Certain Steel Wire Rod From Brazil, Canada, Japan, and Trinidad and Tobago

Investigations Nos. 731-TA-646-649

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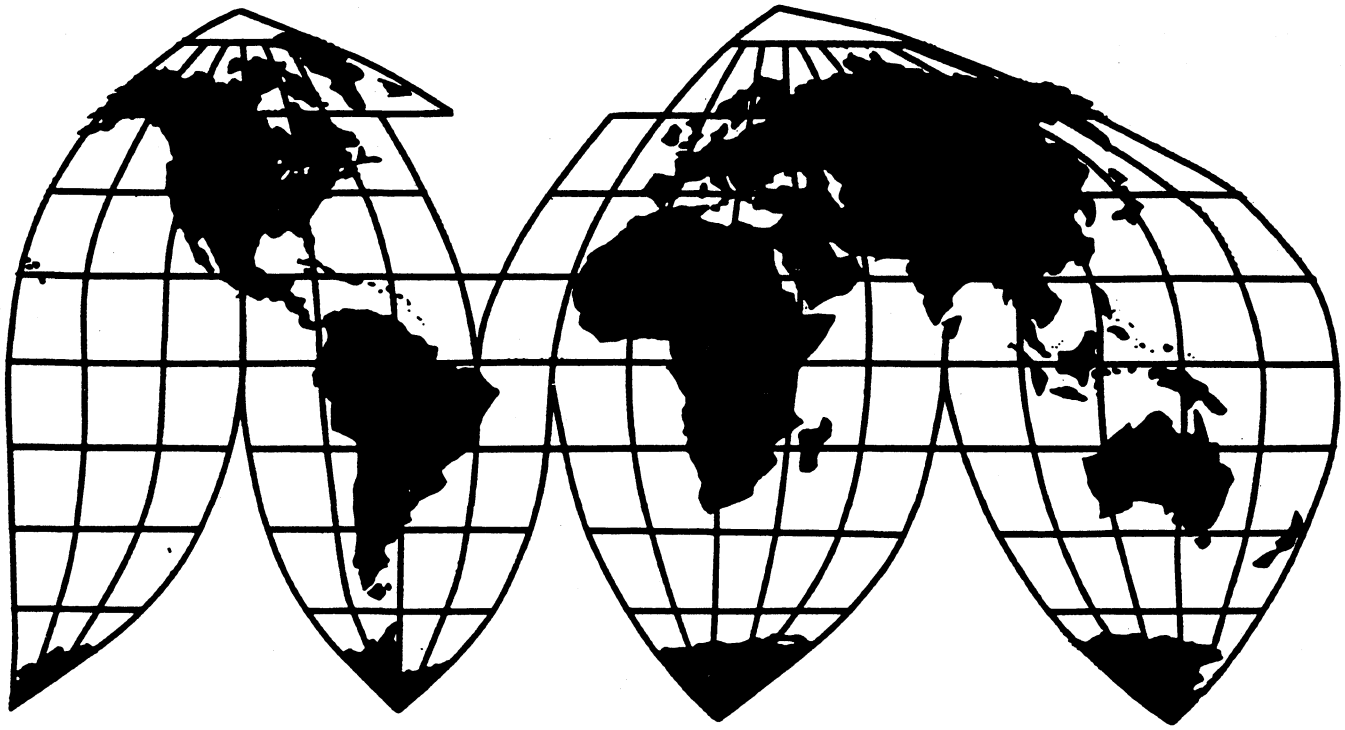

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-646-649 (Preliminary)

CERTAIN STEEL WIRE ROD FROM BRAZIL,
CANADA, JAPAN, AND TRINIDAD AND TOBAGO

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from Brazil, Canada, and Japan of certain steel wire rod,[2] provided for in subheadings 7213.31.30, 7213.31.60, 7213.39.00, 7213.41.30, 7213.41.60, 7213.49.00, 7213.50.00, and 7227.90.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

Further, the Commission determines,[3] pursuant to section 733(a) of the Tariff Act of 1930, that there is no reasonable indication that an industry in the United States is materially injured or threatened with material injury, or that the establishment of an industry in the United States is materially

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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] For purposes of these investigations, certain steel wire rod is defined as hot-rolled carbon steel and alloy steel wire rod, in coils, of approximately round cross section, between 0.20 inch and 0.75 inch in solid cross-sectional diameter. Excluded from the scope of these investigations are free-machining steel containing 0.03 percent or more of lead, 0.05 percent or more of bismuth, 0.08 percent or more of sulfur, more than 0.4 percent of phosphorus, more than 0.05 percent of selenium, and/or more than 0.01 percent of tellurium. Excluded as well are stainless steel rods, tool steel rods, free-cutting steel rods, resulfurized steel rods, ball bearing steel rods, high-nickel steel rods, and concrete reinforcing bars and rods.

[3] Chairman Newquist dissenting.

retarded, by reason of imports from Trinidad and Tobago of certain steel wire rod that are alleged to be sold in the United States at LTFV.

Background

On April 23, 1993, a petition was filed with the Commission and the Department of Commerce by Connecticut Steel Corp., Wallingford, CT; North Star Steel Texas, Inc., Beaumont, TX (except for the investigation concerning Japan); Keystone Steel & Wire Corp., Peoria, IL; Co-Steel Raritan, Perth Amboy, NJ (except for the investigation concerning Brazil); and Georgetown Steel Corp., Georgetown, SC (except for the investigation concerning Japan), alleging that an industry in the United States is materially injured by reason of LTFV imports of certain steel wire rod from Brazil, Canada, Japan, and Trinidad and Tobago. Accordingly, effective April 23, 1993, the Commission instituted antidumping investigations Nos. 731-TA-646-649 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of April 30, 1993 (58 F.R. 26156). The conference was held in Washington, DC, on May 14, 1993, and all persons who requested the opportunity were permitted to appear in person or by counsel.

VIEWS OF THE COMMISSION

Based on the record in these preliminary investigations, we determine that there is a reasonable indication that the industry in the United States producing certain steel wire rod is materially injured by reason of imports of such products from Brazil, Canada, and Japan that allegedly are sold at less than fair value (LTFV).[1] We also determine that there is no reasonable indication that the domestic industry is materially injured or threatened with material injury by reason of allegedly LTFV imports of certain steel wire rod from Trinidad and Tobago.[2]

I. THE LEGAL STANDARD FOR PRELIMINARY INVESTIGATIONS

The legal standard in preliminary antidumping duty investigations requires the Commission to determine, based upon the best information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured or threatened with material injury by reason of the allegedly LTFV imports.[3] In applying this standard, the Commission may weigh the evidence before it to determine whether "(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of material injury; and (2) no likelihood exists that any contrary evidence will arise in a final

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[1] 19 U.S.C. § 1673b(a). Whether the establishment of an industry in the United States is materially retarded is not an issue in these investigations.

[2] Chairman Newquist finds that there is a reasonable indication that the domestic industry is materially injured by reason of allegedly LTFV imports of certain steel wire rod from Trinidad and Tobago. See his separate views.

[3] 19 U.S.C. § 1673b(a). See also American Lamb Co. v. United States, 785 F.2d 994 (Fed. Cir. 1986); Calabrian Corp. v. United States Int'l Trade Comm'n, 794 F. Supp. 377, 386 (Ct. Int'l Trade 1992).

investigation."[4] The U.S. Court of Appeals for the Federal Circuit has held that this interpretation of the standard "accords with clearly discernible legislative intent and is sufficiently reasonable."[5]

II. LIKE PRODUCT

In determining whether there is a reasonable indication that an industry in the United States is materially injured or is threatened with material injury by reason of the allegedly LTFV imports, we must first define the "like product" and the "industry." Section 771(4)(A) of the Tariff Act of 1930, as amended (the "Act") defines the relevant 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."[6] 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."[7]

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[4] American Lamb Co. v. United States, 785 F.2d at 1001. See also Texas Crushed Stone Co. v. United States, Slip Op. 93-81, at 20-21 (Ct. Int'l Trade May 25, 1993); Torrington Co. v. United States, 790 F. Supp. 1161, 1165 (Ct. Int'l Trade 1992).

[5] American Lamb Co. v. United States, 785 F.2d at 1004.

[6] 19 U.S.C. § 1677(4)(A).

[7] Id. § 1677(10). The Commission's decision regarding the appropriate like product or products in an investigation is a factual determination, and it has applied the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis. In analyzing like product issues, 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. Calabrian Corp. v. United States Int'l Trade Comm'n, 794 F. Supp. at 382 n.4. No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. See, e.g., Torrington Co. v. United States, 747

(continued...)

The Department of Commerce (Commerce) has defined the scope of these investigations as:

> hot-rolled carbon steel and alloy steel wire rod, in coils, of approximately round cross section, between 0.20 and 0.75 inches in solid cross-sectional diameter. Excluded from the scope of these investigations are free-machining steel containing 0.03% or more of lead, 0.05% or more of bismuth, 0.08% or more of sulfur, more than 0.4% of phosphorus, more than 0.05% of selenium, and/or more than 0.01% of tellurium. Excluded as well are stainless steel rods, tool steel rods, free-cutting steel rods, resulfurized steel rods, ball bearing steel rods, high-nickel steel rods, and concrete reinforcing bars and rods.[8]

The imported products covered by these investigations may generally be described as semifinished steel products produced on a rod mill and intended for the production of wire and wire products.[9] Steel wire rod is differentiated by its chemistry, diameter, and slight variations in the production process. Specifications of chemical composition, physical properties and thermal treatments are published by the American Iron and Steel Institute (AISI), American Society for Testing and Materials, and the Society of Automotive Engineers. End-users may request modifications of these specifications to achieve a specific performance.[10]

Most of the steel wire rod consumed in the United States is sold on the basis of its carbon content and certain industry-recognized "quality grades." Most rod is produced from AISI 1000 series carbon steel, ranging from series

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[7] (...continued)
F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991).

[8] See 58 Fed. Reg. 29,195 (May 19, 1993).

[9] Report at I-6 - I-7.

[10] Id. at I-7.

1006 to 1095, the last two digits of which represent carbon content.[11] The industry-recognized quality grades include industrial quality, fine wire quality, cold heading quality, welding quality, scrapless nut quality, and chain quality.[12] There is some relationship between the industry-recognized quality grades and the carbon content series. For instance most, but not all, industrial quality rod is produced from low- or medium-low carbon content steel.[13] Together, the industry-recognized quality designation and the AISI carbon content designation indicate a purchasing specification.[14]

Our like product determination is based on the unique facts of each case.[15] In previous wire rod cases, the Commission determined that there were three separate like products: low-; medium-; and high-carbon steel wire rod.[16] In these preliminary investigations, we decide not to find three like

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[11] See id. at I-7. This range of product can be further subdivided into low-carbon rod, encompassing series 1006 through 1022 with a carbon content no greater than 0.23 percent; medium-high carbon rod, encompassing series 1023 through 1040 with a carbon content between 0.24 and 0.44; and high-carbon rod, encompassing series 1041 through 1095, with a carbon content above 0.44. Id. We also note that some of the alloy steel series, particularly those containing boron, are sold as carbon series. Id.

[12] Id.

[13] Id.

[14] Id. For instance, 1008 IQ would indicate a low-carbon industrial quality rod. Id.

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

[16] See Carbon Steel Wire Rod from Poland, Portugal and Venezuela, Invs. Nos. 701-TA-243-244 (Preliminary) and 731-TA-256-258 (Preliminary), USITC Pub. 1701 (May 1985); Carbon Steel Wire Rod from the German Democratic Republic, Inv. No. 731-TA-205 (Preliminary), USITC Pub. 1607 (Nov. 1984); Carbon Steel Wire Rod from Argentina and Spain, Invs. Nos. 731-TA-157 and 160 (Final), USITC Pub. 1598 (Nov. 1984); Carbon Steel Wire Rod from Poland, Inv. No. 731-TA-159 (Final), USITC Pub. 1574 (Sept. 1984); Carbon Steel Wire Rod from Spain, Inv. No. 701-TA-209 (Final), USITC Pub. 1544 (June 1984); Carbon Steel

(continued...)

products and, for the reasons discussed below, determine that there is a single like product consisting of certain carbon and alloy steel wire rod.[17]

The essential characteristics that distinguish the various types of steel wire rod are the different degrees of ductility and tensile strength of particular specifications of wire rod.[18] These differences are primarily, but not exclusively, a function of the carbon content of the rod.[19] There are, however, hundreds of combinations of quality grades, AISI carbon content series, and size variations of steel wire rod. Often these variations are very small.[20] We do not find that the evidence in this record concerning current industry practice provides sufficient bright lines to distinguish three separate industries based on these characteristics.

With respect to the uses of, and interchangeability among, different varieties of steel wire rod, we note that there are many individual uses of the steel wire produced from the wire rod, each of which requires wire rod meeting particular specifications.[21] All wire rod, however, must be drawn into wire before it can be used for any of these purposes. We note that there are many overlaps among the different specifications of wire rod that can be

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[16] (...continued)
Wire Rod from Venezuela, Inv. No. 731-TA-88 (Final), USITC Pub. 1338 (Feb. 1983).

[17] The Commission is not bound by prior determinations of the like product so long as it does not act arbitrarily and provides a reasoned explanation of its decision. Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1088 (Ct. Int'l Trade 1988).

[18] See Report at I-7.

[19] See id. at I-14.

[20] See id.

[21] See id. at I-7, I-14.

used in these applications[22] and there are often gradual shifts over time in specifications for particular uses, which argues against drawing a bright line based on use criteria.[23]

With respect to the production processes, we note that each domestic producer manufactures all of its steel wire rod in the same facility, utilizing the same equipment and same employees.[24] The essential differences among various types of wire rod are generally imparted by the molten steel, which is the raw material, rather than in the production process for the wire rod itself.[25] While certain specific metallurgical properties are also imparted by modifying the rolling and cooling of the wire rod, such modifications involve only minor adjustments to the basic production process.[26]

With respect to the channels of distribution, most steel wire rod is marketed directly to independent wire drawers, who purchase a wide variety of rod with different specifications.[27] The vast majority of all sales of both domestic and imported rod is made directly to such end users.[28] The record

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[22] See id. at I-14, I-15.

[23] We note for example that at least one large tire cord quality rod purchaser has shifted the bulk of its purchases from 1070 series wire rod to 1080 series wire rod in order to produce lighter and stronger tires. See Post-Conference Submission of the Goodyear Tire & Rubber Company at 3 (May 19, 1993); Tr. at 155-57.

[24] See Report at I-8 - I-14.

[25] Id. at I-8.

[26] See id.

[27] Id. at I-13 - I-14, I-25.

[28] Id. at I-25.

also reflects that a certain percentage of wire rod is captively consumed or sold to wire products manufacturers who do their own wire drawing.[29]

We therefore conclude that there is a single like product consisting of certain carbon and alloy steel wire rod. While there are many distinctions between different specifications for particular wire rod products, we find that all such products form a broad continuum and that the present record does not establish sufficient bright lines between them to constitute separate like products.

III. DOMESTIC INDUSTRY AND RELATED PARTIES

As noted previously, the domestic industry consists of the "domestic producers" of a "like product."[30] In light of our like product determination, there is one domestic industry in these investigations: the domestic producers of certain carbon and alloy steel wire rod.

Under section 771(4)(B) of the Act, producers who are related to exporters or importers, or who are themselves importers of allegedly dumped or subsidized merchandise, may be excluded from the domestic industry in appropriate circumstances.[31] Application of the related parties provision is within the Commission's discretion based upon the facts presented in each case.[32]

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[29] Petitioners' Post-Conference Brief, Ex. 1B at 5-6 (May 19, 1993); see Report at I-13, I-25.

[30] 19 U.S.C. § 1677(4)(A).

[31] Id. § 1677(4)(B).

[32] Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987).

In these investigations, two of the 15 known producers of certain steel wire rod -- Atlantic Steel Co. and Laclede Steel -- are owned in whole or in part by a Canadian respondent.[33] Therefore, we find that these producers are related parties.

If we find that a company is a related party under section 771(4)(B), then we must determine whether "appropriate circumstances" exist for excluding the producer in question from the domestic industry.[34] The purpose of excluding related parties is to minimize any distortion in the aggregate data bearing on the condition of the domestic industry that might result from including related parties whose operations benefit from their importation of the subject imports.[35] While the statute itself does not define what "appropriate circumstances" are, Congress has provided the following guidance:

> The ITC is given discretion not to include within the domestic industry those domestic producers of the like product which are either related to exporters or importers of the imported product being investigated, or which import that product. Thus, for example, where a U.S. producer is related to a foreign exporter and the foreign exporter directs his exports to the United States so as not to compete with his related U.S. producer, this should be a case where the ITC would not consider the related U.S. producer to be a part of the domestic industry.[36]

Further, the Court of International Trade has approved the Commission's exclusion of a related party in situations where the producer is related to the foreign exporter, appears to have benefited from the consistently lower

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[33] Report at I-22, I-24.

[34] See, e.g., Empire Plow Co. v. United States, 675 F. Supp. at 1353; Digital Readout Systems and Subassemblies Thereof from Japan, Inv. No. 731-TA-390 (Final), USITC Pub. 2150, at 15 (Jan. 1989).

[35] See, e.g., Torrington Co. v. United States, 490 F. Supp. at 1168.

[36] S. Rep. No. 249, 96th Cong., 1st Sess. 83 (1979) (emphasis added).

prices of the dumped imports, and where the exporter appears to have been directing its exports in such a manner so as not to compete with its related U.S. importer/producer.[37]

The primary factors we examine in deciding whether appropriate circumstances exist to exclude a related party include:

> (1) the percentage of domestic production attributable to related producers;
>
> (2) the reason why importing producers choose to import the articles under investigation -- to benefit from the unfair trade practices or to enable them to continue production and compete in the domestic market; and
>
> (3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.[38]

The Commission has also considered whether each company's books are kept separately from its "relations" and whether the primary interest of the related producer lies in domestic production or in importation.[39]

Together, Atlantic Steel and Laclede Steel accounted for less than 10 percent of U.S. production of certain steel wire rod during 1992.[40] We note that neither company imports any steel wire rod from the related Canadian

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[37] See Sandvik AB v. United States, 721 F. Supp. 1322, 1331 (Ct. Int'l Trade 1989), aff'd, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. at 1353-54 (an analysis of "[b]enefits accrued from the relationship" as a major factor in deciding whether to exclude a related party held to be a "reasonable approach . . . in light of the legislative history").

[38] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1168.

[39] See, e.g., Polyethylene Terephthalate (PET) Film, Sheet, and Strip from Japan and the Republic of Korea, Invs. Nos. 731-TA-458-459 (Final), USITC Pub. 2383, at 17-18 (May 1991); Rock Salt from Canada, Inv. No. 731-TA-239 (Final), USITC Pub. 1798, at 12 (Jan. 1986).

[40] Report at I-21, Table 3.

producer.[41] Further, neither company's books indicate any benefits attributable to imports from related parties.[42] Accordingly, based on the information compiled during these preliminary investigations, we do not find it necessary to exclude the related parties to minimize any distortion in the aggregate data bearing on the condition of the domestic industry.

IV. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether there is a reasonable indication of material injury to a domestic industry by reason of allegedly dumped imports, we consider "all relevant economic factors which have a bearing on the state of the industry in the United States."[43] These include production, shipments, inventories, capacity utilization, market share, employment, wages, productivity, financial performance, ability to raise capital, and research and development.[44] No single factor is determinative and we consider all relevant factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[45]

Most carbon steel wire rod produced in the United States during the period of investigation was produced in "minimill" facilities, which have electric arc furnaces (EAFs) and use mostly scrap steel as their raw

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[41] See id. at I-25. No U.S. producer reported imports of certain steel wire rod during the period of investigation.

[42] See id. at I-34, Table 10.

[43] 19 U.S.C. § 1677(7)(C)(iii).

[44] Id.

[45] Id.

material.[46] Minimills have certain cost advantages over integrated producers. However, the EAF scrap-based production process has certain product chemistry disadvantages compared with other methods of production.[47] A number of the foreign producers of the subject imports produce steel in BOFs or in EAFs using nonscrap raw materials.[48]

Because the steel wire rod consumers manufacture wire which is used in a large variety of products,[49] the demand for steel wire rod depends on the demand for these many different products. A relatively large portion of the steel wire rod sold in the U.S. market is used for construction applications; therefore, the demand for the product is cyclical in nature.[50]

Overall, the demand for steel wire rod increased during the period of investigation.[51] There is evidence in the record that there was an increase in orders for the first quarter of 1993.[52] Demand with respect to some particular end uses, such as tire cord steel wire rod, has increased. Steel

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[46] Report at I-8. The only identified U.S. producer of wire rod using a basic oxygen furnace (BOF) ceased production in 1992. Id. at I-8 n.17; I-22. A relatively small number of producers utilize nonscrap raw materials in EAFs. See id. at I-8 n.17; I-23.

[47] EAF-scrap based steel contains higher levels of certain residuals than BOF steel, which adversely affects yields and drawing efficiencies, and limits the use of such scrap-based steel in certain critical applications. Id. at I-8 n.15.

[48] Id. at I-8 n.17.

[49] Id. at I-48.

[50] Id.

[51] Id.

[52] Petitioners' Post-Conference Brief at 3; see Report at I-17.

wire rod consumers are also increasingly demanding higher quality and tensile strength products.[53]

We have received several different explanations for current market conditions, i.e. shortages in the domestic wire rod market during the first quarter of 1993.[54] Petitioners claim that these shortages are simply the result of a temporary supply bottleneck.[55] They state that the increase in orders this year was in part a reaction to the knowledge that the antidumping duty petition was to be filed.[56] In addition, petitioners argue that temporarily low customer inventories are responsible,[57] along with "panic" buying resulting from impending price increases.[58]

Respondents argue that the shortage will be long-lasting.[59] A large number of purchasers supporting the respondents' views have reported to the Commission that the domestic producers are allocating the product to them and are unable to supply the purchasers with the amount they require, which has

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[53] Report at I-48.

[54] See id. at I-17.
Commissioner Rohr notes, in these preliminary investigations, that except for pricing data the Commission did not seek information in its questionnaires for an interim 1993 period. He expects the Commission to seek information from as extensive an interim 1993 period as possible if this matter returns to the Commission for any final investigations.

[55] Petitioners' Post-Conference Brief at 3.

[56] Id.

[57] Tr. at 29, 66.

[58] Id. at 66-67.

[59] Brief on Behalf of Sidbec-Dosco Inc. at 8-9 (May 19, 1993); Post-Conference Brief on Behalf of Ivaco Rolling Mills at 9-10 (May 20, 1993).

necessitated their acquisition of imported steel wire rod.[60] Respondents argue that the panic buying exists because of purchasers' inability to obtain their rod requirements.[61]

The reasons for the increase in orders in early 1993 are not clear at this point and we will pursue the matter further in any final investigations. We note that the shortages do not appear to be concentrated in any particular product category or market region.[62]

The indicators of the condition of the domestic industry are somewhat mixed. Domestic production increased steadily by 4.1 percent from 1990 to 1992.[63] Average-of-period capacity remained fairly constant from 1990 to 1992.[64] Average-of-period capacity utilization increased steadily, but only from 81.1 percent in 1990 to 84.5 percent in 1992.[65] While the quantity of U.S. shipments increased by 6.0 percent from 1990 to 1992, the value of such shipments decreased by 0.1 percent during the same period.[66] Inventories

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[60] Post-Conference Brief Submitted by Bekaert Corporation at 7-8 (May 20, 1993); Post-Conference Brief of MGF Industries, Inc. at 9 (May 19, 1993); Post-Conference Brief of American Wire Producers Association at 5-6 (May 19, 1993); Tr. at 95-96, 99-100, 119-20, 122-23, 125, 159-60, 163-64, 182-83, 228, 230, 232-33, 235-36, 246-48, 247-48.

Commissioner Rohr notes additionally that we will be seeking information regarding any increases in sales of wire products by wire rod purchasers that may account for this increase in orders.

[61] Brief on Behalf of Sidbec-Dosco Inc. at 8.

[62] Report at I-17; Tr. at 124-25. We intend to seek more information on the extent of, and reasons for, any shortages in any final investigations.

[63] Report at I-26.

[64] Id. at I-27, Table 4.

[65] Id.

[66] Id; id. at I-28, Table 5.

decreased 14.2 percent from 1990 to 1992, and the ratio of inventories to total shipments decreased from 3.6 percent to 2.9 percent during the same period.[67] However, inventories may not be significant for these investigations because a large portion of steel wire rod is produced to order according to customer specifications.[68]

The number of production and related workers for certain steel wire rod declined steadily over the period of investigation, as did the hours they worked.[69] However, there was a small increase in wages and a larger increase in productivity over that period.[70]

Although total net sales quantities increased by 3.3 percent from 1990 to 1992, total net sales value decreased by 2.4 percent over that period. As a share of net sales, gross profit declined from 7.7 percent to 6.3 percent from 1990 to 1991 and remained flat from 1991 to 1992. Operating income decreased by 32.5 percent from 1990 to 1991, and further declined by 6.1 percent from 1991 to 1992. Operating income as a percentage of net sales fell from 4.4 percent in 1990 to 3.0 percent 1990 in 1991, then declined to 2.8 percent in 1992.[71]

The value of all assets attributable to steel wire rod operations decreased steadily throughout the period of investigation,[72] primarily due to

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[67] Id. at I-29 & Table 6.

[68] Id. at I-14 - I-15.

[69] Id. at I-30, Table 7.

[70] Id.

[71] Id. at I-33, Table 9.

[72] Id. at I-35, Table 11.

the departure of Bethlehem Steel from the industry in September 1992.[73] Operating return on total assets declined as well.[74] Total capital expenditures decreased by 43.5 percent from 1990 to 1991, but rose by 25.5 percent in 1992.[75] Research and development expenses decreased substantially from 1990 to 1992.[76]

V. CUMULATION

In determining whether there is a reasonable indication of material injury by reason of the subject imports, the Commission is required to assess cumulatively the volume and price effects of imports from two or more countries of products subject to investigation if such imports "compete with each other and with like products of the domestic industry in the United States market."[77]

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[73] See id. at I-22.

[74] Id. at I-35, Table 11.

[75] Id. at I-36, Table 12.

[76] Id. at Table 13.

Based on the above information, Chairman Newquist and Commissioner Rohr conclude that there is a reasonable indication that the domestic industry producing certain steel wire rod is currently experiencing material injury.

Vice Chairman Watson does not reach a separate legal conclusion concerning whether there is a reasonable indication that the domestic industry producing steel wire rod is experiencing material injury based on this information. While he does not believe an independent determination is either required by the statute or helpful, he finds the discussion of the condition of the domestic industry to be helpful in determining whether any injury resulting from the LTFV imports is material.

[77] Id. § 1677(7)(C)(iv)(I); see Chaparral Steel Co. v. United States, 901 F.2d 1097, 1105 (Fed. Cir. 1990). However, the Commission has discretion not to cumulate imports from a particular country that are "negligible" and have no discernible adverse impact on the domestic industry. See 19 U.S.C. § 1677(7)(C)(v).

Imports from a country that is a beneficiary country under the Caribbean Basin Initiative (CBI) may only be cumulated with imports from another CBI country for the purpose of determining material injury, or the threat thereof, by reason of imports from such countries.[78] For the purpose of determining material injury caused by imports from other countries subject to investigation, the imports from the CBI country must be cumulated.[79] Thus, in these investigations, the Commission must make a separate determination with respect to imports from Trinidad and Tobago, but must cumulate those imports in considering the impact of imports from Brazil, Canada, and Japan, if otherwise required by the statute.

With regard to whether the subject imports compete with each other and the domestic like product, the Commission generally has considered four factors, including:

> (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.[80]

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[78] Id. § 1677(7)(C)(iv)(II).

[79] H.R. Conf. Rep. No. 650, 101st Cong., 2d Sess. (1990), reprinted in 1990 U.S.C.C.A.N. 928, 1025.

[80] See, e.g., Certain Cast Iron Pipe Fittings from Brazil, Korea and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int'l Trade), (continued...)

No single factor is determinative and the list of factors is not exclusive. In addition, only a "reasonable overlap" of competition is required; the Commission does not have to find that all imports compete with all other imports and the domestic like product.[81]

Some respondents acknowledged at the conference that their products compete with domestic products.[82] Purchasers' statements that they do purchase from both domestic suppliers and importers[83] also tend to provide a reasonable indication that there is a competitive overlap between the imports and the domestic product.

However, there is also evidence in the record of these investigations that certain producers serve particular market niches and that there is limited competition in these niches. A large percentage of imports from Japan are of high tensile tire cord rod sold to manufacturers who have reported to the Commission that domestic producers are unable to meet their specifications for such products.[84] Another relatively small portion of total subject imports from Japan consists of valve spring wire rod, welding quality rod, and

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[80] (...continued)
aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[81] 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).

[82] Tr. at 144-46 (Sidbec-Dosco Inc. and Stelco Inc. of Canada).

[83] See, e.g., id. at 96, 227.

[84] See Report at I-19; Post-Conference Submission of the Goodyear Tire & Rubber Company at 3; Tr. at 157-58.

certain specialized fastening quality rod, which do not appear to compete with products made by domestic producers.[85]

Similarly, virtually all imports from Brazil and Trinidad and Tobago are of industrial quality low- and medium-carbon wire rod, which do not compete with the high-carbon rod comprising the bulk of the imports from Japan.[86] Imports from Canadian producers, however, tend to include all categories of steel wire rod.[87]

Sales in market niches where there is limited competition between domestic and imported products or among the imported products, do appear to account for a large share of the subject imports.[88] Yet there remains a significant percentage of the imports that falls into categories in which there appear to be overlaps in competition, though the extent of these overlaps is not clear at this time. These products include 1070 tire wire rod, safety and suspension wire rod, and CHQ rod.[89]

Because we find on the basis of the current record that there is a reasonable indication of overlap in competition between the subject imports

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[85] See Report at I-19; Post-Conference Brief of Kobe Steel Ltd., Nippon Steel Corp. and Sumitomo Metal Industry, Ltd. at Ex. 1 (May 19, 1993).

[86] See Report at I-53 - I-54.

[87] See id. at I-54.

[88] See id. at I-19 (Japan); I-53 - I-54 (Trinidad and Tobago). See also Post-Conference Brief of MGF Industries, Inc. at 3.

[89] See Report at I-19 - I-20; Post-Conference Brief of Kobe Steel Ltd., Nippon Steel Corp. and Sumitomo Metal Industry, Ltd. at Ex. 1.

and the domestic like product,[90] we must cumulate subject imports from Brazil, Canada, and Japan.[91]

VI. REASONABLE INDICATION OF MATERIAL INJURY BY REASON OF ALLEGEDLY LTFV IMPORTS

A. Legal Standard and Determination

In making a preliminary determination in an antidumping investigation, the Commission is to determine whether there is a reasonable indication that an industry in the United States is materially injured "by reason of" the imports under investigation.[92] The Commission must consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product, but only in the context of U.S. production operations.[93] Although the Commission may consider causes of injury other than the LTFV imports, it is not to weigh causes.[94] For the

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[90] In any final investigations, we intend to examine further the degree of overlap between various products, including the Japanese and domestic 1070 tire wire rod, safety and suspension rod, and CHQ rod, as well as other issues concerning competitive overlap.

[91] We include in our cumulative analysis imports from Trinidad and Tobago for the purpose of making an injury determination regarding Brazil, Canada and Japan. As we noted above, such is required unless we find that imports from Trinidad and Tobago should not be cumulated because they do not compete with imports from other countries subject to investigation or are negligible.

Commissioner Brunsdale notes that if imports from Trinidad and Tobago were not exempt from cumulation because of that country's status as a beneficiary country under the Caribbean Basin Initiative, she might well have found them to be negligible. However, because these imports are exempt from cumulation under the CBI provision and because her determination on injury caused by other subject imports is not affected by the cumulation or absence of cumulation of imports from Trinidad and Tobago, she has not made a decision on negligibility in this case.

[92] 19 U.S.C. § 1673b(a).

[93] Id. § 1677(7)(B)(i).

[94] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. at 1101.

(continued...)

[94] (...continued)

Chairman Newquist, Commissioner Rohr and Commissioner Nuzum further note that the Commission need not determine that imports are "the principal, a substantial or a significant cause of material injury." S. Rep. No. 249, at 57, 74. Rather, a finding that imports are a cause of material injury is sufficient. See, e.g., Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741 (Ct. Int'l Trade 1989); Citrosuco Paulista, S.A. v. United States, 704 F. Supp. at 1101.

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 United Engineering & Forging v. United States, 779 F. Supp. 1375, 1391 (Ct. Int'l Trade 1991) ("[I]t must determine whether unfairly-traded imports 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)) with Metallverken Nederland B.V. v. United States, 728 F. Supp. at 741 (affirming a determination by two Commissioners that "the imports were a cause of material injury") and USX Corp. 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 determined 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, at 75.

Commissioner Crawford and Commissioner Brunsdale note that the statute requires that the Commission determine whether a domestic industry is "materially injured by reason of" the allegedly LTFV imports. They find that the clear meaning of the statute is to require a determination on 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 to the domestic industry. 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." Id. 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. 46-47 (1979). 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.

(continued...)

reasons discussed below, we find that there is a reasonable indication that the domestic industry producing certain steel wire rod is materially injured by reason of allegedly LTFV imports from Brazil, Canada and Japan. We also find that there is no reasonable indication that the domestic industry producing certain steel wire rod is materially injured by reason of allegedly LTFV imports from Trinidad and Tobago.

B. Allegedly LTFV Imports from Brazil, Canada, and Japan

Imports from all four subject countries increased significantly in terms of both quantity and value throughout the period of investigation.[95] The quantity of subject imports increased by 40.6 percent during the period.[96] The imports' market share in terms of quantity increased slightly from 1990 to 1991, but increased sharply from 1991 to 1992, exceeding 15 percent in the last year.[97] Likewise, the imports' share of the value of domestic consumption also increased from 1990 to 1992.[98]

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[94] (...continued)
71, 100th Cong., 1st Sess. 116 (1987) (emphasis added).

[95] Report at I-45, Table 19; I-47, Table 20.

[96] Id. at I-46.
Vice Chairman Watson and Commissioner Nuzum note that some portion of the increase in cumulated subject imports is accounted for by products that the domestic industry either does not make or does not make in commercial quantities. See, e.g., Post-Conference Brief of Kobe Steel Ltd., Nippon Steel Corp. and Sumitomo Metal Industry, Ltd. at 5-14 and Exs. 1-5. Indeed, respondents have argued (and to some extent documented) that the mix of subject imports is increasingly concentrated in high value, high quality products with which domestic production does not compete. This evidence undermines the significance of the increase in the cumulated subject imports. In any final investigations, they will request the parties to provide further clarification and documentation of competition between domestic and imported products.

[97] Report at I-47 - I-48, Table 20.

[98] Id. at I-48, Table 20.

The pricing data for different countries show different patterns, with the cumulative price effects being mixed.[99] Price comparisons between domestic and Canadian products show underselling by the imports in a majority of instances, particularly towards the end of the period of investigation.[100] Comparisons of domestic and Brazilian product show mixed underselling and overselling; however, the instances of underselling were in the most recent quarters for which data were available.[101] Price comparisons for both Japan and Trinidad and Tobago show a preponderance of overselling.[102] On balance, we find there to be significant underselling by the cumulated subject imports.

Prices declined significantly during 1990-92 and then rose by a small amount in the first quarter of 1993.[103] Indications are that price increases will continue in the second quarter; however, it does not appear that the increases to date in 1993 have completely offset the declines that occurred

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[99] See id. at I-54 & Table 21; I-55, Tables 22, 23; I-56 & Tables 25, 26. We note that the price data from Brazil are limited, insofar as many of the imports from Brazil are of rimmed steel products, which are sold at a premium over regular industrial quality steel wire rod. In addition, there is no current domestic production of rimmed steel, so no product comparisons are possible. Data for imports from Japan were limited to the high-carbon products (1070 tire cord and pressed concrete (PC) strand) and CHQ steel wire rod; there were no imports of industrial quality products from Japan during the period of investigation. Data for imports from Trinidad and Tobago are limited to the low-carbon, industrial quality products. Id. at I-53 - I-54; I-56 n.95.

[100] Id. at I-56. Canada accounted for over one-half of the volume of cumulated subject imports during the period of investigation. See id. at I-47, Table 20.

[101] Id. at 56, Table 26.

[102] Id. at I-56.

[103] Id. at I-54.

during 1990-92.[104] It is unclear to what degree prices of steel scrap, an essential component required in the manufacture of most domestic steel wire rod,[105] contributed first to the decline, and then the rise, in prices.[106] Nevertheless, prices fell faster than unit costs, as supported by the increase in cost-of-goods-sold as a percent of net sales.[107] We find a reasonable indication of significant price depression or suppression in the fact that the prices of the subject imports from both Canada and Brazil fell faster than the prices of the domestic products for all products for which comparable trends were available.[108]

Finally, we find that there is a reasonable indication that the significant volume and price effects of the subject imports have had an adverse impact on the domestic producers of the like product as evidenced by the decline in their financial and operating performance.[109] There appear to have been negative effects on the domestic industry's cash flow,[110]

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[104] Id. at I-54, Table 21; I-55, Table 22.

[105] Id. at I-8; see Petitioners' Post-Conference Brief, Exs. 2J & 2M.

[106] See Tr. at 27-28.

[107] See Report at I-33.

[108] Commissioner Brunsdale also notes that the evidence of a shortage of domestic steel wire rod in the first part of 1993 suggests that domestic producers are operating near or at full capacity. When an industry is operating near full capacity, any dumping is likely to have a relatively large effect on the price of the domestic product and a relatively small effect on the quantity sold by domestic producers. That is, dumping is more likely to result in price suppression than in cases where there is considerable excess capacity. She therefore finds that there is a reasonable indication that the dumped imports have caused price suppression in this case.

[109] See id. at I-33 - I-34, Table 9.

[110] Id. at I-33, Table 9.

inventories,[111] employment,[112] wages,[113] growth,[114] ability to raise capital,[115] and investment.[116] As previously discussed, we find that there is a reasonable indication that the subject imports have contributed to price depression in the domestic industry.[117] We therefore conclude that there is a reasonable indication that the domestic industry producing certain steel wire rod is materially injured by reason of subject imports from Brazil, Canada, and Japan.

C. Allegedly LTFV Imports from Trinidad and Tobago

1. No Reasonable Indication of Material Injury by Reason of Such Imports

As stated above, the statute requires us to assess the impact of imports from Trinidad and Tobago alone when making our determination as to whether

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[111] Id. at I-29, Table 6.

[112] Id. at I-30, Table 7.

[113] Id.

[114] Id. at D-3.

[115] Id.

[116] Id.

[117] Another factor considered by Commissioner Brunsdale is the magnitude of the dumping margin, which provides information on how much below a fair level the import price is. The greater the difference between the actual price of the imports and the fair price level, the more likely it is that the domestic industry is being materially injured by unfair imports. In these preliminary investigations, the alleged dumping margins range from a low of 17.06 percent for Japan to a high of 53.82 percent for one Canadian producer. Id. at I-16. While the alleged margins are little more than petitioners' claims, they are the best information currently available concerning the level of the dumping. This information, combined with the market share of the subject imports and the fact that at least some of the imports appear to be fairly good substitutes for domestic steel wire rod, convince Commissioner Brunsdale that there is a reasonable indication of material injury by reason of the cumulated imports.

there is a reasonable indication that the domestic industry is suffering material injury by reason of allegedly LTFV imports from that country.[118]

Evidence in the record shows that purchasers of steel wire rod from Trinidad and Tobago do so for a number of non-price reasons, such as to maintain an offshore source and to reduce the risk of disruption of domestic production and of allocations.[119] The many instances of overselling by the imports from Trinidad and Tobago support this evidence.[120] Moreover, it seems that at least one U.S. producer arranged to replace a significant volume of low-carbon wire rod it had committed to supply with steel from Trinidad and Tobago. That U.S. producer was apparently integrally involved in importing that product so as to supply its customer.[121]

The volume and market share of imports from Trinidad and Tobago increased but remained low throughout the period of investigation.[122] Examination of the pricing data for the two products for which comparisons can be made to the domestic product shows that there was a significant amount of overselling throughout the period of investigation.[123] On the basis of their

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[118] 19 U.S.C. § 1677(7)(C)(iv)(II).

[119] See Post-Conference Brief on Behalf of Caribbean Ispat Ltd. at 3 (May 19, 1993).

[120] See Report at I-56.

[121] Post-Conference Brief on Behalf of Caribbean Ispat Ltd. at 18-19.

[122] Report at I-44, Table 18; I-45, Table 19; I-47 - I-48, Table 20.

[123] Id. at I-54, Table 21; I-55, Table 22; I-56.
Although petitioners raise an issue with respect to the pricing data for imports from Trinidad and Tobago, the information available to the Commission indicates that the comparisons are valid and does not indicate any bias. See id. at I-56 n.96.
As noted in footnote 108, supra, Commissioner Brunsdale finds that the apparently high level of capacity utilization in this industry in early 1993
(continued...)

very small volume and clear pattern of overselling comparable domestic products, we conclude that there is no reasonable indication that subject imports from Trinidad and Tobago are a cause of material injury to the domestic industry producing certain steel wire rod.

2. No Reasonable Indication of Threat of Material Injury by Reason of Such Imports

Section 771(7)(F) of the Act directs the Commission to consider whether there is a reasonable indication that a U.S. industry is threatened with material injury by reason of the subject imports "on the basis of evidence that the threat of material injury is real and that actual injury is imminent."[124] The statute specifies certain factors to be considered in our analysis. The presence or absence of any single threat factor is not necessarily dispositive.[125] We find that there is no reasonable indication of threat of material injury by reason of allegedly LTFV imports of certain steel wire rod from Trinidad and Tobago.

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[123] (...continued)
increases the likelihood of price suppression. However, the low market share of the imports from Trinidad and Tobago and the concentration of these imports in the low- and medium-carbon wire rod products, which suggests a somewhat limited degree of substitution between these imports and the products of domestic firms, convinces her that any price suppression resulting from allegedly LTFV imports from Trinidad and Tobago does not rise to the level of material. Commissioner Brunsdale also notes that the alleged dumping margin for imports from Trinidad and Tobago is only 20.14 percent. Report at I-16.

[124] 19 U.S.C. §§ 1673b(a) and 1677(7)(F)(ii). While an analysis of the statutory threat factors necessarily involves projection of future events, "[s]uch a determination may not be made on the basis of mere conjecture or supposition." Id. § 1677(7)(F)(ii). See, e.g., S. Rep. 249, at 88-89; see also Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int'l Trade 1990).

[125] See, e.g., Rhone Poulenc, S.A. v. United States, 592 F. Supp. 1318, 1324 n.18 (Ct. Int'l Trade 1984).

Although imports from Trinidad and Tobago increased during the period of investigation, they remain quite low.[126] There is no indication that likely further increases in volume or market share will reach an injurious level.[127] Capacity utilization is very high[128] and no capacity increases are planned in the reasonably foreseeable future. Underutilization of capacity to the extent that a threat to the domestic industry exists is nonexistent.[129] There is no indication of price depression or suppression due to imports from Trinidad and Tobago,[130] nor any indication that these imports will significantly cause such price effects in the future. As explained above, inventories are not an important factor in this industry.[131] With respect to petitioners' argument that, because of its marketing strategy, Trinidad and Tobago can shift exports to the most profitable export market and would shift exports to the United States in the event antidumping duties are levied on Brazil, Canada, and Japan,[132] we find this contention to constitute mere speculation without any factual basis. In fact, the volume of exports to the United States has traditionally been small, and the Trinidadian producer has numerous other traditional export markets accounting for the bulk of its production.[133]

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[126] Report at I-44, Table 18. See 19 U.S.C. § 1677(7)(F)(i)(VII).

[127] Report at I-47, Table 20. See 19 U.S.C. § 1677(7)(F)(i)(III).

[128] Report at I-47, Table 20. See 19 U.S.C. § 1677(7)(F)(i)(II).

[129] See id. § 1677(7)(F)(i)(VI).

[130] See Report at I-54, Table 21; I-55, Table 22. See 19 U.S.C. § 1677(7)(F)(i)(IV).

[131] See Report at I-44, Table 18. See 19 U.S.C. § 1677(7)(F)(i)(V).

[132] Petitioners' Post-Conference Brief at 44.

[133] See Report at I-44.

CONCLUSION

We therefore determine that the information of record in these preliminary investigations establishes a reasonable indication that the domestic industry producing certain steel wire rod is materially injured by reason of the subject imports from Brazil, Canada, and Japan. We also determine that the information does not establish a reasonable indication of material injury, or threat of material injury, by reason of the subject imports from Trinidad and Tobago.

DISSENTING VIEWS OF CHAIRMAN NEWQUIST

While I concur with my colleagues that there is a reasonable indication that the domestic industry producing certain steel wire rod is materially injured by imports of this product from Brazil, Canada and Japan that are allegedly sold in the United States at less than fair value, I do not agree with their determination concerning imports from Trinidad and Tobago. Specifically, for the reasons discussed below, I find there to be a reasonable indication that the domestic industry is threatened with material injury by reason of imports of certain steel wire rod from Trinidad and Tobago that are allegedly sold in the United States at less than fair value.[1]

As a preliminary matter, I first address the observations of counsel for the respondent from Trinidad and Tobago concerning the application of the exemption of Caribbean Basin Initiative ("CBI") countries from the cumulation provision.[2] Counsel appears to argue that, by enacting this exemption, Congress signalled an intent that the Commission should be predisposed to reach negative determinations in investigations involving unfair imports from CBI countries. Counsel apparently believes that the Commission is to, in effect, take a "hands-off" approach to CBI

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[1] I adopt and incorporate by reference my concurrence in the discussion and findings concerning the like product, domestic industry, related parties, condition of the domestic industry, and cumulation.

[2] 19 U.S.C. § 1677(7)(C)(iv)(II).

countries in such investigations.[3] I disagree. Accordingly, my analysis which underlies this affirmative determination with regard to imports from Trinidad and Tobago is the same as in any other preliminary investigation involving imports from only one country.[4]

I. THREAT OF MATERIAL INJURY[5]

Imports of the subject merchandise from Trinidad and Tobago more than doubled during the period of the investigation,[6] as did its share of the quantity and value of U.S. consumption.[7]

Virtually all of the steel wire rod produced in Trinidad and Tobago is consumed in export markets.[8] However, its exports to

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[3] "The legislative history demonstrates clearly that Congress intended this exception to ensure that the injury analysis would be applied in a manner consistent with the CBI's underlying goal of encouraging and stimulating growth and development in CBI beneficiary countries." "[T]he Commission's injury determination in a case involving a CBI country should be mindful of Congress's expectation that 'the trade benefits of the CBI program should lead to increased exports from the region to the U.S. market.'" Post-Conference Brief on Behalf of Caribbean Ispat Ltd. at 5, 6 (citing H.R. Rep. No. 101-136, 101st Cong., 1st Sess. 30 (1989)).

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

[5] I have considered all relevant statutory factors regarding threat of material injury in reaching this affirmative determination. 19 U.S.C. § 1677(7)(F)(i)(I)-(X).

[6] Official statistics of the U.S. Department of Commerce. Other data suggest the increase to be even greater.

[7] Report at I-45 (Table 19), I-47-48 (Table 20).

[8] Report at I-64 (Table 18). In fact, home market consumption, as a share of total shipments, declined during the period of the investigation. Id.

the U.S. market, including Puerto Rico,[9] account for only a minor share of its total exports.[10] However, the dimension of this export dependency clearly points to their ability to shift significant amounts of steel wire rod from those markets to the U.S. The likelihood of such market-shifting is particularly heightened here as a result of the Commission's affirmative preliminary determination concerning all other subject imports from Brazil, Canada and Japan. It is sufficiently likely in this preliminary investigation that U.S. purchasers of steel wire rod from producers in these three countries will turn to Trinidad and Tobago, among other sources. Importantly, I note that the Commission's affirmative preliminary determinations cover more than two-thirds of imports from all sources in 1992.[11]

Further, in 1983, the Commission affirmatively determined that imports of carbon steel wire rod from Trinidad and Tobago were a cause of material injury to the domestic industry.[12] I find that this history of unfair competition in the U.S. market lends additional credence to the likelihood of increased imports

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[9] The Trinidad and Tobago respondent argued that its exports to Puerto Rico should not be considered exports to the United States. Post-Conference Brief on Behalf of Caribbean Ispat Ltd at 9-10.

[10] Report at I-44 (Table 18).

[11] Report at I-47 (Table 20).

[12] Carbon Steel Wire Rod from Brazil and Trinidad and Tobago, Invs. Nos. 731-TA-113-114 (Final), USITC Pub. 1444 (October 1983). The Commerce Department revoked this antidumping order, effective December 14, 1987.

and market-shifting, particularly in light of apparent capital improvements in the industry producing steel wire rod in Trinidad and Tobago -- virtually all of which must be sold in the markets abroad.

The 1983 investigation involved the only known steel wire rod producer in Trinidad, the Iron and Steel Company of Trinidad and Tobago ("ISCOTT"). Caribbean Ispat Limited, the Trinidad and Tobago respondent in this investigation, leases ISCOTT and its facilities from the Government of Trinidad and Tobago.[13] Under the terms of the lease, Ispat manages and operates ISCOTT and sells all of its merchandise.[14] The lease agreement also requires that Ispat invest make substantial capital investment in improvements to ISCOTT's assets.[15] To date, Ispat has invested approximately $35 million.[16]

Other factors also support an affirmative preliminary determination. Inventories of the Trinidad and Tobago producer increased fairly significantly during the period of the investigation.[17] The U.S. importers of the Trinidad and Tobago product reported no inventories in 1990 or 1991, but did report

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13 Petition at 21, 146, and exhibit 5F.

14 Petition at Exhibit 5F.

15 Id.

16 Id. The lease agreement also requires that Ispat provide subsidized product to downstream producers. Id.

17 Report at I-44 (Table 18).

some stockpiling in 1992.[18]

Price comparisons were available between two Trinidad and Tobago and U.S. products. For both products, the price trends for the entire period of the investigation showed the price of the products from Trinidad and Tobago declining at a faster rate than the comparable U.S. products.[19]

For the foregoing reasons, I determine that there is a reasonable indication that the domestic industry producing certain steel wire rod is threatened with material injury by reason of imports of this product from Trinidad and Tobago which are allegedly sold in the United States at less-than-fair-value.

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[18] Report at I-39 (Table 14).

[19] Report at I-54 (Table 21), I-55 (Table 22).

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

Institution

On April 23, 1993, petitions were filed with the U.S. International Trade Commission (the Commission) and the U.S. Department of Commerce (Commerce) by counsel on behalf of Connecticut Steel Corp., Wallingford, CT; North Star Steel Texas, Inc., Beaumont, TX; Keystone Steel & Wire Corp., Peoria, IL; Co-Steel Raritan, Perth Amboy, NJ (except for the investigation concerning Brazil); and Georgetown Steel Corp., Georgetown, SC. Subsequent to filing the petitions, Georgetown and North Star withdrew from the investigation concerning Japan on May 12, 1993 and May 17, 1993, respectively. The petitions allege that an industry in the United States is materially injured, and threatened with material injury, by reason of imports of certain steel wire rod[1] from Brazil, Canada, Japan, and Trinidad and Tobago[2] that are allegedly being sold in the United States at less than fair value (LTFV).

Accordingly, effective April 23, 1993, the Commission instituted investigations Nos. 731-TA-646-649 (Preliminary) under section 703(a) of the Tariff Act of 1930 (19 U.S.C. § 1673(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or that the establishment of an industry in the United States is materially retarded, by reason of the allegedly LTFV imports of certain steel wire rod into the United States.

Notice of the institution of these investigations and of a conference to be held in connection therewith was given by posting copies of the notice in

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[1] For purposes of these investigations, steel wire rod is defined as hot-rolled, semifinished steel mill products produced on a rod mill from carbon steel or certain alloy steel, of solid circular cross section, between 3.8 mm (0.20 inch) and 19.0 mm (0.75 inch) in diameter, in irregularly wound coils, and intended for the production of wire and wire products. Steel wire rod of free-machining steel is excluded; i.e., any steel product which contains by weight any of the following elements is not subject to these investigations:

- 0.03 percent or more of lead,
- 0.05 percent or more of bismuth,
- 0.08 percent or more of sulfur,
- more than 0.4 percent of phosphorus,
- more than 0.05 percent of selenium, and/or
- more than 0.01 percent of tellurium.

[2] Because Trinidad and Tobago is a beneficiary country under the Caribbean Basin Economic Recovery Act, the Commission may only cumulatively assess the volume and effect of its imports with those of subject imports from another beneficiary country when determining whether material injury or the threat thereof was by reason of imports from that country. Thus, in these investigations the Commission must determine whether there is material injury or threat thereof by reason of imports of steel wire rod from Trinidad and Tobago alone. However, with respect to determining injury from subject imports from Brazil, Canada, and Japan, the Commission may cumulatively assess the volumes and effects of all the imports.

the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of April 30, 1993 (58 F.R. 26156). Commerce published its notice of initiation in the *Federal Register* of May 19, 1993 (58 F.R. 29195).[3] The conference was held on May 14, 1993,[4] and the Commission's vote in these investigations was held on June 2, 1993. The statute directs that the Commission make its determinations in these investigations within 45 days after receipt of the petitions, or by June 7, 1993.

A summary of the data collected in these investigations is presented in appendix C. Production, trade, and financial data are presented separately for alloy and nonalloy steel wire rod in tables C-1 and C-2.

Previous Commission Investigations Concerning Steel Wire Rod

Certain steel wire rod products have been included in a number of investigations conducted by the Commission since 1921. A listing of those investigations is presented in table 1. The 1984 investigations of carbon steel wire rod resulted in an affirmative determination in the countervailing duty investigation concerning Spain, and affirmative determinations in the antidumping investigations involving Argentina, Brazil,[5] Spain, and Trinidad and Tobago.[6] The investigations concerning imports of carbon steel wire rod from the German Democratic Republic, Poland, Portugal, and Venezuela were withdrawn as a result of the Voluntary Restraint Agreement (VRA) program. The more recent antidumping investigations concerning lead and bismuth carbon steel products from Brazil, France, Germany, and the United Kingdom included steel wire rod made from lead and bismuth free-machining steel.[7] In those investigations, the Commission made affirmative findings.

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[3] Copies of the Commission's and Commerce's notices are presented in appendix A.

[4] A list of participants at the conference is presented in appendix B.

[5] Effective Sept. 20, 1985, Commerce determined to revoke the antidumping order.

[6] Effective Dec. 14, 1987, Commerce determined to revoke the antidumping order.

[7] For purposes of the present investigations, steel wire rod made from free-machining steel is excluded.

Table 1
Certain steel wire rod: Previous and related investigations since 1921

Item	Investigation number	Date of issue	Report No.
Steel billets and bars	N.A.	1921	C-7
Hot-rolled carbon steel wire rods:			
Belgium	AD-27	1963	TC 93
France	AD-30	1963	TC 99
Luxembourg	AD-28	1963	TC 94
West Germany	AD-29	1963	TC 95
Carbon steel wire rods and wire	TEA-W-100	1971	TC 418
Carbon steel wire rods and wire	TEA-W-181	1973	TC 566
Carbon steel wire rod:			
Brazil, Belgium, France, Venezuela	701-TA-148-150 (P) 731-TA-88 (P)	1982	USITC 1230
Venezuela	731-TA-88 (F)	1983	USITC 1338
Brazil, Trinidad and Tobago	731-TA-113-114 (P)	1982	USITC 1316
	731-TA-113-114 (F)	1983	USITC 1444
Argentina, Mexico, Poland, Spain	701-TA-209 (P) 731-TA-157-160 (P)	1984	USITC 1476
Spain	701-TA-209 (F)	1984	USITC 1544
Poland	731-TA-159 (F)	1984	USITC 1574
Argentina, Spain	731-TA-157, 160 (F)	1984	USITC 1598
German Democratic Republic	731-TA-205 (P)	1984	USITC 1607
Poland, Portugal, Venezuela	701-TA-243-244 (P) 731-TA-256-258 (P)	1985	USITC 1701
Stainless and alloy tool steel	TA-201-5	1976	USITC 756
(Alloy tool steel only)	TA-201-2	1977	USITC 805
	TA-203-3	1977	USITC 838
	TA-203-5	1979	USITC 968
	TA-201-48	1983	USITC 1377
	TA-203-16	1987	USITC 1975
Steel Industry Annual Reports	332-209 and 332-289	Various	
Lead and bismuth carbon steel products:			
Brazil, France, Germany, United Kingdom	701-TA-314-317 (P) 731-TA-552-555 (P)	1992	USITC 2512
Special quality hot-rolled and semifinished carbon and alloy steel products:			
Brazil	731-TA-572 (P)	1992	USITC 2537
Lead and bismuth carbon steel products:			
Brazil, France, Germany, United Kingdom	701-TA-314-317 (F) 731-TA-552-555 (F)	1993	USITC 2611

Source: Various Commission reports.

THE PRODUCT

Description

The products covered by these investigations are "steel wire rods." For purposes of the investigations, rods are hot-rolled, semifinished steel mill products produced on a rod mill from carbon and certain alloy steel,[8] of solid circular (approximately round) cross section measuring between 3.8 mm (0.20 inch) and 19.0 mm (0.75 inch) in diameter, in irregularly wound coils, and intended for the production of wire and wire products. Excluded from these investigations are rods produced for concrete reinforcement (rebar),[9] rods comprised of free-machining steel,[10] stainless steel, alloy tool steel, and rods comprised of other chemistries that do not fall within the classification indicated earlier. Bar and wire or wire products are also excluded from the scope of the investigations.[11] The subject steel wire rods are principally provided for in subheadings 7213.31.30, 7213.31.60, 7213.39.00, 7213.41.30,

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[8] These products are considered to be comprised of nonalloy (i.e., carbon) steel when no minimum content is specified or required for aluminum (except for deoxidation and/or grain size control), chromium, cobalt, columbium, molybdenum, nickel, titanium, tungsten, vanadium or zirconium, or any other element added to obtain a desired alloying effect (boron may be added to carbon steels to improve hardenability); or when the specified minimum for copper does not exceed 0.40 percent; or when the maximum content specified for any of the following elements does not exceed these percentages: manganese 1.65 percent; silicon 0.60 percent; and copper 0.60 percent. Nonalloy steel wire rods are designated by the American Iron and Steel Institute (AISI) and/or Society of Automotive Engineers (SAE) by the 1000 and 1500 numerical series. Subject alloy steel wire rods are those comprised of steel grades other than stainless steel or alloy tool steel and are designated by the AISI or SAE numerical series 4000, 4100, 4300, 4600, 4700, 4800, 6100, 8100, 8600, 8700, 8800, and 9200.

[9] Concrete reinforcing bar (rebar) is typically produced as merchant bar (i.e., on a bar mill) in a range of commercial lengths. Some coiled small-diameter rebar is produced by domestic wire rod producers who modify the last set of rolls to produce the raised surface deformations; this product is sold as coiled rebar (in which case the contractor straightens and fabricates at the job site), or cut to short lengths and sold as a preformed column support. In any case, rebar would not be subjected to further cold drawing or cold-rolling.

[10] Free-machining steel contains, by weight, any of the following elements: 0.03 percent or more of lead; 0.05 percent or more of bismuth; 0.08 percent or more of sulfur; more than 0.4 percent of phosphorus; more than 0.05 percent of selenium; or more than 0.01 percent of tellurium. *Certain Hot-Rolled Lead and Bismuth Carbon Steel Products from Brazil, France, Germany, and the United Kingdom*, USITC Publication 2611, March 1993.

[11] Although steel bar may be produced by hot-rolling and subsequent cold finishing (extruded, turned, cold drawn, or ground), rod is nearly always subjected to cold drawing or cold rolling and used to produce wire. The Commission has distinguished bar from wire rod in *Certain Hot-rolled Lead and Bismuth Carbon Steel Products from Brazil, France, Germany, and the United Kingdom*, USITC Publication 2611, March 1993.

7213.41.60, 7213.49.00, 7213.50.00, 7227.20.00, and 7227.90.60 of the Harmonized Tariff Schedule of the United States (HTS).[12]

Steel wire rod can be differentiated by its chemistry, diameter, and the process by which it is manufactured. Specifications of chemical composition limits, physical properties, and thermal treatments are published by the American Iron and Steel Institute (AISI), American Society for Testing and Materials (ASTM) in specifications 510 and 752, and the Society of Automotive Engineers (SAE). Maximum percentages of certain elements are specified in SAE and AISI grades (carbon, manganese, phosphorus, sulfur, silicon, chromium, nickel, molybdenum, and sometimes cobalt, titanium, and copper, for example). ASTM and SAE reference standards specify test procedures, physical properties, and thermal treatments to render the rod suitable for processing. End users may request modification of these nominal specifications to achieve a specific performance on the customer's machinery.

Wire rod products are differentiated by grade or chemical content. Most of the steel wire rod consumed in the United States is of 1000 series carbon steels. This series is usually further subdivided according to carbon content because carbon content is a primary factor determining ductility and tensile strength. Low-carbon rod, which encompasses grades 1006 through 1022, has a maximum carbon content of 0.23 percent by weight; medium-high carbon rod, which encompasses grades 1023 through 1040, has a carbon content of 0.24 to 0.44 percent; and high-carbon rod, which encompasses grades 1041 through 1095, has a carbon content which exceeds 0.44 percent. According to the petitioners, some alloy grades, particularly those containing boron (10B21 for cold-heading applications) are sold as carbon grades.[13]

Rod nomenclature lists a number of grades, termed "quality," which are end use designations that indicate chemical, physical, or metallurgical requirements.[14] These end uses, or quality descriptions, often overlap in terms of the carbon designations, described earlier. For example, "industrial quality" rod is typically produced from low- or medium-low-carbon steel and is primarily intended for drawing into wire for industrial or standard quality wire; products produced from this wire include welded wire mesh, fence, strapping, and basket handles. The quality designation is generally used together with an AISI series number to indicate a purchasing specification.

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[12] The U.S. Department of Commerce defined the scope of investigation as "hot-rolled carbon steel and alloy steel wire rod, in coils, of approximately round cross section, between 0.20 and 0.75 inches in solid cross-sectional diameter. Excluded from the scope of these investigations are free-machining steel containing 0.03% or more of lead, 0.05% or more of bismuth, 0.08% or more of sulfur, more than 0.4% of phosphorus, more than 0.05% of selenium, and/or more than 0.01% of tellurium. Excluded as well are stainless steel rods, tool steel rods, free-cutting steel rods, resulfurized steel rods, ball bearing steel rods, high-nickel steel rods, and concrete reinforcing bars and rods."

[13] Petition, p. 14.

[14] See American Iron and Steel Institute, *Wire and Rods, Carbon Steel: Steel Products Manual*, March 1984, pp. 36-39.

For instance "1008 IQ" would indicate a low-carbon industrial quality rod. Other qualities include "fine wire," "cold-heading," "welding quality," "scrapless nut," and "chain."

Manufacturing Process

The manufacturing process leading to the production of steel wire rod is analyzed below and consists of three different stages: (1) steelmaking, (2) casting the steel into a semifinished shape, and (3) hot-rolling the semifinished shape into rod and coiling. Rod products are generally produced on dedicated rod mills that differ from bar mills; they operate at high speeds and usually have several sets of rolling strands, specialized finishing blocks, and sophisticated coiling and cooling facilities. Generally speaking, the chemical content of the wire rod is imparted by adjusting the chemistry of the molten steel; specific metallurgical properties may be imparted by adjusting the chemistry as well as by varying rolling and cooling practices. Rod mills often tailor their operating practices (i.e., adjust processing parameters) to meet a customer's needs for specific applications and quality requirements.

Melt Stage

There are two primary process routes by which steel for rod is made in the United States and the four subject countries: the integrated process, or ironmaking-steelmaking route utilizing blast furnaces and basic oxygen furnaces (BOFs), and the nonintegrated production process which utilizes an electric arc furnace (EAF) to produce raw steel (figure 1).

In both processes, pig iron, steel scrap, or direct reduced iron (DRI)[15] are charged into BOFs or EAFs.[16] Most of the steel produced in the United States for rod production is melted from scrap in an EAF, although pig iron may be used as the EAF charge, and one company uses a DRI-scrap mix.[17]

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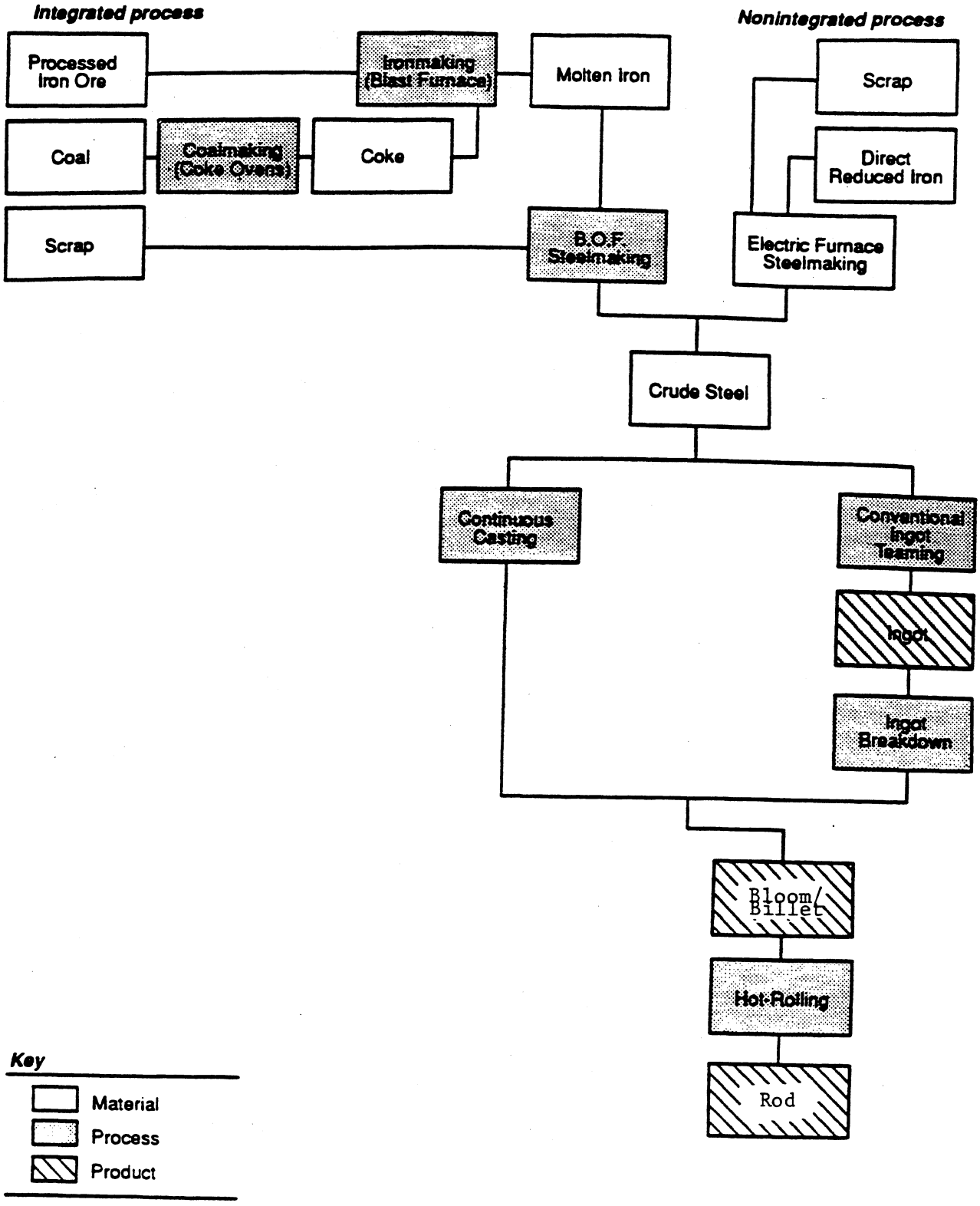
[15] Some newer processes utilize hot-briquetted iron (HBI) or iron carbide. The advantage of using DRI, HBI, iron carbide, pig iron (BOF steel), or purchasing billets produced from such sources is the low levels of residual elements (copper, chromium, nickel, molybdenum, and tin) and reduced gaseous content (particularly nitrogen) that they impart to the steel. Although residual elements and gas content can be reduced, EAF scrap-based steel contains higher levels of certain residuals than BOF steel which adversely affects yields and drawing efficiencies, and limits such scrap-based steel from being used in certain critical applications.

[16] Open-hearth furnaces are not currently used in the United States or in any of the countries subject to investigation.

[17] Georgetown Steel and Sidbec-Dosco utilize a scrap-DRI mixture; Raritan has experimented with a scrap-DRI mix but scrap predominates; Caribbean Ispat uses DRI as its raw material input; Bethlehem and Stelco produce BOF steel, as do the mills in Japan. The Brazilian mills produce steel in BOFs and EAFs utilizing blast furnace feed. The other companies produce EAF steel from scrap.

Figure 1: Simplified rodmaking flowchart



Source: Adapted from *Steel Industry Annual Report*, USITC 2436, September 1991.

Additions of alloying agents are made to the liquid steel to impart specific properties to finished steel products. The molten steel is poured or tapped from the furnace to a ladle, which is an open-topped, refractory-lined vessel that has an off-center opening in its bottom, and is equipped with a nozzle. Meanwhile, the primary steelmaking vessel (EAF or BOF) may be charged with new materials to begin another refining cycle.

Molten steel is typically passed through a ladle metallurgy station, where its chemistry is refined to embody the steel with properties required for specific applications.[18] At the ladle metallurgy, or secondary steelmaking station, the chemical content (particularly that of carbon and sulfur) is adjusted, and alloying agents may be added. The steel may be degassed (the elimination of oxygen and hydrogen) at low pressures.[19] Ladle metallurgy stations are equipped with burners to adjust the temperature of the molten steel for optimum casting and to allow it to serve as a holding reservoir for the tundish.

Casting Stage

Once molten steel with the correct properties has been produced, it is cast into a form that can enter the rolling process. In the traditional process, the ladle is moved by an overhead crane to a pouring platform where the molten steel is poured, or "teemed," into ingot molds (typically 3 or 4 feet square by 6 feet deep), either through the top of each mold or, in the preferred method, through a pipe system that fills each mold from the bottom. As the steel begins to solidify, the mold is stripped from the ingot and the ingot is transferred to a soaking pit, a specialized heating furnace that equalizes the temperature within the ingot. Following removal from the soaking pit, the ingots are hot-rolled on a primary breakdown mill to bloom and billet sizes.[20] During ingot casting, residual impurities migrate to the

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[18] Ladle metallurgy stations differ in their sophistication and in their ability to refine the steel. Steels used to produce the lowest quality products and concrete reinforcing bar are not usually processed in a ladle metallurgy station.

[19] Liquid steel absorbs gases from the atmosphere and from the materials used in the steelmaking process. These gases, chiefly oxygen and hydrogen, cause embrittlement, voids, and nonmetallic inclusions. Low pressures, such as in a vacuum, aid the release of oxygen in gas form without the need for additions of "deoxidizers" such as silicon, aluminum, or titanium, which form nonmetallic inclusions. Additionally, carbon content may be reduced more easily at low pressure (because it combines with oxygen to form carbon monoxide and is released in gas form), resulting in a more ductile steel. Hydrogen gas causes embrittlement, low ductility, and blow holes in steel; vacuum treatment enhances the removal of hydrogen from the steel. Hence the use of deoxidizing processes results in a more efficient process and a cleaner steel. United States Steel, *The Making, Shaping, and Treating of Steel*, 1985 (10th Ed.), pp. 671-676.

[20] Billets are mostly square, semifinished steel shapes, of a solid cross section measuring mostly in the range 50 mm by 50 mm (2 inches by 2 inches) to 125 mm by 125 mm (5 inches by 5 inches). Although billets were distinguished from blooms (another semifinished shape) by size in the *Tariff Schedules of the United States*, with the break between them occurring at approximately 36

(continued...)

center and top of the ingot, which is cropped prior to rolling; rod produced from ingot is generally known as rimmed steel wire rod.[21]

Continuous (strand) casting is the newer method of converting raw steel into billets, and bypasses the need to form, reheat, and roll ingots. In strand casting, the ladle containing molten steel is transferred from the ladle metallurgy station to the caster, and the molten steel is poured at a controlled rate into a tundish, which in turn controls the rate of flow of the molten steel into the caster's mold. The tundish may have a special design or electromagnetic stirring for the purpose of ensuring homogeneity of the steel.[22] The strand caster is designed to produce billets in the desired cross-sectional dimensions, based on the dimensions of the rod and the design of the rolling mill.

Billets may be charged directly into the rolling mill ("hot-charged") or, depending upon the rolling mill's schedule, they may be sent to a storage yard. While in storage, they may be inspected and subjected to one or several conditioning operations (heating or annealing, grinding, or turning, for example) that ready them for hot rolling. This preparation is more commonly

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[20] (...continued)
square inches, these distinctions were not carried over into the *Harmonized Tariff System*. Currently, industry terminology suggests that billets are less than 165 mm square and blooms measure between 165 mm and 300 mm square. Billets may be used to produce rods and bars, but are restricted to smaller bar sizes; blooms, which have a larger cross section, are generally used to produce larger size bars and other long products.

[21] Since the early 1980s, advances in ladle metallurgy and continuous casting have allowed electric furnace steelmakers to broaden their product mix into higher quality and critical use products. Such advances have allowed them to produce "rimmed substitutes" which have displaced approximately 80 percent of the products that formerly could only be made from rimmed steels, such as coat hangers and fine wire (florist wire and some poultry netting, for example). Critical elements are the control of residual impurities resident in most scrap (copper, nickel, chromium, molybdenum, and tin) through careful scrap preparation or dilution with other iron-containing inputs such as DRI, HBI, iron carbide, or pig iron; also of critical importance is the mill's deoxidation practice, carried out at the ladle metallurgy station. The residual elements contribute to work hardening during wire drawing, i.e., an increasing build-up in tensile strength as the wire diameter is reduced that is directly related to the levels of residuals. The increasing tensile strength can restrict drawing speeds, limit the final diameter achievable without intermediate annealing, or result in premature breakage during drawing. According to industry experts, the market remaining for rimmed steels is where the customer does not perform in-process annealing when making very fine wire (rimmed steels are softer than rimmed substitutes and work-harden less), and for welding wire or plating applications (where a BOF steel is preferred because it may be cleaner, chemically speaking).

[22] Strand-cast steels are "killed" with silicon or aluminum (deoxidizing agents which stop the evolution of gases during cooling and cause residual impurities to be more evenly distributed through the billet) to allow the molten steel to flow more evenly through the molds.

done with cold-heading quality rods intended to be made into fasteners.[23] Otherwise, billets are channeled through a reheat furnace prior to rolling. This increases the malleability of the steel and reduces wear and energy consumption on the rolling mill; it also allows the mill to control decarburization and scale buildup more carefully.[24]

Depending on the requirements for chemistry, nonmetallic inclusions, and steel cleanliness, a rod producer may purchase billet. For example, certain petitioners have indicated that they purchase rimmed steel billets or certain alloy steel billets because their melt shops are not capable of producing certain types of steel, including ultra-low-nitrogen low-carbon steels for welding rod applications and C-1080 high-carbon grades for tire bead and tire cord.

Rolling Stage

Modern rod rolling mills consist of five parts: a roughing mill, an intermediate mill, a prefinishing mill, a no-twist finishing mill, and a coiler combined with a conveyor cooling bed (usually a Stelmor deck, which is unique to the wire rod industry) along which the coiled rod travels prior to being collected, tied, compacted and readied for shipment. Wire rod mills typically consist of 22 to 29 rolling stands and the specialized Stelmor conveyor deck (figure 2); the need for uniform metallurgical properties requires close temperature control accomplished by accelerating or retarding the rod's cooling as it is rolled and conveyed along the Stelmor deck. This is accomplished by water quench or forced air drafts, or by lowering removable hoods overtop the deck, respectively. Metallurgical quality, temperature, and dimensional tolerance are usually inspected on-line.

Exiting the reheat furnace, the billet is initially reduced on the roughing mill (which usually consists of approximately five stands). It is then passed through and successively reduced in size in several more stands, termed intermediate rolling. After the last intermediate rolling stand, the rolling mill usually splits into dual lines and the product is passed along to a prefinishing mill which reduces it further in diameter. Rod mills often employ a "twist" mill for primary and intermediate rolling, but final rolling

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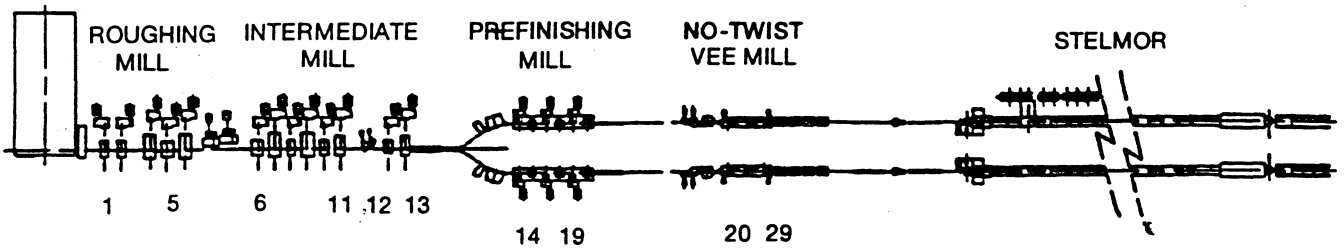
[23] The purpose of these surface treatments is to make the steel billet softer and more ductile (annealing); in the case of surface grinding, seams and folds are removed.

[24] As the billet is heated, there is a tendency for carbon, located on its surface, to oxidize. This imparts an uneven chemistry (and metallurgical properties) to the resultant rod. Newer reheat furnaces have sophisticated temperature controls that allow them to minimize decarburization; regulation of the furnace's atmosphere allows the mill to minimize scale buildup, resulting in lower yield losses.

Figure 2: Rod rolling mill



Source: *Brunel's Steel World Quarterly*

is nearly always on a no-twist Morgan vee mill (the rolls in each of approximately five stands are set at 90-degree angles to one another to prevent the now-finished rod from twisting). This produces a nearly uniform nonoriented grain structure in the steel. After exiting the last finishing stand, the rod is coiled into concentric loops on a conveyor which moves the hot wire rod along while it cools. Several companies have installed sizing blocks at the end of the finishing line; these are typically two-stand rolls that improve dimensional tolerance and allow rod to be rolled down to 5 mm diameters.

During rolling, the rod is water-cooled to prevent loss of carbon from its surface (decarburization). It is also cooled as it travels along the Stelmor deck; cooling practices are varied depending on the designated end use of the rod and the customer's preferences. The speed at which the rod is cooled affects the consistency and formation of its metallurgical structure (grain structure and physical properties such as tensile strength). It also affects scale buildup, which determines yield losses at the wire drawer. The cooling rate may be varied through the use of removable covers (insulating hoods which may be independently raised or lowered) over the deck or blown-air cooling, or a combination of the two, or through varying the speed of the roller table. The end user often specifies the cooling practice for the rod he purchases.

At the end of the cooling deck, workmen crop the ends of each rod. This removes that part of the rod which may be of lower quality due to uneven temperature control, and is also for testing and inspection. The rod is then collected onto a carrier, transferred to a "c" hook, compacted, tied, and readied for shipment, further finishing, or in-housed fabrication.

Finishing Stage

Rod may be stored in climate-controlled conditions to prevent quality deterioration or subjected to post-finishing cleaning and coating or thermal treatment to improve its metallurgical structure, physical properties, and surface condition. Finishing takes place at either the rod mill or the end

user. Pickling (immersion in an acid or chemical bath) or cleaning with shot blast removes mill scale from the rod's surface. This improves the surface quality and allows the rod to be drawn. Following these procedures, the rod may be coated with a metal such as copper, lime, borax, or phosphate to neutralize any residual acid and to provide a lubricant to the wire-drawing operation.

End Uses

The primary consumers of steel wire rod are wire drawers (termed "redrawers"), as independent companies or as in-house captive drawing operations. The companies that purchase steel wire rod first identify the necessary mechanical properties (e.g., ductility, strength, hardness) and hardening capability and then select a grade of steel that meets those criteria. As indicated earlier, these customers order a specific grade and have often modified the specification to meet their end use needs and to achieve a specific level of performance on their equipment. A critical element is the level of carbon contained in the steel or the alloying agents used. However, there is some interchangeability between alloy and carbon grades (both alloy and carbon grades are used to produce chain and certain cold-heading products, for example); there is also interchangeability at the margin between carbon grades.[25]

Although there are literally hundreds of grades and size variations of steel wire rod, petitioners and respondents indicated that certain grades and sizes account for the bulk of production and shipments. As is evident, differences in end uses and specific applications dictate variations in chemistry; the variation may be one of degree, however. Most wire rod is produced in nominal fractional diameters from 7/32 inch (5.5 mm) to 47/64 inch (18.5 mm), with the bulk of production and shipments below 1/2 inch (12.7 mm). Most of the industrial quality rod is produced and sold in 7/32 inch (5.5 mm) diameter, which is also the smallest cross-sectional diameter that is hot-rolled in significant commercial quantities.

Steel wire rod is almost always sold in irregularly wound coils for subsequent redrawing. This form allows redrawers to efficiently process the rod in one continuous-feed operation. The preference of most wire drawers is for larger size (i.e., higher weight) coils because this improves the efficiency of drawing operations. This preference has led to increased sizes of the billets processed by rod manufacturers (and resulted in changes in reheat furnaces and rolling mills); as an interim measure some of the domestic mills weld coils together, which is not always satisfactory to the wire drawer.

Low-carbon steel wire rod is used where malleability is required. The low-carbon steel wire rod is typically drawn into wire for fine wire (diameter not exceeding 0.035 inch), coat hangers, wire mesh, home appliance shelving,

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[25] Petitioners argue that there are no clear dividing lines, or rather, no abrupt distinctions, that exist across the carbon steel wire rod continuum.

shopping carts, nails, paper clips, staples, screws and bolts, baling wire, and chain link fence. Standard industrial quality (IQ) rod and fine wire quality rod are low-carbon rod (IQ rod reportedly accounts for the majority of rod consumed in the United States); IQ is used primarily in the production of wire mesh, coat hangers, and chain link fence. Some cold-heading quality, welding quality, and cold-finishing quality rod may also be low-carbon rod. Alloys compete in these uses as well, particularly where such elements as boron (grade 10B21, for example) are added for post-forming heat treatment.

Medium-carbon steel wire rod is used in applications where greater strength and hardness is desired. Major end uses include bolts and screws, tie wire, bicycle spokes, and high-tensile bale wire; most cold-heading quality rod (grades 1036 and 1038, for example, for nuts) also is in this category. Alloys compete in these uses as well, particularly where elements are added for post-forming heat treatment. Alloys tend to compete in the medium-carbon grades where chemical element additives impart specific performance characteristics to the steel; examples are grades 4027, 4037, 15B27, and 1541 cold-heading quality rods used in the production of fasteners (trimmed hex head, recessed head, and scrapless nut fasteners), which may compete with 1022 and 1038 grades.

High-carbon steel wire rod is used where even greater strength and hardness are desired. Typical uses include musical instrument string, piston ring retainer springs, hose clamps, mechanical springs, upholstery springs, tire bead and tire cord, wire rope and strand, prestressed concrete (PC) strand, and bridge cables. Alloys also compete in these uses, particularly springs, where specific performance or forming characteristics may be enhanced.

Substitute Products

With respect to the uses indicated earlier, there are few, if any, practical substitutes for steel wire rod in the manufacture of finished wire. There is some overlap in end uses between coiled wire rod and coiled bar products. The greatest uses for bar and coiled bar are in cold finishing and hot- and warm-forging applications, and for general fabrication applications; rod products find their primary uses in wire drawing and cold-heading applications, which are less common uses for bar. Because most wire drawing facilities are designed for continuous running of coiled, 1/4-inch feed stock, and because coiled bar lacks the metallurgical uniformity of rod, bar cannot be substituted in the drawing process. There is some overlap in cold-heading uses where bar and rod are provided in coil form for the convenience of the cold-header. In these applications, however, the lower-cost production economics of rod limit the commercial application of bar.

U.S. Tariff Treatment

Imports of the steel wire rod subject to these investigations are provided for in subheadings 7213.31.30, 7213.31.60, 7213.39.00, 7213.41.30, 7213.41.60, 7213.49.00, 7213.50.00, 7227.20.00, and 7227.90.60 of the HTS. These subheadings provide for statistical breakouts of the nonalloy steel

product according to its carbon content (containing less than 0.25 percent, between 0.25 percent and 0.60 percent, and exceeding 0.60 percent) and diameter (less than 14 mm and between 14 mm and 19 mm); and for the alloy steel product according to whether it is of silico-manganese steel, high-speed steel, or tool steel.

The column 1-general (most-favored-nation) rates of duty for these products, applicable to imports from Japan and Brazil, range from 1.9 to 4.5 percent *ad valorem*; imports from Trinidad and Tobago are duty-free under the Caribbean Basin Economic Recovery Act; and imports from Canada under the United States-Canada Free-Trade Agreement (following four staged reductions) range from 0.9 to 2.2 percent *ad valorem*.

Imports of steel wire rod from Brazil, Japan, and Trinidad and Tobago were restricted during October 1984 through March 1992 pursuant to the program of voluntary restraint agreements (VRAs). During the last three-year period of the VRAs, the quotas were not "binding," i.e., they were not filled.[26]

THE NATURE AND EXTENT OF ALLEGED SALES AT LTFV

On the basis of comparisons of the United States price (USP) with the foreign market value (FMV), the petitioners estimated LTFV margins (in percent *ad valorem*) as follows:

Manufacturer/exporter	Average margin
Siderurgica Mendes Junior (Brazil)	36.20
Kobe Steel (Japan)	41.59
ISCOTT (Trinidad & Tobago)	33.63

In assessing LTFV margins for Canada, the petitioners calculated FMV based on both Canadian home market prices and constructed value. The petitioners based the FMV on constructed value because of the allegations that Canadian producers are selling below the cost of production in their domestic market. The average LTFV margins as estimated by the petitioners are as follows (in percent *ad valorem*):

Manufacturer/exporter	Average margin	Average constructed value margin
Ivaco	28.33	53.82
Stelco	17.06	43.76
Sidbec-Dosco	20.14	38.96

[26] However, "short supply" requests, exemptions from quota limits, were granted in the case of imports from Brazil, Spain, and the EC in 1988 and 1989.

THE U.S. MARKET

Apparent U.S. Consumption

Data on apparent consumption of certain steel wire rod are presented in table 2. Total U.S. consumption, by quantity, increased by 7.0 percent from 1990 to 1992. In terms of value, total reported U.S. consumption rose slightly by 1.3 percent from 1990 to 1992. Noting increases in apparent consumption, Bill Neathery of Connecticut Steel and William Lundberg of North Star assert that the recession has had very little impact on the steel wire rod industry.[27] The American Wire Producers' Association (AWPA) noted that improvements in the automotive and construction markets have contributed to the growing demand for steel wire rod in the United States. However, some purchasers testified at the conference that their individual wire production is down, partly due to the recession. They noted that the increase in apparent consumption of steel wire rod could be attributed to the growing number of wire drawers in the United States. They testified that during the past five years, U.S. wire production has replaced some imports of wire, thus contributing to the increased demand for steel wire rod in the United States.[28] [29]

Regarding the current market conditions, shortages appeared in the domestic wire rod market during the first quarter of 1993. The Commission has received in excess of 50 letters from purchasers stating that they have been unable to obtain sufficient supplies of certain steel wire rod during 1993. They report that U.S. producers have put them on allocations and are unable to supply them with the steel wire rod they need. The shortage does not seem to be concentrated in any product category or market region.[30] The petitioners argue that the shortage is temporary and primarily a result of exporters reducing their sales to the United States because of the possibility of antidumping investigations, purchasers building up their all-time low inventories to beat price increases, U.S. producers exporting some of their production to the Far East, and poor weather conditions causing electrical outages.[31] The petitioners argue that because of the soft conditions in the 1992 market, wire drawers could maintain low inventories. As prices declined, customers allegedly reduced their inventories so that lower-priced rod could be purchased at the last minute to cover their drawing requirements. As prices began to increase during 1993, customers allegedly began building up inventories to beat future price increases. The respondents assert that the shortage is not limited to the first quarter of 1993 but has affected customers' ability to purchase wire rod from mid-1992 through the end of 1993.[32] The respondents also argue that an underlying factor in this case is that the majority of U.S. producers own or are affiliated with downstream wire drawing facilities that compete with their wire rod customers. The shortage

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[27] Conference transcript, p. 73.

[28] Conference transcript, p. 130.

[29] AWPA cannot confirm that there was an increase in the number of wire drawers in the United States (conference transcript, p. 240).

[30] Conference transcript, p. 54.

[31] Conference transcript, pp. 29-32.

[32] Post-conference brief for Ivaco, p. 9.

Table 2
Certain steel wire rod: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption,[1] 1990-92

Item	1990	1991	1992
	Quantity (short tons)		
Producers' U.S. shipments	4,689,645	4,736,912	4,932,518
U.S. imports from--			
Brazil[2]	70,502	19,825	90,073
Canada	380,331	405,880	541,596
Japan	216,563	238,689	262,244
Subtotal	667,396	664,394	893,913
Trinidad and Tobago	***	***	***
Subtotal	***	***	***
Other sources	320,452	180,385	197,847
Total	***	***	***
Apparent consumption	***	***	***
	Value (1,000 dollars)		
Producers' U.S. shipments	1,517,905	1,479,512	1,502,649
U.S. imports from--			
Brazil[2]	21,108	6,039	25,103
Canada	152,441	150,014	196,497
Japan	115,202	130,222	139,843
Subtotal	288,751	286,275	361,443
Trinidad and Tobago	***	***	***
Subtotal	***	***	***
Other sources	118,971	68,112	72,061
Total	***	***	***
Apparent consumption	***	***	***

[1] The data in the table are for 13 producers and 35 importers, accounting for over 95 percent of total U.S. shipments of certain steel wire rod.

[2] Official statistics of the U.S. Department of Commerce were used for imports from Brazil because imports as reported in the Commission's questionnaires accounted for only 75 percent of imports from Brazil. However, it should be noted that the Commission's questionnaire data reflect the same trends as do the 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.

allegedly would enable the U.S. producers to put their "competition" on allocation while they continued to feed wire rod to their affiliated wire drawers.[33]

Competition Arguments

The petitioners argue that domestic and imported steel wire rod of the same grades consistently compete with each other on virtually all sales, noting there is little or no difference between the quality of domestic and imported steel wire rod products. The petitioners note further that importers from all the subject countries sell in the same geographic regions, often competing for the same customers. On the other hand, respondents and the AWPA indicate that there are certain product niches where there is no reasonable overlap of competition between the domestic and imported products. These niche products are said to be 1080 high-tensile tire cord quality rod,[34] coil springs and valve spring wire (SAE 9260), welding rod quality, and certain specialized fastener quality rod, termed cold-heading quality for aerospace uses (alloy grades A-8740 and 4037).[35] In these instances the domestic product is reportedly a lower quality with respect to surface conditions, residual elements, formability, and consistency. Customers reported that quality and service were more important than price for these niche products.

Counsel for Japanese-company respondents argue that the majority of imports from Japan do not compete with the U.S. production of certain steel wire rod. According to counsel, 52.6 percent of imports from Japan are high-tensile tire cord rod and 5.4 percent are valve spring wire rod, of which there is virtually no U.S. production.[36] The petitioners concede that they do not produce valve spring wire rod, but argue that this product comprises a small share of the U.S. market and of imports from Japan. In terms of the 1080 high-tensile tire cord grade, the petitioners argue ***.[37] The petitioners argue that but for the dumping, the industry would have been afforded the opportunity to participate more in the high-tensile tire cord market. They argue that investment by the domestic industry in these special products was prevented by the dumped sales.[38]

In terms of the 1070 regular-tensile tire cord grade and the 1080 PC strand grade, the petitioners argue that Japanese and U.S. producers directly

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[33] Post-conference brief for Ivaco, p. 3.

[34] Post-conference briefs of Bekaert Corporation, Goodyear Tire, and Japanese-company respondents.

[35] Post-conference briefs of NHK-Associated Spring, MGF Industries, and Japanese-company respondents.

[36] Counsel for Japanese respondents provided the Commission with these data from 16 importers, accounting for 98 percent of imports from Japan. The market shares used by counsel are based on the information from these firms. Staff verified the data to shipments and pricing information reported in Commission questionnaires.

[37] ***.

[38] Petitioners' post-conference brief, p. 38.

compete as is evident by the responses to the Commission's questionnaire (see the "Prices" section of this report). The petitioners note that the Japanese sold regular-tensile tire cord to many of the same customers as domestic and other foreign producers. According to petitioners, U.S. producers accounted for *** percent of the regular-tensile tire cord market and *** percent of the PC strand market.[39] Counsel for Japanese respondents argue that U.S. producers do not produce sufficient quantities of regular-tensile tire cord to supply the U.S., market and the quantities that they do produce are inferior in quality.[40] According to counsel, in 1992, 9.6 percent of Japanese wire rod was 1070 regular tensile tire cord grade and 9.4 percent was PC strand, bead, and other high-carbon products.

In terms of the market for other spring wire rod, Teresa Metty of Associated Spring testified at the conference that after the petition was filed, she sent to the petitioning mills specifications for wire rod used in safety brake springs. All of the petitioners responded that they were not able to produce the required rod.[41] Petitioners argue that they compete in the market for other spring wire rod, noting that domestic producers shipped *** short tons of other spring wire rod during 1991, which accounted for *** percent of the U.S. market for that product.[42]

Counsel for Japanese respondents conclude that for products where there is no direct competition between U.S. and Japanese producers, i.e., high-tensile tire cord and valve spring rod, imports from Japan increased during 1990-92, but for products where there was some direct competition between imported and domestic sources, imports from Japan decreased.[43] The petitioners conclude that imports from Japan compete with domestically produced steel wire rod in more than 95 percent of the U.S. market, noting that the only area where there is no competition is the valve spring rod market.

U.S. Producers

There are 15 firms known to have produced certain steel wire rod during 1990-92. The Commission sent producer questionnaires to these firms and received responses from 13, accounting for over 95 percent of total U.S. production. The names of the producers, the locations of their manufacturing facilities, each firm's share of reported production in 1992, and the position each firm has taken with respect to the petition are presented in table 3.

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[39] Petitioners' post-conference brief, p. Q-8.
[40] Post-conference brief, pp. 8-9.
[41] Conference transcript, p. 196.
[42] Petitioners' post-conference brief, p. Q-8.
[43] Post-conference brief for Japanese producers, exhibit 1.

Table 3
Certain steel wire rod: U.S. producers, locations of producing facilities, position on petition,[1] and share of production in 1992

Firm	Location	Position on petition	Share of U.S. production
			Percent
American Steel & Wire	Cuyahoga Heights, OH Joliet, IL	***	***
Armco, Inc.	Kansas City, MO	***	***
Atlantic Steel Co	Atlanta, GA	***	***
Bethlehem Steel Bar, Rod & Wire Div.	Johnstown, PA Sparrows Point, MD	***	***
Connecticut Steel	Wallingford, CT	Supports	***
Co-Steel Raritan	Perth Amboy, NJ	Supports[2]	***
Charter Rolling	Saukville, WI	([3])	([3])
CF&I Steel Corp.	Pueblo, CO	([3])	([3])
Florida Steel Corp.	Jacksonville, FL	***	***
Georgetown Industries	Georgetown, SC	Supports[4]	***
Keystone Steel & Wire	Peoria, IL	Supports	***
Laclede Steel	Alton, IL	***	***
North Star Steel Co.	Beaumont, TX	Supports[4]	***
Northwestern Steel & Wire.	Sterling, IL	***	***
Nucor	Norfolk, NE	***	***

[1] The petitioners' share of U.S. production for the investigations concerning Canada and Trinidad and Tobago is *** percent, the share for the investigation concerning Brazil is *** percent, and the share for the investigation concerning Japan is *** percent.

[2] Co-Steel Raritan takes no position in the investigation concerning Brazil.

[3] Charter Rolling and CF&I did not respond to the Commission's questionnaire.

[4] Georgetown Industries and North Star Steel take no position in the investigation concerning Japan.

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

American Steel & Wire

Specializing in cold-heading, cold-finishing, and alloy qualities, American Steel & Wire operates two rod mills in Cuyahoga Heights, OH, and Joliet, IL. During 1992, the company accounted for *** percent of U.S. production of certain steel wire rod. ***.[44]

[44] ***, telephone conversation, May 17, 1993.

Armco

Although Armco is typically considered an integrated producer, its facility in Kansas City, MO, melts steel in an EAF and utilizes an 8-inch bloom caster for its continuous-cast product. As a producer of carbon and micro-alloyed steel wire rod, Armco accounted for *** percent of U.S. production during 1992. ***. According to Robert Nenni, Vice President of Finance, Armco's interest to enter the high end of the market, i.e., rod for complicated cold-heading and tire cord, would require a $40 million investment.[45]

Atlantic Steel

***, Atlantic Steel of Atlanta, GA, *** the petition. Accounting for *** percent of U.S. production of steel wire rod during 1992, Atlantic Steel produces low- and high-carbon steel wire rod. During 1992, *** percent of Atlantic Steel's production was internally consumed for its production of galvanized and annealed wire, and *** percent was sold to other wholly owned subsidiaries of Ivaco.

Bethlehem Steel, Bar, Rod & Wire Division

Bethlehem Steel produced cold-heading quality rod and rimmed steel at its Sparrows Point, MD, facility until September 1992, when it ceased all production of rod. Its partial year production accounted for *** percent of U.S. production of certain steel wire rod during 1992. On January 29, 1992, Bethlehem announced its decision to exit the bar, rod, and wire industry, offering its Bar, Rod, & Wire Division for sale. Unable to complete a transaction for the entire division, Bethlehem announced, on May 15, 1992, that it was initiating "an orderly phasing down" of the division, exiting the business "as quickly as possible."[46] That phasing down was to be completed in September 1992. On November 23, 1992, Bethlehem and Ispat Mexicana S.A. de CV, a member of the Ispat Group, with international headquarters in Indonesia, announced the signing of a letter of intent for the sale of substantially all of Bethlehem's Bar, Rod, & Wire Division to Ispat.[47] However, the inability to reach an agreement with Bethlehem's labor union terminated the letter of intent in March 1993.[48]

CF&I

Primarily a steel rails producer, CF&I produces steel wire rod, wire products (e.g., welded fence, barbed wire, and nails), and reinforcing bar at

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[45] Conference transcript, p. 45.

[46] May 15, 1992, *Press Release*, Bethlehem Steel Corp.

[47] Nov. 23, 1992, *Press Release*, Bethlehem Steel Corp. The Ispat Group owns and operates facilities in Trinidad & Tobago, Mexico, India, and Indonesia.

[48] Apr. 1, 1993, *Press Release*, Bethlehem Steel Corp.

its plant in Pueblo, CO. On November 7, 1990, CF&I filed for protection under Chapter 11 of the Bankruptcy Code. The principle reasons for the Chapter 11 filing were the company's pension plan obligation, which was underfunded by an estimated $145 million, and health insurance costs. A federal bankruptcy court approved the purchase of CF&I by Oregon Steel Mills, Inc. (a Portland-based producer) in March 1993, whereby Oregon Steel would purchase CF&I for $100 million to upgrade the Pueblo facility.[49] CF&I did not respond to the Commission's request for information, but production is estimated at *** short tons per year through 1992.

Charter Rolling

Charter Rolling of Saukville, WI, produces hot-rolled carbon and certain alloy steel wire rod in sizes ranging from 4 mm (0.157 inch) to nearly 22 mm (0.89 inch) and cold-heading wire in size diameters from 0.062 inch up to 0.859 inch, which is drawn in-house. Charter Rolling did not submit a response to the Commission's questionnaire, but the annual output for its rod mill is estimated to be 150,000 short tons.[50]

Connecticut Steel

Accounting for *** percent of total U.S. production of certain steel wire rod, Connecticut Steel produces low-carbon wire rod at its rolling facility in Wallingford, CT. ***. During 1992, *** percent of Connecticut Steel's production of certain steel wire rod was consumed internally to produce wire mesh.

Co-Steel Raritan

Accounting for *** percent of U.S. production of certain steel wire rod, Co-Steel Raritan produces a wide range of high- and low-carbon and alloy rod products at its facility in Perth Amboy, NJ. Co-Steel Raritan is a wholly owned subsidiary of Co-Steel, Inc., of Toronto, Canada. A petitioner in all investigations except the investigation concerning Brazil, ***.[51]

Georgetown Steel

Georgetown produces a wide range of carbon steel rod products at its Georgetown, SC, plant. During 1992, Georgetown accounted for *** percent of U.S. production of certain steel wire rod. Its customers are generally located in the eastern half of the United States. Georgetown has upgraded its production facility during the past three years, in part from technical assistance provided by Unimetal, ***. This technical assistance has allowed Georgetown to upgrade its product mix. Georgetown has also sought to expand

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[49] "CF&I Gets Nod on Reorganization," *Metal Producing*, March 1993, p. 6.
[50] *Directory of Wire Companies of North America*: 1991, p. 45.
[51] Conversation with ***, Apr. 29, 1993.

downstream into wire products' production. For example, Georgetown bought Florida Wire and Cable, a producer of PC strand and welded mesh, from Ivaco in 1992; Georgetown also bought Tree Island, Vancouver, BC, in 1990.

Keystone

Accounting for *** percent of U.S. production of certain steel wire rod, Keystone primarily produces low-carbon steel rod at its plant in Peoria, IL. *** percent of its production is used to produce wire products captively at four company-owned facilities around the country. Wire products produced at these facilities include welding wire, weaving wire, nails, welded wire fabric, poultry netting and other agricultural fence, and barbed wire. These products are marketed under the "Red Brand" name to the wire and fence consumer markets.

Florida Steel

Accounting for *** percent of U.S. production of certain steel wire rod during 1992, Florida Steel produces low-carbon steel rod at its plant in Jacksonville, FL. Florida Steel is partly owned by Kyoei Steel, a Japanese minimill that does not produce wire rod.

Laclede Steel

Laclede Steel is *** percent owned by *** and ***. Accounting for *** percent of U.S. production of certain steel wire rod during 1992, Laclede is primarily a producer of high-carbon steel rod for use in its own production of wire products. During 1992, Laclede used *** percent of its steel wire rod to produce wire for such applications as mechanical springs, bedding, furniture, and screen cloth.

North Star

A wholly owned subsidiary of Cargill, Inc., North Star of Beaumont, TX, is a producer of low- and high-carbon steel wire rod. Accounting for *** percent of U.S. production of certain steel wire rod, North Star sells primarily on the West Coast, in the Midwest, and in the south central and southern United States.[52]

Northwestern

Primarily a low-carbon steel rod producer, Northwestern, of Sterling, IL, accounted for *** percent of U.S. production during 1992. *** percent of that production was used to manufacture wire products at two plants in Sterling and Rock Falls, IL. The wire operations produce nails, baling wire,

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[52] Conference transcript, p. 40.

bale ties, poultry netting, wire reinforcing mesh, welded fabric, and garden fence, which are sold mainly in the midwestern states through building material wholesalers, hardware distributors, and farm supply wholesalers.

Nucor

Accounting for *** percent of U.S. production of steel wire rod, Nucor produces reinforcement bar, alloy and carbon steel wire rod, and wire rod made from free-machining steel at its facility in Norfolk, NE. *** percent of its production of steel wire rod is captively consumed at Nucor's wire drawing facility.

U.S. Importers

Questionnaires were sent to 38 firms named in the petition and in the Customs Net Import File (CNIF) as importing certain steel wire rod from the subject countries. Of the 38 firms, 35 responded to the Commission's request for information, accounting for over 95 percent of U.S. imports from the subject countries.

***. *** accounted for *** percent of U.S. imports from Canada during 1992. The remaining importers are trading companies and U.S. wire drawers.

The U.S. importers of certain steel wire rod from Japan are generally large trading companies that import a broad range of steel products. Of the 16 responding importers of Japanese certain wire rod, *** are among the largest.

Of the nine responding importers of Brazilian certain steel wire rod, seven are trading companies and two are wire drawers. The two wire drawers accounted for *** percent of imports from Brazil during 1992. One of the largest trading companies importing Brazilian material, ***, is also responsible for the majority of U.S. imports from Trinidad and Tobago. During 1992, *** accounted for *** percent of imports from Trinidad and Tobago. Two other trading companies reported imports from Trinidad and Tobago during the period for which data were collected.

Channels of Distribution

In the U.S. market, sales of certain steel wire rod were made almost exclusively to end users. Only 2.4 percent of the U.S. producers' U.S. shipments and 0.03 percent of imports from Canada were sold to distributors. All imports from Brazil, Japan, and Trinidad and Tobago were sold directly to end users. Twenty percent of the U.S. producers' shipments were sales to related end users. Ten of the 13 responding producers have some shipments to company-owned wire drawers. Fifteen percent of the imports from Canada were sales to related parties. ***.

CONSIDERATION OF ALLEGED MATERIAL INJURY TO AN INDUSTRY IN THE UNITED STATES

The information provided in this section of the report is based on responses to Commission questionnaires. Thirteen firms, accounting for over 95 percent of U.S. production of certain steel wire rod during 1990-92, provided responses to the Commission's request for data.

U.S. Producers' Capacity, Production, and Capacity Utilization

As indicated in table 4, the U.S. producers' average-of-period capacity to produce certain steel wire rod remained fairly constant between 1990 and 1992. The decrease in capacity from Bethlehem's exit in September 1992 was partially offset by slight increases in capacity at ***. During 1993-95, capacity is expected to increase with the entrance of two new rod mills. Inland Steel Bar Company has recently started production of high-end cold-heading quality rod products at its rod mill in Chicago, IL.[53] USS/Kobe Steel Company, a joint venture between Kobe Steel and USX Corp., announced plans in 1992 for a rod mill that was originally scheduled for a 1994 opening; it has recently delayed opening until 1995. In an upgrade costing about $70 million, USS/Kobe is installing a wire rod mill with one of the world's fastest rolling speeds, called a "no twist mill," at its bar mill in Lorain, OH. ***.[54]

U.S. production increased by 4.1 percent from 1990 to 1992. Accounting for this additional production, 8 of the 13 responding companies reported slight increases in their production from 1990 to 1992. Of the five responding firms that reported declining production, *** decrease of *** percent during 1990-92 was by far the largest, ***. The only other firm to report any disruption of its production of certain steel wire rod since January 1, 1990, was ***. ***.

Average-of-period capacity utilization increased from 81.1 percent in 1990 to 84.5 percent in 1992. In response to the question of whether U.S. producers have sufficient capacity to meet the U.S. demand for steel wire rod, petitioners point to the 15-percent idle capacity.[55] [56] Petitioners also argue that AWPA estimates of wire consumption of 4,930,920 short tons in 1992 was well under the estimated rod mill capacity of 6,657,000 short tons in 1992.[57]

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[53] Petitioners' post-conference brief, p. Q-1.

[54] Post-conference brief for Japanese respondents, app. 10.

[55] Petitioners' post-conference brief, p. 10.

[56] Capacity reported reflects 100 percent employment. Some producers have noted that current market conditions do not warrant the hiring of new employees and that they cannot produce at reported capacity.

[57] Petitioners' post-conference brief, p. 10. This capacity figure exceeds the level in questionnaire responses.

Table 4
Certain steel wire rod: U.S. capacity, production, and capacity utilization,[1] 1990-92

Item	1990	1991	1992
End-of-period capacity (short tons)	5,876,087	5,942,021	5,799,103
Average-of-period capacity (short tons)	5,932,575	5,960,779	5,928,890
Production (short tons)	4,812,377	4,878,520	5,009,985
End-of-period capacity utilization (percent)	81.9	82.1	85.0
Average-of-period capacity utilization (percent)	81.1	81.8	84.5

[1] The data in the table are for 13 producers, accounting for over 95 percent of production of certain steel wire rod during 1992.

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. Producers' Shipments

The U.S. producers' total U.S. shipments of certain steel wire rod increased by 5.2 percent from 1990 to 1992 (table 5). In terms of value, U.S. shipments decreased by 1.0 percent from 1990 to 1992. During 1990-92, the ratio of company transfers to U.S. shipments averaged 20 percent. Accounting for the majority of the company transfers, *** sell substantial parts of their production to company-owned wire drawers. *** have wire drawing facilities located on the same sites as their rod mills.

The quantity and value of U.S. producers' exports increased from 1990 to 1991 but declined to 1990 levels in 1992. The exports account for only a small share of U.S. producers' total shipments. U.S. producers' export markets include Canada, China, Malaysia, Mexico, Japan, and Thailand. Connecticut Steel and North Star claimed that they had to resort to selling steel wire rod to China and Japan at very low prices during the fourth quarter of 1992 in order to keep the rolling mill operating and to cover direct operating expenses.[58]

[58] Conference transcript, p. 44.

Table 5
Certain steel wire rod: Shipments by U.S. producers,[1] by types, 1990-92

Item	1990	1991	1992
	Quantity (short tons)		
Company transfers	972,013	941,253	990,804
Domestic shipments	3,717,632	3,795,659	3,941,714
Subtotal	4,689,645	4,736,912	4,932,518
Exports	98,096	152,841	100,116
Total	4,787,741	4,889,753	5,032,634
	Value (1,000 dollars)		
Company transfers	266,872	262,204	263,821
Domestic shipments	1,251,033	1,217,308	1,238,828
Subtotal	1,517,905	1,479,512	1,502,649
Exports	25,805	39,430	26,850
Total	1,543,710	1,518,942	1,529,499
	Unit value (per short ton)		
Company transfers	$274.56	$278.57	$266.27
Domestic shipments	336.51	320.71	314.29
Average	323.67	312.34	304.64
Exports	263.06	257.98	268.19
Average	322.43	310.64	303.92

[1] The data in the table are for 13 producers accounting for over of 95 percent of U.S. shipments of certain steel wire rod during 1992.

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

The U.S. producers' end-of-period inventories of certain steel wire rod are presented in table 6. These inventories decreased 14.2 percent from 1990 to 1992. The ratio of U.S. producers' inventories to their total shipments decreased from 3.6 percent in 1990 to 2.9 percent in 1992. The low inventory-to-shipment ratios reflect the fact that U.S. producers usually manufacture steel wire rod to meet customer requirements. In any given product series, U.S. producers will alter the production process slightly based on end use and customer requirements.

Table 6
Certain steel wire rod: End-of-period inventories of U.S. producers, 1990-92

Item	1990	1991	1992
Inventories (short tons).....	172,965	161,962	148,357
Ratio of inventories to--			
Production (percent).....	3.6	3.3	3.0
U.S. shipments (percent)...	3.7	3.4	3.0
Total shipments (percent)..	3.6	3.3	2.9

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

Employment, Wages, and Productivity

The U.S. producers' employment and productivity data are presented in table 7. The number of production and related workers producing certain steel wire rod decreased by 5.5 percent during 1990-92. Of the 13 responding companies, 5 reported reductions in the number of workers producing certain steel wire rod. ***. Nine firms responded that their employees are represented by unions. All but one are represented by the United Steelworkers of America.

The number of hours worked by production and related workers producing certain steel wire rod declined by 7.1 percent from 1990 to 1992. Wages and total compensation paid to production and related workers by U.S. producers declined by 0.7 percent from 1990 to 1992, reflecting the reduction of the work force. Hourly total compensation paid to U.S. producers' production and related workers increased from $18.29 in 1990 to $19.56 in 1992. Productivity of production and related workers increased by 11.4 percent from 1990 to 1992.

Financial Experience of U.S. Producers

Twelve U.S. producers of steel wire rod, including all of the major ones, reported profit-and-loss information on their U.S. operations. These companies accounted for about 94 percent of 1992 U.S. production. The producers supplied data on both alloy and nonalloy steel wire rod operations. However, since net sales of the alloy product (about $21 million in 1992) amounted to less than 2 percent of the net sales of the two products combined, only combined data are presented.

Intercompany transfers were notable, accounting for about 18 percent of net sales volume and 15 percent of sales value. The unit sales values of these transfers ($258 per ton in 1992) were 15 to 20 percent less than the trade sales unit values ($316).

Table 7
Average number of production and related workers in U.S. establishments wherein certain steel wire rod is produced, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit production costs,[2] by products, 1990-92[3]

Item	1990	1991	1992
	Number of production and related workers (PRWs)		
All products	6,356	6,174	6,039
Certain steel wire rod	4,330	4,184	4,092
	Hours worked by PRWs (1,000 hours)		
All products	13,067	12,458	12,274
Certain steel wire rod	8,992	8,597	8,351
	Wages paid to PRWs (1,000 dollars)		
All products	243,272	234,580	242,405
Certain steel wire rod	164,494	160,586	163,378
	Total compensation paid to PRWs (1,000 dollars)		
All products	337,725	329,848	345,907
Certain steel wire rod	226,115	227,734	233,502
	Hourly wages paid to PRWs		
All products	$18.62	$18.83	$19.75
Certain steel wire rod	18.29	18.68	19.56
	Hourly total compensation paid to PRWs		
All products	$25.85	$26.48	$28.18
Certain steel wire rod	25.15	26.49	27.96
	Productivity (short tons per 1,000 hours)		
Certain steel wire rod	523.0	552.6	582.8
	Unit labor costs (per short ton)		
Certain steel wire rod	$48.08	$47.94	$47.97

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.
[3] Firms providing employment data accounted for 95 percent of reported total U.S. shipments (based on quantity) in 1992.

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.

Overall Establishment Operations

Profit-and-loss data for the overall establishment operations of the producers are shown in table 8. All financial indicators--net sales, gross profits, operating and net income, and cash flow--declined in 1991. While sales declined moderately, the gross profit margin shrank from 10.4 percent of sales to 8.5 percent. Since the absolute value of selling, general, and administrative (SG&A) expenses decreased modestly, the reduction in gross profits mostly flowed through to the succeeding profit levels. The financial results showed slight improvement in 1992, as sales and profit levels increased by about half the amounts they decreased in 1991. The primary reason for these increases was the increase in gross profit margin from 8.5 percent of sales to 9.7 percent.

In 1992, steel wire rod sales accounted for about 62 percent of overall establishment sales and one-third of operating profits.

Steel Wire Rod Operations

Profit-and-loss data for the steel wire rod operations of the producers are shown in table 9. Total net sales quantities remained virtually the same from 1990 to 1991 as increases in trade sales quantities more than compensated for decreases in transfer quantities. Even so, total net sales value decreased because the unit sales value decreased from about $324 to $312 per ton. The effects of the decreased sales revenues were eased to some extent because of a decrease in unit cost of goods sold. However, the decrease (about $7, from $299 to $292) was less than the $12 decrease in unit sales value. Therefore, gross profits and the gross profit margin also decreased. SG&A and non-operating (principally interest) expenses remained steady, so operating income, net income, and cash flow all decreased by about the same amount as the decrease in gross profits.

In 1992, trade sale and transfer quantities increased a bit more than their unit sales values decreased. As a result, total net sales value increased slightly. At the same time, unit cost of goods sold was decreasing. Nevertheless, the cost of goods sold increased on an absolute basis because of the increased sales volume. Consequently, gross profits remained about the same. Since SG&A expenses increased moderately, operating income decreased moderately.

Table 10 contains selected financial data for the individual U.S. producers. ***.

There is no clear connection between high unit sales value and profitability, since the companies with the highest operating margins did not have especially high unit sales values. However, there is a connection between cost and profitability. The consistently profitable companies all had unit cost of goods sold values below the average, while the consistently unprofitable companies had the highest unit cost of goods sold values (not counting the high-cost ***).

Table 8
Income-and-loss experience of U.S. producers[1] on the overall operations of their establishments wherein steel wire rod is produced, fiscal years 1990-92

Item	1990	1991	1992
	Value (1,000 dollars)		
Net sales	2,389,144	2,269,059	2,320,554
Cost of goods sold	2,140,873	2,076,494	2,094,462
Gross profit	248,271	192,565	226,092
Selling, general, and administrative expenses	91,695	89,386	101,676
Operating income	156,576	103,179	124,416
Shutdown expenses	***	***	***
Interest expense	***	***	***
Other income or (loss), net	***	***	***
Net income before income taxes	105,163	58,107	76,792
Depreciation and amortization included above	64,178	65,720	66,815
Cash flow	169,341	123,827	143,608
	Share of net sales (percent)		
Cost of goods sold	89.6	91.5	90.3
Gross profit	10.4	8.5	9.7
Selling, general, and administrative expenses	3.8	3.9	4.4
Operating income	6.6	4.5	5.4
Net income before income taxes	4.4	2.6	3.3
	Number of firms reporting		
Operating losses	1	3	2
Net losses	2	4	3
Data	12	12	12

[1] The producers and their respective fiscal year ends (if other than December 31) are ***.

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

Table 9
Income-and-loss experience of U.S. producers on their steel wire rod operations, fiscal years 1990-92

Item	1990	1991	1992
	Quantity		
Net sales:			
Trade	3,693,787	3,802,218	3,898,364
Company transfers	888,545	808,395	837,307
Total	4,582,332	4,610,613	4,735,671
	Value (1,000 dollars)		
Net sales:			
Trade	1,245,549	1,218,177	1,231,187
Company transfers	236,907	219,042	216,311
Total	1,482,456	1,437,219	1,447,498
Cost of goods sold	1,368,861	1,347,100	1,356,064
Gross profit	113,595	90,119	91,434
Selling, general, and administrative expenses	48,820	46,382	50,363
Operating income	64,775	43,737	41,071
Shutdown expenses	***	***	***
Interest expense	***	***	***
Other income or (loss), net	***	***	***
Net income before income taxes	36,816	16,442	12,452
Depreciation and amortization included above	43,683	45,361	46,399
Cash flow	80,499	61,803	58,851
	Share of net sales (percent)		
Cost of goods sold	92.3	93.7	93.7
Gross profit	7.7	6.3	6.3
Selling, general, and administrative expenses	3.3	3.2	3.5
Operating income or (loss)	4.4	3.0	2.8
Net income or (loss) before income taxes	2.5	1.1	0.9
	Number of firms reporting		
Operating losses	3	4	4
Net losses	4	5	5
Data	12	12	12

(table continued on next page)

Table 9--Continued
Income-and-loss experience of U.S. producers on their steel wire rod operations, fiscal years 1990-92

Item	1990	1991	1992
	Value (per ton)		
Net sales:			
Trade	$337.20	$320.39	$315.82
Company transfers	266.62	270.96	258.34
Average net sales	323.52	311.72	305.66
Cost of goods sold:			
Raw materials	193.74	188.77	182.67
Direct labor	31.09	29.99	30.44
Other factory costs	73.89	73.41	73.24
Total cost of goods sold	298.73	292.17	286.35
Gross profit	24.79	19.55	19.31
Selling, general, and administrative expenses	10.65	10.06	10.63
Operating income	14.14	9.49	8.67
Net income before income taxes	8.03	3.57	2.63

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

Table 10
Income-and-loss experience of U.S. producers on their steel wire rod operations, by firms, fiscal years 1990-92

* * * * * * *

Investment in Productive Facilities and Return on Assets

Data on investment in productive facilities and return on assets are shown in table 11.

Capital Expenditures

Data on U.S. producers' capital expenditures are shown in table 12.

Research and Development Expenses

Data on U.S. producers' research and development expenses are shown in table 13.

Table 11
Value of assets and return on assets of U.S. producers' establishments wherein steel wire rod is produced, by products, fiscal years 1990-92

Item	As of the end of fiscal year-- 1990	1991	1992
	Value (1,000 dollars)		
All products:			
Fixed assets:			
Original cost	1,337,728	1,341,828	1,209,425
Book value	624,138	605,618	539,772
Total assets[1]	1,042,190	1,030,235	965,411
Steel wire rod:			
Fixed assets:			
Original cost	697,075	694,348	568,667
Book value	330,630	320,589	270,299
Total assets[2]	553,885	539,257	516,781
	Return on total assets (percent)[3]		
All products:			
Operating return	13.4	10.5	8.0
Net return	9.3	7.5	4.6
Steel wire rod:			
Operating return	12.2	10.4	9.4
Net return	8.7	7.5	6.1
	Return on book value of fixed assets[3]		
All products:			
Operating return	23.3	18.6	15.4
Net return	15.7	11.9	7.6
Steel wire rod:			
Operating return	22.3	19.3	21.2
Net return	14.9	11.5	11.2

[1] Defined as book value of fixed assets plus current and noncurrent assets.
[2] Total establishment assets are apportioned, by firm, to product groups on the basis of the ratios of the respective book values of fixed assets.
[3] Computed using data from only those firms supplying both assets and income-and-loss information. Therefore, the values presented may not be derivable from data presented.

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 steel wire rod from the four countries on their firms' growth, investment, ability to raise capital, and/or development and production efforts. Their responses are shown in appendix D.

Table 12
Capital expenditures of U.S. producers of steel wire rod, by products, fiscal years 1990-92

(In thousands of dollars)

Item	1990	1991	1992
All products of establishments:			
Land and land improvements	55	1,072	2,218
Building or leasehold improvements	2,074	2,707	2,256
Machinery, equipment, and fixtures	62,144	32,558	41,143
Total	64,273	36,337	45,617
Steel wire rod:			
Land and land improvements	1	273	2,045
Building or leasehold improvements	627	376	627
Machinery, equipment, and fixtures	38,792	14,623	26,899
Total	39,420	15,272	29,571

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

Table 13
Research and development expenses of U.S. producers of steel wire rod, by products, fiscal years 1990-92

(In thousands of dollars)

Item	1990	1991	1992
All products	3,924	3,356	1,820
Steel wire rod	3,402	2,680	1,370

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

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[59]--
>
> (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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[59] 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.[60]

The available information on the volume, U.S. market penetration, and pricing of imports of the subject merchandise (items (III) and (IV) above) is presented in the section entitled "Consideration of the Causal Relationship Between Imports of the Subject Merchandise and the Alleged Material Injury" and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts (item (X)) is presented in appendix D. Available information on U.S. inventories of the subject products (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); any other threat indicators, if applicable (item (VII) above); and any dumping in third-country markets, follows. Other threat indicators have not been alleged or are otherwise not applicable.

U.S. Importers' Inventories

End-of period inventories of U.S. importers of certain steel wire rod are presented in table 14. Because the Canadian producers, which maintain virtually no inventories in the United States, are the importers of record for

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[60] 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 14
Certain steel wire rod: End-of-period inventories of U.S. importers,[1] by sources, 1990-92

(In short tons)

Item	1990	1991	1992
Brazil	***	***	***
Canada	***	***	***
Japan	20,405	14,965	18,645
Subtotal	***	***	***
Trinidad and Tobago	***	***	***
Total	***	***	***

[1] The data in the table are for 35 importers accounting for approximately 95 percent of total U.S. imports from the subject countries during 1992.

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

*** percent of U.S. imports of Canadian certain steel wire rod, almost no end-of-period inventories were reported. End-of-period inventories from Japan, which were significant relative to imports, decreased by 26.7 percent from 1990 to 1991 but increased by 24.6 percent from 1991 to 1992. In reference to these inventories, ***.[61]

U.S. Importers' Current Orders

Reported orders for Canadian certain steel wire rod that U.S. importers have placed for delivery after December 31, 1992, totaled 131,730 short tons. These orders were placed by all seven of the U.S. importers of Canadian material that provided import data in response to the Commission's questionnaire. Deliveries on these orders are scheduled through September 1993.

Fifteen of the 16 U.S. importers of Japanese certain steel wire rod reported orders for delivery after December 31, 1992. A total of 162,967 short tons of certain steel wire rod was scheduled to enter the United States between January 1993 and September 1993.

U.S. importers reported scheduled deliveries of 24,252 and *** short tons of certain steel wire rod from Brazil and Trinidad and Tobago, respectively, after December 31, 1992.

[61] Letter to the Commission dated May 19, 1993, from ***.

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

The Commission requested certain information from counsel for producers in Brazil, Canada, Japan, and Trinidad and Tobago. The Commission also requested information from the U.S. embassies in Brasilia, Ottawa, Tokyo, and Port of Spain. The information discussed below was supplied by petitioners and by counsel for the foreign producers.

The Industry in Brazil

The following three firms account for virtually all production of certain steel wire rod in Brazil: Cia Siderurgica Belgo-Mineira (Belgo), Cosigua - Cia Siderurgica de Guanabara (Cosigua), and Siderurgica Mendes Junior SA (Mendes Junior). As indicated in table 15, their capacity and production increased slightly from 1990 to 1992. Capacity utilization rates, which peaked at 64.8 percent in 1992, remained fairly constant during the period of investigation. The petitioners argue that the Brazilian mills have consciously planned to increase exports to fill unutilized capacity, aiming to export 60 percent of their total production.[62] Counsel for Brazilian producers argue that despite a weak domestic market, the Brazilian mills have not sharply increased their shipments to the United States during the period of investigation. As noted in the table, the three Brazilian mills reported a 26-percent increase in exports to the United States from 1990 to 1992. However, counsel argue that the increase is partially explained by U.S. manufacturers soliciting business from Brazil because of a shortage of wire rod in the United States.[63]

The Industry in Canada

The three Canadian producers, Ivaco, Sidbec-Dosco, and Stelco, provided the Commission with complete responses regarding their capacity, production, and shipments data. As indicated in table 16, capacity ***. Production decreased slightly from 1990 to 1991, but rose from 1991 to 1992, by 28.4 percent. ***.[64] Capacity utilization decreased from 63.1 percent in 1990 to 60.0 percent in 1991 but increased to 76.3 percent in 1992. ***.[65]

The Industry in Japan

The following three firms account for virtually all production of certain steel wire rod in Japan: Kobe Steel, Ltd. (Kobe), Nippon Steel Corp. (Nippon), and Sumitomo Metal Industry, Ltd. (Sumitomo). As indicated in table 17, capacity decreased slightly from 1990 to 1992. ***. Operating at over 90 percent of capacity in each year during 1990-92, counsel for Japanese producers refute arguments from petitioners that Japan is experiencing underutilization of capacity.[66]

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[62] Petition, p. 42.
[63] Post-conference brief for Brazilian producers, pp. 15-16.
[64] Post-conference brief of Sidbec-Dosco, pp. 18-20.
[65] Post-conference brief for Stelco, p. 2.
[66] Post-conference brief for Japanese producers, p. 29.

Table 15
Certain steel wire rod: Brazil's capacity, production, inventories, capacity utilization, and shipments, 1990-92

Item	1990	1991	1992
	Quantity (short tons)		
Capacity	2,523,528	2,587,170	2,773,911
Production	1,610,775	1,584,381	1,798,771
End-of-period inventories	131,005	99,171	78,085
Shipments:			
Home market	871,564	956,474	850,416
Exports to--			
The United States	57,432	42,903	72,544
All other markets	608,514	616,828	896,897
Total exports	665,946	659,731	969,441
Total shipments	1,537,510	1,616,205	1,819,857
	Ratios and shares (percent)		
Capacity utilization	63.8	61.2	64.8
Inventories to production	8.1	6.3	4.3
Inventories to total shipments	8.5	6.1	4.3
Share of total quantity of shipments:			
Home market	56.7	59.2	46.7
Exports to--			
The United States	3.7	2.7	4.0
All other markets	39.6	38.2	49.3

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information.

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

Table 16
Certain steel wire rod: Canada's capacity, production, inventories, capacity utilization, and shipments, 1990-92 and 1993-94 (projected)

Item	1990	1991	1992	Projected 1993	Projected 1994
	Quantity (short tons)				
Capacity	1,712,000	1,712,000	1,729,000	1,780,000	1,780,000
Production	1,080,485	1,027,585	1,319,028	1,323,000	1,309,000
End-of-period inventories	31,321	34,964	32,019	25,119	24,040
Shipments:					
Home market	729,617	607,645	760,805	819,500	817,800
Exports to--					
The United States	367,662	403,483	538,228	496,000	481,279
All other markets	21,125	12,711	22,679	14,400	11,000
Total exports	388,787	416,194	560,907	510,400	492,279
Total shipments	1,118,404	1,023,839	1,321,712	1,329,900	1,310,079
	Ratios and shares (percent)				
Capacity utilization	63.1	60.0	76.3	74.3	73.5
Inventories to production	2.9	3.4	2.4	1.9	1.8
Inventories to total shipments	2.8	3.4	2.4	1.9	1.8
Share of total quantity of shipments:					
Home market	65.2	59.3	57.6	61.6	62.4
Exports to--					
The United States	32.9	39.4	40.7	37.3	36.7
All other markets	1.9	1.2	1.7	1.1	.8

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information.

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

Table 17
Certain steel wire rod: Japan's capacity, production, inventories, capacity utilization, and shipments, 1990-92 and 1993-94 (projected)

Item	1990	1991	1992	Projected 1993	Projected 1994
	Quantity (short tons)				
Capacity	3,712,964	3,708,386	3,515,834	3,714,044	3,714,044
Production	3,530,685	3,377,263	3,172,310	3,654,164	3,633,156
End-of-period inventories	161,783	145,676	156,266	156,266	156,266
Shipments:					
Home market	2,754,087	2,723,014	2,452,092	2,448,481	2,621,784
Exports to--					
The United States	218,718	228,057	255,833	263,533	263,533
All other markets	584,353	442,299	453,795	942,150	747,839
Total exports	803,071	670,356	709,628	1,205,683	1,011,372
Total shipments	3,557,158	3,393,370	3,161,720	3,654,164	3,633,156
	Ratios and shares (percent)				
Capacity utilization	95.1	91.1	90.2	98.4	97.8
Inventories to production	4.6	4.3	4.9	4.3	4.3
Inventories to total shipments	4.5	4.3	4.9	4.3	4.3
Share of total quantity of shipments:					
Home market	77.4	80.2	77.6	67.0	72.2
Exports to--					
The United States	6.1	6.7	8.1	7.2	7.3
All other markets	16.4	13.0	14.4	25.8	20.6

Note.--Capacity utilization and inventory ratios are calculated from data of firms providing both numerator and denominator information.

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

Accounting for 6.1 percent of total shipments in 1992, exports to the United States increased 17.0 percent from 1990 to 1992. Exports to all other markets are expected to increase by 108 percent from 1992 to 1993. ***.

The Industry in Trinidad and Tobago

Caribbean Ispat, Ltd. (Ispat), the sole Trinidadian producer of certain steel wire rod, has a production capacity of *** (table 18).

***. The petitioners argue that Ispat's small home market enables it to switch all or most of its capacity to the most profitable export market at any time. Petitioners worry that if U.S. producers exit the market or antidumping duties are levied on other import sources, imports from Trinidad and Tobago will increase.[67] Ispat's counsel argue that Ispat has cultivated export markets in the Caricom countries, Japan, and Central and South America, and it would not be in the company's interest to disrupt these relationships.[68]

* * * * * * *[69]

Table 18
Certain steel wire rod: Trinidad and Tobago's capacity, production, inventories, capacity utilization, and shipments, 1990-92 and 1993-94 (projected)

* * * * * * *

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

U.S. Imports

In the course of the Commission's investigations, questionnaires were received from 35 U.S. importers of certain steel wire rod from the subject countries. The data received from the responding firms are believed to account for virtually all of the imports of certain steel wire rod from Canada, Japan, and Trinidad and Tobago (table 19). In terms of Brazil, the Commission received responses from importers representing about 75 percent of imports. Consequently, official import statistics from the U.S. Department of Commerce were used for imports from Brazil and other sources.[70]

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[67] Petition, p. 39.
[68] Conference transcript, p. 221.
[69] Post-conference brief of Ispat, p. 9.
[70] Imports from Brazil as reported to the Commission in the importer questionnaires show similar trends as do the official import statistics. According to the data received in the questionnaires, imports from Brazil declined from 32,833 short tons in 1990 to 10,857 short tons in 1991 and increased to 66,114 short tons in 1992.

Table 19
Certain steel wire rod: U.S. imports, by sources, 1990-92

Item	1990	1991	1992
	Quantity (short tons)		
Brazil	70,502	19,825	90,073
Canada	380,331	405,880	541,596
Japan	216,563	238,689	262,244
Subtotal	667,396	664,394	893,913
Trinidad and Tobago	***	***	***
Subtotal	***	***	***
Other sources	320,452	180,385	197,847
Total	***	***	***
	Value (1,000 dollars)		
Brazil	21,108	6,039	25,103
Canada	152,441	150,014	196,497
Japan	115,202	130,222	139,843
Subtotal	288,751	286,275	361,443
Trinidad and Tobago	***	***	***
Subtotal	***	***	***
Other sources	118,971	68,112	72,061
Total	***	***	***
	Unit value (per short ton)		
Brazil	$299.39	$304.61	$278.70
Canada	400.81	369.60	362.81
Japan	531.96	545.57	533.26
Average	432.65	430.88	404.34
Trinidad and Tobago	***	***	***
Average	***	***	***
Other sources	371.26	377.59	364.23
Average	***	***	***

Note.--Because of rounding, figures may not add to the totals shown; unit values are calculated from unrounded figures using data of firms providing both quantity and value information.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except for imports from Brazil and "other sources," which were from official statistics of the U.S. Department of Commerce.

Brazil

Imports of Brazilian certain steel wire rod decreased 71.9 percent from 1990 to 1991 but increased by 354.3 percent from 1991 to 1992, accounting for a 27.8-percent increase during 1990-92. Imports from Brazil accounted for *** percent of total imports during 1992.

Canada

Canada was the largest import source of certain steel wire rod, accounting for *** percent of total imports during 1992. Imports of certain steel wire rod from Canada increased 42.4 percent from 1990 to 1992.

Japan

Reflecting Japan's concentration in the high end of the market, the unit values for imports from Japan were over $500 in every year during 1990-92. In terms of quantity, imports of certain steel wire rod from Japan increased by 21.1 percent during 1990-92.

Trinidad and Tobago

Accounting for *** percent of total imports in 1992, imports of Trinidadian certain steel wire rod *** percent, by quantity, from 1990 to 1992.

Total Subject Imports

Cumulative imports of certain steel wire rod from the subject sources increased by 40.6 percent during 1990-92.

Market Penetration by the Subject Imports

U.S. producers' and importers' market shares based on U.S. producers' shipments and U.S. importers' imports are presented in table 20. ***.

Table 20
Certain steel wire rod: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1990-92

Item	1990	1991	1992
	Quantity (short tons)		
Producers' U.S. shipments....	4,689,645	4,736,912	4,932,518
U.S. imports from--			
Brazil.....	70,502	19,825	90,073
Canada.....	380,331	405,880	541,596
Japan.....	216,563	238,689	262,244
Subtotal.....	667,396	664,394	893,913
Trinidad and Tobago.....	***	***	***
Subtotal.....	***	***	***
Other sources.....	320,452	180,385	197,847
Total.....	***	***	***
Apparent consumption...	***	***	***
	Value (1,000 dollars)		
Producers' U.S. shipments....	1,517,905	1,479,512	1,502,649
U.S. imports from--			
Brazil.....	21,108	6,039	25,103
Canada.....	152,441	150,014	196,497
Japan.....	115,202	130,222	139,843
Subtotal.....	288,751	286,275	361,443
Trinidad and Tobago.....	***	***	***
Subtotal.....	***	***	***
Other sources.....	118,971	68,112	72,061
Total.....	***	***	***
Apparent consumption...	***	***	***
	Share of the quantity of U.S. consumption (percent)		
Producers' U.S. shipments....	***	***	***
U.S. imports from--			
Brazil.....	***	***	***
Canada.....	***	***	***
Japan.....	***	***	***
Subtotal.....	***	***	***
Trinidad and Tobago.....	***	***	***
Subtotal.....	***	***	***
Other sources.....	***	***	***
Total.....	***	***	***

Notes appear at end of table.

Table 20--Continued
Certain steel wire rod: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1990-92

Item	1990	1991	1992
	Share of the value of U.S. consumption (percent)		
Producers' U.S. shipments....	***	***	***
U.S. imports from--			
Brazil.....	***	***	***
Canada.....	***	***	***
Japan.....	***	***	***
Subtotal.....	***	***	***
Trinidad and Tobago.....	***	***	***
Subtotal.....	***	***	***
Other sources.....	***	***	***
Total.....	***	***	***

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, except for imports from Brazil and "other sources," which were from official statistics of the U.S. Department of Commerce.

Prices

Marketing Characteristics

The majority of steel wire rod is sold to wire drawers or end users;[71] these firms draw the steel wire rod into wire that is used in a large variety of products. Therefore, the demand for steel wire rod depends on the demand for these many different products. A relatively large portion of the steel wire rod sold in the U.S. market is used for construction applications;[72] thus, the demand for steel wire rod tends to be cyclical in nature. Sales of steel wire rod tend to be higher in times when construction activity is strong, i.e., during the first and second quarter of a year. Overall, the demand for steel wire rod has increased during the period for which data were

[71] Many of the firms that sell steel wire rod in the United States also draw the rod into wire or they have related companies that perform this function. Therefore, many suppliers of steel wire rod compete against the firms to whom they sell wire rod.

[72] These products include mesh for concrete reinforcement, screws, bolts, etc.

collected; this is especially true for the first quarter of 1993.[73] Several suppliers reported that the demand for wire rod for use in particular end uses has increased; for example, several importers reported that sales of tire cord steel wire rod have increased as tire companies have increased their usage of this type of steel wire rod. Finally, several firms stated that steel wire rod consumers are increasingly demanding higher quality and tensile strength products.

While the general applications for a particular grade/type of steel wire rod are similar, the product may vary slightly from customer to customer. Suppliers often produce steel wire rod for a specific customer, depending on that customer's specific requirements.[74] Therefore, steel wire rod of the same grade can look, feel, and weigh the same, but it may not be the same for a particular customer;[75] this is due to the fact that steel wire rod from different suppliers can work differently in a given purchaser's application. *** reported that over the last 3 to 5 years, the character of the wire rod market has changed significantly. Prior to this time, rod was sold essentially on a chemistry specification basis; i.e., producers would make it to a specified chemistry, roll it to a specified diameter with agreed upon tolerances, and ship it to the customer. According to ***, the steel wire rod market has become much more sophisticated, and customers now require that producers certify that the product will perform in the customer's plant.[76]

As a result of these increasing demands, some purchasers qualify suppliers prior to purchasing product from them. Qualification procedures and time required to qualify vary from purchaser to purchaser. In general, purchasers of the more basic products (e.g, low-carbon wire rod for mesh applications) have few, or no, qualification requirements. For purchasers of the more difficult products, such as high-tensile tire cord, the qualification procedure can take as long as one year.[77] Qualification of a steel wire rod producer usually involves inspection of the supplier's plant, audits of the supplier's financial condition, and basic metallurgical testing to determine the compatibility of the product in the purchaser's production process.

Although steel wire rod is used in many different applications, suppliers agreed that, for a given application, there are no substitute products. Suppliers were specifically requested to discuss the substitutability between free-machining and non-free-machining wire rod. Again, virtually all of the responding firms reported that there is no substitution between these products. One firm reported that while free-machining rod could conceivably be substituted for low-carbon steel wire rod, the performance characteristics would be 25 to 30 percent below where they should be; moreover, the price would be 65 to 70 percent higher when free-

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[73] Many purchasers have reported that there has been a shortage of material in the first quarter of 1993 (see sections of this report entitled "Apparent U.S. Consumption" and "Product Comparisons").

[74] ***.

[75] Conference transcript, p. 134.

[76] ***.

[77] Conference transcript, pp. 78-79.

machining rod is used. Producers and importers also discussed the degree of substitution between low-, medium-, and high-carbon steel wire rod. These firms reported there is very little, if any, substitution between these products because the different carbon levels are used to achieve different physical and mechanical properties.

Steel wire rod is generally sold on the basis of quarterly agreements. Prices and target quantities are set four to six weeks prior to the end of a calendar quarter to cover requirements for the following quarter. Prices are generally negotiated based on current market conditions and are fixed for the entire quarter; these agreements also tend to fix the quantity purchased. In recent months, however, there have been deviations from this practice.[78] Several purchasers reported difficulty in obtaining product in the first quarter of 1993; suppliers reportedly could not fulfill the requested quantities and some even reduced the amount of steel wire rod that they had previously stated they could ship.[79] Similarly, in some instances, prices that had been agreed upon for sales in the second quarter of 1993 were increased pursuant to announcements of price increases effective April 1, 1993; previously, price change announcements did not affect prices that were already set by a prior agreement.[80]

None of the responding suppliers reported using published price lists for their sales of steel wire rod.[81] Since suppliers do not have price lists for their sales of steel wire rod, there are no formal discount policies; rather, price decreases arise during quarterly price negotiations. U.S. producers reported, however, that they generally give prompt payment discounts. *** of the responding U.S. producers reported giving discounts ranging from *** percent for full payment within 10 days of shipment of product. The majority of U.S. importers of steel wire rod from the subject countries reported that they ***.

Steel wire rod is priced on a per-hundred-weight basis and is generally sold on a delivered basis, with the supplier arranging and paying the transportation costs. Approximately half of the responding producers and importers reported that transportation costs are an important factor in their customers' sourcing decisions for steel wire rod. Suppliers estimated that transportation costs generally account for between 4 and 6 percent of the total delivered price of the steel wire rod.[82] While a few producers and importers reported that they ship product nationwide, many stated that

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[78] ***.

[79] The AWPA provided information obtained from 36 of its members concerning their purchases of steel wire rod and market conditions in that industry. Virtually all of the responding firms reported that they have experienced supply problems, particularly in 1993.

[80] ***.

[81] One producer *** reported that it has internal price lists that are used as a starting point for quotations; however, ***.

[82] Estimates of the percentage of the total delivered cost of steel wire rod accounted for by inland transportation costs ranged from 2 to 11 percent, with the average falling in the range of 4 to 6 percent.

shipments are made within specific geographic regions.[83] During the period for which data were requested, lead times for delivery for domestic steel wire rod ranged from 1 to 8 weeks, with the average around 4 weeks. Average lead times for delivery for imported steel wire rod were considerably longer than those for domestic wire rod; importers reported that lead times ranged from 2 to 8 months, with most firms reporting a range of 2 to 5 months.

Product Comparisons

Producers and importers were requested to discuss any differences between domestic and imported steel wire rod that would explain price differences and purchasing patterns.[84] Both product and marketing considerations were considered in responding. Comments by these firms are discussed below.

Available information indicates that there is disagreement as to whether domestic and imported steel wire rod are comparable in quality. While about half of the responding U.S. producers reported that differences in quality between the U.S. and imported products were not a significant factor in their sales of steel wire rod, several U.S. firms reported otherwise. Three of the responding U.S. producers stated that there were differences in the quality of U.S. and Japanese products. These firms reported that the quality of the Japanese product is superior to that of the domestic product in certain applications, such as recessed cold-heading products and high-tensile strength tire cord. According to ***, steel cleanliness, lack of uniformity in surface quality, and mechanical properties are major considerations in these end uses. The majority of importers of the subject steel wire rod reported that there are quality differences between the domestic and imported products. Importers of the Brazilian product stated that rimmed steel rod from Brazil is available in sufficient quantities in the U.S. market, while U.S. producers can only supply rim steel substitutes.[85] Similarly, importers of the Canadian product stated that the products that they import have superior qualities vis-a-vis the domestic product.[86] All of the importers of the Japanese product reported that the quality of the products they supply, mainly high-carbon rod used for tire cord, cold-heading-quality applications, and valve and other springs, is superior to the domestic product. Many of these importers of Japanese product reported that the product that they supply to the U.S. market is not available from U.S. producers.

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[83] Petitioners state that all producers are capable of competing throughout the entire United States. However, freight costs are a critical factor in determining a producer's natural sales territory. According to petitioners, producers prefer not to ship to distant markets because they must quote prices on a delivered basis (petitioners' post-conference brief, responses to questions from the Commission staff, p. 11).

[84] In addition, AWPA submitted information concerning domestic and imported steel wire rod from its members.

[85] ***.

[86] ***.

Another factor that can affect prices and purchasing patterns is the availability of product. Many purchasers reported that availability is the most important factor in their purchasing decision. As stated earlier, there have been supply problems in the steel wire rod industry, particularly in 1993. Many purchasers appeared at the preliminary conference and still others provided information through AWPA concerning the shortage of steel wire rod.[87] Virtually all of the firms that submitted information in the AWPA questionnaire reported that they have had difficulty receiving adequate supplies of product, have been receiving reduced shipments, have experienced longer lead times, or have been placed on allocation.[88] A few firms commented that they have trouble receiving product from U.S. firms because these purchasers are located on the West Coast. According to one of these firms, ***. Finally, several purchasers reported that they have difficulty obtaining steel wire rod because rod producers tend to satisfy their related wire drawers before they sell to their competitors (i.e., independent wire drawers).

Prices and purchasing patterns can also be affected by policies such as "Buy American" requirements. In some applications, such as Federal and/or State construction projects, it is required that U.S.-produced products be used. These sales, however, do not account for a large portion of total sales of U.S.-produced steel wire rod. U.S. producers estimated that sales pursuant to Buy American requirements accounted for between 0 and 15 percent of their total sales in 1992. Virtually all of the responding producers reported that there had not been any changes in the amount of these sales since 1990.[89] Finally, purchasers reported that prices for Buy American sales are not significantly different from prices for all other sales.[90]

Purchasers also reported other factors that influence their purchasing behaviors, such as quality, reliability of supply, more favorable credit and sales terms, better packaging, and better technical support.

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[87] AWPA sent a brief questionnaire to its members which requested information concerning purchasing habits and market conditions. Thirty-six firms responded to the AWPA questionnaire; these firms accounted for approximately *** percent of U.S. consumption of steel wire rod in 1992. In addition, counsel for Ivaco provided results of a study conducted by the Roper Organization that examined the supply problem (post-conference brief of Ivaco Rolling Mills, p. 12).

While these supply problems appear to be concentrated in 1993, there were some purchasers that reported supply difficulties prior to 1993.

[88] Many purchasers noted that the domestic industry does not have sufficient quantities to supply the market and without imports, they would be forced to shut down their wire operations.

[89] Petitioners' post-conference brief estimates that "Buy American" sales accounted for approximately *** percent of total domestic producers' shipments in 1992 (petitioners' post-conference brief, responses to staff questions, p. 4).

[90] Conference transcript, p. 253, and staff interview with ***.

Price Trends

The Commission requested price and quantity information from U.S. producers and importers for their quarterly sales of steel wire rod during the period January 1990-March 1993.[91] Product specifications for which pricing data were requested are as follows:

Product 1: Industrial quality, grade 1006 steel wire rod, 5.5 mm in diameter
Product 2: Industrial quality, grade 1008 steel wire rod, 5.5 mm in diameter
Product 3: High-carbon quality, grade 1069 steel wire rod, 5.5 mm in diameter, for use in tire cord
Product 4: PC strand quality, 1080 steel wire rod, 11.0 mm in diameter
Product 5: Standard cold-heading quality, grade 1022 steel wire rod, 7/32 inch to 1/2 inch in diameter (excluding rod for trimmed hex fastener, recessed head fastener, scrapless nut fastener, and highly-engineered fastener quality products)

Usable pricing data were received from 12 U.S. producers and 14 importers of steel wire rod.[92] Reported pricing data accounted for approximately *** percent of U.S. producers' domestic shipments during 1992. Pricing for the imported products accounted for approximately *** percent of shipments of imports from Brazil, Canada, Japan, and Trinidad and Tobago, respectively, during 1992.

Prices were reported by U.S. producers for all five of the products for which data were requested. Price data from Brazil were limited; all of the data received for product 1 included sales of rimmed steel products, which are sold at a premium over regular industrial quality steel wire rod. Similarly, data for imports from Japan were limited to the high-carbon products (tire cord and PC strand) and cold-heading quality steel wire rod; there were no imports of low-carbon (i.e., industrial quality) products from Japan during the period for which data were collected.[93] Data for imports from Trinidad and Tobago are limited to the low-carbon, industrial quality products (i.e., products 1 and 2). Finally, data for imports from Canada were reported for four of the five products.

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[91] AWPA's questionnaire also requested pricing information; however, the data for 1990, 1991, and 1992 were annual prices. In general, there was a mixture of both underselling and overselling; however, prices for Japanese rod were consistently higher than those for comparable domestic products.

[92] Several firms did not report pricing information because all of the steel wire rod produced and/or imported by their firms is internally consumed.

[93] Several importers of Japanese product reported prices for some of the products that they import from Japan, including steel wire rod for use in high-tensile strength tire cord (grade 1080), valve springs, and applications requiring cold-heading quality product. Japanese respondents claim that these products account for the vast majority of imports from Japan and are not produced by any U.S. producers. Prices for these products are higher than the prices of the products for which data were collected.

In general, delivered prices for both domestic and imported steel wire rod showed similar trends.[94] Prices for all products from all countries generally declined during the period January 1990 through December 1992. In some instances, prices rose in the first quarter of 1993. There is ample evidence on the record that documents price increases in the first quarter of 1993; however, the increase may not be apparent in the data collected because the increases, while announced in the first quarter, generally affected sales in the second quarter of 1993.

Sales of product 1

Weighted-average delivered prices for product 1 sold by U.S. producers fell *** percent from January 1990 to December 1992, but then increased *** percent in the first quarter of 1993 (table 21). Delivered prices for this product imported from Canada declined fairly steadily from January-March 1990 to October-December 1992, falling *** percent during that time. These prices then increased *** percent in the first quarter of 1993. Delivered prices for product 1 imported from Trinidad and Tobago decreased irregularly from the first quarter of 1990 to the same quarter of 1993, declining *** percent during this time.

Table 21
Steel wire rod: Weighted-average net delivered selling prices and quantities of U.S.-produced and imported product 1 (industrial quality 1006 steel wire rod, 5.5 mm in diameter), by quarters, January 1990-March 1993

* * * * * * *

Sales of product 2

Weighted-average delivered prices for U.S.-produced product 2 decreased *** percent from January-March 1990 to October-December 1992, but then rose *** percent in the first quarter of 1993 (table 22). Prices for product 2 imported from Brazil declined *** percent from the first quarter of 1990 to the fourth quarter of 1992 and then increased *** percent in the first quarter of 1993. Prices for the Canadian product fell *** percent during January-March 1990 to January-March 1993, while prices for imports from Trinidad and Tobago decreased *** percent from the first quarter of 1990 to the same period of 1993.

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[94] Prices are presented on a delivered basis because the majority of sales are made on that basis.

Table 22
Steel wire rod: Weighted-average net delivered selling prices and quantities of U.S.-produced and imported product 2 (industrial quality 1008 steel wire rod, 5.5 mm in diameter), by quarters, January 1990-March 1993

* * * * * * *

Sales of product 3

U.S. producers' prices for product 3 decreased irregularly from January-March 1990 to the same quarter of 1993, falling *** percent in that time (table 23). Prices for the Canadian product declined *** percent from the first quarter of 1990 to the fourth quarter of 1992, while Japanese prices fell *** percent during that time; Canadian and Japanese prices both increased *** percent in the first quarter of 1993.

Table 23
Steel wire rod: Weighted-average net delivered selling prices and quantities of U.S.-produced and imported product 3 (high-carbon 1069 steel wire rod for use in tire cord, 5.5 mm in diameter), by quarters, January 1990-March 1993

* * * * * * *

Sales of product 4

Weighted-average prices for U.S.-produced product 4 decreased *** percent from January-March 1990 to the same quarter of 1993 (table 24). Prices for the Japanese product declined *** percent during that time.

Table 24
Steel wire rod: Weighted-average net delivered selling prices and quantities of U.S.-produced and imported product 4 (PC strand quality 1080 steel wire rod, 11.0 mm in diameter), by quarters, January 1990-March 1993

* * * * * * *

Sales of product 5

U.S. producers' delivered prices for product 5 declined *** percent from the first quarter of 1990 to the same period of 1993 (table 25). Prices for this product imported from Brazil were ***. Prices for product 5 imported from Canada fell *** percent from the first quarter of 1990 to the fourth of 1992, and then increased *** percent during January-March 1993. Delivered prices for the Japanese product were ***; these prices increased *** percent from ***.

Table 25
Steel wire rod: Weighted-average net delivered selling prices and quantities of U.S.-produced and imported product 5 (cold-heading quality 1022 steel wire rod, 7/32 inch to 1/2 inch in diameter), by quarters, January 1990-March 1993

* * * * * * *

Price Comparisons

There were 12 instances in which comparisons between the Brazilian and domestic products were possible (table 26).[95] In six of these instances, the Brazilian product was priced between 1.1 and 11.5 percent below the domestic product. In the remaining six instances, the Brazilian product was priced higher than the domestic product by between 0.8 and 13.9 percent.

Table 26
Steel wire rod: Margins of under/(over)selling for sales of products 1, 2, 3, 4, and 5, by quarters, January 1990-March 1993

* * * * * * *

In 32 of the 52 instances where comparisons between the Canadian and domestic products were possible, the Canadian product undersold the domestic product; margins ranged from 0.1 to 8.6 percent. In the remaining 20 instances, the Canadian product was priced higher than the domestic product, with margins ranging from 0.7 to 26.5 percent.

There were 30 instances where U.S. and Japanese prices could be compared. In 29 of these instances, the Japanese product was priced higher than the domestic product, with margins ranging from 0.2 to 24.2 percent. In the remaining instance, the Japanese product was priced 0.1 percent below the domestic product.

In 4 of the 22 instances where comparisons between the domestic and Trinidadian products were possible, the Trinidadian product undersold the domestic product; margins ranged from 1.9 to 6.6 percent. In 18 instances, the Trinidadian product was priced higher than the domestic product, with margins ranging from 0.3 to 12.6 percent.[96]

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[95] As stated earlier, many of the imports from Brazil are rimmed steel products, particularly the 1006 industrial quality steel wire rod. Since there is no U.S. production of rimmed steel, no comparisons between these products were possible.

[96] ***.

Lost Sales and Lost Revenues

The Commission received lost sales and lost revenue allegations from four U.S. producers: ***. The four lost sale allegations involving imports from Brazil totaled $*** million and involved *** tons of steel wire rod. Seventeen lost sale allegations were submitted that concerned imports from Canada; these allegations totaled $*** million and involved *** tons of steel wire rod. The five lost sales allegations concerning imports from Trinidad and Tobago totaled $*** million and involved *** tons of product. Twenty-five of the 27 lost revenue allegations that were submitted concerned imports from Canada; these allegations totaled $*** million and involved *** tons of steel wire rod. These producers also alleged that they lost revenues of *** and *** due to competition from Trinidadian and Brazilian steel wire rod, respectively. There were no lost sale or lost revenue allegations submitted concerning imports from Japan. Staff contacted six purchasers, and a summary of the information obtained follows.

* * * * * * *

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that from January-March 1990 through January-March 1993, the nominal values of the Brazilian cruzeiro and the Canadian dollar depreciated by nearly 100 and 6.8 percent, respectively, relative to the U.S. dollar (table 27).[97] The nominal value of the Japanese yen appreciated 20.3 percent vis-a-vis the U.S. dollar during January 1990-February 1993, while the Trinidadian dollar showed no change in that time. Adjusted for movements in producer price indexes in the United States and the specified countries, the real values of Brazilian, Canadian, and Trinidadian currencies depreciated (relative to the U.S. dollar) by 36.8, 6.1, and 0.9 percent during the periods for which data were reported. The real value of the Japanese yen appreciated (vis-a-vis the U.S. dollar) by 15.5 percent from January 1990 to November 1992.

[97] Data for the Brazilian cruzeiro were available for January 1990-January 1993, while data for the Canadian dollar were available through February 1993.

Table 27
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 1990-March 1993

Period	U.S. Producer price index	Brazil Producer price index	Brazil Nominal exchange rate	Brazil Real exchange rate	Canada Producer price index	Canada Nominal exchange rate	Canada Real exchange rate	Japan Producer price index	Japan Nominal exchange rate	Japan Real exchange rate	Trinidad & Tobago Producer price index	Trinidad & Tobago Nominal exchange rate	Trinidad & Tobago Real exchange rate
1990:													
Jan.-Mar.	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June	99.8	193.7	48.1	93.4	100.2	101.0	101.4	100.8	95.3	96.2	100.3	100.0	100.5
July-Sept.	101.6	260.6	35.4	90.8	100.3	102.6	101.2	100.8	101.8	101.0	101.5	100.0	99.9
Oct.-Dec.	104.7	389.8	20.3	75.6	101.5	101.9	98.8	101.4	109.7	106.3	100.5	100.0	96.0
1991:													
Jan.-Mar.	102.5	634.3	11.7	72.6	101.2	102.3	101.0	101.6	110.5	109.5	101.2	100.0	98.7
Apr.-June	101.5	822.3	9.2	74.5	99.6	102.9	101.0	101.1	106.9	106.5	100.8	100.0	99.3
July-Sept.	101.4	1,155.4	6.7	76.4	98.2	103.4	100.1	100.8	107.8	107.2	101.0	100.0	99.7
Oct.-Dec.	101.5	2,118.3	3.3	69.2	98.2	104.2	100.8	100.1	114.2	112.6	99.5	100.0	98.0
1992:													
Jan.-Mar.	101.3	4,096.3	1.7	68.2	98.7	100.5	97.9	99.8	115.2	113.5	100.8	100.0	99.5
Apr.-June	102.3	7,089.3	0.9	65.7	99.4	99.0	96.2	99.8	113.5	110.7	101.4	100.0	99.1
July-Sept.	102.8	13,396.3	0.5	69.1	100.2	98.4	95.9	99.7	118.4	114.8	(4)	100.0	(4)
Oct.-Dec.	102.9	23,530.5[5]	0.3	63.2	101.4	93.7	92.3	98.8[6]	120.3	115.5[5]	(4)	100.0	(4)
1993:													
Jan.-Mar.	101.2	(4)	0.2[6]	(4)	102.0[6]	93.2[7]	93.9[6]	(4)	120.3	(4)	(4)	100.0[7]	(4)

[1] Exchange rates expressed in U.S. dollars per 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] Data not available.
[5] Derived from data reported for October-November 1992 only.
[6] Derived from data reported for January 1993 only.
[7] Derived from data reported for January-February 1993 only.

Source: International Monetary Fund, International Financial Statistics, April 1993.

APPENDIX A

FEDERAL REGISTER NOTICES OF THE U.S. INTERNATIONAL TRADE COMMISSION AND THE U.S. DEPARTMENT OF COMMERCE

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731-TA-646-649 (Preliminary)]

Steel Wire Rod From Brazil, Canada, Japan, and Trinidad and Tobago

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of preliminary antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of preliminary antidumping investigations Nos. 731-TA-646-649 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) to determine whether there is a reasonable indication that an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from Brazil, Canada, Japan, and Trinidad and Tobago of certain steel wire rod,[1] provided for in subheadings 7213.31.30, 7213.31.60, 7213.39.00, 7213.41.30, 7213.41.60, 7213.49.00, 7213.50.00, 7227.20.00, and 7227.90.60 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. The Commission must complete preliminary antidumping investigations in 45 days, or in this case by June 7, 1993.

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

EFFECTIVE DATE: April 23, 1993.

FOR FURTHER INFORMATION CONTACT: Brad Hudgens (202-205-3189), 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 in response to a petition filed on April 23, 1993, by Connecticut Steel Corp., Wallingford, CT; North Star Steel Texas, Inc., Beaumont, TX; Keystone Steel & Wire Corp., Peoria, IL; Raritan River Steel Company, Perth Amboy, NJ (except for the investigation concerning Brazil); and Georgetown Steel Corp., Georgetown, SC.

Participation in the Investigations and Public Service List

Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven (7) days after publication of this notice in the **Federal Register**. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to 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 section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these preliminary investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than seven (7) days after the publication of this notice in the **Federal Register**. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Conference

The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on May 14, 1993, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Brad Hudgens (202-205-3189) not later than May 11, 1993, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions

As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before May 19, 1993, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three (3) days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules.

In accordance with sections 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 section 207.12 of the Commission's rules.

Issued: April 26, 1993.

By order of the Commission.

Paul R. Bardos,

Acting Secretary.

[FR Doc. 93-10155 Filed 4-29-93; 8:45 am]

BILLING CODE 7020-02-P

[1] For purposes of these investigations, steel wire rod is defined as hot-rolled, semifinished steel mill products produced on a rod mill from carbon steel or certain alloy steel, of solid circular cross section, between 3.8 mm (0.20 inch) and 19.0 mm (0.75 inch) in diameter, in irregularly wound coils, and intended for the production of wire and wire products. Steel wire rod of free-machining steel is excluded; i.e., any steel product which contains by weight any of the following elements is not subject to these investigations:

—0.03 percent or more of lead,
—0.05 percent or more of bismuth,
—0.08 percent or more of sulfur,
—more than 0.4 percent of phosphorus,
—more than 0.05 percent of selenium, and/or
—more than 0.01 percent of tellurium.

[A-351-821, A-122-824, A-588-830, and A-274-801]

Initiation of Antidumping Duty Investigations: Steel Wire Rod From Brazil, Canada, Japan, and Trinidad and Tobago

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

EFFECTIVE DATE: May 19, 1993.

FOR FURTHER INFORMATION CONTACT: Louis Apple or David J. Goldberger, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482-1769 or (202) 482-4136, respectively.

Initiation of Investigations

The Petitions

On April 23, 1993, we received petitions filed in proper form by the Connecticut Steel Corp., Georgetown Steel Corp., Keystone Steel & Wire Co., North Star Steel Texas, Inc., and Raritan River Steel Co. (petitioners). At the request of the Department of Commerce (the Department), petitioners filed several supplements to the petitions to correct methodological errors and support the data presented. In accordance with 19 CFR 353.12, petitioners allege that steel wire rod (SWR) from Brazil (Raritan River Steel Co. is not included as a petitioner in the Brazilian allegation), Canada, Japan (Georgetown Steel Corp. is not included as a petitioner in the Japanese allegation), and Trinidad and Tobago are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Tariff Act of 1930, as amended (the Act), and that these imports are materially injuring, or threaten material injury to, a U.S. industry.

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

Scope of Investigations

The products covered by these investigations are hot-rolled carbon steel and alloy steel wire rod, in coils, of approximately round cross section, between 0.20 and 0.75 inches in solid cross-sectional diameter. Excluded from the scope of these investigations are free-machining steel containing 0.03% or more of lead, 0.05% or more of bismuth, 0.08% or more of sulfur, more than 0.4% of phosphorus, more than 0.05% of selenium, and/or more than 0.01% of tellurium. Excluded as well are stainless steel rods, tool steel rods, free-cutting steel rods, resulfurized steel rods, ball bearing steel rods, high-nickel steel rods, and concrete reinforcing bars and rods.

The products under investigation are currently classifiable under subheadings 7213.31.3000, 7213.31.6000, 7213.39.0030, 7213.39.0090, 7213.41.3000, 7213.41.6000, 7213.49.0030, 7213.49.0090, 7213.50.0020, 7213.50.0040, 7213.50.0080, 7227.90.6000, and 7227.90.6050 of the *Harmonized Tariff Schedule of the United States* (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these investigations is dispositive.

United States Price and Foreign Market Value

Brazil

Petitioners based United States Price (USP) on information obtained through their own business activity. This information included delivered prices of SWR to unrelated U.S. customers.

Petitioners calculated USP by subtracting movement charges and U.S. customs duties. Petitioners adjusted movement charges incurred in Brazil to account for the difference between the time periods of the U.S. price and the quoted movement charges. U.S. import statistics were used to estimate ocean freight and marine insurance charges.

Foreign Market Value (FMV) was based on home market price quotes for similar merchandise, exclusive of indirect taxes, obtained by an industry consultant. Petitioners adjusted the price quotes to account for the difference between the time periods of the U.S. and home market prices. Petitioners calculated FMV by subtracting movement changes, value added taxes, and a cash discount. FMV was converted to U.S. dollars using the exchange rate for the time period of the U.S. price. Petitioners also made a circumstance of sale adjustment for credit expense. No information regarding a difference in merchandise adjustment (difmer) was available to petitioners. However, petitioners stated that the U.S. SWR grade was more expensive to produce than the home market grade; therefore, making the comparison without a difmer would not overestimate the alleged dumping margin. In accordance with *Final Results of Antidumping Duty Administrative Review: Gray Portland Cement and Clinker from Mexico*, 58 FR 25803 (April 28, 1993) (*Mexican Cement*), petitioners calculated the amount of indirect taxes which would be applicable to home market sales, except for the IPI (Tax on Industrialized Products), and added the resulting amount to both USP and FMV. Petitioners did not adjust for the IPI because they were unable to find information on the IPI rate for this product.

The dumping margin of SWR from Brazil alleged by petitioners is 30.67%.

Canada

Petitioners based USP information obtained through their own business activity. This information included delivered prices of SWR to unrelated U.S. customers. Petitioners calculated USP by subtracting movement charges and U.S. customs duties.

FMV was based on home market price quotes for identical merchandise, exclusive of value-added tax (VAT). Petitioners calculated FMV by subtracting movement charges, and converted the prices to U.S. dollars using the contemporaneous exchange rates found in the *U.S. Customs Bulletin*. Petitioners also made a circumstance of sale adjustment for differences in credit expenses. In accordance with *Mexican Cement*, petitioners calculated the amount of VAT which would be applicable to home market sales and added the resulting amount to both USP and FMV.

The range of dumping margins of SWR from Canada based on a price-to-price comparison of USP to FMV alleged by petitioners is 13.65% to 34.82%.

Japan

Petitioners based USP on information obtained through their own business activity and that of another U.S. producer, who is not a petitioner. This information included delivered prices to unrelated U.S. customers. Petitioners calculated USP by subtracting for ocean freight, marine insurance, wharfage and loading charges incurred in Japan, U.S. customs duties and unloading fees, and U.S. inland freight. U.S. import statistics were used to estimate ocean freight and marine insurance charges.

FMV was based on price quotes for the most similar grade of SWR, exclusive of consumption tax, from the same producer from whom U.S. pricing information was obtained. Petitioners provided delivered prices in Japanese yen and converted the prices to dollars using the contemporaneous exchange rate found in the *U.S. Customs Bulletin*. Based on information received from a trade consultant, petitioners subtracted amounts for foreign inland freight, insurance and unloading charges, and made a circumstance of sale adjustment for credit expenses. No information regarding a difmer was available to petitioners. However, petitioners stated that they do not believe the absence of a difmer significantly affects the alleged dumping margins. Our analysis indicates that the products differ only slightly with respect to grade. In accordance with *Mexican Cement*, petitioners calculated the amount of consumption taxes which would be applicable to home market sales and added the resulting amount to both USP and FMV.

The range of dumping margins of SWR from Japan alleged by petitioners is 24.71% to 54.65%.

Trinidad and Tobago

Petitioners based USP on information obtained through their own business activity. This information included delivered prices of SWR to unrelated U.S. customers. Petitioners calculated USP by subtracting movement charges and customs duties, and used U.S. import statistics to estimate ocean freight and marine insurance charges.

Petitioners were unable to obtain a home market price quote from Trinidad and Tobago, and instead used constructed value as the basis for FMV. Petitioners based on the constructed value on costs of a domestic mill having a production process similar to that of the Trinidadian producer. Petitioners then added selling, general and administrative expenses, based on a U.S. Government report of the Trinidadian producer's experience, and the statutory minimum for profit to compute the constructed value. Petitioner's cost information was corrected to reflect cost factors and amounts reported in their May 7, 1993, submission, unsupported costs and expenses were removed, and financial expenses were added.

The alleged dumping margin of SWR from Trinidad and Tobago based on a comparison of price to constructed value, after the Department's revisions, is 31.83%.

Allegations of Home Market or Third Country Sales Below Cost of Production: Canada and Trinidad and Tobago

Petitioners allege that specific potential respondents in the Canadian investigation are selling the subject merchandise in the home market at prices below their costs of production. These allegations are based on a comparison of company-specific home market prices with the cost of production (COP). COP was based on the COP of a comparable U.S. producer adjusted for known differences in the country of production, and/or company specific information, and on the company's financial statements, when applicable.

Based on the information presented, we have reason to believe or suspect that the home market sales of the following Canadian producers are being made at less than COP: Ivaco, Inc., Sidbec-Dosco, Inc., and Stelco, Inc. See "Costs of Production for Canadian Manufacturers" Memorandum dated May 12, 1993, which is on file in the Import Administration Central Records Unit. Accordingly, pursuant to section 773(b) of the Act and 19 CFR 353.51, we will initiate COP investigations with respect to each of these companies if it is named as a respondent in the investigation.

Petitioners also allege that ISCOTT, the potential respondent in the Trinidadian investigation, is selling the subject merchandise in Mexico, a third-country market, at prices below its costs of production. This allegation is based on a comparison of a company-specific third-country price with the COP. COP was based on the COP of a comparable

U.S. producer adjusted for known differences in the country of production, and company specific information.

Based on the information presented, we have reason to believe or suspect that ISCOTT's third country sales to Mexico are being made at less than COP. See "Cost of Production for ISCOTT" Memorandum dated May 12, 1993, which is on file in the Import Administration Central Records Unit. Accordingly, pursuant to section 773(b) of the Act and 19 CFR 353.51, we will initiate a COP investigation with respect to ISCOTT if third-country sales to Mexico are determined to be the appropriate basis for foreign market value in the Trinidadian investigation.

Initiation of Investigations

We have examined the petitions for SWR from Brazil, Canada, Japan, and Trinidad and Tobago, as amended, and have found that the petitions meet the requirements of section 732(b) of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of SWR from Brazil, Canada, Japan, and Trinidad and Tobago are being, or are likely to be, sold in the United States at less than fair value. If these investigations proceed normally, we will make our preliminary determinations by September 30, 1993.

ITC Notification

Section 732(d) of the Act requires us to notify the International Trade Commission (ITC) of these actions and we have done so.

Preliminary Determinations by the ITC

The ITC will determine by June 7, 1993, whether there is a reasonable indication that imports of SWR from Brazil, Canada, Japan, and Trinidad and Tobago are materially injuring, or threaten material injury to, a U.S. industry. A negative ITC determination in any of these investigations will result in its termination; otherwise, the investigations will proceed according to statutory and regulatory time limits.

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

Dated: May 13, 1993.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-11889 Filed 5-18-93; 8:45 am]

BILLING CODE 3510-DS-M

APPENDIX B

LIST OF PARTICIPANTS AT THE CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Subject: CERTAIN STEEL WIRE ROD FROM BRAZIL, CANADA, JAPAN, AND TRINIDAD AND TOBAGO
Investigations Nos. 731-TA-646-649

Time and Date: May 14, 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 Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Wiley, Rein & Fielding
Washington, DC
On behalf of

Robert L. Randall, Manager of Product Metallurgy
Co-Steel Raritan

William A. Neathery, Vice President for Sales
Connecticut Steel Co.

R. Stephen Gresham, Vice President of Marketing
Co-Steel Raritan

William E. Lundberg, General Manager of Sales
North Star Steel Texas, Inc.

Robert Nenni, Vice President of Finance
Armco Worldwide Grinding Systems

Pieter van Leeuwen, Senior Economist
Law and Economics Consulting Group

Charles Owen Verrill, Jr.)
Willis S. Martin)--OF COUNSEL
Peter S. Jordan)

In Opposition to the Imposition of Antidumping Duties:

Roger & Wells
Washington, DC
On behalf of

John Metrakos, Director, Raw Materials
Ivaco, Inc.

David Goldsmith, Manager, Development & Planning
Ivaco Rolling Mills

Dr. Robert A. Leone, Professor
Boston University

Michael B. Savitske, President and Chief Executive Office
Dean Gerbel, Purchasing
National-Standard Company

Jerry Seiling, President
National Wire Company

William Silverman)
)--OF COUNSEL
Carrie Simon)

Cameron & Hornbostel
Washington, DC
On behalf of

J. Pierre Picard, Vice President, Marketing and Sales
Larbi Belarbi, Director, Marketing & Administration
John A. Dixon, Commercial Director, Wire Rod
Richard Hadden, Senior Metallurgist
Sidbec-Dosco Inc.

Michael J. De Luca, Director of Manufacturing
ACCO Chain & Lifting Products Division

William K. Ince)
)--OF COUNSEL
Gregory J. Bendlin)

William G. Missen, General Sales Manager-Rod and Bar Products
Michael J. Moulden, Sales Manager-Wire Rods
Donald Belch, Director of Government Relations
Stelco Inc.

Paul Brancanccio, Director of Operations
Windsor Machine & Stamping

Alexander W. Sierck)--OF COUNSEL

Covington & Burling
Washington, DC
On behalf of

Gary A. Miller, Vice President, Purchasing
Robert M. Shemenski, Manager Wire Science & Technology
Dianne M. Squire, Materials Manager, Steel Reinforcement
Purchasing Department
Hayes A. Jenkins, Esq., Assistant Secretary and Assistant General Counsel
The Goodyear Tire & Rubber Company

Harvey M. Applebaum)
)--OF COUNSEL
David R. Grace)

Cleary, Gottlieb, Steen & Hamilton
Washington, DC
On behalf of

Jan Smolders, President and Chief Executive Officer
Bekaert Corporation

Richard deC. Hinds)
)--OF COUNSEL
Ricardo A. Anzaldua)

Willkie, Farr & Gallagher
Washington, DC
On behalf of

Kobe Steel, Ltd.

William Barringer)
)--OF COUNSEL
Christopher Dunn)

Steptoe & Johnson
Washington, DC
On behalf of

Nippon Steel Corporation

Mark Barnett)
)--OF COUNSEL
George Grandison)

Wilmer, Cutler & Pickering
Washington, DC
On behalf of

Sumitomo Metal Industries, Ltd.

Robert C. Cassidy, Jr.)
)--OF COUNSEL
Leonard M. Shambon)

Alvin Hufschmidt
American Spring Wire Corporation
Teresa Mettey
Associated Spring Association

Greg Sanders
Dexter Technology

Donald Baxter
Elco, Inc.

Steptoe & Johnson
Washington, DC
On behalf of

Caribbean Ispat Limited

Robert T. Novick)
)--OF COUNSEL
Eric Emerson)

Additional Parties

Ackerson & Bishop
Washington, DC
On behalf of

American Wire Producers Association
John S. Mueller, Chief Executive Officer
Laidlaw Corporation
Doug King, President
Walker Wire & Steel Company
Max Moore, Treasurer
Oklahoma Steel & Wire Company
Jerry H. Hudkins, President
Leggett & Pratt, Inc.
Cheryl Coelho, Materials Manager
ECD, Inc.
A. Randy Nahvi, Chief Executive Officer
Indiana Steel & Wire Company

Kent Taubensee, Executive Vice President
Taubensee Steel & Wire
William Fraser, Director of Purchasing
Lincoln Electric
Michael B. Savitske, President/CEO
National-Standard Company
Bill Kringle, Corporate Vice President
MGF Industries, Inc.
Kimberly A. Korbel, Executive Director
American Wire Producers Association

Frederick P. Waite)--OF COUNSEL

APPENDIX C

SUMMARY DATA

Table C-1
Alloy steel wire rod: Summary data concerning the U.S. market, 1990-92

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Table C-2
Nonalloy steel wire rod: Summary data concerning the U.S. market, 1990-92

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Table C-3
Certain steel wire rod: Summary data concerning the U.S. market, 1990-92

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit COGS are per short ton, period changes=percent, except where noted)

Item	Reported data			Period changes		
	1990	1991	1992	1990-92	1990-91	1991-92
U.S. consumption quantity:						
Amount	***	***	***	+7.0	-1.3	+8.4
Producers' share 1/	***	***	***	-1.4	+1.9	-3.3
Importers' share: 1/						
Brazil	***	***	***	+0.2	-0.9	+1.1
Canada	***	***	***	+2.2	+0.5	+1.7
Japan	***	***	***	+0.5	+0.4	+0.1
Subtotal	***	***	***	+2.9	+0.1	+2.8
Trinidad and Tobago	***	***	***	***	***	***
Subtotal	***	***	***	+3.8	+0.5	+3.3
Other sources	***	***	***	-2.4	-2.4	2/
Total	***	***	***	+1.4	-1.9	+3.3
U.S. consumption value:						
Amount	***	***	***	+1.3	-4.4	+6.0
Producers' share 1/	***	***	***	-1.8	+1.6	-3.3
Importers' share: 1/						
Brazil	***	***	***	+0.2	-0.8	+1.0
Canada	***	***	***	+2.1	+0.2	+1.9
Japan	***	***	***	+1.2	+1.1	+0.1
Subtotal	***	***	***	+3.5	+0.6	+3.0
Trinidad and Tobago	***	***	***	***	***	***
Subtotal	***	***	***	+4.3	+0.9	+3.3
Other sources	***	***	***	-2.5	-2.5	3/
Total	***	***	***	+1.8	-1.6	+3.3
U.S. importers' imports from--						
Brazil:						
Imports quantity	70,502	19,825	90,073	+27.8	-71.9	+354.3
Imports value	21,108	6,039	25,103	+18.9	-71.4	+315.7
Unit value	$299.39	$304.61	$278.70	-6.9	+1.7	-8.5
Ending inventory qty	***	***	***	4/	4/	-96.8
Canada:						
Imports quantity	380,331	405,880	541,596	+42.4	+6.7	+33.4
Imports value	152,441	150,014	196,497	+28.9	-1.6	+31.0
Unit value	$400.81	$369.60	$362.81	-9.5	-7.8	-1.8
Ending inventory qty	***	***	***	5/	5/	+40.4
Japan:						
Imports quantity	216,563	238,689	262,244	+21.1	+10.2	+9.9
Imports value	115,202	130,222	139,843	+21.4	+13.0	+7.4
Unit value	$531.96	$545.57	$533.26	+0.2	+2.6	-2.3
Ending inventory qty	20,405	14,965	18,645	-8.6	-26.7	+24.6
Brazil, Canada, and Japan:						
Imports quantity	667,396	664,394	893,913	+33.9	-0.4	+34.5
Imports value	288,751	286,275	361,443	+25.2	-0.9	+26.3
Unit value	$432.65	$430.88	$404.34	-6.5	-0.4	-6.2
Ending inventory qty	***	***	***	-7.4	-20.3	+16.1

Footnotes appear at end of table.

Table C-3--Continued
Certain steel wire rod: Summary data concerning the U.S. market, 1990-92

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit COGS are per short ton, period changes=percent, except where noted)

Item	Reported data			Period changes		
	1990	1991	1992	1990-92	1990-91	1991-92
U.S. importers' imports from--						
Trinidad and Tobago:						
Imports quantity	***	***	***	***	***	***
Imports value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***
Subject sources:						
Imports quantity	***	***	***	***	***	***
Imports value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
Ending inventory qty	***	***	***	***	***	***
Other sources:						
Imports quantity	320,452	180,385	197,847	-38.3	-43.7	+9.7
Imports value	118,971	68,112	72,061	-39.4	-42.7	+5.8
Unit value	$371.26	$377.59	$364.23	-1.9	+1.7	-3.5
Ending inventory qty	0	2,218	0	0	4/	-100.0
All sources:						
Imports quantity	***	***	***	***	***	***
Imports value	***	***	***	***	***	***
Unit value	***	***	***	***	***	***
U.S. producers'--						
Average capacity quantity	5,932,575	5,960,779	5,928,890	-0.1	+0.5	-0.5
Production quantity	4,812,377	4,878,520	5,009,985	+4.1	+1.4	+2.7
Capacity utilization 1/	81.1	81.8	84.5	+3.4	+0.7	+2.7
U.S. shipments:						
Quantity	4,689,645	4,736,912	4,932,518	+5.2	+1.0	+4.1
Value	1,517,905	1,479,512	1,502,649	-1.0	-2.5	+1.6
Unit value	$323.67	$312.34	$304.64	-5.9	-3.5	-2.5
Export shipments:						
Quantity	98,096	152,841	100,116	+2.1	+55.8	-34.5
Exports/shipments 1/	2.0	3.1	2.0	-0.1	+1.1	-1.1
Value	25,805	39,430	26,850	+4.0	+52.8	-31.9
Unit value	$263.06	$257.98	$268.19	+2.0	-1.9	+4.0
Production workers	4,330	4,184	4,092	-5.5	-3.4	-2.2
Hours worked (1,000s)	8,992	8,597	8,351	-7.1	-4.4	-2.9
Total comp. ($1,000)	226,115	227,734	233,502	+3.3	+0.7	+2.5
Hourly total compensation	$25.15	$26.49	$27.96	+11.2	+5.3	+5.6
Productivity (tons/hour)	523.0	552.6	582.8	+11.4	+5.7	+5.5
Unit labor costs	$48.08	$47.94	$47.97	-0.2	-0.3	+0.1
Ending inventory quantity	172,965	161,962	148,357	-14.2	-6.4	-8.4
Inventory/shipments 1/	3.6	3.3	2.9	-0.7	-0.3	-0.4

Footnotes appear at end of table.

Table C-3--Continued
Certain steel wire rod: Summary data concerning the U.S. market, 1990-92

(Quantity=short tons, value=1,000 dollars, unit values, unit labor costs, and unit COGS are per short ton, period changes=percent, except where noted)

Item	Reported data			Period changes		
	1990	1991	1992	1990-92	1990-91	1991-92
Net sales--						
Quantity	4,582,332	4,610,613	4,735,671	+3.3	+0.6	+2.7
Value	1,482,456	1,437,219	1,447,498	-2.4	-3.1	+0.7
Cost of goods sold (COGS)	1,368,861	1,347,100	1,356,064	-0.9	-1.6	+0.7
Gross profit (loss)	113,595	90,119	91,434	-19.5	-20.7	+1.5
SG&A expenses	48,820	46,382	50,363	+3.2	-5.0	+8.6
Operating income (loss)	64,775	43,737	41,071	-36.6	-32.5	-6.1
Capital expenditures	39,420	15,272	29,571	-25.0	-61.3	+93.6
Unit COGS	$298.73	$292.17	$286.35	-4.1	-2.2	-2.0
COGS/sales 1/	92.3	93.7	93.7	+1.3	+1.4	3/
Op.income (loss)/sales 1/	4.4	3.0	2.8	-1.5	-1.3	-0.2

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.
2/ An increase of less than 0.05 percentage points.
3/ A decrease of less than 0.05 percentage points.
4/ Not applicable.
5/ An increase of 1,000 percent or more.

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.

Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission, except for imports from Brazil and "other sources" which were from official statistics of the U.S. Department of Commerce.

APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF CERTAIN STEEL WIRE ROD FROM BRAZIL, CANADA, JAPAN, AND TRINIDAD AND TOBAGO ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND/OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe any actual or anticipated negative effects of certain steel wire rod from Brazil, Canada, Japan, or Trinidad and Tobago on their 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. *** replied "no" to all questions. The responses of the eight other producers are as follows:

* * * * * * *