Stainless Steel Wire Rod From India

Investigation No. 731-TA-638 (Final)

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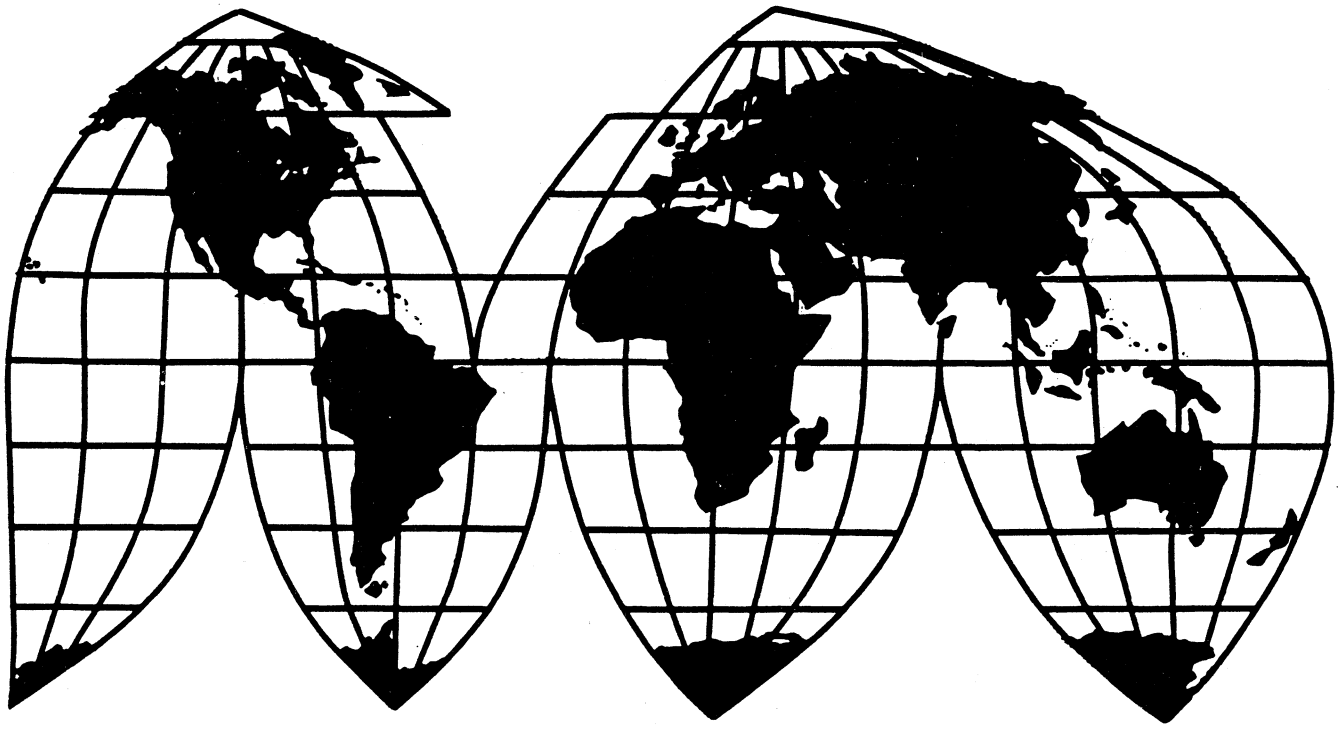
U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

DETERMINATION AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigation No. 731-TA-638 (Final)

STAINLESS STEEL WIRE ROD FROM BRAZIL, FRANCE, AND INDIA

Determination

On the basis of the record[1] developed in the subject investigation, the Commission determines,[2] pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is materially injured by reason of imports from India of stainless steel wire rod, provided for in subheading 7221.00.00 of the Harmonized Tariff Schedule of the United States, that have been found by the Department of Commerce to be sold in the United States at less than fair value (LTFV).

Background

The Commission instituted this investigation effective August 2, 1993, following a preliminary determination by the Department of Commerce that imports of stainless steel wire rod from India were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigation and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the Federal Register of August 18, 1993 (58 F.R. 43908). The hearing was held in Washington, DC, on October 14, 1993, and all persons who requested the opportunity were permitted to appear in person or by counsel.

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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] Commissioner Brunsdale and Commissioner Crawford dissenting.

VIEWS OF THE COMMISSION

Based on the record in this final investigation, we determine[1] that the industry in the United States producing stainless steel wire rod ("SSWR") is materially injured by reason of imports of SSWR from India that have been found by the U.S. Department of Commerce ("Commerce") to be sold in the United States at less than fair value ("LTFV").[2] We further find that critical circumstances do not exist with respect to imports from India.

I. LIKE PRODUCT

In this final investigation, we considered two like product issues: whether the like product includes stainless steel bar, and whether "commodity" stainless steel wire rod and bar and "specialty" stainless steel wire rod and bar are separate like products.

A. Background and Product Description

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

The Department of Commerce ("Commerce") has identified the imported merchandise subject to this investigation as:

> products which are hot-rolled or hot-rolled annealed and/or pickled rounds, squares, octagons, hexagons or other shapes, in coils. SSWR are made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are only manufactured by hot-rolling and are

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[1] Commissioners Brunsdale and Crawford dissenting. See their dissenting views.

[2] Whether the establishment of an industry in the United States is materially retarded is not an issue in this investigation.

[3] 19 U.S.C. § 1677(4)(A).

[4] 19 U.S.C. § 1677(10). The Commission's like product determinations are factual, and the Commission applies the statutory standard of "like" or "most similar in characteristics and uses" on a case-by-case basis. See Torrington Co. v. United States, 747 F. Supp. 744, 749 n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). In defining the like product, the Commission generally considers a number of factors including (1) physical characteristics and uses, (2) interchangeability, (3) channels of distribution, (4) customer and producer perceptions, (5) common manufacturing facilities and production employees, and, where appropriate, (6) price. Calabrian Corp. v. United States, 794 F. Supp. 377, 382 n.4 (Ct. Int'l Trade 1992); Torrington, 747 F. Supp. at 749; Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1168 n.4, 1180 n.7 (Ct. Int'l Trade 1988). No single factor is dispositive, and the Commission may consider other factors it deems relevant based upon the facts of a particular investigation. See S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49. Generally, the Commission requires "clear dividing lines among possible like products" and disregards minor variations among them. Torrington, 747 F. Supp. at 748-49.

normally sold in coiled form, and are of solid cross-section. The majority of SSWR sold in the United States are round in cross-section shape, annealed and pickled. The most common size is 5.5 millimeters in diameter.[5]

Stainless steel wire rod is a semifinished product made principally for cold-rolling or cold-drawing into stainless steel wire and bar, and also used in the manufacture of fasteners and medical and dental instruments.[6] It is produced in a three step process: (1) billet production (consisting of melting and casting); (2) hot-rolling and coiling; and (3) finishing (annealing, pickling, and coating).[7]

B. Whether the Like Product Includes Stainless Steel Bar

In its preliminary determination, the Commission concluded that stainless steel bar is not "like" stainless steel wire rod. This conclusion was based on evidence showing that SSWR is a coiled, semifinished product, while stainless steel bar is manufactured in straight lengths and may be used either as a finished or semifinished product; that SSWR and stainless steel bar are subjected to different processing operations that make them suitable for use in the production of different end products; that the end products for which bar is used necessitate tighter size tolerances for bar than for rod; and that bar and rod are not interchangeable and are perceived by customers as different products.[8] We concluded that these factors outweighed the fact that stainless steel wire rod and bar share the first several production steps in common and are generally produced on the same line.[9]

In this final investigation, respondents reasserted the argument made in the preliminary investigation that bar and rod are a single like product.[10] They made no new arguments and provided no new information on this point, however, and they stated at the hearing that their case "d[id] not depend" on the Commission finding bar and rod to be a

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[5] Notice of Final Determination of Sales at Less Than Fair Value: Certain Stainless Steel Wire Rods from India, 58 Fed. Reg. 54,110 (1993).

[6] Staff Report at I-9 ("Report").

[7] The first step involves the production of molten steel with the desired chemistry, which is then poured into molds to create semifinished shapes (billets) that can be processed into rod. Billets are reduced in size by hot-rolling and the strands are then coiled. In the final step, the rod may be heat-treated (annealed) to avoid thermal cracking and improve surface quality, grain size and mechanical properties, pickled (immersed in an acid or chemical bath to remove mill scale from the surface), and coated with chemicals to neutralize acid and provide a lubricant for wire drawing operations. Report at I-6-I-7.

[8] Stainless Steel Wire Rod from Brazil, France, and India, Inv. Nos. 731-TA-636-638 (Preliminary), USITC Pub. 2599 at 7-8 (Feb. 1993) ("Preliminary Determination").

[9] Id. at 8.

[10] The Commission conducted this final investigation in conjunction with final investigations of stainless steel wire rod from Brazil and France, Inv. Nos. 731-TA-636-637 (Final). Due to Commerce's decision to postpone its final determinations in the investigations of Brazil and France, our final determinations in those investigations will be made in January of 1994. Since the three investigations were briefed and argued together, however, and since the French and Indian respondents generally supported each other's arguments, we refer to both groups of respondents arguments where applicable. No Brazilian respondents participated in these final investigations.

single like product.[11] Petitioners argued again in this final investigation that the like product should not be expanded to include bar.[12]

In view of the fact that the parties have not submitted and the Commission has not discovered any new evidence in this final investigation that would support including stainless steel bar in the like product, we readopt our decision from the preliminary investigation not to include stainless steel bar in the like product.

C. Whether "Commodity" and "Specialty" SSWR Are Separate Like Products

In its preliminary determination, the Commission rejected respondents' argument that stainless steel wire rod (and bar) should be divided into "commodity" and "specialty" like products. The Commission noted that the information available suggested that all grades were produced by the same processes on the same or similar manufacturing equipment by the same employees and sold through the same channels of distribution.[13] Because purchasers select grades based on end use, commodity and specialty grades did not appear to be interchangeable, but neither were individual grades of commodity or specialty SSWR interchangeable with each other.[14] Finally, while specialty grades in general were characterized by stricter chemical or physical specifications, some commodity grades were also subject to tighter specifications for specific end uses, leading us to conclude that there were no clear dividing lines between commodity and specialty grades.[15]

In this final investigation, petitioners renewed their argument that no valid like product distinction can be made between commodity and specialty grades of SSWR.[16] Respondents offered no new argument or evidence supporting their position, taken in the preliminary investigation, that commodity and specialty grades are separate like products and stated at the hearing that such a like product distinction was not essential to their case.[17]

SSWR is available in hundreds of grades, reflecting variations in cross-sectional shape and diameter, chemistry, grain size, hardening capabilities, heat resistance, electric resistance, and magnetic permeability, among other qualities.[18] While most SSWR is used in the production of wire, it is also used in the production of small-diameter bar as well as

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[11] Pre-Hearing Brief on Behalf of Imphy, S.A., Ugine-Savoie, Metalimphy Alloys Corp., and Techalloy Company, Inc. (Oct. 7, 1993) at 5 & n.2 ("French Respondents' Pre-Hearing Brief"); Transcript of Commission Hearing (Oct. 14, 1993) at 149-50 ("Hearing Tr."). Respondents Mukand, Ltd. and Gulf & Northern Trading Corp. ("Indian respondents") made no like product arguments in their briefs, but concurred with the position taken by French respondents at the hearing. Hearing Tr. at 196.

[12] Petitioners' Pre-Hearing Brief (Oct. 7, 1993) at 7-15.

[13] Preliminary Determination at 8.

[14] Id. at 9.

[15] Id.

[16] They argued that, while SSWR is available in many grades for many specific end uses, all grades of SSWR share one primary end use -- cold-drawing into wire -- and the same basic physical characteristics. Petitioners argued that in cases involving multiple product variations and end uses, the Commission has concluded that similarities in production processes and general physical characteristics outweigh differences in end uses and support a finding of one like product. They argue that SSWR presents just such a continuum of product varieties. Petitioners' Pre-Hearing Brief at 15-20.

[17] French Respondents' Pre-Hearing Brief at 21; French Respondents' Post-Conference Brief at 19-34; Hearing Tr. at 149-50.

[18] Report at I-5-I-6; Hearing Tr. at 40-41 ("We make hundreds of grades and variations of stainless products. . . [a]nd these variations are not based on grade alone . . . . Other differences are such things as structure, grain size, surface texture, defect levels. And that's just a sample."), 32, 71-72, 162, 172-73, 230; French Respondents' Pre-Hearing Brief, Attachment 1 (8 page list of SSWR varieties produced by Armco). Many grades are identified in accordance with standards set by the American Iron and Steel Institute (AISI) and other standards-setting organizations. Some end users, however, require adjustments to these specifications to achieve a particular result. Report at I-6.

medical and dental instruments, and SSWR produced to specifications suitable for a particular end use is generally not interchangeable in the market with SSWR produced to specifications geared to a different end use.[19]

There is no evidence of record establishing any difference between the channels of distribution through which commodity and specialty grades are sold.[20] Further, the record continues to show that neither domestic producers nor purchasers perceive any bright-line distinction between specialty and commodity grades,[21] that all SSWR is produced using the same basic production process, and that all grades can be and generally are produced using the same machinery and the same employees.[22] Finally, the record does not demonstrate any consistent price differences between so-called "commodity" and "specialty" grades.[23]

In our view, the record in this investigation presents a continuum of SSWR products representing a spectrum of qualities, grades, chemistries, shapes, sizes and other features, reflected in dozens of industry specifications and many more variations on each grade for specific end uses.[24] In light of these myriad variations and the lack of a clear dividing line between the two proposed "basket" like products, we find one like product, consisting of all stainless steel wire rod and excluding stainless steel bar.[25]

II. DOMESTIC INDUSTRY

In this final investigation, we consider two issues with respect to the definition of the domestic industry: whether Armco is a domestic producer and whether we should exclude from our consideration domestic industry data derived from domestic producers' captively consumed production of SSWR.

A. Whether Armco Is a Domestic Producer

Respondents argued that petitioner Armco Stainless & Alloy Products, Inc. ("Armco") was not a domestic producer of the subject merchandise during the period of

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[19] Report at I-5 (SSWR used to make wire for bolts and screws requires different properties than SSWR used to make wire for fasteners and springs).

[20] Report at I-9.

[21] Report at I-6; Petitioners' Pre-Hearing Brief at 19.

[22] Report at I-10.

[23] For example, while the Commission's pricing data suggest that prices for product 4, the only "specialty" product for which data were collected, are somewhat higher than those for the other four "commodity" products, this price differential was less pronounced in comparison to some of the other products (e.g. product 3) than to others. Report at I-31.

[24] We have been reluctant to fragment our like product definition where a continuum of products exists or to divide a spectrum of products into two like product groups. See, e.g., Certain Flat-Rolled Carbon Steel Products from Argentina, Australia, Austria, Belgium, Brazil, Canada, Finland, France, Germany, Italy, Japan, Korea, Mexico, the Netherlands, New Zealand, Poland, Romania, Spain, Sweden, and the United Kingdom, Inv. Nos. 701-TA-319-332, 334, 336-342, 344, and 347-353 and 731-TA-573-579, 581-592, 594-597, 599-609, and 612-619 (Final), USITC Pub. 2664 at 11-12 (Aug. 1993) ("Certain Flat-Rolled Carbon Steel Products") (citing Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea, Inv. Nos. 731-TA-458-459, USITC Pub. 2383 at 8-14 (May 1991)); Grain-Oriented Silicon Electrical Steel from Italy and Japan, Inv. Nos. 731-TA-659-660, USITC Pub. 2686 at 13 (Oct. 1993); see also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979).

[25] Although the Commission is not bound to follow previous determinations, we note that this determination is consistent with the Commission's like product determinations in prior SSWR investigations. See Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar and Stainless Steel Wire Rod from Spain, Inv. No. 701-TA-176-178, USITC Pub. 1333 (Dec. 1982); Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar and Stainless Steel Wire Rod from Brazil, Inv. No. 701-TA-179-181, USITC Pub. 1398 (June 1983).

investigation and that its questionnaire response should therefore be disregarded.[26] Respondents contended that the plant at which petitioner Armco reported producing SSWR in fact produced only stainless steel billets and that the Commission has previously determined -- in a different investigation involving different products -- that semifinished steel shapes, including billets, comprise a separate like product from downstream steel products.[27] They also argued that it is the hot-rolling process that causes the "substantial transformation" of billets into wire rod for finishing and that, since Armco does not perform this process, it is not a producer of SSWR.[28]

Petitioners responded that, at least until it shut down its Baltimore melting and casting facility in April of 1993, Armco was a domestic producer of SSWR. Petitioners contended that Armco's production-related activities, which include the finishing steps of annealing, pickling and coating as well as billet production, were significant and that all sales were made by Armco, which retained title to the merchandise throughout the process. They argued that the Commission has traditionally included toll-produced merchandise as domestic production, even where the tolled material was imported and the finished product was delivered to customers by the toller, which is not the case in this investigation.[29]

The statute defines the relevant domestic industry as the domestic "producers" as a whole of the like product.[30] In this investigation, Armco performs two of the three steps in the SSWR production process -- billet production (melting and casting) and finishing (annealing, pickling and coating) -- while the hot-rolling and coiling of Armco's billets is performed by other domestic producers (principally Talley Metals Technology, Inc. ("Talley")) on a toll basis.[31] There is therefore no question that the SSWR produced by Armco/Talley is domestic production. Respondents' proposal that the Commission simply disregard this domestic production data is therefore without merit.

The Commission's general practice is to include toll producers in the domestic industry, except where the record reflects unusual circumstances that suggest the toll processing activities are minor in nature.[32] Such circumstances are not present here. Based on the significance of the production-related activities performed by Talley and other producers that toll for Armco, we conclude that the rolling and coiling of billets into SSWR by these tollers is domestic production.

Moreover, based on the particular circumstances of this investigation, in which significant production-related activities were performed by the "tollee" Armco as well as by the tollers, we conclude that Armco is also a domestic producer. In so concluding, we need not reach the issue posed by respondents with respect to Armco's billet production operations, because we find that Armco's finishing activities alone qualify it as a domestic producer.[33]

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[26] French Respondents' Pre-Hearing Brief at 29.

[27] Id. at 29-31 (citing Certain Specialty Carbon and Alloy Hot-Rolled Steel Bars and Rods and Semifinished Products from Brazil, Inv. No. 731-TA-572 (Final), USITC Pub. 2662 at 12-15 (July 1993)).

[28] Id. at 32.

[29] Petitioners' Post-Hearing Brief at 6-8 & n.16.

[30] 19 U.S.C. § 1677(4)(A).

[31] Report at I-7; Hearing Tr. at 83-84.

[32] See, e.g., Shop Towels from Bangladesh, Inv. No. 731-TA-514 (Final), USITC Pub. 2487 at 10 (Feb. 1992); Refined Antimony Trioxide from the People's Republic of China, Inv. No. 731-TA-517 (Final), USITC Pub. 2497 at 6-7 and A-7 (Apr. 1992); Certain Brass Sheet and Strip from Japan and the Netherlands, Inv. Nos. 731-TA-379-380, USITC Pub. 2099 (July 1988).

[33] In analyzing whether a company is a domestic producer, the Commission has enumerated six factors for consideration: (1) the source and extent of the firm's capital investment; (2) the technical expertise involved in U.S. production activities; (3) the value added to the product in the United States; (4) employment levels; (5) quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. See, e.g., Silicon Carbide from the People's Republic of China, Inv. No. 731-TA-651 (Preliminary),

(continued...)

Finishing accounts for a significant share of the cost of producing SSWR if billet production costs are excluded.[34] Similarly, if billet production is excluded, the capital investment required to establish an annealing, pickling and coating line accounts for a significant share of the total cost of a full SSWR production facility.[35] Employment in finishing operations is not insignificant relative to total employment in the industry.[36] Thus, Armco's overall production activities are not the kind of minor finishing activities that the Commission has considered not to qualify as domestic production.[37] We therefore determine that Armco is a domestic producer by virtue of its finishing activities alone.[38]

B. Whether Captive Production Constitutes Domestic Production

Petitioners argued that the statute neither expressly prevents the Commission from excluding captive production from domestic shipments nor expressly requires that it be included, and that, in this investigation,
the Commission should exclude from its consideration SSWR produced by domestic producers for captive consumption because the open market is the only market in which imports and domestic production compete.[39] Respondents agreed with petitioners that captive shipments face no import competition, but argued that captive shipments must be included in the Commission's analysis.[40]

We have previously rejected petitioners' statutory argument as a matter of law on the grounds that the statute "requires captive production to be included in the domestic

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[33] (...continued)
USITC Pub. 2668 at 13 (Aug. 1993); Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520 and 521 (Final), USITC Pub. 2528 (June 1992). No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of any investigation. Certain Personal Word Processors from Japan, Inv. No. 731-TA-483 (Final), USITC Pub. 2411 at 18-19 (Aug. 1991).

[34] Report at I-7 n.5 and I-17, Table 8.

[35] Telephone Note Re November 1, 1993, conversation between Larry Reavis, Office of Investigations, and Dr. Patrick Magrath, Georgetown Economic Services.

[36] Report at I-12; Petitioners' Post-Hearing Brief, Attachment 9, at 1.

[37] Compare Dry Film Photoresist from Japan, Inv. No. 731-TA-622 (Preliminary), USITC Pub. 2555 at 13-15 (Aug. 1992) (merely slitting film is not production) with Low-Fuming Brazing Copper Wire and Rod from South Africa, Inv. No. 731-TA-247 (Final), USITC Pub. 1790 at 4-5, A-29 n.2 (Jan. 1986) (coating of wire that was already annealed and pickled constituted domestic production) and Low-Fuming Brazing Copper Wire and Rod from New Zealand, Inv. No. 731-TA-246 (Final), USITC Pub. 1779 at 7 (Nov. 1985) (same).

[38] The conclusion that both Armco and Talley are domestic producers of the tolled production raises a possibility of double or even triple counting in the Commission's data. Where double or triple counting is an issue, as in the case of shipments and production, we have ascribed this production to Armco rather than to Talley and counted Armco's finished production rather than its billet shipments to Talley. When Talley completes its hot-rolling and coiling, it has produced an unfinished product which is dedicated to the production of SSWR but for which there is no commercial market. Talley's output is therefore not comparable to that of the other domestic producers nor would its "prices" for the product (if there were a market to set them) be comparable to the prices for finished merchandise. By contrast, when Armco completes the finishing, the SSWR is fully comparable to other producers' products and sells in the same market. On the other hand, no double counting issue is raised by financial and employment data and data for both Armco and Talley appear in the Report. With respect to these data, we note that the exclusion of Armco's financial and employment data would lessen, but not shift, the trends that we discuss below.

[39] Petitioners' Pre-Hearing Brief at 20-26. They contended that contrasting shipment trends in the captive and non-captive markets show that imports only affect the non-captive market and that inclusion of captive shipments would be contrary to the statutory requirement to consider the competitive impact of unfairly traded imports on the domestic industry.

[40] French Respondents' Post-Hearing Brief at 2-4 and n.7.

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industry."[41] As we have stated, "[t]he impact of the subsidized or dumped imports must be evaluated in relation to U.S. production of a like product" because the statute "defines the domestic industry in terms of production, not in terms of markets, distribution channels, or similar factors."[42] Moreover, where, as here, a substantial proportion of production is captively consumed, exclusion of captive production would contravene the statutory injunction to analyze a "major proportion" of total domestic production in each industry.[43]

Accordingly, we reject petitioners' argument and determine not to exclude captive production data from our analysis. Nevertheless, we consider the extent of captive consumption to be relevant as a condition of competition, as discussed below.[44]

III. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether the domestic industry is materially injured by reason of dumped imports, the Commission considers all relevant economic factors which have a bearing on the state of the industry in the United States. These include output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital, and research and development. 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] In evaluating the condition of the domestic industry, we look at the domestic industry as a whole.[46]

Approximately two-thirds of domestic production of SSWR is captively consumed in the production of wire and small diameter bar.[47] As discussed above, we have followed our practice of declining to exclude captive production and shipments from our analysis of the condition of the domestic SSWR industry. Nonetheless, we consider as a condition of competition in this industry the fact that imports do not compete with captive shipments in

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[41] Certain Flat-Rolled Carbon Steel Products, USITC Pub. 2664 at 17 (emphasis added) (citing 19 U.S.C. § 1677(4)(A)); see also Thermostatically Controlled Appliance Plugs and Internal Probe Thermostats Therefor from Canada, Japan, Malaysia and Taiwan, Inv. Nos. 701-TA-292 and 731-TA-400 and 402-404 (Final), USITC Pub. 2152 (Jan. 1989); Industrial Phosphoric Acid from Belgium and Israel, Inv. Nos. 701-TA-286 and 731-TA-365-366 (Final), USITC Pub. 2000 (Aug. 1987).

[42] Certain Flat-Rolled Carbon Steel Products, USITC Pub. 2664 at 16 (emphasis in original) (citing 19 U.S.C. § 1677(4)(A) & (D)).

[43] Id. at 17. Petitioners' attempt to limit the holding in Certain Flat-Rolled Carbon Steel Products to cases involving multiple products is misguided, as the Commission rested its decision to include captive production in that case on the statutory language, not on the particular facts on which petitioners focus.

[44] See Certain Flat-Rolled Carbon Steel Products, USITC Pub. 2664 at 15, 17; Industrial Phosphoric Acid from Belgium And Israel, Inv. Nos. 701-TA-286 and 731-TA-365-366 (Final), USITC Pub. 2000 (Aug. 1987); Titanium Sponge from Japan and the United Kingdom, Inv. Nos. 731-TA-161-162 (Final), USITC Pub. 1600 (Nov. 1984); Electrolytic Manganese Dioxide from Greece and Japan, Inv. Nos. 731-TA-406 and 408 (Final), USITC Pub. 2177 (Apr. 1989); Carbon Steel Wire Rod from Brazil, Belgium, France, and Venezuela, Inv. Nos. 701-TA-148-150 and 731-TA-88 (Preliminary), USITC Pub. 1230 (Mar. 1982).

[45] 19 U.S.C. § 1677(7)(C)(iii). Respondents contended that this industry is cyclical, that the period of investigation was characterized by a period of economic decline followed by a weak recovery, and that the industry's performance should be assessed in the context of this asserted downturn in the business cycle. French Respondents' Pre-Hearing Brief at 4-5. The statute directs us to consider the business cycle for this particular industry, not general U.S. economic conditions. As discussed below, there is no evidence of a downturn in this industry's business cycle during the period of investigation, since domestic demand for SSWR was steadily rising.

[46] See, e.g., Welded Steel Pipe from Malaysia, Inv. No. 731-TA-644 (Preliminary), USITC Pub. 2620 at 19-20 and n.79 (Apr. 1993) ("The Commission may take into account the departures from an industry or the unique circumstances of individual companies, but ultimately must assess the condition of the industry as a whole, and not on a company-by-company basis."), citing Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 735 (Ct. Int'l Trade 1989).

[47] Report at I-9.

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the same way and to the same extent that they compete with open market shipments. While the subject imports of SSWR arguably have an indirect effect on domestic producers' captive production, two-thirds of the production in this industry is shielded to some extent from any potential adverse effects of LTFV imports.[48] Accordingly, while we base our analysis on the condition of the industry as a whole, we also have considered, where appropriate, the condition of U.S. producers' merchant market operations.

Apparent U.S. consumption (including captive consumption) of SSWR on the basis of quantity increased by 11.5 percent from 1990 to 1992, rising from 117,926 short tons in 1990 to 123,855 short tons in 1991 and to 131,521 short tons in 1992. Apparent consumption in interim (January-June) 1993 was 7.3 percent higher than in the same period of 1992.[49] Open market apparent consumption grew at an even faster rate.[50]

U.S. production of SSWR (including captive production) fell by 1.9 percent between 1990 and 1992, declining from 91,292 short tons in 1990 to 89,499 tons in 1991, then rising slightly to 89,574 tons in 1992. Production levels were virtually the same in interim 1992 and interim 1993.[51] Average-of-period capacity utilization fell by 0.4 percent from 1990 to 1992, and capacity utilization remained extremely low throughout the period of investigation. Capacity utilization was 7.3 percent higher in interim 1993 than in interim 1992, but this improvement may be accounted for by Armco's exit from the industry in early 1993.[52] U.S. producers' production capacity fell by 0.7 percent from 1990 to 1992, declining from 251,718 tons in 1990 to 249,894 tons in 1992. Capacity was 16.3 percent lower in interim 1993 than in interim 1992, principally as a result of Armco's exit.[53]

U.S. producers' total U.S. shipments of SSWR rose from 93,583 short tons in 1990 to 97,624 short tons in 1991, before falling to 89,421 tons in 1992, for an overall decline of 4.4 percent. Shipments were 2.3 percent lower in interim 1993 than in interim 1992.[54] The average unit value of U.S. producers' shipments of SSWR rose from $2,915 in 1990 to $3,022 in 1991, falling to $2,877 in 1992. Unit values were 3.1 percent lower in interim 1993 than in interim 1992, ending the period at $2,781 per ton.[55]

U.S. producers' end-of-period inventories of SSWR fell from 7,582 tons in 1990 to 3,047 tons in 1991, rising slightly to 3,158 in 1992. However, inventories in interim 1993 were 29.1 percent higher than in interim 1992.[56] The ratio of U.S. producers' inventories to their total shipments decreased by 4.6 percent from 1990 to 1992, but was 1.1 percent higher in interim 1993 than in interim 1992.[57]

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[48] Indeed, all parties agree that there is no direct competition between captively consumed SSWR and open market shipments. Petitioners' Pre-Hearing Brief at 20-21; French Respondents' Post-Hearing Brief at 2-4; Indian Respondents' Pre-Hearing Brief at 16-19.

[49] Report at I-26, Table 19 and C-3, Table C-1.

[50] Report at I-27, Table 21.

[51] Report at I-11, Table 2 and C-3, Table C-1.

[52] Report at I-7, I-10, I-11, Table 2, and C-3, Table C-1. U.S. producers' plant and equipment is not dedicated to the production of SSWR, although the ability of specific equipment to manufacture other products varies from firm to firm. The capacity for SSWR production reported by U.S. producers represents an allocation based on the weight of the products shipped, normal product mix, or, in the case of one producer, the maximum capacity of its pickling equipment, which is dedicated to the production of SSWR. The capacity calculations for the subject product are therefore principally useful as an index for annual comparison purposes, although we have given some weight to their extremely low absolute level.

[53] Report at I-11, Table 2, and C-3, Table C-1.

[54] Report at I-11, Table 2, and C-3, Table C-1. Open market shipments rose from 34,920 tons in 1990 to 35,234 tons in 1991, before falling to 29,808 tons in 1992, a net decline of 14.6 percent. Open market shipments were 14,607 tons in interim 1993, compared with 15,910 in interim 1992, a difference of 8.2 percent. Report at I-11, Table 2.

[55] Id.

[56] Report at I-11, Table 2, and C-3, Table C-1.

[57] Id.

The average number of production and related workers producing SSWR rose by 9.6 percent from 1990 to 1992, increasing from 1,257 in 1990 to 1,296 in 1991 and to 1,378 in 1992, but fell to roughly the 1990 level in interim 1993.[58] Hours worked by such workers rose by 4.6 percent from 1990 to 1992, but were 7.5 percent lower in interim 1993 than in interim 1992.[59] Total compensation paid to production and related workers by U.S. producers rose by 13.6 percent from 1990 to 1992 and was 4.3 percent higher in interim 1993 than in interim 1992.[60] [61]

Net sales of U.S. producers of SSWR on their SSWR operations (including company transfers) remained relatively flat from 1990 to 1992 and were five percent lower in interim 1993 than in interim 1992.[62] U.S. producers realized positive operating income in 1990 and 1991, but experienced operating losses in 1992. The operating income margin decreased in each comparative period, falling to a negative figure by the end of 1992, although it was somewhat higher in interim 1993 than in interim 1992.[63] [64]

Capital expenditures on SSWR rose slightly from 1990 to 1991 then declined significantly from 1991 to 1992 and were lower in interim 1993 than in interim 1992.[65] The value of total assets of U.S. producers for SSWR operations fell slightly from 1990 to 1992, and return on total assets for SSWR production declined steadily over the period of investigation.[66] Domestic producers identified specific planned investments that were delayed or reduced due to competition from low-priced imports.[67] [68]

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[58] Report at I-12, Table 3, and C-3, Table C-1.

[59] Id.

[60] Id.

[61] Since workers, like production equipment, are used in the production of bar as well as SSWR, these data represent allocations on various bases between the two products and we afford them limited weight. Moreover, the data do not reflect the loss of employment caused by Armco's exit from the industry in April of 1993. We have considered respondents' contention that Armco's exit may not have been prompted by import-related reasons. We note, however, that "importers take the domestic industry as they find it." Iwatsu Electric Co. v. United States, 758 F. Supp. 1506, 1518 (Ct. Int'l Trade 1991).

[62] Net sales were $250,215,000 in 1990, rose to $264,903,000 in 1991, then fell to $252,014,000 in 1992. Report at I-18, Table 9, and C-4, Table C-1. Trade only net sales declined by 21.7 percent between 1990 and 1992. Report at I-15, Table 5.

[63] Report at I-18, Table 9. Operating income margins were considerably lower in each period for trade only operations. Report at I-15, Table 5. The parties have proposed that the financial data be adjusted to correct for the effects of various non-recurring expenses and accounting changes. We note that, if the proposed adjustments were made, the trends in operating income margins would be very similar, except that operating income margins would have declined rather than improved in interim 1993. Report at I-16, Figure 2, and I-18, Table 9, n.3. Thus, even if we use the adjusted financial data, our assessment of the condition of the industry does not change.

[64] We reject respondents' argument that we should consider the profitability of the SSWR industry on the basis of the asserted historical relationship between the profitability of SSWR and stainless steel bar. See Indian Respondents' Pre-Hearing Brief at 27-32. While we may appropriately consider (and have considered) whether accounting allocations between bar and rod were properly made, the statute and case law direct us to consider whether subject imports are adversely affecting the industry producing the like product, which does not include bar. 19 U.S.C. § 1677(7)(B)(i); General Motors Corp. v. United States, 827 F. Supp. 774, 780 (Ct. Int'l Trade 1993); Softwood Lumber from Canada, Inv. No. 701-TA-312 (Final-Remand), USITC Pub. 2689 at 12 (Oct. 1993). As we stated in Certain Flat-Rolled Carbon Steel Products, USITC Pub. 2664 at 17, the Commission is not to ignore findings of specific industries in order to evaluate the statutory factors in the context of a larger industry "family".

[65] Report at I-19, Table 11.

[66] Report at I-19, Table 12.

[67] Report at Appendix E.

[68] Based on their analysis of these indicators, Chairman Newquist and Commissioner Rohr find that the domestic industry is experiencing material injury.

IV. CUMULATION

In determining whether there is material injury by reason of LTFV imports, the Commission is required to assess cumulatively the volume and effects of imports from two or more countries of like products subject to investigation if such imports are reasonably coincident with one another and compete with one another and with the domestic like product in the United States market.[69] In addition to imports from India, which are the subject of this particular investigation, imports of SSWR from Brazil and France are also currently subject to investigation.[70] The only issue with respect to cumulation raised by the parties in this investigation is whether the subject imports from India compete with subject imports from Brazil and France and with the domestic like product.

In assessing whether imports compete with each other and with the domestic like product, the Commission generally considers 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 geographical 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.[71]

While no single factor is determinative, and the list of factors is not exclusive, these factors provide the Commission with a framework for determining whether the imports compete with each other and with the domestic like product. Furthermore, only a "reasonable overlap" of competition is required.[72]

There is no dispute that imports from Brazil, France, and India are present in the same geographical markets with one another and with the domestic like product,[73] have been simultaneously present in the U.S. market during most of the period of investigation,[74] and are sold through the same channels of distribution, often to the same customers.[75] The only disputed issue is whether asserted quality differences among the imports or between the

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[69] 19 U.S.C. § 1677(7)(C)(iv); 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 discernable adverse impact on the domestic industry. 19 U.S.C. § 1677(7)(C)(v). Indian respondents make no claim that Indian imports are negligible.

[70] Inv. Nos. 731-TA-636-637 (Final).

[71] Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Inv. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff'd, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int'l Trade 1988), aff'd, 859 F.2d 915 (Fed. Cir. 1988).

[72] Wieland Werke, AG v. United States, 718 F. Supp. 50, 52 (Ct. Int'l Trade 1989) ("Completely overlapping markets are not required."); Granges Metallverken AB v. United States, 716 F. Supp. 17, 21-22 (Ct. Int'l Trade 1989) ("The Commission need not track each sale of individual sub-products and their counterparts to show that all imports compete with all other imports and all domestic like products . . . the Commission need only find evidence of reasonable overlap in competition"); Florex v. United States, 705 F. Supp. 582, 592 (Ct. Int'l Trade 1989) ("completely overlapping markets is [sic] not required.").

[73] Domestic producers sell their product nationwide and importers have competed for sales to purchasers located in all regions of the country. Report at I-7-I-9 and I-36.

[74] Report at I-24, Table 18. Imports from India did not begin until 1990.

[75] Report at I-9.

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imports and the domestic like product are so pronounced as to preclude a reasonable overlap of competition between them.[76]

Petitioners argued that there is a reasonable overlap of competition both among the subject imports from Brazil, France, and India and between those imports and the domestic like product. They contended that, even if the imports and the domestic product fall in different places along a spectrum of quality and serve different niche markets, they still compete with each other in the marketplace in a manner sufficient to establish a reasonable overlap.[77]

Indian respondents argued that a significant share of both U.S. production and French imports are captively consumed and never enter the open market.[78] However, we find that one third of domestic production, a large share of French imports, and all of Brazilian and Indian imports are sold in the open market.[79]

Indian respondents also contended that their product does not compete either with domestic production or with French or Brazilian imports in this limited open market because it is "junk" unsuited for all but the most undemanding of applications.[80] They concluded that quality differences are so pronounced as to preclude finding a reasonable overlap of competition.[81]

The Commission has the authority to consider quality differences among products in determining whether or not to cumulate imports.[82] Perceived quality differences, however, are only one factor among those the Commission considers.[83] In order to justify

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[76] Chairman Newquist notes that, in his analytical framework, competition based on quality differences, i.e., characteristics and uses, is principally an issue to be resolved in defining the like product. Thus, once Chairman Newquist has defined the like product, only in the most exceptional of circumstances would he find that, for purposes of cumulation, the like product and the subject imports do not compete. See Chairman Newquist's "Additional and Dissenting Views" in Certain Flat-Rolled Carbon Steel Products, USITC Pub. 2664 at 260-262.

[77] Petitioners' Pre-Hearing Brief at 47.

[78] Indian Respondents' Pre-Hearing Brief at 16-19. Indian respondents improperly refer to Techalloy's use of Brazilian imports as captive consumption despite the fact that Techalloy is related only to the French, not the Brazilian, producers. Report at I-8 n.6.

[79] Report at I-9. Compare Ferrosilicon from Egypt, Inv. No. 731-TA-642 (Final), USITC Pub. 2688, at I-16-I-17 (Oct. 1993) (where maximum of 8.7 percent of Brazilian imports could potentially compete with Egyptian imports, insufficient basis for finding overlap of competition).

[80] Indian Respondents' Pre-Hearing Brief at 2-15. They noted that domestic producers reported de minimis sales of substandard or secondary material, which they claim is the domestic product comparable to Indian imports. Indian Respondents' Post-Hearing Brief, Attachment 4 at 1 n.1. We do not find this to be a valid comparison, however, because in this industry "secondary" material consists of off-specification waste products that are sold as such. See Producers' Questionnaire at 12 n.2. Evidence in the record indicates that the Indian product, despite its asserted deficiencies, is sold as primary SSWR, not a waste by-product. See Indian importers' responses to question II.A.2, note 1 of the Preliminary Importers' Questionnaire.

[81] Indian Respondents' Pre-Hearing Brief at 34-36. They argued that pricing in the downstream wire market precludes higher quality U.S. rod from competing in the applications for which Indian SSWR is used because redrawers' wire products will not be competitive if they trade price for quality. They contended that if Indian imports increased in price or left the market, customers would turn to equally low-priced, low quality imports from Russia and Ukraine or to non-stainless products. Indian Respondents' Pre-Hearing Brief at 20-21; Indian Respondents' Post-Hearing Brief at 2 and Attachment 1 (Porcellini Declaration).

[82] See Torrington Co. v. United States, 790 F. Supp. 1161 (Ct. Int'l Trade 1992) (supporting Acting Chairman Brunsdale's decision not to cumulate Chinese ball bearings due, inter alia, to quality differences).

[83] Thus, the Commission has often found perceived quality differences to be less important than other factors in determining whether a reasonable overlap of competition exists. See, e.g., Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea, Inv. Nos. 731-TA-358-59 (Final), USITC Pub. 2383 at 26 (May 1991) (stressing sales in the same market

(continued...)

inapplicability of the mandatory cumulation provision, differences in quality or market niche served must be so pronounced as to outweigh other evidence suggesting that the goods, in fact, compete with each other.[84]

In this investigation, we find that the record demonstrates a reasonable overlap of competition among the subject imports and between those imports and the domestic like product. While there is some support for respondents' claim that, at least by the end of the period of investigation, some purchasers had concluded that Indian rod suffered from quality defects and could only be used for low end applications,[85] the record indicates that imports from India do compete with the domestic like product and other subject imports in these market segments. In particular, all three subject countries and the U.S. industry reported significant sales of each of the five selected products in most quarters for which data were collected,[86] and most producers concentrate their sales in standard grades, principally AISI 302, 304, and 316.[87] Although many perceived some quality differences between the various imports and the domestic product,[88] purchasers responding to the Commission's questionnaire indicated that Brazilian, French and Indian imports respectively were nonetheless interchangeable with the domestic product,[89] and that they purchased them for the same end uses.[90] The majority of SSWR is purchased by wire redrawers, most of which reported that they had purchased SSWR from all three subject countries and from domestic producers during the POI.[91] Moreover, a number of purchasers indicated that they obtained price

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[83] (...continued)
segments despite asserted quality differences); Industrial Nitrocellulose from Brazil, Japan, the People's Republic of China, the Republic of Korea, the United Kingdom, and West Germany, Inv. Nos. 731-TA-439-444, USITC Pub. 2295 at 12-13 (June 1990) (Commission cumulated due, inter alia, to sales in similar geographic market despite alleged quality differences).

[84] See, e.g., Certain Flat-Rolled Carbon Steel Products at 36 (cumulating French imports where evidence showed "niche" product in fact competed with domestic product and at least one other exporter); High-Tenacity Rayon Filament Yarn from Germany and the Netherlands, Inv. Nos. 731-TA-530-531 (Preliminary), USITC Pub. 2444 at 14 (Oct. 1991) (while domestic product could not meet specifications for high end uses served by imports, they were substitutable in most applications); Polyethylene Terephthalate Film, Sheet, and Strip from Japan and the Republic of Korea, Inv. Nos. 731-TA-458-59 (Final), USITC Pub. 2383 at 24-26 (May 1991) (finding reasonable overlap despite multiple subproducts and markets).

[85] Report at I-36. See also Indian Respondents' Pre-Hearing Brief at 3-15 and Exhibits 1-4; Hearing Tr. at 191 (Gulf & Northern has gone from 14 to 4 U.S. customers for Indian product since 1990). However, purchasers responding to the Commission's questionnaire generally did not support Indian respondents' testimony that Indian SSWR competes with non-stainless products rather than higher quality SSWR in the low end applications they serve. Report at I-29.

[86] Report at I-30-I-33. We note that the absence of price data for some products in some quarters does not preclude a finding of a reasonable overlap of competition. Cf. Granges Metallverken AB v. United States, 716 F. Supp. 17, 22 (Ct. Int'l Trade 1989) ("The Commission need not track each sale of individual sub-products and their counterparts to show that all imports compete with all other imports and all domestic like products."). See also Petitioners' Post-Hearing Brief, Exhibit 2 (chart showing overlap by grades and dimensions).

[87] Hearing Tr. at 32; Petitioners' Post-Hearing Brief, Attachment 2 (Response to Question of Vice Chairman Watson).

[88] Report at I-28-I-29.

[89] Memorandum EC-Q-115 at 14 n.24 (14 out of 15 purchasers of Brazilian rod found them interchangeable); Hearing Tr. at 250 (10 out of 14 and 17 out of 19 purchasers, respectively, reported that Indian and French rod are interchangeable with the domestic product).

[90] Memorandum EC-Q-115 at 20-21.

[91] Report at I-36; Petitioners' Post-Hearing Brief, Attachment 2 (Response to Question of Vice Chairman Watson), citing responses to Questionnaire question V-B.3.

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quotes from domestic producers as well as importers from the subject countries and made their purchasing decisions mainly on the basis of price.[92]

Based on the foregoing, we conclude that evidence of quality differences is outweighed by evidence that there is significant competition between the subject imports and the domestic like product, and among Brazilian, French and Indian imports. Accordingly, we find that the competition requirement for cumulation is satisfied and cumulation is required.[93]

V. MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS

A. Material Injury By Reason of Cumulated Imports

In determining whether a domestic industry is materially injured by reason of the imports that Commerce has determined are sold at LTFV, the statute directs the Commission to consider the volume of imports, their effect on prices for the like product, and their impact on domestic producers of the like product.[94] Although the Commission may consider causes of injury other than the LTFV imports, it is not to weigh causes.[95] [96] For the reasons discussed below, we find that the domestic industry producing SSWR is materially injured by reason of cumulated subject imports of SSWR from Brazil, France, and India.

The volume of cumulated imports of SSWR from Brazil, France and India increased from 6,701 short tons in 1990 to 8,966 short tons in 1991 and then more than doubled to 18,849 short tons in 1992, an overall increase of 181 percent. Imports were 7.3 percent higher in interim 1993 than in interim 1992.[97] By value, imports of SSWR from Brazil, France and India followed the same pattern, rising by 120 percent from 1990 to 1992.[98]

In terms of both quantity and value, the market share held by the cumulated imports more than doubled, rising sharply from 5.7 percent of total consumption (by quantity) in 1990 to 7.2 percent in 1991 and 14.3 percent in 1992 and remaining unchanged between interim 1992 and interim 1993.[99] In the open market, the market share of cumulated imports was even greater.[100] These gains occurred at the same time that domestic producers' market share declined by 11.4 percent and the market share of non-subject imports increased by only

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[92] Report at I-36. Indian respondents contended that consistent underselling by Indian imports demonstrates that they do not compete with the domestic product. Indian Respondents' Pre-Hearing Brief at 37-42. Congress has warned that not all price differences can be explained by differences in the merchandise, S. Rep. No. 71, 100th Cong., 1st Sess. 116 (1987), and, in light of the evidence that Indian imports and the domestic like product do compete, we conclude that the observed margins of underselling are not fully accounted for by quality differences alone.

[93] As noted below, however, we would have reached an affirmative determination even if we had determined that cumulation of Indian imports with Brazilian and French imports was not appropriate.

[94] 19 U.S.C. § 1677(7)(B)(i). The Commission also may consider "such other economic factors as are relevant to the determination." Id.

[95] See, e.g., Citrosuco Paulista, S.A. v. United States, 704 F. Supp. 1075, 1101 (Ct. Int'l Trade 1988). 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.

[96] Vice Chairman Watson's views on the proper standard of causation were set out in Aramid Fiber Formed of Poly Para-Pheylene Terephthalamide from the Netherlands, Inv. No. 731-TA-652 (Preliminary), USITC Pub. 2672 at 18 n.57 (Aug. 1993).

[97] Report at I-24, Table 18, and C-3, Table C-1.

[98] Id.

[99] Report at I-26, Table 19.

[100] Report at I-27, Table 21.

2.7 percent.[101] Moreover, in 1991-1992, when subject imports experienced their greatest increase, domestic producers experienced their greatest decline in shipments.[102] In light of the market share held by the subject imports, their rapid increase in volume, and their increase in market share at the expense of domestic shipments, we find the volume of the cumulated imports, and the increase in that volume, to be significant.

Despite an 11.5 percent increase in domestic consumption between 1990 and 1992, domestic producers' prices for all five products for which the Commission collected data trended downward over the period of investigation, and importers' prices fell farther and faster than domestic producers' prices in most cases in which comparisons were possible.[103] For example, while domestic prices for AISI grade 304 SSWR, the most common grade, declined by nearly 15 percent over the period of investigation, prices of Brazilian and French imports declined by even greater percentages and prices for Indian imports both declined consistently and were consistently below domestic producers' prices.[104] The cumulated imports undersold the domestic product in 60 out of 91 possible producer/importer price comparisons and 100 out of 129 purchasers' price comparisons.[105] We therefore find significant underselling by the cumulated imports.

We have considered respondents' contentions that declining domestic prices are fully accounted for by declines in raw material costs.[106] We find, however, that domestic producers' overall costs rose over the period of investigation, belying any possible connection between raw material cost reductions and the observed price declines.[107] We likewise reject respondents' contention that price declines were caused by non-subject imports selling at prices lower than those of subject imports.[108] Regardless of whether non-subject imports were also selling for low prices, the low and falling prices of the cumulated imports at a time when demand was rising, subject import market share was rising, and domestic producers' market share was declining, have clearly contributed to the significant declines in domestic prices.

While we have found that the SSWR market is characterized by some degree of product differentiation, the record provides evidence of considerable price-based competition between Brazilian, French and Indian imports and the domestic product in certain market segments.[109] The existence of price-based competition is further illustrated by the confirmation of sales or revenues lost on the basis of price.[110] In light of the declining domestic prices and relatively low and declining import prices in the face of rising demand, as well as the significant underselling by the cumulated imports, we find that the significantly lower prices of the allegedly LTFV imports have depressed domestic prices.

We further find that the lower prices of cumulated imports have enabled those imports to increase their volume and market share at the expense of the domestic product, causing domestic producers' market share to decline in an expanding market. The combination of lower prices and reduced market share was, in turn, reflected in the declining production, shipments, profitability, and return on assets of the domestic industry, as well as

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[101] Report at C-3, Table C-1.

[102] Report at C-3-C-4, Table C-1.

[103] This is true regardless of whether importer/producer prices or purchasers' prices are used. Report at I-29-I-36, Tables 22-31, and Figures 3 and 4, and C-3, Table C-1.

[104] Report at I-31, Table 23, and I-32-I-33.

[105] Report at I-32 and I-35.

[106] French Respondents' Pre-Hearing Brief at 62-66.

[107] Report at I-18, Table 9 (rising cost of goods sold as percent of net sales from 1990 to 1992).

[108] French Respondents' Pre-Hearing Brief at 58-62.

[109] Purchasers responding to the Commission's questionnaire reported taking bids for and purchasing Indian, Brazilian, French, and U.S.-produced SSWR for the same end use applications. Memorandum EC-Q-115 at 20-21; Report at I-36.

[110] Report at I-36.

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in its consistently low capacity utilization and in the cancellation or reduction of several domestic producers' investment plans.[111]

B. Material Injury By Reason of Imports from India Alone[112]

As discussed above, we conclude that the statute requires us to cumulate Brazilian, French and Indian imports in this investigation, and have performed our material injury analysis accordingly. Nevertheless, in consideration of the arguments raised with respect to quality differences and the asserted consequent lack of competition among Indian, Brazilian and French imports, and the record evidence that, by the end of the period of investigation, a number of purchasers viewed Indian imports as substandard, we also conclude that, even if we had not cumulated Indian imports with other subject imports, we would still have reached an affirmative determination.[113]

The volume of imports from India rose from only 97 short tons in 1990 to 1,731 tons in 1991 and 4,344 tons in 1992 -- over 40 times their volume at the beginning of the period of investigation. Indian imports were 62 percent higher in interim 1993 than in interim 1992. Import trends by value show equally large increases.[114] The market share of Indian imports rose from 0.1 percent in 1990 to 3.3 percent in 1992 and was 5.1 percent in interim 1993, compared with 3.3 percent in interim 1992.[115] Indeed, the rates of growth in volume and market share are considerably greater than those of the volume and market share of cumulated imports. Accordingly, we find the increase in the volume of imports from India to be significant.[116]

Prices of Indian imports were consistently lower than those of the domestic like product and, with few exceptions, fell throughout the period of investigation.[117] Indian imports undersold the domestic like product in 21 out of 21 importer/producer price comparisons and 39 of 40 purchasers' price comparisons, by margins of up to 30 percent.[118] We thus find significant underselling. Finally, the record indicates that while domestic producers were serving the low end of the market at the beginning of the period of investigation, by the end of the period low-priced Indian imports had displaced domestic sales to this low-end market.[119]

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[111] Report at I-11, Table 2, I-18, Table 9, I-19, Table 12, and Appendix E.

[112] Chairman Newquist does not join in the discussion in this subsection.

[113] Vice Chairman Watson, Commissioner Rohr and Commissioner Nuzum note that the decision to analyze imports from India on a non-cumulated basis is based on the unique facts in this particular investigation and should not be interpreted as a precedent for future investigations where cumulation is an issue. For the reasons discussed above at pages 20-26, we firmly believe there is substantial evidence in the record that supports our decision to cumulate the imports from India with the other subject imports. We recognize, however, the evidence that, by the end of the period of investigation, some purchasers perceived the Indian product to be substandard in comparison to the Brazilian and French products, which allowed the respondents to take the view that cumulation would not be appropriate. In light of that evidence gathered in this investigation, and in order more fully to explain the reasons for our affirmative determination in this particular investigation, we have analyzed the imports from India on both a cumulated and non-cumulated basis.

[114] Report at I-24, Table 18, and C-3, Table C-1.

[115] Report at I-26, Table 19.

[116] See 19 U.S.C. § 1677(7)(C)(i).

[117] Report at I-31, Figure 3, and I-34, Figure 4.

[118] Report at I-32, I-33, I-35, I-36. We reject Indian respondents' claim that underselling by Indian imports is fully accounted for by the poor quality of the product and has no effect on domestic prices. Indian Respondents' Pre-Hearing Brief at 37-42. As discussed above, the record supports our conclusion that Indian imports do compete with the domestic product on the basis of price and that Indian prices have contributed to price depression.

[119] Report at I-36; Petitioners' Post-Hearing Brief, Exhibit 15 (letters from Al Tech and Carpenter).

In light of the declining domestic prices and relatively low and declining prices of Indian imports in the face of rising demand, we find that the significantly lower prices of the LTFV Indian imports have depressed domestic prices. We also find that the lower prices of Indian imports have enabled those imports to increase substantially their volume and market share at the expense of the domestic product, driving domestic producers out of low-end markets and thereby causing domestic producers' market share to decline in an expanding market. The combination of lower prices and reduced market share was, in turn, reflected in the declining production, shipments, profitability, and return on assets of the domestic industry, as well as in its consistently low capacity utilization and in the cancellation or reduction of several domestic producers' investment plans.[120]

VI. CRITICAL CIRCUMSTANCES

Commerce has made a final determination that critical circumstances exist with respect to imports from India.[121] When Commerce makes an affirmative critical circumstances determination, the Commission is required to determine, for each domestic industry for which it makes an affirmative injury determination, "whether retroactive imposition of antidumping duties on the merchandise appears necessary to prevent recurrence of material injury that was caused by massive imports of the merchandise over a relatively short period of time."[122] The purpose of the provision is to provide relief from effects of the massive imports and to deter importers from attempting to circumvent the dumping laws by making massive shipments immediately after the filing of an antidumping petition.[123]

In this investigation, the petition was filed on December 30, 1992, and Commerce suspended liquidation effective August 5, 1993.[124] Thus, the 90-day period to which retroactive duties would apply would include the months of May, June and July of 1993. The record shows that imports from India peaked in January through March of 1993 and declined significantly thereafter.[125] Retroactive duties would therefore offset only about 18 percent of the imports entered since the petition was filed. These factors support the conclusion that the import surge ceased prior to the time such imports could be included in any retroactive application of duties under a critical circumstances finding.

Given the evidence of significantly reduced imports during the 90-day period for which retroactive duties could be assessed, we determine that retroactive imposition of antidumping duties on the merchandise is not necessary to prevent the recurrence or prolongation of material injury. We thus make a negative determination with respect to critical circumstances on imports from India.[126]

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[120] Report at I-11, Table 2, I-18, Table 9, I-19, Table 12, and Appendix E.

[121] 58 Fed. Reg. 54110 (1993) (attached to the Report at Appendix A).

[122] 19 U.S.C. § 1673d(b)(4)(A)(i).

[123] See H.R. Rep. No. 317, 96th Cong., 1st Sess. 63 (1979).

[124] 58 Fed. Reg. 45,110 (Aug. 5, 1993).

[125] Report at I-23. Imports from India peaked at 1,473 short tons in March 1993, before falling to 210 short tons in April, 371 short tons in May, 210 short tons in June, and 85 short tons in July.

[126] We note, however, that had Commerce's preliminary determination not been delayed at petitioners' request, the 90-day period would likely have encompassed a large share of the surge in imports immediately following the filing of the petition, and, in such circumstances, we may well have found the existence of critical circumstances. Our finding, however, must be based on the actual record before us. We note that the fact that the surge of imports predates the 90-day period does not preclude a finding of critical circumstances. In this case, however, the record provides no evidence that retroactive duties are necessary to prevent the recurrence or prolongation of material injury.

CONCLUSION

Based on the information of record in this investigation, we determine that the domestic industry producing stainless steel wire rod is materially injured by reason of imports from India that have been determined to be sold at LTFV. We base this conclusion principally on the rapidly rising volume and market share of the imports (whether viewed alone or cumulated with imports from Brazil and France), their low and declining prices, and their pervasive underselling, viewed in light of the decline in the domestic industry's performance during the period examined as reflected in declining production, shipments, profitability, and return on assets, and curtailed investment plans.

DISSENTING VIEWS OF COMMISSIONERS BRUNSDALE AND CRAWFORD

In our view, the record in this investigation supports a finding of neither material injury nor threat of material injury to an industry in the United States by reason of imports of stainless steel wire rod from India that the Department of Commerce ("Commerce") has found to be sold at less than fair value (LTFV).

I. LIKE PRODUCT AND DOMESTIC INDUSTRY

We concur in our colleagues' discussion defining the like product and domestic industry in this investigation. We defined the like product in the preliminary investigation to be stainless steel wire rod and we do so again in this final investigation, largely because the parties have presented, and the Commission has obtained, no new evidence to the contrary.

Commissioner Brunsdale focuses her like product analysis on the substitutability of the potential like products among both their purchasers and their producers. Her goal is always to identify an industry that it is reasonable to expect would be directly affected by any dumping of the articles subject to investigation, whether that effect is caused by consumers switching their purchases, or manufacturers switching their production. She suspects that bar and rod, and steel of other alloys, might be one like product under her analysis.[127] However, the Commission collected no data for a broader like product, and so she concurs in the narrower definition. The narrowness of this definition, though, will obviously be reflected in the estimation of the elasticity of domestic supply.[128]

We also concur in the majority's discussion of the domestic industry, regarding Armco as part of the domestic industry for that part of the period of investigation in which it actually performed finishing operations, and including all captively consumed production.

II. CUMULATION

We disagree with the majority on the issues of cumulation and injury.[129] Our discussion begins with the words of the statute:

> [T]he Commission shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with each other and with like products of the domestic industry in the United States market.
> 19 USC § 1677(7)(C)(iv)(I) (emphasis added).

There are two especially noteworthy aspects to the statute.[130] First, it does not allow us to conflate evidence of the competition between the like product and imports from one

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[127] As the staff report notes, "U.S. producers' plant and equipment are not specific to stainless steel wire rod, although specific equipment's ability to manufacture other products varies from firm to firm. For the most part, however, firms can readily shift production capability to other specialty and carbon steel products." I-10.

[128] See section III.B, infra.

[129] Those sections of the majority's opinion with which we disagree are not being made available to us before their public release. We do not know precisely how our colleagues reach their decision.

[130] The statute uses the phrase "like products subject to investigation." "Like product," however, is defined as "a product which is like . . . the article subject to an investigation . . . ." 19 USC § 1677(10). Applying the statutory definition to the cumulation section would obviously be ridiculous, inasmuch as like products are not themselves ever imports subject to an investigation. This is, therefore, one of those rare instances where the plain meaning of the statutory language should not be adhered to, and so we interpret "like products subject to investigation" to mean "merchandise which is the subject of an investigation."

country with evidence of the competition between imports from several countries.[131] Currently, wire rod imports from three countries -- India, Brazil, and France -- are subject to investigation. Thus, for the volume and effects of Indian wire rod imports to be cumulated with the volume and effects of Brazilian wire rod imports, there must be substantial evidence of a reasonable overlap of competition between Indian and Brazilian wire rod. For the volume and effects of Indian wire rod imports to be cumulated with the volume and effects of French wire rod imports, there must be substantial evidence of a reasonable overlap of competition between Indian and French wire rod. And there must also be substantial evidence of a reasonable overlap of competition between Indian wire rod imports and the like product.[132]

Second, the statutory test is competition. The Commission's traditional test for deciding whether a reasonable overlap of competition exists involves looking at four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical markets, (3) common or similar channels of distribution, and (4) simultaneous presence in the market. These factors obviously are relevant to determining whether competition under the statute exists, but it is important to understand the limits of a heavily discretionary multi-factor test. Under this test, after all, one could argue that transmission fluid and kiwi fruit compete because they share three of the four factors. Both are sold in large supermarkets (i.e. they share common "channels of distribution"), both are sold in the Washington D.C. area (i.e. the "same geographical market"), and both are sold every day of the week (i.e. they are "simultaneously present in the market"). But it would be absurd to say they compete with one another.[133]

A useful test would need to be more precise. We should find competition between two products to exist only if changes in their relative price will affect the demand for each. Contemporaneous sales of standardized products to the same buyers or sales of practically identical customized products at comparable prices will suffice.[134] As the Court of International Trade put it, "'competition' consists of rivalry in the marketplace, where goods will be bought from those who, in [the] view of buyers provide 'the most for the money.'"[135] If, for any of a variety of reasons (e.g., captive production or distinct market niches), plausible changes in the price of imports from a particular country would not affect demand for imports subject to investigation from another country or for the like product, competition does not exist and therefore cumulation is not appropriate.[136]

What does the record in this investigation show? First, it shows a reasonable overlap of competition between Indian imports and the like product. The record shows that

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[131] Congress did not, for instance, write that we "shall cumulatively assess the volume and effect of imports from two or more countries of like products subject to investigation if such imports compete with the like products of the domestic industry in the United States market." If it had, the result we reach in this investigation might well be different.

[132] See, e.g., Wieland Werke AG v. United States, 718 FSupp 50, 52 (CIT 1989) (cumulation requires proof of competition between imports as well as between imports and the like product).

[133] Of course, inasmuch as the purchase of any one good reduces the income available to spend on all others, all goods may be said to compete. However, given the antidumping law's focus on discrete product categories, we ignore this income effect in deciding whether two products "compete" under the terms of the statute.

[134] Granges Metallverken AB v. United States, 716 FSupp 17, 23 (CIT 1989).

[135] Id. at 22.

[136] It is of course true that goods may have persistent price differences, yet still be regarded as competing. See Granges Metallverken, 716 FSupp at 22 (high quality Swedish brass competes with lower quality imports). The test is whether any switching would occur if their relative prices changed.

Moreover, one should examine the effects only of plausible changes of price (such as an increase in the price to fair levels). After all, if the price of gold fell low enough, it might compete with asphalt as a road surface -- but that is not going to happen any time soon, and it is the present (or at most the real and imminent future) with which the Commission is concerned.

purchasers bought both Indian and U.S. wire rod for the same end use, and that some Indian and U.S. wire rod could be and has been used to produce the same product, sold to similar customers.[137] Thus, we find that a reasonable amount of U.S. and Indian wire rod is purchased for the production of similar products and shares a common presence in certain segments of the market. That suffices to prove that there is a reasonable overlap of competition between Indian wire rod and the like product.

But our inquiry must not stop there. For us to cumulate the volume and effects of Indian wire rod with the volume and effects of the other imports subject to investigation requires us to point to some substantial evidence of a reasonable overlap of competition between imported Indian wire rod and imported Brazilian and/or French wire rod. The evidence does not support such a finding. The Economics memorandum analyzing the substitutability of the subject imports contains no evidence of comparisons between Indian and Brazilian imports, and no evidence of comparisons between Indian and French imports. There is no evidence that a reasonable amount of Indian and French, or Indian and Brazilian, wire rod is purchased for the production of similar products or shares a common presence in certain segments of the market.

As one summary of the record put it:

> Through the course of the investigative period, much of the Indian product was sold to redrawers who simultaneously purchased stainless steel wire rod from several sources. Because of its relatively substandard quality, however, the only redrawers who continued to use it were those who used it to manufacture wire that does not require better-quality rod -- such as certain types of lashing wire, tie wire, and nail wire. Currently, although manufacturers of such wire using the Indian product have continued to solicit bids from U.S. producers and importers alike, the relatively low price of the Indian product, combined with the nondiscretionary needs of certain redrawers, has enabled it to acquire a somewhat exclusive niche in the market.

INV-Q-184.

It is true, as petitioners argue, that imported Indian wire rod comes in the same grades and is sold to some of the same buyers as other subject imports.[138] Using this information, they appeal to what might be called the transitive property of cumulation: The record contains evidence that the Indian imports compete with the like product, and that French and Brazilian imports compete with the like product, so therefore Indian imports compete with French and Brazilian imports. The problem with this syllogism lies in its assumption that sales of the same grade to the same buyer amount to a reasonable overlap of competition. But in this market, grades are defined so broadly that wire rod of the same grade may be so different that it acquires "a somewhat exclusive niche," and though bought by the same purchaser is not bought for the same reason and does not share a common segment of the market.

This is not to say that Indian wire rod imports do not face competition. They do. But the record shows that any plausible change in the price of imported Indian wire rod would affect the demand for the like product and non-subject imports.[139] Because the record does not show that any plausible change in the price of imported Indian wire rod would affect the demand for imported French or Brazilian wire rod, we find that no reasonable

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[137] EC-Q-115 at 20-21 (and confidential questionnaire responses summarized therein).
[138] I-12-13.
[139] See Indian Posth. Br., Att. 5 at 3 (nonsubject imports displacing Indian imports).

overlap of competition between Indian and Brazilian or French wire rod imports exists. Accordingly, we do not cumulate their volume and effects on the domestic industry.

III. MATERIAL INJURY BY REASON OF LTFV IMPORTS

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

> (I) the volume of imports of the merchandise which is the subject of the investigation,
>
> (II) the effect of imports of that merchandise on prices in the United States for like products, and
>
> (III) the impact of imports of such merchandise on domestic producers of like products, but only in the context of production operations within the United States.[140]

Evaluating the effects of LTFV imports on domestic prices requires an understanding of the factors in the domestic market that influence or determine prices. It is necessary to understand how purchasers of the product react to an increase or decrease in the price of the product they purchase (i.e. the elasticity of demand). It is also necessary to understand how the imported and domestic products are different from each other and how that affects purchasers' decisions. When purchasers can choose between imports and domestic products, differences or similarities between those products will affect the price purchasers pay for each. The extent of those differences or similarities determines whether purchasers buy more of the domestic product when the price of the imported product increases (i.e., the elasticity of substitution). Similarly, when evaluating the impact of LTFV imports on the domestic industry, it is necessary to understand whether the industry could increase the volume of its production as a result of an increase in the price of the domestic product (i.e., the elasticity of domestic supply).

Having developed an understanding of the market and the domestic industry, our analysis evaluates the effects of the dumping. We compare domestic prices that existed when the imports were dumped with what domestic prices would have been if the imports had not been dumped, i.e., if they had been sold at fair prices. Similarly, to evaluate the impact of the dumping on the domestic industry, we compare the state of the industry when the imports were dumped with the state of the industry had the imports been sold at fair, not dumped, prices. The impact on the domestic industry's sales volume and revenues is critical, because the impact on other industry indicators (e.g., employment, wages, etc.) is derived from the impact on sales volume and revenues.

We then determine whether the price effects and impact of the dumping, either separately or together, demonstrate that the domestic industry would have been materially better off if the imports had not been dumped.[141] If this is affirmative, we find that the domestic industry is materially injured by reason of LTFV imports.

A. Volume of the Subject Imports

LTFV imports of Indian wire rod account for a tiny fraction of domestic consumption, amounting to a mere 2.3 percent of value. The market share of the domestic wire rod industry is substantially larger, at 73.1 percent, and there are many non-subject

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[140] 19 USC § 1677(7)(B)(i). In making its determination, the Commission may consider "such other economic factors as are relevant to the determination." 19 USC § 1677(7)(B)(ii).

[141] This method of analysis has been upheld, see e.g. Torrington Co. v. United States, Slip. Op. 92-49, and is consistent with Article VI, para. 4 of the GATT.

imports.[142] We do not find this volume to be significant, particularly in light of the very limited effects on industry revenue discussed below.

B. Effect of LTFV Imports on Domestic Prices

To analyze the effect of Indian imports on domestic prices of the like product and on the domestic industry, we consider a number of factors about the industry and the nature of the products, such as the degree of substitutability between the Indian imports and the domestic like product, and the dumping margin, which was found to be 48.80 percent.[143]

Our examination of substitutability involves an analysis of factors such as quality and conditions of sales, as well as purchaser preferences. Several purchasers did characterize the Indian product as "interchangeable" with the domestic product.[144] However, interchangeability may exist even where substitutability is very low, if a higher quality product is physically capable of being used in a lower-value use, but it would not be economically feasible because of its higher price.

Most firms that currently buy Indian wire rod report that it is of persistently low quality compared to the U.S. product, and so is suitable only for low value uses such as tie wire, lashing wire, and nail wire.[145] U.S. buyers also reported that Indian wire rod had persistently greater rejection rates and lead times.[146] The U.S. product, most of which is consumed captively, also comes in a much greater range of quality and grades. Each of these factors reduces the substitutability of the Indian and U.S. products. However, as noted above, some purchasers do buy both Indian and U.S. wire rod for the production of similar products sold to similar customers. Taking all this into account, ITC staff estimated that the elasticity of substitution was between 1 and 3. We conclude that it is likely to be at the lower end of that range. The lower the elasticity of substitution, the lower the likelihood that an increase in the price of Indian wire rod would impel buyers to switch to the like product.

To determine the effect of the dumping of the LTFV imports on the like product's prices requires us to consider as well the elasticities of demand and supply. The demand for wire rod critically depends on the availability of substitute products. All the information in the record supports the conclusion that few economically meaningful substitutes exist except at the low end of the market.[147] But that end of the market is precisely the one that Indian wire rod inhabits. We therefore agree with the staff that the elasticity of demand is in the range of 0.5 to 1.0, but conclude that it is likely closer to the higher part of that range for the lower quality imported wire rod whose effects we are estimating today.

The elasticity of domestic supply depends on the extent of U.S. producers' excess capacity, alternative production possibilities, and alternative markets. In this case, the U.S. industry has a considerable amount of unused capacity.[148] This is made even greater by the apparent ease with which producers can switch production from other forms of wire rod and bar to stainless steel wire rod.[149] These conditions would allow the domestic industry to increase the supply of wire rod to the domestic market quickly in response to a small change in price. These factors led the staff to conclude that the elasticity of supply is greater than 6.[150] We agree.

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[142] Table C-1.
[143] I-5.
[144] EC-Q-115 at 18.
[145] Hearing Tr. at 191.
[146] EC-Q-115 at 19.
[147] Id. at 22.
[148] I-15.
[149] EC-Q-115 at 13.
[150] Id. at 11.

C. Impact on the Domestic Industry

The effect of such a highly elastic supply is that, were wire rod from India to increase in price to levels that Commerce would find fair, domestic suppliers would increase their production and sales rather than raise prices. It seems unlikely that prices would increase significantly, particularly for the vast bulk of domestic production that is captively consumed or that is of a quality beyond that which Indian manufacturers can match.

The lack of significant price effects, however, is not determinative. Imports that command a large share of the market and are highly substitutable with the like product can materially injure a domestic industry through their effect on the volume of the domestic industry's sales, and thus its revenue. And, as noted above, the effect on other statutory factors -- such as employment, wages, cash flow, and investment[151] -- either reflects or is derived from the material effect on revenues caused by the dumping of the subject imports.

The Indian imports under investigation here, however, command a mere 2-3 percent share of a market in which other low quality imports also compete. Even if not a single pound of Indian wire rod could be economically sold in this country at a price Commerce would consider fair, this low market share, in the presence of a highly elastic domestic supply, means that the effect of the subject imports on price is nugatory. And the presence of reasonably substitutable fairly traded imports of comparable quality means that whatever small effect on domestic production Indian wire rod might have would be further reduced. We conclude that the subjects imports are therefore not materially injuring the domestic stainless steel wire rod industry.

IV. THREAT OF MATERIAL INJURY

We further determine that there is no threat of material injury by reason of LTFV steel wire rod imports from India. Under the statute, the Commission is required to consider various criteria.[152]

Our application of the statutory threat criteria supports our negative determination. The statute provides that a threat determination "shall be made on the basis of evidence that the threat of material injury is real and that actual injury is imminent," and that our decision "may not be made on the basis of mere conjecture or supposition."[153] In addition, the evidence must show more than a "mere possibility" that injury might occur.[154]

This investigation does not involve subsidies, agricultural products or any potential for product shifting due to other findings or orders under the U.S. antidumping or countervailing duty laws. Thus, those factors are not pertinent to this investigation.

Capacity utilization in the Indian industry was very high during the period of investigation, and is projected to remain high in the immediate future.[155] As a percentage of total shipments, sales to the Indian home market are much higher than export sales to the U.S.,[156] and there is nothing in the record that indicates this state of affairs will change radically in the future.[157] Accordingly, we conclude that Indian capacity and capacity utilization data do not constitute evidence that any threat of material injury is real.

Although the market share of subject imports increased during the period of investigation, we do not find it likely that market penetration will increase to an injurious level. Whatever the market share the Indian wire rod industry has, it has in large part as a result of its low quality. There is no substantial evidence in the record to indicate that the increase in quality necessary for the Indian industry to penetrate the market further and better

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151 19 USC § 1677(C)(iii).
152 See 19 USC § 1677(7)(F).
153 See 19 USC § 1677(7)(F)(ii).
154 Alberta Gas Chemicals, Inc. v United States, 515 FSupp 780 (CIT 1981).
155 I-42 (reporting statistics for the predominant Indian exporter).
156 Id.
157 I-38.

compete against other imports will be forthcoming in the imminent future. So we conclude that the likelihood that market penetration will increase to an injurious level is small, and therefore actual injury is not imminent.

Similarly, given the very high elasticity of domestic supply it is extremely unlikely that LTFV imports will cause price depression or suppression in the future. Accordingly, we conclude that the probability is small that LTFV imports will have a price depressing or suppressing effect on domestic prices sufficient to justify a finding that actual injury is imminent.

We find no evidence of any other demonstrable adverse trends that indicate the probability that subject imports will be the cause of actual injury.

Based on our evaluation of the relevant statutory criteria, we conclude that the record does not contain substantial evidence that any threat of material injury is real or that actual injury is imminent. Accordingly, we determine that the domestic industry is not threatened with material injury by reason of LTFV imports of stainless steel wire rod from India.

INFORMATION OBTAINED IN THE INVESTIGATION

INTRODUCTION

On December 30, 1992, a petition was filed with the U.S. International Trade Commission and the U.S. Department of Commerce by Al Tech Specialty Steel Corp., Dunkirk, NY; Armco Stainless & Alloy Products, Inc., Baltimore, MD; Carpenter Technology Corp., Reading, PA; Republic Engineered Steels, Inc., Massillon, OH; Talley Metals Technology, Inc., Hartsville, SC; and the United Steelworkers of America, AFL-CIO/CLC, alleging that imports of stainless steel wire rod from Brazil, France, and India are being sold in the United States at less than fair value (LTFV) and that an industry in the United States is materially injured and threatened with material injury by reason of such imports. Accordingly, the Commission instituted and conducted preliminary antidumping investigations (Nos. 731-TA-636-638) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)), and determined that there is a reasonable indication that an industry in the United States is materially injured by reason of such imports. Commerce, therefore, continued its investigations into the existence and extent of LTFV sales and on August 5, 1993, published affirmative preliminary determinations in the Federal Register (58 F.R. 41723) with respect to all three countries. On the basis of Commerce's preliminary determinations, the Commission instituted final antidumping investigations to be completed by November 23, 1993. Notice of the institution of the Commission's investigations and of a public hearing to be held in connection therewith was posted in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and published in the Federal Register on August 18, 1993 (58 F.R. 43908). Subsequently, Commerce published a notice in the Federal Register (August 24, 1993, 58 F.R. 44660) postponing its final LTFV determinations for Brazil and France from October 11, 1993, to December 20, 1993. In response, the Commission extended its schedule for Brazil and France to January 21, 1994 (published in the Federal Register of September 15, 1993 (58 F.R. 48375)). Commerce continued its LTFV investigations and issued an affirmative final determination for India on October 13, 1993 (published in the Federal Register of October 20, 1993 (58 F.R. 54110)).[1] The Commission held a public hearing for all three countries in Washington, DC, on October 14, 1993,[2] and held its vote for India on November 16, 1993. The votes for Brazil and France are tentatively scheduled for January 13, 1994.

PRIOR INVESTIGATIONS AND VOLUNTARY RESTRAINT AGREEMENTS

Stainless steel wire rod has been the subject, or included in the subject, of several previous investigations. In July 1975 the domestic specialty-steel industry filed a petition with the Commission under section 201 of the Trade Act of 1974 for relief from imports of certain stainless and alloy tool steel products, including stainless steel wire rod. Following an affirmative determination (Stainless Steel and Alloy Tool Steel, Inv. No. TA-201-5, USITC Pub. 756, 1976), President Ford established a 3-year import restraint program for specialty steel effective June 14, 1976. Near the end of the program, the industry petitioned for an extension under section 203(i)

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[1] A copy of Commerce's notice of its final LTFV determination for India is shown in app. A.

[2] A list of participants at the hearing is presented in app. B.

of the Trade Act of 1974. Although the Commission found in favor of an extension (Stainless Steel and Alloy Tool Steel, Inv. No. TA-203-5, USITC Pub. 968, 1979), the President chose to phase out the import restraints over an 8-month period ending in February 1980.

In December 1982 the Commission instituted a second section 201 investigation on specialty steel products in response to a Presidential recommendation. (Earlier that year the United States Trade Representative (USTR) had been petitioned by the specialty-steel industry under section 301(a)(2)(A) of the Trade Act of 1974 and found that the governments of several European countries had subsidized the production of stainless and alloy tool steel in a manner inconsistent with their obligations under the Subsidies Code of the General Agreement on Tariffs and Trade (GATT)). Again the Commission determined affirmatively (Stainless Steel and Alloy Tool Steel, Inv. No. TA-201-48, USITC Pub. 1377, 1983), and, in July 1983, the President proclaimed import relief in the form of 4 years of global quotas for certain specialty steel products (including stainless steel wire rod) to expand at an annual rate of 3 percent. Under the relief, quotas were placed on imports of stainless steel bar, stainless steel wire rod, and certain alloy tool steel products; increased duties were imposed on stainless steel plate and stainless steel sheet and strip. On July 16, 1987, the President announced his decision to extend the import relief in the form then in effect for a period from July 20, 1987, through September 30, 1989, when they were further extended until March 31, 1992, and incorporated into the system of Voluntary Restraint Agreements (VRAs) for steel products in general that had been under negotiation since 1984.[3] (Existing quotas on specialty steel were unaffected by their incorporation into the VRAs for all countries). France's quota was part of the European Community's quota, and India was not subject to the program at all (there were no imports of stainless steel wire rod from India until 1990).

Prior to and concurrent with the foregoing actions, the Commission conducted three antidumping/countervailing duty investigations on the subject product. An investigation of Stainless Steel Wire Rod from France (Inv. No. AA 1921-110, TC Pub. 596, July 1973) led to an affirmative finding of injury and the imposition of an antidumping duty order. The order was terminated in 1986 in connection with the inclusion of the subject product in the VRAs negotiated with the EC. An investigation of Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Spain

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[3] The VRAs sought to address the causes of unfair trade and to eliminate subsidies to and overcapacity in the steel industry by prohibiting export and production subsidies specifically for steel products, reducing tariffs and non-tariff barriers to steel trade, and incorporating a binding arbitration mechanism. The bilateral consensus agreements were to be multilateralized within GATT through incorporation in the Uruguay Round of negotiations. (Press Release of USTR, Dec. 12, 1989, and accompanying STEEL TRADE LIBERALIZATION PROGRAM (Fact Sheet)). As envisioned, negotiations were to be completed by December 1990 with the new agreement called the Multilateral Steel Agreement (MSA). On Mar. 31, 1992, negotiations on the MSA were suspended without agreement, although considerable progress had been made. Multilateral negotiations have since resumed.

(Invs. Nos. 701-TA-176-178 (Final), USITC Pub. 1333, December 1982) led to a countervailing duty order which continues to be in effect. Another investigation of the same products from Brazil (Hot-Rolled Stainless Steel Bar, Cold-Formed Stainless Steel Bar, and Stainless Steel Wire Rod from Brazil, Invs. Nos. 701-TA-179-181 (Final), USITC Pub. 1398, June 1983) resulted in an affirmative determination and the establishment of a suspension agreement. The agreement, however, was terminated in 1988.

NATURE AND EXTENT OF THE LTFV SALES

At least three producers in Brazil (Acos Finos Piratini SA, Acos Villares SA, and Electrometal SA--Metals Especials), two producers in France (Imphy SA and Ugine-Savoie), and four producers in India (Mukand Ltd., Ferro-Alloys Corp. Ltd., Grand Foundry Ltd., and MKJ Enterprises) have produced and exported the subject product to the United States. Commerce's preliminary margins for Brazil range from 24.63 percent for Electrometal to 26.50 percent for Acos Finos and Acos Villares. Its preliminary calculations were based on "best information available" (BIA)--in this case information contained in the petition. Based on Imphy's and Ugine-Savoie's responses to its questionnaires, Commerce calculated a preliminary dumping margin of 23.82 percent for France. For India, like Brazil, Commerce resorted to BIA as contained in the petition and determined a final, all-inclusive dumping margin of 48.80 percent. Commerce also determined that "critical circumstances" exist with respect to India. All firms are included in its finding.

THE PRODUCT

Description and Uses

The product subject to the Commission's and Commerce's investigations--stainless steel wire rod--consists of coiled lengths of solid stainless steel, rendered by hot-rolling, of any diameter and cross-sectional shape. It is an intermediate product that is drawn either into wire, its primary use, or into small-diameter bar. Several cross-sectional shapes and diameters are available, depending on end use. (Most of the stainless steel wire rod used in the United States is of circular cross section and ranges from 19 millimeters (0.75 inch) to 5 millimeters (0.20 inch) in diameter). It is also available in hundreds of grades.

Its abundance of grades reflects its abundance of uses. Stainless steel wire rod used to make wire for bolts and screws, for example, requires different properties than that used for fasteners and springs. Technical requirements vary from application to application, and stainless steel wire rod is produced accordingly. The determinants of grade are the product's chemistry (the relative proportions and kinds of alloying agents) and other physical and functional properties (such as grain size, hardening capabilities, heat resistance, electric resistance, and magnetic permeability)--all of which are controlled by the production process. Most grades of stainless steel wire rod, designated by a three-digit number and modifying letters, are listed and specified by the American Iron and Steel Institute (AISI), the American Society for Testing and Materials (ASTM), and

the Society of Automotive Engineers (SAE), and most grades sold in the United States are made to typical specifications. Some end users, however, may require adjustments to standard specifications to achieve a particular result.

Industry sources sometimes distinguish between commodity and non-commodity (or "specialty") grades, the former originally referring to mass-produced grades for wide application (e.g. for fasteners) and the latter referring to custom-made grades for a single-user application (e.g. for a jet engine). The distinction has become less clear as the number of users and applications has proliferated. Individual U.S. producers and importers differ in the mix and relative amounts of grades they supply to the U.S. market; however, for each of the countries under investigation there is significant overlap with U.S. producers in terms of grades and users supplied. The Indian product has often been characterized as substandard and limited in use. It has found a substantial market, however, in low-end uses such as lashing wire, tie wire, and nail wire. The Brazilian and French products, in contrast, are suitable for a number of uses, and the French in particular supply a significant amount of high-grade stainless steel wire rod for relatively specialized applications.

Manufacturing stainless steel wire rod entails three basic processes: (1) billet production, which includes melting and casting; (2) hot-rolling and coiling; and (3) finishing, which includes annealing, pickling, and coating. The basic process is common to all grades. Although much of the basic process is also common to other products--such as stainless steel bar and other alloys--the dedication of a production batch to a particular product is made at the point of initial melting, and all billets are labeled accordingly. This is due to the exacting chemistries specified for the batch. Of the total cost of producing stainless steel wire rod in the United States in January 1990-June 1993, billet production, rolling and coiling, and finishing accounted for 78, 12, and 10 percent, respectively.[4]

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[4] Most of the stainless steels produced in the world are melted from scrap in an electric arc furnace. The scrap charge may consist of stainless steel scrap alone or be combined with high-grade carbon steel scrap; additions of alloying agents (including chromium, nickel, and molybdenum) are made to the liquid steel to impart specific properties to finished steel products. At a second station the chemistry of the molten steel is refined to embody it with properties required for specific applications. Once molten steel with the correct properties has been produced, it is cast into a form than can enter the rolling process. Some stainless steels are cast into ingots, but continuous (strand) casting of billets is the preferred method for the industry producing wire rod. (Billets are mostly square, semifinished steel shapes, of a solid cross section measuring mostly in the range 50mm by 50mm (2 inches by 2 inches) to 125mm by 125mm (5 inches by 5 inches)). To reduce the billets to the appropriate size, they are repeatedly passed through rolling mills and then to a coiler, which, by transforming a relatively long length of steel into a compact coil, enables the rod to be handled more easily in future processes. Finally, the rod is heat treated (annealed) in an annealing furnace (to avoid thermal cracking and improve the steel's surface quality, grain size (internal metallurgical quality), and mechanical properties);

(continued...)

U.S. Tariff Treatment

The subject product is specifically provided for in heading 7221.00.00 of the Harmonized Tariff Schedule of the United States (HTS). The column 1-general (most-favored-nation) rate of duty for this heading, applicable to imports from the countries under investigation, is 4.7 percent ad valorem.

U.S. PRODUCERS

In addition to the petitioners, two other firms are known to have produced stainless steel wire rod during the period for which data were collected: Inco Alloys International, Inc., Huntington, WV, which produces small quantities of an exceptionally high-grade material; and Crucible Materials Corp. (Specialty Metals Division), Solvay, NY, a relatively small producer which ceased production in 1992. As part of an overall restructuring program to financially rehabilitate the company, one of the petitioners--Armco--ceased producing stainless steel wire rod in April 1993. It and the remaining producers are large specialty steel manufacturers that produce a number of steel products in addition to stainless steel wire rod. Their respective shares of U.S. stainless steel wire rod production for January 1990-June 1993 are shown in table 1. Three producers--Al Tech, Armco, and Carpenter--accounted for more than 90 percent of U.S. production in this period (Carpenter alone accounted for more than ***), the bulk of which they consumed themselves in the manufacture of bar and wire. Armco did not produce a complete product: under the terms of a toll agreement, another petitioner (Talley) and other U.S. firms hot-rolled and coiled the billets Armco produced. The coils were returned to Armco for annealing, pickling, and coating; and the firm continues to operate its finishing facility--***.[5] Producers differ as to the types and relative amounts of grades they supply; however, excepting Inco, all produce (or claim the ability to produce) a wide range of grades, and all claim to serve the entire United States.

U.S. IMPORTERS

Two firms--both related to the French producers, Imphy and Ugine-Savoie--account for the bulk of the imports from Brazil and all of the imports from France: MetalImphy Alloys Corp., Colmar, PA, a steel service center; and

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[4] (...continued)
immersed in an acid or chemical bath (pickled) (to remove mill scale from the rod's surface and allow it to be more easily drawn); and coated with a metal such as copper, or lime, borax, or phosphate to neutralize any residual acid and to provide a lubricant to the wire drawing operation. (For a more detailed discussion of the manufacturing process and other information pertaining to the subject product, see the Commission's preliminary report, USITC Pub. 2599, February 1993).

[5] For the period for which data were collected, billet production, rolling and coiling, and finishing (i.e. annealing, pickling, and coating) accounted for about 78 percent, 12 percent, and 10 percent, respectively, of the total cost of producing stainless steel wire rod.

Table 1
Stainless steel wire rod: U.S. producers, plant locations, and respective shares of domestic production (by quantity), by firms, January 1990-June 1993

Firm	Plant location(s)	Share (percent) of domestic production
Al Tech	Dunkirk, NY	***
Armco	Baltimore, MD[1]	***
Carpenter	Reading, PA Orangeburg, SC	***
Crucible[2]	Syracuse, NY	***
Inco[3]	Huntington, WV	***
Republic	Canton, OH Chicago, IL Massillon, OH	***
Talley	Hartsville, SC	***[4]

[1] Billet production and annealing, pickling, and coating. Hot-rolling and coiling were done by Talley and other U.S. firms under the terms of a toll agreement. Armco ceased production of stainless steel wire rod in April 1993, although it continues to pickle stainless steel wire rod *** at the above facility.

[2] ***--ceased production of the subject product in 1992.

[3] ***.

[4] Does not include the rod that it hot-rolled and coiled for Armco under the terms of a toll agreement.

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

Techalloy, Inc., Mahwah, NJ, a wire redrawer.[6] MetalImphy is the only importer of stainless steel wire rod from France; and, since January 1990, when Techalloy became a related company, it has transferred about *** of these imports to Techalloy for the manufacture of wire. The remainder it sells on the open market. Until 1990, when Techalloy began importing directly, MetalImphy also accounted for all of the imports from Brazil. Together, these firms accounted for about *** percent of the imports from Brazil from January 1990 to June 1993, the bulk of which were used by Techalloy in its wire-producing operations. Most of the remaining *** percent was imported by a small steel service center--Precision Metals Services, Inc., Colmar, PA--which imports from Electrometal.

[6] Both firms are owned by Imphy Alloys, Inc., Mahwah, NJ, which in turn is owned by Imphy (*** percent) and Ugine-Savoie (*** percent).

Five firms, all specialty steel service centers selling on the open market, account for most of the imports from India. Gulf and Northern Trading Co., Voorhees, NJ; Comprador Inoxidable, Inc. San Francisco, CA, which began importing in 1991; and ABB Trading Co., Oakland, CA, which imported prior to 1991, account for virtually all of the imports from Mukand. Associated Metal and Minerals Corp., White Plains, NY, which imports from Ferro Alloys Corp., and TrefilARBED, Inc., New York, NY, which imports from Grand Foundry, account for most of the remaining imports from India.

U.S. MARKET AND CHANNELS OF DISTRIBUTION

About two-thirds of U.S.-produced stainless steel wire rod is internally consumed by U.S. producers in the manufacture of wire and bar. The bulk of the remainder is sold directly to independent wire and bar redrawers for the same purposes. Lesser quantities are sold directly to end users--mainly manufacturers of fasteners and medical and dental instruments. Since 1990, about *** the imports from France and about *** percent of the imports from Brazil have either been transferred to or directly imported by Techalloy for its use in the manufacture of wire. The rest of the exports from the subject countries have been imported by independent steel service centers and sold to the same general clientele that U.S. producers serve. Quantities to be shipped are loosely negotiated by parties in one quarter for the following quarter. Because of the degree of competition and commodity-like nature of most grades of stainless steel wire rod, however, sales conditions and prices are not finalized until the time scheduled for shipment. Sales conditions and prices for the more specialized grades are less fluid. Unlike many sectors of the economy, the consumption of stainless steel wire rod has increased since 1990, reaching levels of over $350 million annually (see the section of this report entitled "U.S. Consumption and Market Penetration").

CONSIDERATION OF THE ALLEGED MATERIAL INJURY

Except for employment, most of the data in the following sections represent virtually 100 percent of U.S. production during the period for which the data were collected; however, in many instances Armco, which represents about *** percent of U.S. production in the period, was not able to provide updated information from the Commission's preliminary investigations for the period October 1992-June 1993. For purposes of compiling capacity, production, and other industry trade data, the data Armco provided during the Commission's preliminary investigations for January-September 1992 were used as a basis to prorate such information for full-year 1992, January-June 1992, and January-June 1993. (In some instances Armco provided usable data; however, the difference from the estimates is not appreciable, as is noted).

Trends in most of the aggregate data are downward. The exceptions are productivity, inventories after 1990, and total and hourly compensation paid to production and related workers. Selected data related to the alleged material injury showing period-by-period percentage changes are summarized in appendix C.

U.S. Production, Capacity, Capacity Utilization, Shipments, Inventories, and Employment

Data on aggregate U.S. producers' stainless steel wire rod operations, other than for employment and financial performance, are shown in table 2. U.S. producers' plant and equipment are not specific to stainless steel wire rod, although specific equipment's ability to manufacture other products varies from firm to firm. For the most part, however, firms can readily shift production capability to other specialty and carbon steel products.

The total capacity for stainless steel wire rod production reported by U.S. producers represents individual allocations based on the weight of products shipped, normal product mix, or, in the case of Armco, the maximum capacity of its pickling equipment (which is dedicated to stainless steel wire rod). With so many steps in the production process and so many products sharing these steps (for purposes of calculating capacity, different grades can be considered different products since they require different demands on equipment), producers must artificially hold constant an unusual number of variables to arrive at any capacity assessments. The result is that capacity calculations for the subject product are little more than an index for annual comparison purposes and do not necessarily represent actual or realistic production capabilities. The degree to which producers' plant and equipment may actually be underutilized for the production of the subject product is uncertain. As part of a company-wide downsizing and restructuring program to "transform itself into a smaller, more profitable" specialty steel producer, Armco ceased producing stainless steel wire rod in April 1993. The effect is shown in the decline in the industry's average capacity in January-June 1993. Armco's finishing facility, however, remains open and is currently finishing stainless steel wire rod ***.

The capacity utilization figures shown in table 2 are unusually low, partly as a result of the relatively high capacity reported by Armco--capacity estimates based solely on finishing capacity. Even if Armco is excluded from the data, however, the capacity utilization rate for the remainder of the industry remained between 51 and 62 percent for the periods for which the data were collected. Like capacity itself, capacity utilization for the subject product reflects more the assumptions of the producers than any actual or realistic assessment of plant usage.

As noted previously, most of the stainless steel wire rod U.S. firms produced between January 1990 and June 1993 (about 67 percent) was internally consumed in the manufacture of bar and wire. Most of the remainder was shipped domestically on the open market. Export quantities were insignificant, as shown in table 2.

Employment data, shown in table 3, differ from most other data related to producers' performance in showing some improvement--at least until January-June 1993. Like plant and equipment, workers can readily be shifted from product to product. The number of workers shown in table 3 reflects the proportionate number of hours worked by all workers on stainless steel wire rod.

Table 2
Stainless steel wire rod: U.S. production, average practical capacity, capacity utilization, company transfers, domestic shipments, exports, and end-of-period inventories, 1990-92, January-June 1992, and January-June 1993[1]

Item	1990	1991	1992	January-June-- 1992	1993
Production (short tons)	91,292	89,499	89,574	47,964	47,956
Capacity[2] (short tons)	251,718	251,696	249,894	126,998	106,320
Ratio of production to capacity (percent)	36.3	35.6	35.8	37.8	45.1
Transfer shipments:[3]					
Quantity (short tons)	58,663	62,390	59,613	31,834	32,042
Value (1,000 dollars)	173,046	191,510	177,258	94,007	91,487
Domestic shipments:[4]					
Quantity (short tons)	34,920	35,234	29,808	15,910	14,607
Value[5] (1,000 dollars)	99,750	103,517	79,979	43,018	38,259
Unit value (per pound)	$1.43	$1.48	$1.34	$1.35	$1.31
Exports:					
Quantity (short tons)	168	61	43	18	268
Value[5] (1,000 dollars)	613	191	133	79	498
Total shipments:					
Quantity (short tons)	93,751	97,685	89,464	47,762	46,917
Value (1,000 dollars)	273,409	295,218	257,370	137,104	130,244
Inventories (short tons)	7,582	3,047	3,158	3,249	4,194
Ratio of inventories to total shipments during the period (percent)	8.1	3.1	3.5	3.4[6]	4.5[6]

[1] For purposes of compiling this table, Armco's data for 1992, January-June 1992, and January-June 1993 have been estimated by prorating its data for January-September 1992, submitted during the Commission's preliminary investigations.

[2] The basis on which individual firms calculated capacity ranged from operating plant facilities 60 hours to 144 hours per week, 48 to 50 weeks per year.

[3] Internal consumption for the manufacture of bar and wire.

[4] Armco provided usable domestic shipment data for 1992, January-June 1992, and January-June 1993; however, the substitution of these data for the estimated data do not affect the aggregate figures appreciably. The net effect is an increase of about 400 tons in the quantity of total shipments shown for 1992 and an equivalent decrease in the quantity shown for January-June 1993.

[5] Net sales value, i.e., gross value less all discounts, allowances, rebates, and the value of returned goods.

[6] Annualized.

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

Table 3
Stainless steel wire rod: Average number of U.S. production and related workers and hours worked by and compensation paid to such workers, 1990-92, January-June 1992, and January-June 1993[1]

Item	1990	1991	1992	January-June-- 1992	1993
Average number of production and related workers producing stainless steel wire rod	1,257	1,296	1,378	1,394	1,273
Hours worked by production and related workers producing stainless steel wire rod (1,000 hours)	2,606	2,604	2,726	1,436	1,329
Tons produced per 1,000 hours worked	28.3	28.7	28.9	29.8	32.5
Total compensation paid to production and related workers producing stainless steel wire rod (1,000 dollars)	61,294	64,691	69,653	35,785	37,307
Hourly compensation paid to production and related workers producing stainless steel wire rod	$23.52	$24.84	$25.55	$24.92	$28.07

[1] The data do not include Armco, which accounted for nearly *** percent of U.S. production during the period for which data are shown.

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

Financial Experience of U.S. Producers

Six producers, together accounting for nearly all U.S. stainless steel wire rod production in January 1990-June 1993, submitted financial data on the overall operations of their establishments in which stainless steel wire rod is produced and on their stainless steel wire rod operations alone.[7]

A significant share of shipments of stainless steel wire rod is internally transferred for further processing. Data were collected on the profitability of trade sales and the cost of production (COP) for both trade sales and transfers. The following method was used to calculate the

[7] Inco, which accounted for *** percent of U.S. production in January 1990-June 1993, did not submit financial information. Fiscal yearends for *** are December 31. Fiscal yearends for *** are June 30; ***. Talley's toll sales are presented in app. D. ***.

profitability of transfers in order to achieve a fair presentation of the data:

1. The companies estimated the value of transfers at the average unit value for trade sales;

2. The cost of transferred product was requested in the COP data and was used as the cost of goods sold; and

3. No additional selling expenses were allocated to the transferred product; however, general and administrative (G&A) expenses were allocated based on the per-ton G&A expenses of trade sales.

The purpose is to present the estimated profitability based on the total actual shipments and total actual related costs. This, in effect, is a projection of the profitability of all shipments, including transfers. The per-unit revenue and costs for each firm are different; and, because the amount of market sales and transferred wire rod is not proportional among the firms, the per-unit profits and profitability ratios differ between (1) all shipments, including transfers, and (2) market shipments only.

Data for Al-Tech, accounting for approximately *** percent of 1992 trade sales of stainless steel wire rod and approximately *** percent of reported 1992 captive consumption, were verified by the Commission's staff. As a result of the verification, Al-Tech changed the data for inventory and production quantities, overall establishment operations, operations on stainless steel wire rod, cost of production, research and development expenses, and spot sales prices to U.S. customers.

Data for Carpenter, accounting for approximately *** percent of 1992 trade sales of stainless steel wire rod and approximately *** percent of reported captive consumption, were also verified by the Commission's staff. As a result of the verification, Carpenter changed the data for full production capability, inventory and production quantities, overall establishment operations, operations on stainless steel wire rod, and cost of production.

OVERALL ESTABLISHMENT OPERATIONS

Income-and-loss data on the overall operations of the establishments in which stainless steel wire rod is produced are shown in table 4. Combined wire rod trade sales were 5.5 percent of combined overall establishment net sales in 1992.

OPERATIONS ON TRADE-ONLY SALES OF STAINLESS STEEL WIRE ROD

The income-and-loss experience of the U.S. producers on their stainless steel wire rod trade-only operations is shown in table 5. Net trade sales decreased moderately from *** in 1990 to *** in 1991, then decreased substantially to *** in 1992. The downward trend continued in the interim periods, with net trade sales decreasing from *** in interim 1992 to *** in interim 1993. The companies realized a combined operating income of *** in

Table 4
Income-and-loss experience of U.S. producers' establishments in which stainless steel wire rod is produced, accounting years 1990-92, January-June 1992, and January-June 1993

Item	1990	1991	1992	January-June-- 1992	1993
	Value (1,000 dollars)				
Net sales	1,629,232	1,475,277	1,476,538	761,597	807,298
Cost of goods sold	1,363,431	1,279,348	1,313,122	656,923	686,557
Gross profit	265,801	195,929	163,416	104,674	120,741
Selling, general, and administrative expenses	161,717	151,451	146,504	72,662	74,655
Operating income	104,084	44,478	16,912	32,012	46,086
Shutdown expense[1]	***	***	***	***	***
Interest expense	***	***	***	***	***
Other expense, net[2]	***	***	***	***	***
Net income or (loss) before income taxes	***	***	***	***	***
Depreciation and amortization[3]	***	***	***	***	***
Cash flow[4]	***	***	***	***	***
	Ratio to net sales (percent)				
Cost of goods sold	83.7	86.7	88.9	86.3	85.0
Gross profit	16.3	13.3	11.1	13.7	15.0
Selling, general, and administrative expenses	9.9	10.3	9.9	9.5	9.2
Operating income	6.4	3.0	1.1	4.2	5.7
Net income or (loss) before income taxes	***	***	***	***	***
	Number of firms reporting				
Operating losses	***	***	***	***	***
Net losses	***	***	***	***	***
Data	6	6	6	6	6

[1] Shutdown expenses in *** were for the closing of ***. Shutdown expenses in *** were for ***.

[2] Other major expenses incurred included past-service post-retirement benefits ***, reduction in force costs ***, reduction in salaried work force ***, extraordinary charge related to premium on purchase of debt ***, and employee stock ownership costs ***.

[3] The add-back for depreciation and amortization for 1992 includes the past-service post-retirement benefits, environmental reserves, lower of cost or market adjustment, and restructuring reserve for ***.

[4] Cash flow is defined as net income or loss plus depreciation and amortization. Armco did not provide depreciation and amortization.

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

Table 5
Income-and-loss experience of U.S. producers' stainless steel wire rod trade-only operations, accounting years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

1990 and *** in 1991; however, ***. Operating income (loss) margins were *** percent in 1990, *** percent in 1991, and *** percent in 1992. ***.

Two of the companies, *** and ***, realized favorable last-in first-out (LIFO) method of inventory valuation adjustments. The LIFO method assumes the most recent unit costs are charged to operations and that inventory is valued at older costs. If inventory quantities decrease, older layers, generally valued at lower cost, are liquidated and charged to operations, generally increasing earnings. ***. Three companies--***, ***, and ***--incurred costs which included the current-year portion of past-service post-retirement benefits, restructuring reserves, environmental reserves, lower of cost or market adjustments, additional profit sharing expenses related to favorable LIFO adjustments, and loan restructuring costs.

These income and expense items have been reported by the companies in accordance with generally accepted accounting principles (GAAP) as requested. However, when comparing the financial data from period to period, these items have a significant effect on the operating income (loss) of individual companies and the industry. The effect is footnoted for the stainless steel wire rod income-and-loss tables for trade-only sales and for combined trade sales and company transfers, and shown in figure 1 for trade-only sales.

Selected income-and-loss data of the U.S. producers on their trade-only operations producing stainless steel wire rod, by company, are presented in table 6. ***.

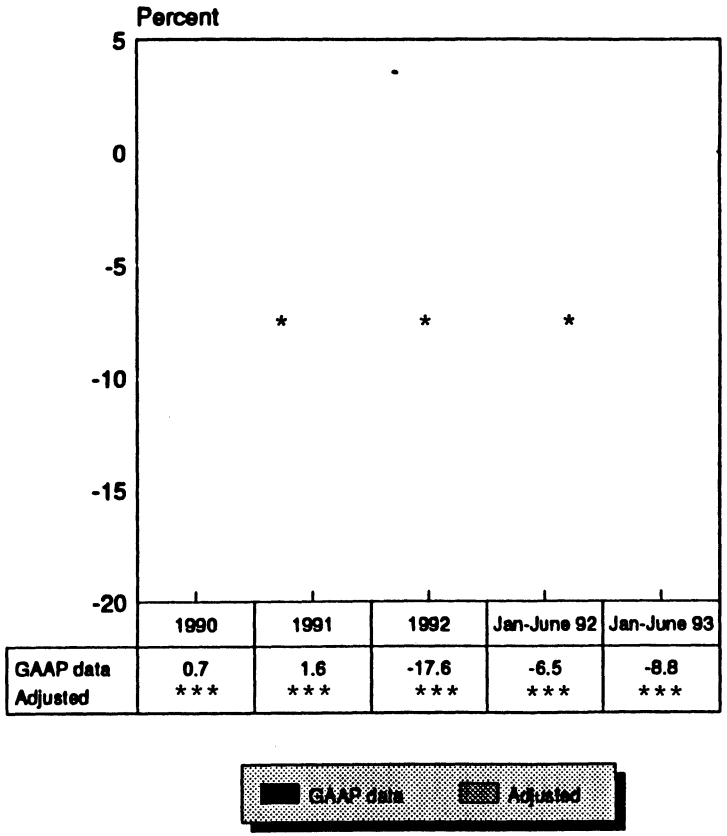
The income-and-loss experience on an average per-ton basis for stainless steel wire rod trade-only sales is presented in table 7. The cost of goods sold *** per ton in 1991 compared to 1990, while the average sales price *** per ton. The average sales price *** per ton in 1992 compared to 1991, while the cost of goods sold for the per ton, contributing to a gross loss for 1992. The operating income (loss) per ton was *** in 1990, *** in 1991, and *** in 1992. The sales value per ton *** from *** in interim 1992 to *** in interim 1993. The companies' average cost of goods sold *** per ton from interim 1992 to interim 1993, while the average sales price *** per ton, contributing to an operating *** per-ton in interim 1993 compared to an operating *** in interim 1992 of ***. Because stainless steel wire rod is sold in a variety of grades, shifts in the product mix may have an effect on any per-ton analysis.

PRODUCTION COSTS

Production costs of the U.S. producers on their operations producing stainless steel wire rod and bar are shown in table 8. Melting and billet production are common to both stainless steel wire rod and bar (although because of the exacting chemistries envolved, the dedication of a production batch to a particular product is made at the point of initial melting, and all billets are labeled accordingly). The billets are then transferred to either

Figure 1

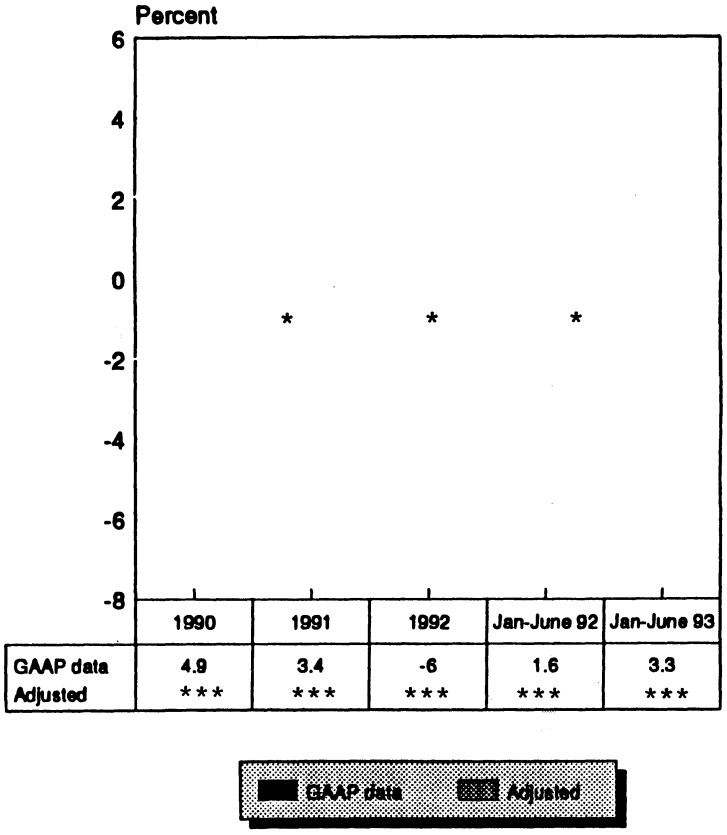
Stainless steel wire rod: Operating income margin from trade-only sales, 1990-92, and January-June 1992-93



Source: Table 5.

Figure 2

Stainless steel wire rod: Operating income margin from transfers and trade sales, 1990-92, and Jan.-June 1992-93



Source: Table 9.

Table 6
Income-and-loss experience of U.S. producers' stainless steel wire rod trade-only operations, by firms, accounting years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Table 7
Income-and-loss experience (on a per short ton basis) of U.S. producers' trade-only stainless steel wire rod operations, accounting years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Table 8
Production costs of U.S. producers for stainless steel wire rod and bar, accounting years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

wire rod rolling or bar rolling operations. After rolling, additional costs are incurred for wire rod and bar. The costs for bar include finishing processes that are not performed on the intermediate wire rod product,[8] which accounts for a higher processing cost for bar as compared to wire rod. Total processing costs for non-toll wire rod ranged from *** per short ton, compared to a range of *** per short ton for bar. Production process yields for combined wire rod and bar were *** throughout the period, ranging from *** percent to *** percent for melting, *** percent to *** percent for billet production, and *** percent to *** percent for rolling.

COMBINED OPERATIONS ON TRADE-ONLY SALES AND COMPANY TRANSFERS OF STAINLESS STEEL WIRE ROD

Income-and-loss data for U.S. producers' stainless steel wire rod for trade sales and company transfers combined are shown in table 9. Net sales increased from $250.2 million in 1990 to $264.9 million in 1991 and then decreased to $252.0 million in 1992. The operating income (loss) margin fell from 4.9 percent in 1990 to 3.4 percent in 1991 and then to (6.0) percent in 1992. Net sales decreased from $132.9 million in interim 1992 to $126.2 million in interim 1993. The operating income margin increased from 1.6 percent in interim 1992 to 3.3 percent in interim 1993.

Selected stainless steel wire rod data for combined trade and company transfers are presented in table 10 for each producer separately. The operating income margin is *** for combined trade and company transfers when compared to trade sales only, caused by the mix of trade and company transfers for ***.

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[8] ***.

Table 9
Income-and-loss experience of U.S. producers on their combined trade and company transfer stainless steel wire rod operations, accounting years 1990-92, January-June 1992, and January-June 1993[1]

Item	1990	1991	1992	January-June-- 1992	1993
	Quantity (tons)				
Trade sales	***	***	***	***	***
Company transfers[2]	***	***	***	***	***
Total	74,080	79,398	81,298	42,700	43,489
	Value (1,000 dollars)				
Net sales:					
Trade sales	***	***	***	***	***
Company transfers	***	***	***	***	***
Total	250,215	264,903	252,014	132,853	126,153
Cost of goods sold	218,759	237,099	246,815	121,008	112,758
Gross profit	31,456	27,804	5,199	11,845	13,395
Selling, general and administrative expenses	19,172	18,671	20,239	9,742	9,213
Operating income or (loss)[3]	12,284	9,133	(15,040)	2,103	4,182
	Ratio to net sales (percent)				
Cost of goods sold	87.4	89.5	97.9	91.1	89.4
Gross profit	12.6	10.5	2.1	8.9	10.6
Selling, general and administrative expenses	7.7	7.0	8.0	7.3	7.3
Operating income or (loss)[3]	4.9	3.4	(6.0)	1.6	3.3
	Number of firms reporting				
Operating losses	***	***	***	***	***
Data	6	6	6	6	5

[1] *** have no company transfers. *** valued their company transfers at average market price. *** did not report its company transfers.

[2] The sales values per short ton for company transfers were *** in 1990, *** in 1991, *** in 1992, *** in interim 1992, and *** in interim 1993. ***.

[3] Certain companies realized reductions in operating costs because ***. The companies also incurred ***. These items, which did not occur in all periods, affect the comparability between periods (***). If deleted from the above table, the net effect would be ***. The GAAP operating income (loss) margins for combined trade sales and transfers and the operating income (loss) margins adjusted for the exclusion of items for comparability between periods are presented in figure 2.

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 combined trade and company transfer stainless steel wire rod operations, by firms, accounting years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

CAPITAL EXPENDITURES

Capital expenditures by U.S. producers are presented in table 11. Capital expenditures for wire rod decreased substantially from *** in 1991 to *** in 1992. Capital expenditures for wire rod in interim 1993 were *** interim 1992 expenditures of ***.

Table 11
Capital expenditures by U.S. producers[1] on overall establishment and stainless steel wire rod operations, accounting years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

INVESTMENT IN PRODUCTIVE FACILITIES

U.S. producers' investment in productive facilities is presented in table 12. The return on total assets for wire rod is computed for combined trade sales and company transfers.

Table 12
Value of assets[1] of U.S. producers on overall establishment and stainless steel wire rod operations, accounting years 1990-92

* * * * * * *

RESEARCH AND DEVELOPMENT EXPENSES

U.S. producers' research and development expenses are presented in table 13. Research and development expenses for wire rod remained relatively constant throughout the period, ranging between *** in 1990 and *** in 1991. The expenditures in the interim periods were *** in interim 1993 and *** in interim 1992.

Table 13
Research and development expenses of U.S. producers on overall establishment and stainless steel wire rod operations, accounting years 1990-92, January-June 1992, and January-June 1993

* * * * * * *

IMPACT OF IMPORTS ON CAPITAL AND INVESTMENT

The Commission requested U.S. producers to describe any actual or potential negative effects of imports of stainless steel wire rod from Brazil, France, and India on their growth, development and production efforts, investment, and ability to raise capital (including efforts to develop a derivative or improved version of the product). Their comments are presented in appendix E.

CONSIDERATION OF THE ALLEGED THREAT OF MATERIAL INJURY

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

> In determining whether an industry in the United States is threatened with material injury by reason of imports (or sales for importation) of the merchandise, the Commission shall consider, among other relevant economic factors[9]--
>
> (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,

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[9] 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."

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

(VIII) the potential for product-shifting if production facilities owned or controlled by the foreign manufacturers, which can be used to produce products subject to investigation(s) under section 701 or 731 or to final orders under section 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)(i) 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.[10]

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 the LTFV Imports 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 E. Available information on U.S. inventories of the subject product (item (V)); foreign producers' operations, including the potential for "product-shifting" (items (II), (VI), and (VIII) above); and any other threat indicators, if applicable (item (VII) above), is discussed below.

End-of-period inventories of stainless steel wire rod imported from France and India are shown in the following tabulation (in short tons). (The data were obtained from firms accounting for virtually all imports from France and about half those from India. End-of-period inventories of Brazilian-produced stainless steel wire rod--at least that available for open-market consumption--are minor because most of this product (about *** percent) is

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[10] 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."

imported and consumed by Techalloy in the manufacture of wire):

	1990	1991	1992	Jan.-June-- 1992	1993
France	***	***	***	***	***
India	***	***	***	***	***
Total	***	***	***	***	***

The data show a noticeable increase in inventories throughout the period, reflecting a general increase in imports from the subject countries.

Production, capacity, and shipments of Acos Finos (Brazil), Electrometal (Brazil), Imphy/Ugine-Savoie (France), and Mukand (India) are shown in tables 14, 15, 16, and 17, respectively.[11] The cumulated capacity reported for these firms is about 69 percent of that reported by U.S. producers. Like domestic capacity, it is not exclusive to the subject product and represents a proportion of total plant capacity made available for the production of stainless steel wire rod under various assumptions. During the period for which the data were collected, the utilization of this capacity varied from firm to firm. However, exports generally constituted an increasing, if not substantial, share of total shipments; and exports to the United States constituted an increasing share of total exports, excepting Brazil and France from January-June 1992 to January-June 1993. None of the firms reported any plans to increase capacity, nor are there any known extant antidumping or countervailing duty orders on their products in other countries.

Table 14
Stainless steel wire rod: Acos Finos' (Brazil) production, capacity, and shipments, 1989-91, January-September 1991, and January-September 1992

* * * * * * *

Table 15
Stainless steel wire rod: Electrometal's (Brazil) production, capacity, and shipments, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

[11] Acos Finos has not participated in these final investigations. The data for it shown in table 14 were submitted during the Commission's preliminary investigations.

Table 16
Stainless steel wire rod: Imphy's and Ugine-Savoie's (France) production, capacity, and shipments, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Table 17
Stainless steel wire rod: Mukand's (India) production, capacity, and shipments, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

CONSIDERATION OF THE CAUSAL RELATIONSHIP BETWEEN THE LTFV IMPORTS AND THE ALLEGED MATERIAL INJURY

Imports

Brazil, France, and India accounted for a large and rapidly increasing share of foreign-supplied stainless steel wire rod in the United States from 1990 to 1992 (table 18). About 45 percent of the total tonnage of imports in 1992 was supplied by these countries--up from about 28 percent in 1990. The total tonnage shipped from these countries to the United States nearly tripled in this period and continued to increase in January-June 1993, although their collective share of total imports in the latter period dropped to about 37 percent. Concurrent with the increase in tonnage, the average unit value of stainless steel wire rod from these countries declined--falling from $1.50 per pound in 1990 to $1.11 per pound in January-June 1993. (The relatively higher unit values shown for France, and for the average of the countries under investigation in general, reflect the French product's higher proportion of more specialized grades). The decline reflects a general deterioration of price levels throughout the period for which the data were collected. Other countries shipping substantial volumes of stainless steel wire rod to the United States include Italy, Japan, Spain, Sweden, and, more recently, Taiwan. Several purchasers have reported Taiwan and Italy as being active in the market.

In conjunction with its final LTFV determination, Commerce found that "critical circumstances" exist with respect to all sources of imports from India. Import quantities of Indian-produced stainless steel wire rod, by month, are shown below (in short tons):

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1992..	548	311	308	452	205	326	616	200	122	543	380	335
1993..	722	629	1,473	210	371	210	85	0	.....not available.....			

U.S. Consumption and Market Penetration

Apparent U.S. consumption of stainless steel wire rod increased noticeably in recent periods as new users entered the market and old users

Table 18
Stainless steel wire rod: U.S. imports, by sources, 1990-92, January-June 1992, and January-June 1993

Source	1990	1991	1992	January-June-- 1992	1993
	Quantity (short tons)				
Brazil	2,057	1,671	3,368	1,826	910
France	4,547	5,564	11,137	4,141	4,229
India	97	1,731	4,344	2,149	3,613
Subtotal	6,701	8,966	18,849	8,116	8,753
Italy	2,599	3,017	4,025	1,499	1,887
Japan	5,367	4,638	7,381	3,402	3,839
Spain	3,496	3,309	4,004	1,737	2,621
Sweden	4,625	4,269	5,268	2,406	3,038
Taiwan	0	151	944	0	1,996
All others	1,558	1,884	1,632	778	1,686
Total	24,343	26,231	42,100	17,936	23,817
	Share of quantity (percent)				
Brazil	8.4	6.4	8.0	10.2	3.8
France	18.7	21.2	26.5	23.1	17.8
India	0.4	6.6	10.3	12.0	15.2
Subtotal	27.5	34.2	44.8	45.3	36.8
Italy	10.7	11.5	9.6	8.4	7.9
Japan	22.0	17.7	17.5	19.0	16.1
Spain	14.4	12.6	9.5	9.7	11.0
Sweden	18.9	16.3	12.5	13.4	12.8
Taiwan	0	0.6	2.2	0	8.4
All others	6.4	7.2	3.9	4.3	7.1
Total	100.0	100.0	100.0	100.0	100.0
	Value, landed, duty-paid (1,000 dollars)				
Brazil	4,467	3,599	6,434	3,540	1,844
France	15,467	18,034	29,972	11,666	11,238
India	206	3,490	7,961	3,959	6,425
Subtotal	20,140	25,124	44,367	19,165	19,507
Italy	4,843	6,259	7,383	2,841	3,378
Japan	12,979	11,154	15,913	7,478	8,146
Spain	9,236	8,156	8,598	3,846	5,432
Sweden	12,960	11,821	13,172	5,998	7,239
Taiwan	0	337	1,818	0	3,872
All others	3,773	3,951	3,286	1,597	3,156
Total	63,931	66,765	94,538	40,924	50,729

Table contined on next page.

Table 18--Continued
Stainless steel wire rod: U.S. imports, by sources, 1990-92, January-June 1992, and January-June 1993

Source	1990	1991	1992	January-June-- 1992	1993
	Unit value (per pound)				
Brazil	$1.09	$1.08	$0.96	$0.97	$1.01
France	1.70	1.62	1.35	1.41	1.33
India	1.06	1.01	.92	.92	.89
Average	1.50	1.40	1.18	1.18	1.11
Italy	.93	1.04	.92	.95	.90
Japan	1.21	1.20	1.08	1.10	1.06
Spain	1.32	1.23	1.07	1.11	1.04
Sweden	1.40	1.38	1.25	1.25	1.19
Taiwan	0	1.12	.96	0	.97
All others	1.21	1.04	1.01	1.03	.94
Average	1.31	1.27	1.12	1.14	1.07

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

increased demands (table 19). Imports' share of consumption rose concurrently. While Brazil's, France's, and India's combined share increased from 5.7 percent in 1990 to 12.4 percent in January-June 1993 (in terms of quantity), the U.S. producers' share fell from 79.4 percent to 66.2 percent.

Open-market consumption trended similarly to total consumption, although at considerably lower levels (table 20). While the ratio of imports from Brazil, France, and India to open-market consumption rose from 11.3 percent in 1990 to 22.8 percent in January-June 1993, the U.S. producers' share fell from 58.9 to 38.0 percent.

In table 20 open-market consumption consists of total consumption less U.S. producers' transfer shipments. If Imphy/Ugine-Savoie's transfers to their subsidiary, Techalloy, are also excluded, open-market consumption is reduced somewhat further. The results and corresponding ratios of imports to consumption are shown in table 21.

Table 19
Stainless steel wire rod: Apparent U.S. consumption and ratio of imports to consumption, 1990-92, January-June 1992, and January-June 1993

(Quantity in short tons; value in 1,000 dollars)

Period	Apparent U.S. consumption[1]	Ratio (percent) of imports to consumption: For Brazil	For France	For India	Subtotal	For all other countries	Total
	Quantity						
1990.....	117,926	1.7	3.9	0.1	5.7	15.0	20.6
1991.....	123,855	1.3	4.5	1.4	7.2	13.9	21.2
1992.....	131,521	2.6	8.5	3.3	14.3	17.7	32.0
Jan.-June--							
1992.....	65,680	2.8	6.3	3.3	12.4	15.0	27.3
1993.....	70,466	1.3	6.0	5.1	12.4	21.4	33.8
	Value						
1990.....	336,727	1.3	4.6	0.1	6.0	13.0	19.0
1991.....	361,792	1.0	5.0	1.0	6.9	11.5	18.5
1992.....	351,775	1.8	8.5	2.3	12.6	14.3	26.9
Jan.-June--							
1992.....	177,949	2.0	6.6	2.2	10.8	12.2	23.0
1993.....	180,475	1.0	6.2	3.6	10.7	17.1	27.8

[1] Transfer shipments and domestic shipments plus imports.

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.

Table 20
Stainless steel wire rod: Apparent U.S. open-market consumption (total consumption less U.S. producers' transfer shipments) and ratio of imports to open-market consumption, 1990-92, January-June 1992, and January-June 1993

(Quantity in short tons; value in 1,000 dollars)

Period	Apparent open market consumption	Ratio (percent) of imports to open-market consumption: For Brazil	For France	For India	Subtotal	For all other countries	Total
	Quantity						
1990.....	59,263	3.5	7.7	0.2	11.3	29.8	41.1
1991.....	61,465	2.7	9.1	2.8	14.6	28.1	42.7
1992.....	71,908	4.7	15.5	6.0	26.2	32.4	58.6
Jan.-June--							
1992.....	33,846	5.4	12.2	6.3	24.0	29.0	53.0
1993.....	38,424	2.4	11.0	9.4	22.8	39.2	62.0
	Value						
1990.....	163,681	2.7	9.4	0.1	12.3	26.8	39.1
1991.....	170,282	2.1	10.6	2.0	14.8	24.4	39.2
1992.....	174,936	3.7	17.1	4.6	25.4	28.6	54.0
Jan.-June--							
1992.....	84,170	4.2	13.9	4.7	22.8	25.8	48.6
1993.....	88,988	2.1	12.6	7.2	21.9	35.1	57.0

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.

Table 21
Stainless steel wire rod: Apparent U.S. open-market consumption (total consumption less U.S. producers' transfer shipments and Imphy/Ugine-Savoie's transfer shipments to its U.S. subsidiary, Techalloy) and ratio of imports to open-market consumption, 1990-92, January-June 1992, and January-June 1993

* * * * * * *

Prices

MARKET CHARACTERISTICS

The market for stainless steel wire rod includes U.S. producers and importers which sell product to redrawers, end-use manufacturers, and in some instances stainless steel bar manufacturers.[12] Demand for wire rod depends mainly on the level of demand in end-use industries (such as automotive,

[12] See "U.S. Market and Channels of Distribution" section of this report.

medical, marine, and general manufacturing) that utilize the corrosive-resistant properties of stainless steel wire rod.

Six domestic producers and six importers provided information relevant to their selling practices for wire rod in the U.S. market. Domestic manufacturers primarily quote prices on an f.o.b. factory or f.o.b. warehouse basis.[13] Importers reported quoting f.o.b. warehouse prices or delivered prices to their customers. U.S. producers and importers generally agree that transportation costs are not an important factor in their customers' sourcing decisions for wire rod. According to questionnaire responses, transportation costs as a percentage of total delivered cost for the subject product range from less than 1 to 6 percent.

Two of six domestic producers returning Commission questionnaires reported publishing price lists for their customers. These price lists are reportedly rarely adhered to, but generally serve as a basis for establishing competitive prices. *** reported using *** as required by competitive situations.[14] *** reported that prices are negotiated based on market conditions during placement of the order. No importers reported publishing price lists although one indicated that it attempts to sell at U.S. manufacturers' price levels. Other importers base their quotes on current market prices and profit goals.

Lead times for delivery by U.S. producers are 6 to 14 weeks from the customer's date of order. For importers, lead times are as short as 1 to 7 days if the product is available in U.S. inventories, but considerably longer, averaging between 2 and 5 months, if the products must be ordered from the foreign supplier.

In their questionnaire responses, all six U.S. producers responding to questions about quality reported that quality differences were not a significant factor in competition between domestic and imported wire rod from Brazil, France, and India. Conversely, importers indicated that quality differences were an important factor in the sale of French and Indian wire rod.[15] *** indicated that Brazilian wire rod, in addition to its lower quality, is only available in 250-pound coils, while U.S. producers may provide 1,000-pound coils.[16] The *** addressing quality issues for French product indicated that quality differences between U.S. and French wire rod were an advantage for the imported product. *** reported that cold-heading wire rod from France is generally regarded as superior to domestic product for such grades as ***. Three importers responding to the question concerning Indian product reported quality differences between U.S. and Indian product. These firms reported that Indian wire rod is not suitable for severe redrawing

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[13] *** ship their products either delivered or f.o.b. plant, depending upon customer requests.

[14] *** reported that book prices are becoming meaningless due to continuing lower prices for Brazilian, French, and Indian wire rod products. ***.

[15] Only one importer responded to questions concerning quality of Brazilian and French wire rod products, while three importers responded to a similar question concerning Indian wire rod imports.

[16] *** imports Brazilian wire rod from ***.

applications. *** reported that, due to poor quality, the Indian product is only used in low-end applications such as tie and lashing wire. *** reported that the Indian products' lower-weight coils require downtime for welding and the product's poorer quality precludes its use in severe redrawing applications as additional annealing is required prior to use.

PURCHASER INFORMATION

Twenty-three purchasers responded to the Commission's request for product information and purchasing practices for domestic and imported wire rod.[17] Purchasers were requested to address quality differences between the domestic and imported subject products, the ability to use substitute products in wire rod applications, and factors in their wire rod sourcing decisions.

According to questionnaire responses, the majority of purchasers purchase wire rod on a monthly or quarterly basis, contacting an average of 2-5 suppliers. Twenty-two out of 23 purchasers reported maintaining several domestic and/or foreign supply sources for the following reasons: to maintain consistent supply, reduce dependence on any given supplier, ensure desired quantity and competitive prices, and secure broad product selection.

Purchasers most frequently ranked quality, price, and availability in order of importance as the three major factors in their wire rod sourcing decisions. Two purchasers listed price as the most important sourcing factor, and nine firms ranked price as the second most important factor. In responses to questions comparing the quality of U.S.-produced wire rod vis-a-vis the Brazilian, French, and Indian product, all 9 responding purchasers rated Brazilian wire rod as "comparable" to the U.S. product, while 3 out of 11 purchasers indicated that the Indian product was of "comparable" quality. The remaining 8 firms rated the Indian product as "inferior." No firm reported Brazilian or Indian product as "superior" in quality to the U.S. product. Five out of 15 purchasers rated the French wire rod as "superior" in quality to the U.S. product, while the remaining 10 firms indicated that French wire rod was "comparable" to the U.S. product.

The majority of purchasers indicated that few products may substitute for wire rod in its intended applications. Fifteen out of 19 firms reported that no substitutes exist for wire rod, while 4 firms provided information on substitute products. *** indicated that stainless steel drawn wire may substitute for wire rod, but such practice is generally cost prohibitive. *** stated that carbon steel, aluminum, and plastic may substitute for wire rod, and *** reported that stainless steel drawn wire and bars may substitute for wire rod in its customers' applications.

QUESTIONNAIRE PRICE DATA

The Commission requested U.S. producers and importers to report net U.S. f.o.b. selling prices for sales of stainless steel wire rod to unrelated U.S.

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[17] These firms did not necessarily respond to all questions.

customers, as well as the total quantity shipped and the total net f.o.b. value shipped in each quarter to all unrelated U.S. customers. The price data were requested for the largest single sale and for total sales of the products specified, by quarters, from January 1990 through June 1993. Importers were also requested to report separately for each of these products imported from Brazil, France, and India. Purchasers were requested to provide data on their net f.o.b. purchase prices from U.S. producers and importers for stainless steel wire rod. The products for which pricing data were requested are as follows:

Product 1: Grade AISI 302 spring wire rod, 5.5mm (0.217 inch), hot-rolled, annealed and pickled

Product 2: Grade AISI 304 wire rod, 5.5mm (0.217 inch), hot-rolled, annealed and pickled

Product 3: Grade AISI 316 wire rod, 5.5mm (0.217 inch), hot-rolled, annealed and pickled

Product 4: Grade AISI 302 HQ wire rod, 5.5mm (0.217 inch), hot-rolled, annealed and pickled

Product 5: Grade AISI 304L wire rod, 5.5mm (0.217 inch), hot-rolled, annealed and pickled

U.S. Producers' and Importers' Prices

Four domestic producers and five importers provided pricing data for sales of the requested products in the U.S. market, although not necessarily for all products or all quarters over the period examined (figure 3 and tables 22-26).[18] [19] In general, U.S. producers' weighted-average prices for all products showed declining trends through the period examined. No prices for Brazilian products 1 and 5 were reported, and prices for products 2-4 were not reported for 1990. Importers' reported prices for the specified Indian products were limited; however, such imports undersold the comparable U.S. products. With the exception of product 2 during January-March 1991, no prices were reported for Indian products 1-5 during 1990-91.[20] Prices of products 1-5 imported from France generally *** over the period and were reported in 54 of the 70 quarters. Instances of underselling, overselling, and possible selling

[18] *** did not provide pricing information in its final questionnaire response. During the period examined *** quarterly average wire rod shipments were *** pounds. Thus, reported quantities shipped by U.S. producers for products 1-5 are understated to the degree that *** shipments during the period examined included the specified products.

[19] Crucible Specialty Metals reported that ***.

[20] Gulf & Northern Trading Co. ***.

Figure 3
Weighted-average net f.o.b. prices for sales of wire rod products 1-5 reported by U.S. producers and importers, by sources and quarters, January 1990-June 1993

* * * * * * *

Table 22
Product 1: Weighted-average net f.o.b. prices for sales reported by U.S. producers and importers and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

Table 23
Product 2: Weighted-average net f.o.b. prices for sales reported by U.S. producers and importers and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

Table 24
Product 3: Weighted-average net f.o.b. prices for sales reported by U.S. producers and importers and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

Table 25
Product 4: Weighted-average net f.o.b. prices for sales reported by U.S. producers and importers and margins of under/(over)selling, by quarters, January 1990-June 1993

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Table 26
Product 5: Weighted-average net f.o.b. prices for sales reported by U.S. producers and importers and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

price comparisons for the subject products, by country, are as follows:

Country	Underselling	Overselling	Possible
Brazil--	15	2	17
France--	24	27	53[1]
India---	21	0	21
Total-	60	29	91

[1] In two instances the French and U.S. products were priced the same.

U.S. producers' weighted-average prices for 5.5mm grade 302 spring wire rod (product 1) *** per pound during the period examined. Prices for 5.5mm grade 304 wire rod (product 2) and 5.5mm grade 316 wire rod (product 3) *** percent, respectively, during the period examined.[21] During the same period, price declines for 5.5mm grade 302 HQ wire rod (product 4) and 5.5mm grade 304L wire rod (product 5) were *** percent, respectively.

Brazilian Wire Rod[22]

Prices for product 2 imported from Brazil were reported for 6 of the 7 final quarters of the period examined. Prices *** from *** per pound during October-December 1991 to *** per pound during January-March 1993. Prices for Brazilian product 3 *** percent from *** per pound during the second quarter of 1992 to *** per pound during the first quarter of 1993. Brazilian product 4 prices were reported for the last 8 quarters of the period examined. These prices *** per pound, *** percent overall. In 15 of the 17 quarters for which price comparisons were possible the Brazilian products were priced lower than the domestic products, by margins ranging from 0.3 to 20.5 percent. The Brazilian product was priced higher than the domestic product in two instances, by margins of 4.3 and 10.1 percent.

French Wire Rod[23]

Prices for French product 1 were reported in 11 of the 14 quarters and *** percent overall, from *** during the period examined. French product 2 prices also generally *** per pound during the period examined. Overall, product 2 prices *** percent on ***. Prices for product 3 were reported in 6 of the 14 quarters and ranged from *** per pound during the third quarter of 1990 to *** per pound during the first quarter of 1993, a *** percent overall. Prices for French product 4 *** per pound, or by *** percent during the period examined. Prices for product 5 were reported in 10 of the 14 quarters and generally *** percent from *** per pound on *** during the period examined.

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[21] No prices were reported for ***.

[22] *** reported prices for products 2-4 imported from Brazil. No prices were reported for Brazilian products 1 and 5.

[23] *** reported prices for products 1-5 imported from France.

French wire rod was priced lower than the domestic product in 24 of the 53 possible price comparisons, by margins ranging from 0.4 to 17.8 percent. In 27 of 53 instances the French product was priced higher than the domestic product, by margins ranging from 0.3 to 14.3 percent. Domestic and French product were priced the same in two instances. Margins of underselling were prevalent for products 3 and 4, while margins of overselling were more common for products 1 and 2.

Indian Wire Rod[24]

Prices for Indian product 1 were *** per pound, respectively, during the second and third quarters of 1992, the only periods for which prices were reported. Prices for Indian product 2 were *** per pound during the first quarter of 1991; thereafter, prices *** per pound during the last 6 quarters of the period. Prices for product 3 were reported for the last 6 quarters of the period examined. Overall, these prices generally ***. Product 4 prices were reported for only the fourth quarter of 1992, at *** per pound. Prices for product 5 were reported for the final 6 quarters of the period, ranging between *** per pound. Overall, prices *** percent on ***.

The Indian product was priced below the domestic product in all 21 possible price comparisons, by margins ranging from 1.0 to 30.3 percent.

Purchasers' Prices

Purchase prices for the domestically produced and imported wire rod from Brazil, France, and India were based on weighted-average net f.o.b. prices reported by purchasers in questionnaire responses. Eighteen firms purchasing domestic and Brazilian-, French-, and/or Indian-produced wire rod provided usable price data for January 1990-June 1993, but not necessarily for each product or for each quarter of the period. Weighted-average f.o.b. purchase prices for products 1-5 are shown in figure 4 and tables 27-31.

Purchase prices generally decreased throughout the period examined for products 1-5 sold by U.S. producers and importers of Brazilian and French products. Purchase prices decreased for products 1-3 and 5 imported from India, while Indian product 4 prices increased.[25] Purchase prices for domestic products decreased between 6.4 percent and 31.7 percent for products 1-5 during the period examined. Purchase prices for imported products 1-5 during the same period decreased between *** and *** percent for Brazilian products and *** and *** percent for French products. Purchase prices for

[24] *** reporting prices for sales of the subject Indian product.

[25] Prices for Indian product 4 were reported for only 2 quarters--*** and *** per pound during ***.

Figure 4
Weighted-average net f.o.b. prices for purchases of wire rod products 1-5 reported by U.S. purchasers, by sources and quarters, January 1990-June 1993

* * * * * * *

Table 27
Product 1: Weighted-average net f.o.b. purchase prices, U.S. point of shipment, quantities reported by purchasers from domestic producers and importers, and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

Table 28
Product 2: Weighted-average net f.o.b. purchase prices, U.S. point of shipment, quantities reported by purchasers from domestic producers and importers, and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

Table 29
Product 3: Weighted-average net f.o.b. purchase prices, U.S. point of shipment, quantities reported by purchasers from domestic producers and importers, and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

Table 30
Product 4: Weighted-average net f.o.b. purchase prices, U.S. point of shipment, quantities reported by purchasers from domestic producers and importers, and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

Table 31
Product 5: Weighted-average net f.o.b. purchase prices, U.S. point of shipment, quantities reported by purchasers from domestic producers and importers, and margins of under/(over)selling, by quarters, January 1990-June 1993

* * * * * * *

imported Indian products 1-3 and 5 decreased between *** and *** percent, while product 4 prices *** percent during the period examined. Instances of underselling, overselling, and possible purchase price comparisons for the subject products, by country, are as follows:

Country	Underselling	Overselling	Possible
Brazil	40	7	47
France	21	21	42
India	39	1	40
Total	100	29	129

Weighted-average purchase prices for product 1 from U.S. producers *** per pound during the period examined. Prices for products 2 and 3 *** percent, respectively, during the period examined. During the same period, price *** for products 4 and 5 were *** percent, respectively.

Brazilian Wire Rod

Purchase prices for Brazilian product 1 *** percent from *** to *** per pound on ***.[26] Product 2 purchase prices *** per pound, but *** percent overall during the period examined. During the same period, prices for product 3 *** overall. No purchase prices were reported for 1990-91 for Brazilian product 4. During the 5 quarters for which data were reported, prices ***. The purchase price for product 5 was *** per pound during the first quarter of 1990 and the third quarter of 1991; prices were not reported for the remaining quarters of 1990 and 1991. Prices reported for the remaining 6 quarters of the period examined *** per pound.

In 40 of the 47 quarters for which price comparisons were possible the Brazilian product was priced lower than the domestic product, by margins ranging from 1.0 to 23.5 percent. The Brazilian product was priced higher than the domestic product in seven instances, by margins of 0.1 to 16.4 percent.

French Wire Rod

Purchase prices for French product 1 were reported in 7 of the 14 quarters, *** percent overall from *** per pound. French product 2 prices *** per pound during the period examined. Overall, product 2 prices *** percent on ***. Prices for product 3 were reported in 7 of the 14 quarters and ranged from *** per pound during the second quarter of 1991 to *** per pound during the first quarter of 1993, but *** percent overall for the period examined. Prices for French product 4 were reported for 12 of the 14 quarters examined. These prices were *** per pound during the first 3 quarters of 1990, thereafter *** per pound during first quarter of 1993, an overall *** percent. Prices for product 5 were reported in 7 of the 14 quarters and generally *** percent from *** per pound on *** during the period examined.

---

[26] Prices for product 1 from Brazil were not reported for April-December 1990 and April-September 1991.

Possible price comparisons show that French wire rod was priced lower than the domestic product in 21 of the 42 instances, by margins ranging from 0.4 to 12.1 percent. In 21 of the 42 instances the French product was priced higher than the domestic product, by margins ranging from 0.1 to 15.5 percent.

Indian Wire Rod

Purchase prices for product 1 were reported for 6 of the 14 quarters examined and *** percent during the period examined. Prices for Indian product 2 *** percent for the 12 quarters for which prices were reported. Prices for product 3 were reported for 11 quarters of the period examined. These prices generally *** per pound, or by *** percent. Prices for product 4 were reported for 2 of the 14 quarters examined. These prices were *** per pound during the second quarter of 1990 and the first quarter of 1993, respectively. Prices for product 5 *** per pound, or by *** percent during the quarters for which prices were reported. The Indian product was priced below the domestic product in 39 of the 40 possible price comparisons, by margins ranging from 2.2 to 30.4 percent. The Indian product was priced higher than the domestic product in one instance, by a margin of 6.9 percent.

Lost Sales and Lost Revenues

In these final investigations four of the five petitioners alleged lost sales and revenues for wire rod due to imports from the subject countries.[27] [28] Collectively, petitioners alleged lost sales of *** and lost revenues of *** due to the subject imports. *** alleged lost sales of *** and *** of lost revenues, accounting for the majority of the lost sale allegations, by value. The following are reports of the conversations between Commission staff and those purchasers who could be reached and were willing to discuss their buying practices in these final investigations.

* * * * * * *

Exchange Rates

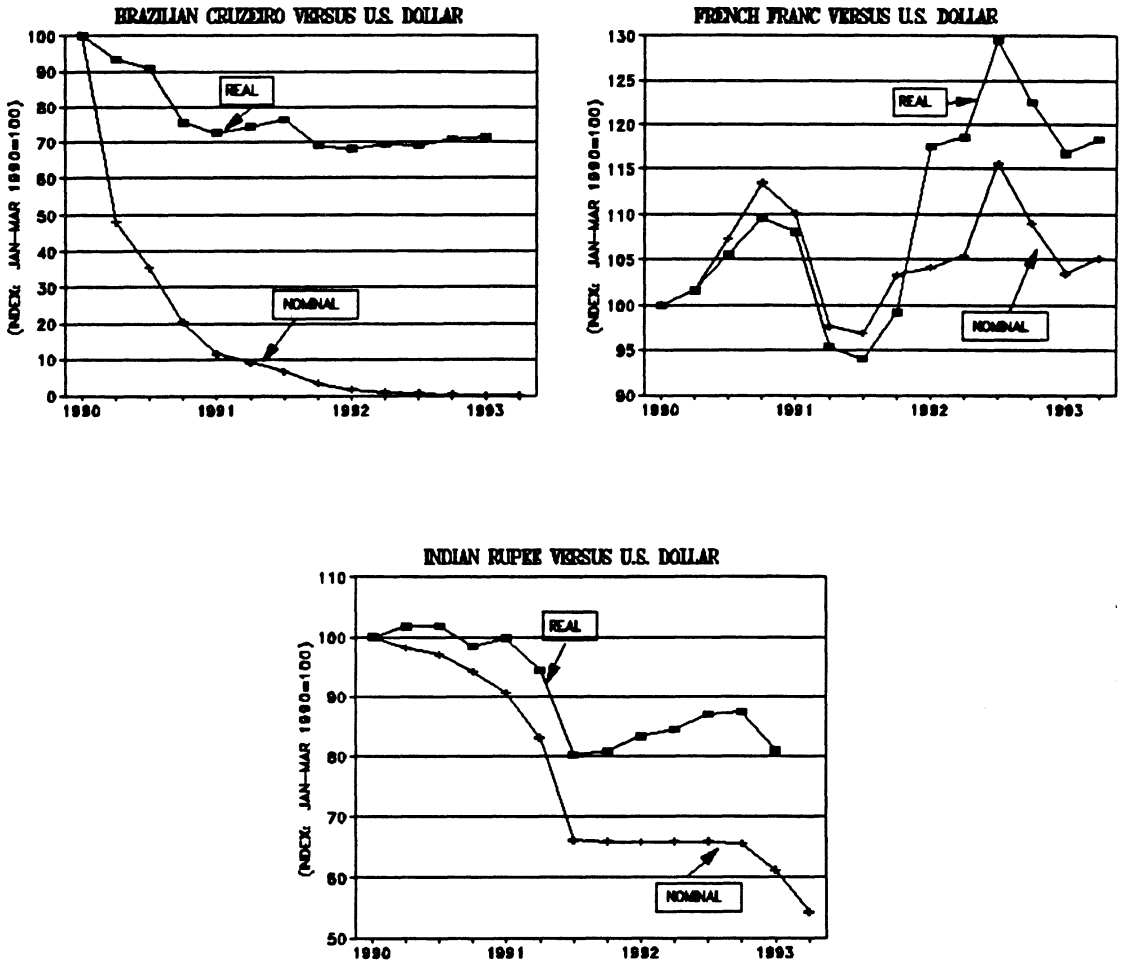
Quarterly data reported by the International Monetary Fund indicate that the currencies of Brazil and India depreciated, and that of France appreciated in relation to the U.S. dollar over the period January-March 1990 through April-June 1993 (figure 5 and table 32).

---

[27] *** did not provide lost sale or lost revenue responses in its final questionnaire.

[28] *** did not allege lost revenues or lost sales.

Figure 5
Exchange rates: Indexes of nominal and real exchange rates of selected currencies by quarters, January 1990-June 1993



Source: Table 32.

Table 32
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-June 1993

Period	U.S.	Brazil			France			India		
	Producer price index	Producer price index	Nominal exchange rate index	Real exchange rate index[3]	Producer price index	Nominal exchange rate index	Real exchange rate index[3]	Producer price index	Nominal exchange rate index	Real exchange rate index[3]
1990:										
Jan.-Mar.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Apr.-June.....	99.8	193.6	48.1	93.4	99.8	101.6	101.6	103.4	98.2	101.7
July-Sept.....	101.6	260.5	35.4	90.8	100.0	107.3	105.6	106.6	97.0	101.8
Oct.-Dec.....	104.7	389.8	20.3	75.6	101.1	113.4	109.6	109.5	94.2	98.4
1991:										
Jan.-Mar.....	102.5	634.2	11.7	72.6	100.7	110.1	108.1	113.0	90.5	99.8
Apr.-June.....	101.5	822.3	9.2	74.5	99.2	97.6	95.3	115.6	83.0	94.4
July-Sept.....	101.4	1,155.4	6.7	76.4	98.5	96.8	94.0	122.7	66.1	80.1
Oct.-Dec.....	101.5	2,114.5	3.3	69.1	97.5	103.3	99.2	124.7	65.8	80.8
1992:										
Jan.-Mar.....	101.3	4,089.0	1.7	68.1	114.2	104.1	117.4	128.3	65.7	83.3
Apr.-June.....	102.3	7,483.3	0.9	69.4	115.1	105.4	118.5	131.3	65.8	84.4
July-Sept.....	102.8	13,371.8	0.5	69.0	115.2	115.6	129.5	135.8	65.8	86.9
Oct.-Dec.....	102.9	26,427.0	0.3	70.9	115.7	109.0	122.5	137.1	65.5	87.4
1993:										
Jan.-Mar.....	103.3	53,080.3	0.1	71.5	116.7	103.4	116.7	137.0	61.1	80.9
Apr.-June.....	104.3	(4)	0.1	(4)	117.4	105.1	118.3	(4)	54.3	(4)

[1] Exchange rates expressed in U.S. dollars per unit of foreign currency.
[2] Producer price indexes--intended to measure final product prices--are based on period-average quarterly indexes presented in line 63 of the International Financial Statistics.
[3] The real exchange rate is derived from the nominal rate adjusted for relative movements in producer prices in the United States and the specified countries.
[4] Data not available.

Note.--January-March 1990 = 100. The real exchange rates, calculated from precise figures, cannot in all instances be derived accurately from previously rounded nominal exchange rate and price indexes.

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

The nominal value of the French currency appreciated by 5.1 percent while the respective values of the Brazilian and Indian currencies depreciated by 99.9 percent and 45.7 percent, respectively. When adjusted for movements in producer price indexes in the United States and the specified countries, the real value of the French currency showed an appreciation of 18.3 percent during the period. During the period for which data were available, the Brazilian and Indian currencies depreciated by 28.5 and 19.1 percent, respectively.

APPENDIX A

COMMERCE'S FEDERAL REGISTER NOTICE OF ITS FINAL LTFV DETERMINATION FOR INDIA

EFFECTIVE DATE: October 20, 1993.

FOR FURTHER INFORMATION CONTACT: Bill Crow, 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) 482–0116.

Final Determination

We determine that certain stainless steel wire rods are being, or are likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margin is shown in the "Suspension of Liquidation" section of this notice.

Case History

Since our affirmative preliminary determination of this investigation on July 28, 1993 (58 FR 41729, August 5, 1993), the following events have occurred:

On August 12, 1993, Mukand and Sunstar (respondents) requested a hearing. On August 30, 1993, respondents withdrew their request for a hearing. On August 30, 1993, petitioners and respondents submitted case briefs. On September 7, 1993, petitioners submitted their rebuttal brief.

Scope of the Investigation

For purposes of this investigation, certain stainless steel wire rods (SSWR) are products which are hot-rolled or hot-rolled annealed and/or pickled rounds, squares, octagons, hexagons or other shapes, in coils. SSWR are made of alloy steels containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. These products are only manufactured by hot-rolling and are normally sold in coiled form, and are of solid cross-section. The majority of SSWR sold in the United States are round in cross-section shape, annealed and pickled. The most common size is 5.5 millimeters in diameter.

The SSWR subject to this investigation are currently classifiable under subheadings 7221.00.0005, 7221.00.0015, 7221.00.0020, 7221.00.0030, 7221.00.0040, 7221.00.0045, 7221.00.0060, 7221.00.0075, and 7221.00.0080 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 this investigation is dispositive.

DEPARTMENT OF COMMERCE

International Trade Administration

[A–533–808]

Final Determination of Sales at Less Than Fair Value: Certain Stainless Steel Wire Rods from India

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

Period of Investigation

The period of investigation is July 1, 1992, through December 31, 1992.

Best Information Available

Mukand and Sunstar

As detailed in the preliminary determination, the Department of Commerce (the Department) determined that Mukand and Sunstar had impeded the investigation. Section 776(c) of the Act provides that whenever a party significantly impedes an investigation, the Department shall use the best information available (BIA). We have done so in this investigation.

As BIA for Mukand and Sunstar, we are assigning the highest margin contained in the petition, in accordance with the two-tiered BIA methodology under which the Department imposes the most adverse rate upon those respondents who refuse to cooperate or otherwise significantly impede the proceeding. The Department's two-tier methodology for assigning BIA based on the degree of respondents' cooperation has been upheld by the U.S. Court of Appeals for the Federal Circuit. (See *Allied-Signal Aerospace Co.* v. *the United States*, Appeal No. 93–1049 (Fed. Cir. June 22, 1993); see also *Krupp Stahl AG et al.* v. *the United States*, Slip Op. 93–84 (CIT May 26, 1993)). The highest margin contained in the petition is 48.80 percent.

Grand Foundry

As detailed in the preliminary determination, we determined that the use of BIA is appropriate for Grand Foundry Ltd. (Grand Foundry) because it failed to provide the information requested in the form required. In deciding whether to use BIA, section 776(c) provides that the Department may take into account whether the respondent was able to produce information requested in a timely manner and in the form required.

Consequently, we determined that it is appropriate to assign Grand Foundry the highest margin contained in the petition, 48.80 percent, in accordance with the two-tiered BIA methodology under which the Department imposes the most adverse rate upon those respondents who refuse to cooperate or otherwise significantly impede the proceeding.

Critical Circumstances

Petitioners allege that "critical circumstances" exist with respect to imports of the subject merchandise from India. Section 735(a)(3) of the Act provides that critical circumstances exist if:

(A)(i) There is a history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of the investigation, or

(ii) The person by whom, or for whose account, the merchandise was imported knew or should have known that the exporter was selling the merchandise which is the subject of the investigation at less than its fair value, and

(B) There have been massive imports of the class or kind of merchandise which is the subject of the investigation over a relatively short period.

In determining knowledge of dumping, we normally consider margins of 15 percent or more sufficient to impute knowledge of dumping for exporter's sales price sales, and margins of 25 percent or more for purchase price sales. (See, e.g., Final Determination of Sales at Less Than Fair Value; Tapered Roller Bearings and Parts Thereof, Finished or Unfinished, from Italy, 52 FR 24198 (June 29, 1987)). Since the final margins for SSWR from India are above 25 percent, we determine, in accordance with section 735(a)(3)(A)(ii) of the Act, that knowledge of dumping existed for SSWR from India.

Under 19 CFR 353.16(f), we normally consider the following factors in determining whether imports have been massive over a short period of time: (1) The volume and value of the imports; (2) seasonal trends (if applicable); and (3) the share of domestic consumption accounted for by imports.

As BIA for Mukand, Sunstar, and Grand Foundry, we are making the adverse assumption that imports were massive over a relatively short period of time in accordance with section 735(a)(3)(B) of the Act. Based on this analysis, we determine that critical circumstances exist for imports of SSWR from India for Mukand, Sunstar, and Grand Foundry. With respect to firms covered by the "All Other" rate, because the dumping margin is sufficient to impute knowledge of dumping, and because we have determined, as BIA, that imports of SSWR have been massive over a relatively short period of time for the companies we attempted to investigate, we determine that critical circumstances also exist for "all other" firms.

Interested Party Comments

Comment 1: Mukand and Sunstar (respondents) argue that they did not intentionally impede the investigation. Respondents maintain that the basis of the Department's action in this case is Mukand's initial characterization of Sunstar. Respondents state that they acknowledge that there were difficulties in the early stages of the investigation which resulted in the submission of erroneous information, and which caused the Department significant difficulty in its preliminary investigation. Respondents assert, however, that the Department now possesses accurate data and should proceed with its investigation. Respondents contend that they cooperated with the Department after Mukand's management became aware of the problems caused by an employee's misrepresentations.

Respondents further argue that the Department's use of the most adverse BIA rate under its two-tiered BIA methodology is inappropriate and unnecessarily punitive. Respondents state that the antidumping law is intended to be remedial, not punitive. Respondents maintain that actual data from Mukand's records is more accurate than the unsubstantiated allegations in the petition and that ample time remains to permit fair consideration and verification of Mukand's actual data. Moreover, respondents state that the Department's decision to use, as BIA, the highest margin contained in the petition ignores the numerous timely submissions made by Mukand and Mukand's remedial steps after the difficulties were identified.

Respondents assert that once it became evident to Mukand's management that the company's responses contained inconsistencies, its Executive Director undertook an investigation and traveled to Washington to attempt to explain the inconsistencies to the Department. Respondents argue that this is not a refusal to cooperate and, therefore, does not warrant punitive action. Respondents state that the Department should recognize that Mukand has attempted to submit information in a complete and accurate form. Respondents assert that the Department has the time and the resources to continue with this investigation and to calculate an accurate margin. Furthermore, respondents maintain that at the very least, in the event the Department determines that BIA is justified, the Department should apply the less adverse BIA rate applied to respondents who have cooperated in the proceeding.

Petitioners maintain that the Department properly used BIA for sales of SSWR from India in its preliminary determination of sales at less than fair value and that the Department properly decided not to conduct verification of Mukand and Sunstar. Petitioners maintain that this decision is consistent with the Department's practice and is

warranted by respondents' actions in this proceeding.

Petitioners assert that Mukand did impede the investigation. Petitioners argue that the individual who certified the accuracy of Mukand's submissions was given that responsibility by Mukand, and that Mukand cannot now disclaim this employee's action as an agent of Mukand. Petitioners also assert that Mukand did not promptly take action to correct its inconsistent statements. Petitioners state that Mukand did not meet with the Department until three weeks after petitioners informed the Department of contradictions in Mukand and Sunstar's responses.

Petitioners also argue that Mukand is not being punished by the Department's refusal to consider Mukand's data. Petitioners assert that the Department's use of its two-tiered methodology has been affirmed by the Court of Appeals for the Federal Circuit, as a means of inducing the submission of timely, accurate, and complete information by respondents. Petitioners maintain that the Department's application of that methodology in this proceeding is consistent with law and regulation, and was necessary because Mukand's information was unreliable and could not be used as the basis of a determination.

DOC Position: We disagree with respondents. In our preliminary determination, we found that Mukand and Sunstar impeded the investigation because there were significant inconsistencies in the respondents' certified responses (See, June 22, 1993, memorandum for Barbara R. Stafford, outlining these inconsistencies). These certified submissions formed a record of misleading and contradictory responses such that the Department was not able to proceed normally with its antidumping investigation. Respondents attempted to explain and rationalize the significant inconsistencies in their responses only after the Department informed respondents' counsel that the Department would not issue any further requests for information. However, these attempts do not transform Mukand and Sunstar into cooperative respondents. Respondents' latest assertion that the Department now possesses accurate data is ineffectual in light of the fact that earlier submissions which were also certified by respondents as accurate, contained erroneous information. Accordingly, for our final determination we have not changed our determination that Mukand and Sunstar impeded the investigation.

Based on Mukand's and Sunstar's history of misleading and contradictory submissions we determined that the reported information was highly unreliable. Thus, we determined not to solicit further information from either respondent. As a result, we did not consider petitioners' allegation of sales below the cost of production nor did we conduct verification. As the Department did not have a reliable source of information upon which to base its final determination, we are assigning, in accordance with section 776(c) of the Act, Mukand and Sunstar a BIA rate. In accordance with our two-tiered BIA methodology, we are using, as BIA, the highest margin contained in the petition because respondents significantly impeded this investigation.

Comment 2: Petitioners argue that the Department should expedite the final determination in this proceeding. Petitioners maintain that there is no apparent reason why the standard 75-day period between the preliminary and final determinations is needed in this case, given that the Department's determination will be based on the use of BIA and that no verification is being conducted in this investigation. Petitioners also assert that expediting the final determination is consistent with Department practice (as illustrated in Certain Welded Stainless Steel Butt-Weld Pipe Fittings From the Republic of Korea, 57 FR 48018 (December 29, 1992) and Sodium Thiosulfate From the People's Republic of China, 55 FR 51140 (December 12, 1990), and is appropriate, given that the Department has found that Mukand and Sunstar have seriously impeded the investigation.

DOC Position: We disagree with petitioners. Given that we found no compelling reason to expedite the final determination and, given the impracticability of reassigning staff, we did not expedite.

Comment 3: Petitioners state that the Department properly determined not to grant respondents' request for postponement of the final determination.

DOC Position: We agree with petitioners. As stated in our preliminary determination and the August 25, 1993, letter to respondents' counsel, the Department has determined that, because respondents have seriously impeded this proceeding, there is a compelling reason not to grant the request for a postponement of the final determination.

Continuation of Suspension of Liquidation

In accordance with section 735(c)(4) of the Act, we are directing the Customs Service to continue to suspend liquidation of all entries of certain stainless steel wire rods from India, that are entered, or withdrawn from warehouse, for consumption on or after May 7, 1993, which is the date 90 days prior to the publication of our preliminary determination. The Customs Service shall require a cash deposit or posting of a bond equal to the margins below on all entries of SSWR from India. This suspension of liquidation will remain in effect until further notice. The estimated dumping margins are as follows:

Manufacturer/producer/exporter	Margin percentage
Mukand Ltd.	48.80
Sunstar Metals Ltd.	48.80
Grand Foundry Ltd.	48.80
All Others	48.80

ITC Notification

In accordance with section 735(d) of the Act, we have notified the ITC of our determination. As our final determination is affirmative, the ITC will determine whether these imports are materially injuring, or threaten material injury to, the U.S. industry within 45 days.

This determination is published pursuant to section 735(d) of the Act and 19 CFR 353.20(a)(4).

Dated: October 12, 1993.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-25710 Filed 10-19-93; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

PARTICIPANTS AT THE COMMISSION'S HEARING

CALENDAR OF PUBLIC HEARING

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

Subject	:	**STAINLESS STEEL WIRE ROD FROM BRAZIL, FRANCE AND INDIA**
Inv. No.	:	**731-TA-636 THRU 638 (Final)**
Date and Time	:	**October 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 St., S.W., Washington, D.C.

Opening Remarks

Petitioner

Respondents

In support of Imposition of Antidumping Duties:

Collier, Shannon, Rill & Scott
Washington, D.C.
On behalf of

Al Tech Specialty Steel Corporation
Armco Stainless & Alloy Products, Inc.
Carpenter Technology Corporation
Republic Engineered Steels, Inc.
Talley Metals Technology, Inc.
United Steelworkers of America, AFL-CIO/CLC

James H. Mintun, Al Tech Specialty Steel Corporation

William J. Pendleton, Carpenter Technology Corporation

Patrick J. Magrath, Georgetown Economic Services

- More -

In support of Imposition of Antidumping Duties:

John Vaught, Republic Engineered Steels

Don Bailey, Talley Metals Technology

Jim Gugino, Al Tech Specialty Corporation

David A. Hartquist
Laurence J. Lasoff
Robin H. Gilbert
Lynn E. Duffy
)--OF COUNSEL

In Opposition to the Imposition of Antidumping Duties:

O'Melveny & Myers
Washington, D.C.
On behalf of

Gulf & Northern Trading Corporation (GNTC)
Mukand, Ltd.

Seth Young, President

Bruce Malashevich, Economic Consulting Service

Craig L. McKee
Gary N. Horlick
)--OF COUNSEL

- More -

In Opposition to the Imposition of
Antidumping Duties:

Weil, Gotshal & Manges
New York, NY
and
Washington, D.C.
On behalf of

Imphy, S.A.
Ugine-Savoie
MetalImphy Alloys, Inc.
Techalloy Company, Inc.

Gary Maychrzak, Northeastern Shaped Wire, Inc.

Bruce Malashevich, Economic Consulting Services, Inc.

James D. McKeithan, President
Metalimphy Alloys Corporation

Stuart M. Rosen)
Mark F. Friedman)--OF COUNSEL
Jonathan Bloom)

Other Interested Panel:

Ackerson & Bishop
Washington, D.C.
On behalf of

Stainless Committee of the American Wire
Producers Association (Members)

ACS Industries, Inc.
Branford Wire & Manufacturing Company
ECD Inc.
Industrial Wire Products Corporation
Maryland Specialty Wire, Inc.
National-Standard Company
Techalloy Company, Inc.

Richard A. Harcke, President of Branford Wire &
Manufacturing, Inc., and Chairman of the Stainless
Committee of the American Wire Producers Association

Frederick P. Waite)
M. Roy Goldberg)--OF COUNSEL
Ann E. Feely)--International Trade Specialist

APPENDIX C

SELECTED DATA RELATED TO THE ALLEGED MATERIAL INJURY AND THE CAUSAL RELATIONSHIP BETWEEN THE LTFV IMPORTS AND THE ALLEGED MATERIAL INJURY

Table C-1
Stainless steel wire rod: Summary data concerning the U.S. market, 1990-92, January-June 1992, and January-June 1993

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

Item	Reported data			Jan.-June--		Period changes			Jan.-June
	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	1992-93
U.S. consumption quantity:									
Amount	117,926	123,855	131,521	65,680	70,466	+11.5	+5.0	+6.2	+7.3
Producers' share 1/	79.4	78.8	68.0	72.7	66.2	-11.4	-0.5	-10.8	-6.5
Importers' share: 1/									
Brazil	1.7	1.3	2.6	2.8	1.3	+0.8	-0.4	+1.2	-1.5
France	3.9	4.5	8.5	6.3	6.0	+4.6	+0.6	+4.0	-0.3
India	.1	1.4	3.3	3.3	5.1	+3.2	+1.3	+1.9	+1.9
Subtotal	5.7	7.2	14.3	12.4	12.4	+8.6	+1.6	+7.1	+0.1
Other sources	15.0	13.9	17.7	15.0	21.4	+2.7	-1.0	+3.7	+6.4
Total	20.6	21.2	32.0	27.3	33.8	+11.4	+0.5	+10.8	+6.5
U.S. consumption value:									
Amount	336,727	361,792	351,775	177,949	180,475	+4.5	+7.4	-2.8	+1.4
Producers' share 1/	81.0	81.5	73.1	77.0	71.9	-7.9	+0.5	-8.4	-5.1
Importers' share: 1/									
Brazil	1.3	1.0	1.8	2.0	1.0	+0.5	-0.3	+0.8	-1.0
France	4.6	5.0	8.5	6.6	6.2	+3.9	+0.4	+3.5	-0.3
India	.1	1.0	2.3	2.2	3.6	+2.2	+0.9	+1.3	+1.3
Subtotal	6.0	6.9	12.6	10.8	10.8	+6.6	+1.0	+5.7	2/
Other sources	13.0	11.5	14.3	12.2	17.3	+1.3	-1.5	+2.8	+5.1
Total	19.0	18.5	26.9	23.0	28.1	+7.9	-0.5	+8.4	+5.1
U.S. importers' imports from--									
Brazil:									
Imports quantity	2,057	1,671	3,368	1,826	910	+63.7	-18.8	+101.6	-50.2
Imports value	4,467	3,599	6,434	3,540	1,844	+44.0	-19.4	+78.8	-47.9
Unit value	$2,171	$2,154	$1,910	$1,939	$2,026	-12.0	-0.8	-11.3	+4.5
France:									
Imports quantity	4,547	5,564	11,137	4,141	4,229	+144.9	+22.4	+100.2	+2.1
Imports value	15,467	18,034	29,972	11,666	11,238	+93.8	+16.6	+66.2	-3.7
Unit value	$3,402	$3,242	$2,691	$2,817	$2,657	-20.9	-4.7	-17.0	-5.7
India:									
Imports quantity	97	1,731	4,344	2,149	3,613	3/	3/	+151.0	+68.1
Imports value	206	3,490	7,961	3,959	6,425	3/	3/	+128.1	+62.3
Unit value	$2,121	$2,016	$1,833	$1,842	$1,778	-13.6	-4.9	-9.1	-3.5
Subject sources:									
Imports quantity	6,701	8,966	18,849	8,116	8,753	+181.3	+33.8	+110.2	+7.8
Imports value	20,140	25,124	44,367	19,165	19,507	+120.3	+24.7	+76.6	+1.8
Unit value	$3,006	$2,802	$2,354	$2,362	$2,229	-21.7	-6.8	-16.0	-5.6
Other sources:									
Imports quantity	17,642	17,265	23,251	9,820	15,064	+31.8	-2.1	+34.7	+53.4
Imports value	43,791	41,641	50,171	21,759	31,222	+14.6	-4.9	+20.5	+43.5
Unit value	$2,482	$2,412	$2,158	$2,216	$2,073	-13.1	-2.8	-10.5	-6.5
All sources:									
Imports quantity	24,343	26,231	42,100	17,936	23,817	+72.9	+7.8	+60.5	+32.8
Imports value	63,931	66,765	94,538	40,924	50,729	+47.9	+4.4	+41.6	+24.0
Unit value	$2,626	$2,545	$2,246	$2,282	$2,130	-14.5	-3.1	-11.8	-6.6
U.S. producers'--									
Average capacity quantity	251,718	251,696	249,894	126,998	106,320	-0.7	4/	-0.7	-16.3
Production quantity	91,292	89,499	89,574	47,964	47,956	-1.9	-2.0	+0.1	4/
Capacity utilization 1/	36.3	35.6	35.8	37.8	45.1	-0.4	-0.7	+0.3	+7.3
U.S. shipments:									
Quantity	93,583	97,624	89,421	47,744	46,649	-4.4	+4.3	-8.4	-2.3
Value	272,796	295,027	257,237	137,025	129,746	-5.7	+8.1	-12.8	-5.3
Unit value	$2,915	$3,022	$2,877	$2,870	$2,781	-1.3	+3.7	-4.8	-3.1
Export shipments:									
Quantity	168	61	43	18	268	-74.4	-63.7	-29.5	3/
Exports/shipments 1/	0.2	0.1	5/	5/	0.6	-0.1	-0.1	6/	+0.5
Value	613	191	133	79	498	-78.3	-68.8	-30.4	+530.4
Unit value	$3,649	$3,131	$3,093	$4,389	$1,858	-15.2	-14.2	-1.2	-57.7
Ending inventory quantity	7,582	3,047	3,158	3,249	4,194	-58.3	-59.8	+3.6	+29.1
Inventory/shipments 1/	8.1	3.1	3.5	3.4	4.5	-4.6	-5.0	+0.4	+1.1
Production workers	1,257	1,296	1,378	1,394	1,273	+9.6	+3.1	+6.3	-8.7
Hours worked (1,000s)	2,606	2,604	2,726	1,436	1,329	+4.6	-0.1	+4.7	-7.5
Total comp. ($1,000)	61,294	64,691	69,653	35,785	37,307	+13.6	+5.5	+7.7	+4.3
Hourly total compensation	$23.52	$24.84	$25.55	$24.92	$28.07	+8.6	+5.6	+2.9	+12.6
Productivity (tons/1,000 hours)	28.2	28.8	28.9	29.7	33.4	+2.6	+2.0	+0.6	+12.5
Unit labor costs	$833.91	$863.38	$882.64	$839.35	$840.19	+5.8	+3.5	+2.2	+0.1

Table C-1--Continued
Stainless steel wire rod: Summary data concerning the U.S. market, 1990-92, January-June 1992, and January-June 1993

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

Item	Reported data			Jan.-June--		Period changes			Jan.-June
	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	1992-93
Net sales--									
Quantity	74,080	79,398	81,298	42,700	43,489	+9.7	+7.2	+2.4	+1.8
Value	250,215	264,903	252,014	132,853	126,153	+0.7	+5.9	-4.9	-5.0
Cost of goods sold (COGS)	218,759	237,099	246,815	121,008	112,758	+12.8	+8.4	+4.1	-6.8
Gross profit (loss)	31,456	27,804	5,199	11,845	13,395	-83.5	-11.6	-81.3	+13.1
SG&A expenses	19,172	18,671	20,239	9,742	9,213	+5.6	-2.6	+8.4	-5.4
Operating income (loss)	12,284	9,133	(15,040)	2,103	4,182	-222.4	-25.7	-264.7	+98.9
Capital expenditures	***	***	***	***	***	-35.0	+9.5	-40.6	-55.2
Unit COGS	$2,571	$2,700	$2,779	$2,613	$2,423	+8.1	+5.0	+2.9	-7.3
COGS/sales 1/	87.4	89.5	97.9	91.1	89.4	+10.5	+2.1	+8.4	-1.7
Op.income (loss)/sales 1/	4.9	3.4	(6.0)	1.6	3.3	-10.9	-1.5	-9.4	+1.7

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.
2/ An increase of less than 0.05 percentage points.
3/ An increase of 1,000 percent or more.
4/ A decrease of less than 0.05 percent.
5/ Positive figure, but less than significant digits displayed.
6/ A decrease of less than 0.05 percentage points.

Note.--Period changes are derived from the unrounded data. Period changes involving negative period data are positive if the amount of the negativity decreases and negative if the amount of the negativity increases. Because of rounding, figures may not add to the totals shown. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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

APPENDIX D

INCOME-AND-LOSS DATA ON THE TOLL OPERATIONS OF TALLEY

Table D-1
Income-and-loss experience of Talley on its stainless steel wire rod toll operations, accounting years 1990-92, January-June 1992, and January-June 1993

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APPENDIX E

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF STAINLESS STEEL WIRE ROD FROM BRAZIL, FRANCE, AND INDIA ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, AND DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested the U.S. producers to describe and explain the actual and potential negative effects, if any, of imports of stainless steel wire rod from Brazil, France, and India on their growth, investment, ability to raise capital, and development and production efforts (including efforts to develop a derivative or improved version of the product). Their responses are shown below.

Actual Negative Effects

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Anticipated Negative Effects

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