-0.7	+0.4
Subtotal	***	***	***	***	***	+***	-***	+***	-***
Other sources 2/ 4/	***	***	***	***	***	-***	-***	-***	+***
Total	41.3	38.2	40.5	39.8	42.8	-0.8	-3.1	+2.3	+3.1
U.S. consumption value:									
Amount	352,472	329,143	318,598	241,176	236,653	-9.6	-6.6	-3.2	-1.9
Producers' share 1/	62.8	67.3	66.0	66.8	63.0	+3.2	+4.5	-1.3	-3.8
Importers' share: 1/									
Korea, subject 2/	***	***	***	***	***	+***	-***	+***	+***
Mexico, subject 3/	.7	1.4	.9	.9	1.2	+0.2	+0.7	-0.5	+0.3
Subtotal	***	***	***	***	***	+***	-***	+***	+***
Other sources 2/ 4/	***	***	***	***	***	-***	-***	-***	+***
Total	37.2	32.7	34.0	33.2	37.0	-3.2	-4.5	+1.3	+3.8
U.S. importers' imports from--									
Korea (subject): 2/									
Imports quantity	***	***	***	***	***	+***	-***	+***	-***
Imports value	***	***	***	***	***	-***	-***	+***	+***
Unit value	$***	$***	$***	$***	$***	-***	-***	-***	+***
Ending inventory qty	***	***	***	***	***	+***	-***	+***	+***
Mexico (subject): 3/									
Imports quantity	2,417	4,466	3,113	2,278	2,742	+28.8	+84.8	-30.3	+20.4
Imports value	2,639	4,675	2,928	2,059	2,827	+11.0	+77.2	-37.4	+37.3
Unit value	$1,092	$1,047	$941	$904	$1,031	-13.8	-4.2	-10.1	+14.1
Ending inventory qty	***	***	***	***	***	+***	+***	-***	+***
Subject sources:									
Imports quantity	***	***	***	***	***	+***	-***	+***	-***
Imports value	***	***	***	***	***	-***	-***	+***	+***
Unit value	$***	$***	$***	$***	$***	-***	-***	-***	+***
Ending inventory qty	13,456	13,059	14,516	13,717	16,860	+7.9	-3.0	+11.2	+22.9
Other sources: 2/ 4/									
Imports quantity	***	***	***	***	***	-***	-***	-***	+***
Imports value	***	***	***	***	***	-***	-***	-***	+***
Unit value	$***	$***	$***	$***	$***	+***	-***	+***	-***
Ending inventory qty	2,637	1,827	1,580	1,489	1,229	-40.1	-30.7	-13.5	-17.5
All sources:									
Imports quantity	82,420	72,380	74,402	55,377	58,423	-9.7	-12.2	+2.8	+5.5
Imports value	131,188	107,713	108,412	80,055	87,602	-17.4	-17.9	+0.6	+9.4
Unit value	$1,592	$1,488	$1,457	$1,446	$1,499	-8.5	-6.5	-2.1	+3.7
U.S. producers'--									
Average capacity quantity	230,375	229,925	230,025	172,520	172,570	-0.2	-0.2	5/	5/
Production quantity	121,259	129,292	114,592	85,547	83,835	-5.5	+6.6	-11.4	-2.0
Capacity utilization 1/	51.5	56.2	49.8	49.6	48.6	-1.7	+4.7	-6.4	-1.0
U.S. shipments:									
Quantity	117,361	117,146	109,341	83,872	77,996	-6.8	-0.2	-6.7	-7.0
Value	221,284	221,430	210,186	161,121	149,051	-5.0	+0.1	-5.1	-7.5
Unit value	$1,827	$1,839	$1,884	$1,884	$1,879	+3.2	+0.7	+2.5	-0.3
Export shipments:									
Quantity	4,811	6,227	7,113	5,486	5,927	+47.8	+29.4	+14.2	+8.0
Exports/shipments 1/	3.9	5.0	6.1	6.1	7.1	+2.2	+1.1	+1.1	+0.9
Value	7,894	9,756	10,268	7,926	8,918	+30.1	+23.6	+5.2	+12.5
Unit value	$1,641	$1,567	$1,444	$1,445	$1,505	-12.0	-4.5	-7.9	+4.1
Ending inventory quantity	45,032	48,159	43,921	43,430	42,032	-2.5	+6.9	-8.8	-3.2
Inventory/shipments 1/	36.9	39.0	37.7	36.5	37.6	+0.9	+2.2	-1.3	+1.1
Production workers	1,599	1,607	1,591	1,583	1,518	-0.5	+0.5	-1.0	-4.1
Hours worked (1,000s)	3,286	3,473	3,383	2,518	2,430	+3.0	+5.7	-2.6	-3.5
Total comp. ($1,000)	44,280	48,521	48,347	35,952	36,189	+9.2	+9.6	-0.4	+0.7
Hourly total compensation	$13.48	$13.97	$14.29	$14.28	$14.89	+6.1	+3.7	+2.3	+4.3
Productivity (short tons/ 1,000 hours)	36.8	37.2	33.8	33.9	34.4	-8.1	+1.0	-9.0	+1.6
Unit labor costs	$366	$376	$423	$421	$432	+15.4	+2.7	+12.4	+2.7
Net sales value	232,961	235,735	221,062	170,252	159,438	-5.1	+1.2	-6.2	-6.4
COGS/sales 1/	76.1	74.1	75.6	75.3	76.8	-0.5	-2.0	+1.5	+1.5
Operating income (loss)	11,787	11,897	6,670	6,599	2,812	-43.4	+0.9	-43.9	-57.4
Op. income (loss)/sales 1/	5.1	5.0	3.0	3.9	1.8	-2.0	6/	-2.0	-2.1

1/ "Reported data" are in percent and "period changes" are in percentage points.
2/ Subject (i.e., nonstainless) Korea data exclude (and "other sources" include) exports by KIS and Young Heung, which were found by the Department of Commerce to be fairly traded. Counsel for respondents provided export quantities amounting to *** tons in 1989; *** tons in 1990; *** tons in 1991; *** tons in Jan.-Sept. 1991; and *** tons in Jan.-Sept. 1992 (valued at $*** in 1989; $*** in 1990; $*** in 1991; $*** in Jan.-Sept. 1991; and $*** in Jan.-Sept. 1992).
3/ Subject (i.e., nonstainless) Mexico data in 1989 include imports of 556 tons, valued at $500 thousand, which were misclassified as stainless steel wire rope in official statistics.
4/ "Other sources" includes imports of stainless steel wire rope from all sources. The 1989 data have been reduced by 392 tons, valued at $293 thousand, to remove incorrectly classified merchandise from Canada.
5/ An increase of less than 0.05 percent.
6/ A decrease of less than 0.05 percentage points.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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, except where noted.

Table D-2
Stainless steel wire rope: Summary data concerning the U.S. market, 1989-91, January-September 1991, and January-September 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
Item	1989	1990	1991	1991	1992	1989-91	1989-90	1990-91	1991-92
U.S. consumption quantity:									
Amount	2,454	2,321	2,332	1,692	1,756	-5.0	-5.4	+0.5	+3.8
Producers' share 1/	33.7	25.7	21.1	24.3	25.0	-12.6	-8.0	-4.6	+0.7
Importers' share: 1/									
All sources 2/	66.3	74.3	78.9	75.7	75.0	+12.6	+8.0	+4.6	-0.7
U.S. consumption value:									
Amount	25,464	21,275	20,908	15,904	16,129	-17.9	-16.5	-1.7	+1.4
Producers' share 1/	56.6	53.5	49.9	54.4	50.9	-6.7	-3.1	-3.6	-3.5
Importers' share: 1/									
All sources 2/	43.4	46.5	50.1	45.6	49.1	+6.7	+3.1	+3.6	+3.5
U.S. importers' imports from--									
All sources: 2/									
Imports quantity	1,627	1,725	1,840	1,280	1,317	+13.1	+6.0	+6.7	+2.9
Imports value	11,055	9,889	10,469	7,256	7,927	-5.3	-10.5	+5.9	+9.2
Unit value	$6,794	$5,733	$5,689	$5,670	$6,019	-16.3	-15.6	-0.8	+6.2
U.S. producers'--									
Average capacity quantity	4,426	4,240	4,240	3,129	3,129	-4.2	-4.2	0	0
Production quantity 3/	944	611	431	353	441	-54.3	-35.3	-29.5	+24.9
Capacity utilization 1/	25.1	16.7	11.8	13.5	16.0	-13.3	-8.4	-4.8	+2.5
U.S. shipments:									
Quantity	827	596	492	412	439	-40.5	-27.9	-17.4	+6.6
Value	14,409	11,386	10,439	8,648	8,202	-27.6	-21.0	-8.3	-5.2
Unit value	$14,151	$15,178	$15,453	$15,828	$14,809	+9.2	+7.3	+1.8	-6.4
Export shipments:									
Quantity	***	***	***	***	***	-***	***	-***	+***
Exports/shipments 1/	***	***	***	***	***	-***	+***	-***	+***
Value	***	***	***	***	***	-***	+***	-***	+***
Unit value	$***	$***	$***	$***	$***	+***	+***	-***	+***
Ending inventory quantity	606	571	484	492	464	-20.1	-5.8	-15.2	-5.7
Inventory/shipments 1/	72.9	95.3	99.2	90.4	78.9	+26.3	+22.4	+3.9	-11.5
Production workers	***	***	***	***	***	-***	-***	-***	+***
Hours worked (1,000s)	20	12	***	10	11	-***	-40.0	***	+10.0
Total comp. ($1,000)	266	156	***	146	164	-***	-41.4	+***	+12.3
Hourly total compensation	$13.30	$13.00	$***	$14.60	$14.91	+***	-2.3	+***	+2.1
Productivity (short tons/ 1,000 hours)	16.1	15.3	***	10.5	12.3	-***	-4.5	-***	+16.9
Unit labor costs	$829	$848	$***	$1,390	$1,215	+***	+2.3	+***	-12.6
Net sales value	***	***	***	***	***	-***	-***	-***	+***
COGS/sales 1/	***	***	***	***	***	+***	+***	+***	-***
Operating income (loss)	***	***	***	***	***	-***	-***	-***	+***
Op. income (loss)/sales 1/	***	***	***	***	***	-***	-***	-***	+***

1/ "Reported data" are in percent and "period changes" are in percentage points.

2/ Mexico data in 1989 exclude imports of 556 tons, valued at $500 thousand, which were misclassified as stainless steel wire rope in official statistics.

3/ Excludes production by ***, which was not reported.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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, except where noted.

Table D-3
Carbon steel wire rope: Summary data concerning the U.S. market, 1989-91, January-September 1991, and January-September 1992

(Quantity=short tons, value=1,000 dollars, unit values and unit labor costs are per short ton, period changes=percent, except where noted)

Item	Reported data			Jan.-Sept.--		Period changes			
	1989	1990	1991	1991	1992	1989-91	1989-90	1990-91	Jan.-Sept. 1991-92
U.S. consumption quantity:									
Amount	197,327	187,205	181,411	137,558	134,663	-8.1	-5.1	-3.1	-2.1
Producers' share 1/	59.1	62.3	60.0	60.7	57.6	+0.9	+3.2	-2.3	-3.1
Importers' share: 1/									
Korea, subject 2/	***	***	***	***	***	+***	-***	+***	-***
Mexico 3/	1.2	2.4	1.7	1.7	2.0	+0.5	+1.2	-0.7	+0.4
Subtotal	***	***	***	***	***	+***	-***	+***	-***
Other sources 2/	***	***	***	***	***	-***	-***	-***	+***
Total	40.9	37.7	40.0	39.3	42.4	-0.9	-3.2	+2.3	+3.1
U.S. consumption value:									
Amount	327,008	307,869	297,690	225,272	220,524	-9.0	-5.9	-3.3	-2.1
Producers' share 1/	63.3	68.2	67.1	67.7	63.9	+3.8	+5.0	-1.1	-3.8
Importers' share: 1/									
Korea, subject 2/	***	***	***	***	***	+***	-***	+***	+***
Mexico 3/	.8	1.5	1.0	.9	1.3	+0.2	+0.7	-0.5	+0.4
Subtotal	***	***	***	***	***	+***	-***	+***	+***
Other sources 2/	***	***	***	***	***	-***	-***	-***	+***
Total	36.7	31.8	32.9	32.3	36.1	-3.8	-5.0	+1.1	+3.8
U.S. importers' imports from--									
Korea (subject): 2/									
Imports quantity	***	***	***	***	***	+***	-***	+***	-***
Imports value	***	***	***	***	***	-***	-***	+***	+***
Unit value	$***	$***	$***	$***	$***	-***	-***	-***	+***
Ending inventory qty	***	***	***	***	***	+***	-***	+***	+***
Mexico: 3/									
Imports quantity	2,417	4,466	3,113	2,278	2,742	+28.8	+84.8	-30.3	+20.4
Imports value	2,639	4,675	2,928	2,059	2,827	+11.0	+77.2	-37.4	+37.3
Unit value	$1,092	$1,047	$941	$904	$1,031	-13.8	-4.2	-10.1	+14.1
Ending inventory qty	***	***	***	***	***	+***	+***	-***	+***
Subject sources:									
Imports quantity	***	***	***	***	***	+***	-***	+***	-***
Imports value	***	***	***	***	***	-***	-***	+***	+***
Unit value	$***	$***	$***	$***	$***	-***	-***	-***	+***
Ending inventory qty	13,456	13,059	14,516	13,717	16,860	+7.9	-3.0	+11.2	+22.9
Other sources: 2/									
Imports quantity	***	***	***	***	***	-***	-***	-***	+***
Imports value	***	***	***	***	***	-***	-***	-***	+***
Unit value	$***	$***	$***	$***	$***	+***	-***	+***	-***
Ending inventory qty	2,087	1,413	1,147	1,112	860	-45.0	-32.3	-18.8	-22.7
All sources:									
Imports quantity	80,793	70,655	72,562	54,098	57,106	-10.2	-12.5	+2.7	+5.6
Imports value	120,133	97,825	97,943	72,799	79,675	-18.5	-18.6	+0.1	+9.4
Unit value	$1,487	$1,385	$1,350	$1,346	$1,395	-9.2	-6.9	-2.5	+3.7
U.S. producers'--									
Average capacity quantity	225,949	225,685	225,785	169,391	169,441	-0.1	-0.1	4/	4/
Production quantity	120,315	128,681	114,161	85,194	83,394	-5.1	+7.0	-11.3	-2.1
Capacity utilization 1/	51.9	56.8	50.4	50.1	49.1	-1.5	+4.9	-6.4	-1.1
U.S. shipments:									
Quantity	116,534	116,550	108,849	83,460	77,557	-6.6	4/	-6.6	-7.1
Value	206,875	210,044	199,747	152,473	140,849	-3.4	+1.5	-4.9	-7.6
Unit value	$1,739	$1,771	$1,823	$1,815	$1,806	+4.8	+1.8	+2.9	-0.5
Export shipments:									
Quantity	***	***	***	***	***	+***	+***	+***	+***
Exports/shipments 1/	***	***	***	***	***	+***	+***	+***	+***
Value	***	***	***	***	***	+***	+***	+***	+***
Unit value	$***	$***	$***	$***	$***	-***	-***	-***	+***
Ending inventory quantity	44,426	47,588	43,437	42,938	41,568	-2.2	+7.1	-8.7	-3.2
Inventory/shipments 1/	36.6	38.8	37.5	36.2	37.3	+0.8	+2.1	-1.3	+1.1
Production workers	***	***	***	***	***	-***	+***	-***	-***
Hours worked (1,000s)	3,266	3,461	***	2,508	2,419	+***	+6.0	-***	-3.5
Total comp. ($1,000)	44,014	48,365	***	35,806	36,025	+***	+9.9	-***	+0.6
Hourly total compensation	$13.48	$13.97	$***	$14.28	$14.89	+***	+3.7	+***	+4.3
Productivity (short tons/ 1,000 hours)	36.9	37.2	***	34.0	34.5	-***	+0.8	-***	+1.6
Unit labor costs	$365	$375	$***	$420	$431	+***	+2.8	+***	+2.7
Net sales value	***	***	***	***	***	-***	+***	-***	-***
COGS/sales 1/	***	***	***	***	***	-***	-***	+***	+***
Operating income (loss)	***	***	***	***	***	-***	+***	-***	-***
Op. income (loss)/sales 1/	***	***	***	***	***	-***	+***	-***	-2.5

1/ "Reported data" are in percent and "period changes" are in percentage points.
2/ Subject Korea data exclude (and "other sources" include) exports by KIS and Young Heung, which were found by the Department of Commerce to be fairly traded. Counsel for respondents provided export quantities amounting to *** in 1989; *** tons in 1990; *** tons in 1991; *** tons in Jan.-Sept. 1991; and *** tons in Jan.-Sept. 1992 (valued at $*** in 1989; $*** in 1990; $*** in 1991; $*** in Jan.-Sept. 1991; and $*** in Jan.-Sept. 1992).
3/ Mexico data in 1989 include imports of 556 tons, valued at $500 thousand, which were misclassified as stainless steel wire rope in official statistics.
4/ An increase of less than 0.05 percent.

Note.--Period changes are derived from the unrounded data. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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, except where noted.

APPENDIX E

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF STEEL WIRE ROPE FROM KOREA OR MEXICO ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe any actual or anticipated negative effects of imports of steel wire rope (excluding stainless) from the subject countries on existing development and production efforts, growth, investment, and ability to raise capital. *** indicated they suffered no negative effects. *** made no comments one way or the other. The responses of the producers which supplied comments are as follows:

Response of U.S. producers to the following questions:

1. Since January 1, 1989, has your firm experienced any actual negative effects on its growth, investment, ability to raise capital, or existing development and production efforts, including efforts to develop a derivative or more advanced version of the product, as a result of imports of steel wire rope (excluding stainless) from Korea or Mexico?

* * * * * *

2. Does your firm anticipate any negative impact of imports of steel wire rope (excluding stainless) from Korea or Mexico?

* * * * * *

3. Has the scale of capital investments undertaken been influenced by the presence of imports of steel wire rope (excluding stainless) from Korea or Mexico?

* * * * * *