Stainless Steel Flanges From India and Taiwan

Investigations Nos. 731-TA-639 and 640 (Final)

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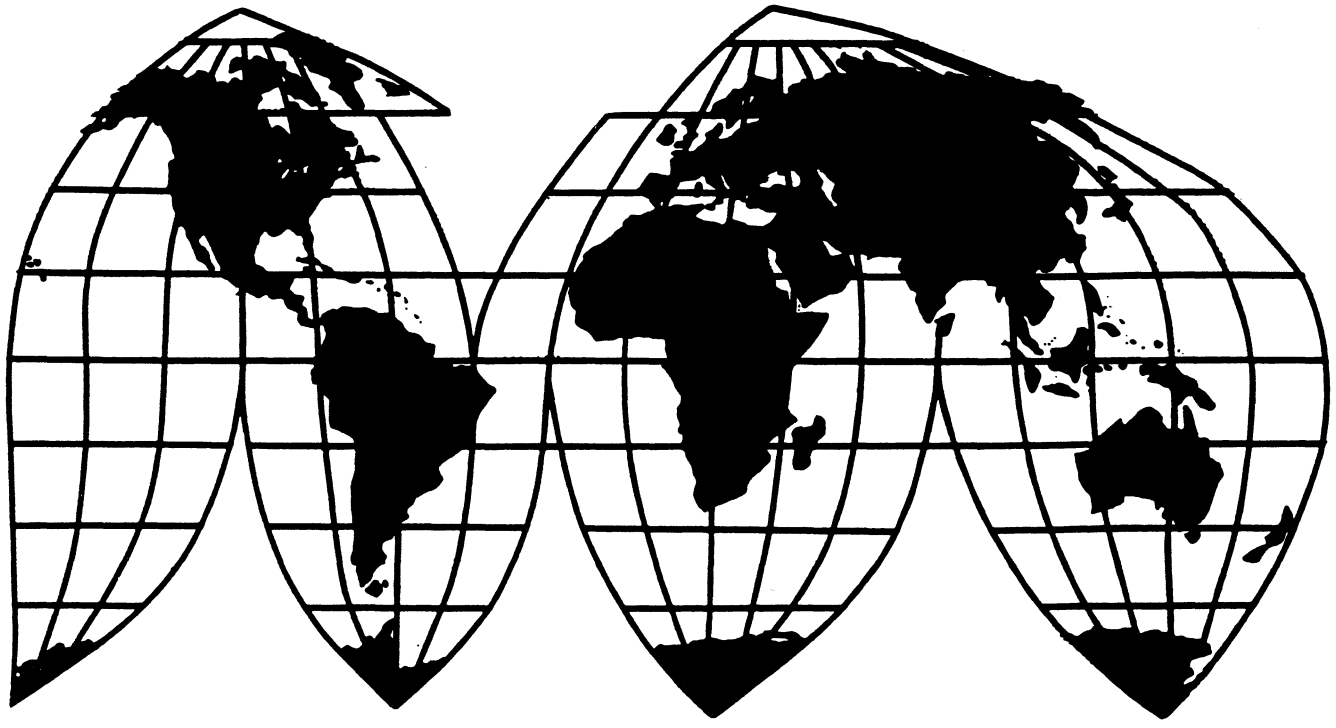

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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report. Such deletions are indicated by asterisks.

PART I

DETERMINATIONS AND VIEWS OF THE COMMISSION

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-639 and 640 (Final)

STAINLESS STEEL FLANGES FROM INDIA AND TAIWAN

Determinations

On the basis of the record[1] developed in the subject investigations, the Commission determines,[2] pursuant to section 735(b) of the Tariff Act of 1930 (19 U.S.C. § 1673d(b)) (the Act), that an industry in the United States is threatened with material injury by reason of imports from India and Taiwan of stainless steel flanges,[3] provided for in subheadings 7307.21.10 and 7307.21.50 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). The Commission further determines, pursuant to 19 U.S.C § 1673d(b)(4)(B), that it would not have found material injury but for the suspension of liquidation of entries of merchandise under investigation.

Background

The Commission instituted these investigations effective August 2, 1993, following preliminary determinations by the Department of Commerce that imports of stainless steel flanges from India and Taiwan were being sold at LTFV within the meaning of section 733(b) of the Act (19 U.S.C. § 1673b(b)). Notice of the institution of the Commission's investigations and of a public 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 September 1, 1993 (58 F.R. 46212). The hearing was held in Washington, DC, on December 22, 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.

[3] As defined by Commerce, the flanges covered by these investigations are forged stainless steel flanges, both finished and unfinished, generally manufactured to American Society for Testing and Materials (ASTM) specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes 5 general types of flanges. They are weld neck, used for butt-weld line connections; threaded, used for threaded line connections; slip-on & lap joint, used with stub end/butt-weld line connections; socket weld, used to fit pipe into machined recessions; and blind, used to seal off lines. The sizes of the flanges covered in the scope range generally from 1 to 6 inches. However, all sizes of the above-described merchandise are included within the scope.

VIEWS OF THE COMMISSION

Based on the record in these final investigations, we determine[1] that an industry in the United States is threatened with material injury by reason of imports of stainless steel flanges from India and Taiwan that the U.S. Department of Commerce ("Commerce") has determined are being sold in the United States at less than fair value ("LTFV").[2] We further find, in accordance with 19 U.S.C. § 1673d(b)(4)(B), that the domestic industry would not have been materially injured by reason of imports from India and Taiwan had there not been a suspension of liquidation.

I. LIKE PRODUCT

A. In General

In determining 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 defined the articles subject to these investigations as:

> certain forged stainless steel flanges, both finished and not-finished, generally manufactured to specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes five general types of flanges. They are weld neck, (used for butt-weld line connections), threaded, (used for threaded line connections), slip-on & lap joint, (used with stub ends/butt-weld line connections), socket weld, (used to seal off

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[1] Commissioner Brunsdale and Commissioner Crawford dissenting. They join this discussion of the issues of like product and domestic industry. See Dissenting Views of Commissioner Brunsdale and Commissioner Crawford.

[2] 19 U.S.C. § 1673d(b). Whether the establishment of an industry in the United States is materially retarded is not an issue in these investigations.

[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. E.g., Torrington v. United States, 747 F. Supp. at 749, n.3 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991); Asociacion Colombiana de Exportadores de Flores v. United States, 693 F. Supp. 1165, 1169, n.5 (Ct. Int'l Trade 1988) ("Asocoflores"). In analyzing like product issues, the Commission generally considers a number of factors including: (1) physical characteristics and uses;
(2) interchangeability of the products; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) the use of common manufacturing facilities and production employees; and (6) where appropriate, price. Calabrian Corp. v. United States, 794 F. Supp. 377, 382, n.4 (Ct. Int'l Trade 1992). No single factor is dispositive, and the Commission may consider other factors relevant to a particular investigation. The Commission looks for clear dividing lines among possible like products, and disregards minor variations. E.g., S. Rep. No. 249, 96th Cong. 1st Sess. 90-91 (1979); Torrington, 747 F. Supp. at 748-49, aff'd, 938 F.2d 1278 (Fed. Cir. 1991); Asocoflores, 693 F. Supp. at 1169 ("It is up to [the Commission] to determine objectively what is a minor difference.").

a line). The sizes of the flanges within the scope range generally from one to six inches; however, all sizes of the above described merchandise are included in the scope. Specifically excluded from the scope of this investigation are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A-351.[5]

The imported product subject to investigation is stainless steel flanges, both unfinished and finished,[6] from India and Taiwan. Finished flanges are used to connect stainless pipe sections and piping system components (such as pumps, valves, tanks, gauges, etc.) at points in "process" piping systems where conditions require a connect and disconnect capability.[7] Stainless steel flanges are manufactured in several types (blind, lap joint, slip-on, socket weld, threaded, and weld neck) and sizes (most commonly ranging from one to 12 inches) for various pressure and temperature applications.[8] Finished flanges are generally machined and drilled from forgings that are hot-forged from American Society for Testing and Materials ("ASTM") A-314 bar and that meet established specifications for annealing and tensile strength. A number of production steps are common to every type of flange from forging to finishing.[9] There are no practical substitutes for forged stainless steel flanges.[10]

B. Like Product Issues

In our preliminary determination in these investigations, we defined the like product to be stainless steel flanges, both finished and unfinished.[11] Using the five factors of the semi-finished product analysis,[12] we found that: the processing costs incurred in transforming

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[5] See 58 Fed. Reg. 68853, 68854 and 68859 (December 29, 1993). See Confidential Report ("CR") at A-4, A-5 and A-10, Public Report ("PR") at A-4, A-5 and A-10. Commerce also indicated for each investigation that:

> The flanges subject to this investigation are classifiable under subheading 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of this investigation remains dispositive. Id.

[6] We use the term "stainless steel flanges" to refer to the combination of unfinished flanges (forgings) and finished flanges. Unfinished stainless steel flanges are referred to herein as "forgings"; and finished stainless steel flanges are referred to as "finished flanges."

[7] See CR at I-5 - I-8, PR at II-2 - II-5. Process piping systems include: chemical plants, petrochemical plants, pharmaceutical plants and breweries. CR at I-6 and I-8, PR at II-5.

[8] CR at I-6, PR at II-5.

[9] Steps relating to forging the flange may vary, depending on its shape.

[10] CR at I-12, PR at II-10.

[11] See Stainless Steel Flanges from India and Taiwan, Inv. No. 731-TA-639 and 640 (Preliminary), USITC Pub. 2600 at 5-9 (February 1993).

[12] In analyzing whether both an unfinished product and a finished product under investigation should be included in the same like product, the Commission typically examines five factors, including: 1) the necessity for, and costs of, further processing; 2) the degree of interchangeability of articles at different stages of production; 3) whether the article at an earlier stage of production is dedicated to use in the finished article; 4) whether there are significant independent uses or markets for the finished and unfinished articles; and 5) whether the article at an earlier stage of production embodies or imparts to the finished article an essential characteristic or function. See, e.g., Certain Cased Pencils from the People's Republic of China and Thailand, Inv. No. 731-TA-668-670 (Preliminary), USITC Pub. 2713 at I-5 - I-7 (December 1993); Class 150 Stainless Steel Threaded Pipe Fittings from Taiwan, Inv. No. 731-TA-658 (Preliminary), USITC Pub. 2678 at 8-10 (September 1993); Silicon Carbide from the People's Republic of China, Inv. No. 731-TA-651 (Preliminary), USITC Pub. 2668 at 6-8 (August 1993).

the forging into a finished flange average less than the cost of producing the forging;[13] forgings and the finished flanges are not interchangeable in use, because of the necessity for further processing; when the hot bar is forged into shape it is dedicated for manufacture as a finished flange; the forging has virtually no independent use other than further processing into a finished flange; the market for the forging is limited to converters who purchase this intermediate product for the express purpose of conducting the finishing process, and thus there is no independent end- or other-use market for forgings; and finally, two of the most essential characteristics of the finished product -- their metallurgy and shape which largely determine the resulting mechanical qualities -- are present in both the forging and finished flange. Based on the foregoing, in particular that the forging imparts essential characteristics to the finished flange and is dedicated to use as a finished flange, and that there is no independent end-use market for forgings, the Commission determined that there was a single like product, defined as stainless steel flanges, both finished and unfinished.

In these final investigations, only one party, respondent Flow Components, an importer of subject flanges (see infra), raised any argument concerning the like product, and its brief comment did not necessarily suggest that the Commission's preliminary finding was in error.[14] The additional information obtained in these final investigations is consistent with the data obtained in the preliminary investigations. The existence of common essential characteristics between the forging and the finished flange is further confirmed by the fact that a forging is dedicated to use as the exact same size finished flange.[15] More than 97 percent of forgings are manufactured into finished flanges, confirming the absence of any significant independent uses or markets.[16] Furthermore, the costs of processing the forging into the finished flange may vary, but average less than the cost of producing the forging.[17] [18]

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[13] Referring to the Commission's determination in Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, the Commission noted that it previously has included semifinished goods within the finished like product even when the cost of finishing constituted more than half of the cost of producing the finished product. Certain Forged Steel Crankshafts from the Federal Republic of Germany and the United Kingdom, Inv. Nos. 731-TA-351 and 353 (Final), USITC Pub. 2014 at 7 (September 1987). See e.g., Stainless Steel Pipes and Tubes from Sweden, Inv. No. 731-TA-354 (Final), USITC Pub. 2033 at 8 (November 1987); Taper Roller Bearings and Parts Thereof, and Certain Housings Incorporating Taper Rollers from Hungary, The People's Republic of China, and Romania, Inv. Nos. 731-TA-341, 344 and 345 (Final), USITC Pub. 1983 (June 1987) ("Taper Roller Bearings").

[14] Tr. at 70 and 71. The other respondents did not provide like product arguments and, with the exception of Akai, an Indian respondent, did not participate in the final investigations.

[15] Mr. Cook of Maas indicated at the hearing that a flange forging can only be made into the exact same finished flange size. Tr at. 42.

[16] According to petitioners, "an unfinished flange only has one end use and that is to become a finished flange. . . . the unfinished flange ultimately has the exact same end use as the finished flange because there is no independent use or market for the unfinished flange other than to become a finished flange." Tr. at 28-29. Mr. Mavrich of Flowline indicated that, based on the manufacturing principle of "net shape forging," where the forging is manufactured as close as possible to the finished product in order to avoid scrap loss, machining time, and tool usage, there is no practical alternative or independent use for a forging other than to become a finished stainless steel flange. Tr. at 42-43; Petitioners' Posthearing Brief at 3. Respondent Flow Components indicated at the hearing that less than three percent of forgings are used by his firm for flange-like products such as SAE flanges, which require considerable machining time since its unfinished dimensions are not close to its finished size. Tr. at 85-86.

[17] Petitioners' Posthearing Brief at 2.

[18] The value added (the weighted average of conversion costs as a percent of cost of goods sold) by U.S. producers on their conversion process (finishing) varied significantly for individual producers in 1992. Table 11, CR at I-36 and I-37, PR at II-28 and II-29. Flow Components' President indicated at the hearing that the cost of processing a forging into a finished flange ranged from

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Accordingly, we reaffirm our preliminary determination that the like product is stainless steel flanges, both finished and unfinished.[19]

II. DOMESTIC INDUSTRY AND RELATED PARTIES

A. Domestic Producers

In light of our like product determination, we find there is a single domestic industry comprised of the domestic producers of forgings and finished stainless steel flanges. There were no arguments nor new information presented on this issue in the final investigations.[20] We, therefore, reaffirm our determination in the preliminary investigations that the domestic industry consists of both forger/finishers and converters.[21]

In these investigations, the Commission received usable information from six domestic producers of stainless steel flanges, accounting for a majority of total domestic production.[22] None of these producers has a corporate affiliation with any foreign producer

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[18] (...continued)
15 percent to 50 percent of the cost of the finished flange. Tr. at 86-87. Petitioners contended that the average cost of processing is much closer to the lower end of the range specified by Flow Components. Petitioners' Posthearing Brief at 5-6.

[19] Commissioner Brunsdale, as she has made clear in the past, see Sulfur Dyes from China and the United Kingdom, Invs. Nos. 731-TA-548 and 551 (Final), USITC Pub. No. 2602, at 56-61, does not accept the traditional semifinished product analysis as a reasonable interpretation of the statutory definition of like product. In this case, the economic interests of integrated producers is different from that of converters. (The basic difference is that integrated producers are quite happy with high forgings prices, because integrated producers make them; in contrast, converters benefit from low forgings prices, because they must buy them as an input to their production process.)

However, the Commission simply did not get sufficient data from a substantial part of the integrated domestic industry (i.e., Newman Flange Co. and Texas Metals, Inc.) to allow separate identification of forgings and finished flanges data. The most important information we have from them is sales, but because they are integrated and refused to answer the questionnaire, that information is not broken down into forgings and finished flanges. Therefore, Commissioner Brunsdale invokes Section 1677(4)(D) to find one like product of finished and unfinished flanges.

[20] In past investigations, the Commission has included in the domestic industry all producers of the like product, regardless of whether they were fully integrated producers or converters of unfinished products. See Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520 and 521 (Preliminary and Final), USITC Pubs. 2401 and 2528 at 7-12 and 7 (July 1991 and June 1992); Certain Carbon Steel Butt-Weld Pipe Fittings from Japan, Inv. No. 731-TA-309 (Final), USITC Pub. 1943 at 5-6 (January 1987); and Certain Carbon Steel Butt-Weld Pipe Fittings from Brazil and Taiwan, Inv. Nos. 731-TA-308 and 310 (Final), USITC Pub. 1918 at 7-9 (December 1986). See also Sandvik AB v. United States, 721 F. Supp. 1322, 133031 (CIT 1989) (redrawers and fully integrated producers both included in the domestic industry), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990).

[21] Forger/finishers begin with a piece of stainless bar as their raw material and perform forging, machining, and finishing operations. Converters purchase forgings and perform significant machining and finishing operations. CR at I-8, PR at II-7.

[22] CR at I-13 - I-16, PR at II-10 - II-12. Limited information was received about four other producers: two integrated producers -- Newman and Texas Metals -- that did not respond to Commission questionnaires and, when contacted by Commission staff by telephone, stated that they produce specialty flanges, with estimated annual sales at *** and *** respectively; and two converters that reportedly are out of business -- J&R Metals, which provided unusable questionnaire data in response to a Commission subpoena, and International Forgings, which provided no information. CR at I-14, n. 25, PR at II-11, n. 25.

(continued...)

or importer of Indian and Taiwanese stainless steel flanges.[23] Four firms are strictly forger/finishers, unrelated to producers or importers of the subject imports, and do not purchase or import subject merchandise.[24] The other two producers are converters (Flow Components and Gerlin). Gerlin does not import or purchase subject merchandise from India or Taiwan.[25]

B. Related Parties

In the preliminary determinations, the Commission concluded that there was insufficient data available to determine that two converters, Flow Components and J&R Metals, were related parties and that appropriate circumstances existed to exclude them, but indicated that this issue would be reconsidered in any final investigations.[26] In these final investigations, the remaining issue is whether Flow Components is a related party and, if so, whether there are appropriate circumstances to exclude it from the domestic industry.[27]

If a company is a related party under section 771(4)(B),[28] the Commission determines whether "appropriate circumstances" exist for excluding the producer in question from the domestic industry.[29] The rationale for excluding related parties is the concern that the overall

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[22] (...continued)
The statute defines "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. . . ." 19 U.S.C. § 1677(4)(A). See Pads for Woodwind Instrument Keys from Italy, Inv. No. 731-TA-627 (Final), USITC Pub. 2679 at I-11 (September 1993)(Commission considered data provided by eight of nine confirmed domestic producers); Certain Stainless Steel Butt-Weld Pipe Fittings from Korea, Inv. No. 731-TA-563 (Final), USITC Pub. 2601 at I-12 (February 1993)(three of 11 domestic producers did not respond to the Commission's questionnaire and, thus, their production data was not considered by the Commission.); Certain Welded Stainless Steel Pipes from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-540-541, USITC Pub. 2585 at I-11 (December 1992)(Commission considered usable data provided by 16 out of 31 known domestic producers, which accounted for 87 percent of estimated 1991 total pipe and tube production and 82 percent of estimated 1991 total A-312 pipe production.).

[23] CR at I-13 - I-16, PR at II-10 - II-12.

[24] CR at I-13 - I-16, PR at II-10 - II-12. These firms are: Flowline, Ideal, Maas, and Western Forge & Flange. CR at I-14, PR at II-11.

[25] CR at I-17, PR at II-13.

[26] As noted above, J&R Metals is out of business and did not provide usable data in these final investigations. Since J&R Metals is not included in the domestic industry data, the issue of whether to exclude it as a related party is moot. CR at I-16, PR at II-11.

[27] 19 U.S.C. § 1677(4)(B).

[28] Under section 771(4)(B), producers who are related to exporters or importers, or who are themselves importers of dumped or subsidized merchandise, may be excluded from the domestic industry in appropriate circumstances. 19 U.S.C. § 1677(4)(B).

[29] The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include:

(1) the percentage of domestic production attributable to related producers;

(2) the reason why importing producers choose to import the articles under investigation --to benefit from the unfair trade practice or to enable them to continue production and compete in the domestic market; and

(3) the position of the related producers vis-a-vis the rest of the industry, i.e., whether inclusion or exclusion of the related party will skew the data for the rest of the industry.

(continued...)

industry data may be skewed by inclusion of the related parties who are shielded from any injury that might be caused by the subject imports.[30]

Flow Components' President acknowledged that Flow Components is the importer of record for all Taiwanese forgings that they purchase.[31] Regarding Indian forgings, he indicated that they generally purchase forgings from a trading company which is the importer of record, such as Gulf and Northern Trading Company for Mukand products and Alkay for Akai products.[32] He acknowledged that Flow Components has been the importer of record for purchases from a small Indian producer.[33] Moreover, Flow Components also submitted an importer's questionnaire which reported imports of forgings from both India and Taiwan.[34] Thus, we find that Flow Components is a related party since it has been an importer of record of subject merchandise from Taiwan and from India.[35]

During the period of investigation, Flow Components accounted for a significant share of reported U.S. production of finished flanges.[36] Flow Components' President stated at the conference that it shifted from domestic and other foreign producers to Indian imports of forgings for "two reasons . . . availability and pricing," rather than because French and U.S. suppliers could no longer supply the product.[37] Furthermore, there is evidence that Flow Components benefits from the LTFV imports and that inclusion of its financial data would skew the data for the domestic industry. Flow Components was on the verge of bankruptcy when it was acquired in April 1991 by a group of investors who have made changes in its operations, including the shifting of sources of its supply of forgings from the United States and France to India and Taiwan.[38] In contrast to the rest of the industry, its

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[29] (...continued)
See, e.g., Torrington v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992) aff'd without opinion 991 F.2d 809 (Fed. Cir. 1993)(Court upheld the Commission's practice of examining these factors in determining that appropriate circumstances did not exist to exclude related party); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1353 (Ct. Int'l Trade 1987). The Commission has also considered whether each company's books are kept separately from its "relations" and whether the primary interests of the related producers lie in domestic production or in importation. See e.g., PET Film, USITC Pub. 2383 at 17-18 (May 1991); Rock Salt from Canada, Inv. No. 731-TA-239 (Final), USITC Pub. 1798 at 12 (January 1986).

[30] See Torrington v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992) aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993); Sandvik AB v. United States, 721 F. Supp. 1322, 1331 (Ct. Int'l Trade 1989)(related party appeared to benefit from dumped imports), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1353-54 (Ct. Int'l Trade 1987)(An analysis of "[b]enefits accrued from the relationship" as a major factor in deciding whether to exclude a related party
held to be a "reasonable approach in light of the legislative history . . . .").

[31] Tr. at 106.

[32] Tr. at 106.

[33] Tr. at 106.

[34] CR at I-17, PR at II-13.

[35] 19 U.S.C. § 1677(4)(B). Petitioner alleged that "[e]xclusion of Flow Components' data is clearly justified given its relationship with the producers of the subject merchandise." Petitioner contended that Flow Components represents a significant share of domestic production, "imports flange forgings from India and Taiwan . . . to benefit from the low prices charged for these imports. . . .[and its] competitive and financial position is not representative of the rest of the domestic stainless steel flange industry. . . ." Petitioner's Posthearing Brief, app. A at 4-6.

[36] CR at I-15, PR at II-12.

[37] Tr. at 80-82.

[38] CR at I-16, PR at II-11.

financial condition has ***.[39] In view of all of the above, we determine that appropriate circumstances exist to exclude Flow Components as a related party.

III. CONDITION OF THE DOMESTIC INDUSTRY

In assessing whether the domestic industry is materially injured by reason of the LTFV imports, the Commission considers all relevant economic factors which have a bearing on the state of the industry in the United States. These factors 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."[40] In evaluating the condition of the domestic industry, we look at the domestic industry as a whole.[41]

The domestic stainless steel flange industry involves both the production of forgings and the transformation of those forgings into finished flanges. In assessing the condition of the domestic industry, it is necessary to discuss some data for separate segments of the industry. We discuss apparent consumption and U.S. shipments only for the finished flange segment since the end-use market is for finished flanges. However, production data for stainless steel flanges (i.e., the sum of forgings and finished flanges) would result in double counting of some data and would not reflect the interdependent nature nor the different capacity constraints in the forging production and flange finishing processes. Accordingly, we discuss production, capacity, capacity utilization, and inventory data separately for the forging and finished flange segments of production. Finally, other data, i.e., employment, wages, and financial performance indicators, are discussed for the total domestic stainless steel flange industry.

Apparent U.S. consumption of finished flanges increased by quantity from 14.3 million pounds in 1990 to 17.25 million pounds in 1991, followed by a slight decline in 1992 to 17.2 million pounds; the increase overall was 20.5 percent from 1990 to 1992.[42] Consumption increased by 16.4 percent from interim period (January-September) 1992 to interim period (January-September) 1993. In contrast, on the basis of value apparent U.S. consumption of finished flanges declined steadily from $56.5 million in 1990 to $48.5 million in 1992, or by 14.1 percent. Consumption by value increased, however, from $37.4 million in interim period 1992 to $43.3 million in interim period 1993, or by 16 percent.

Domestic production of finished flanges fluctuated from 1990 to 1992, with a substantial increase from 1990 to 1991 and a moderate decline from 1991 to 1992.[43] Domestic production of finished flanges increased moderately from interim period 1992 to interim period 1993. Capacity to produce finished flanges increased significantly from 1990 to 1992, with most of the increase from 1990 to 1991; interim period 1993 capacity was

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[39] CR at I-32, and Table 10, CR at I-33, PR at II-25, and Table 10, PR at II-25. Flow Components' President stated at the hearing that "[W]e now have a successful company. We've grown from approximately 15 employees to 75. . . .We're very profitable." Tr. at 82.

[40] 19 U.S.C. § 1677(7)(C)(iii).

[41] 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).

[42] Data referred to in this paragraph are summarized in Table 2, CR at I-18, PR at II-14.

[43] Data referred to in this paragraph are summarized in Table C-3A, CR at C-11, PR at C-8.

moderately higher than during the comparable period in 1992. Capacity utilization rates for finished flanges, though relatively high, fluctuated with an overall modest decline from 1990 to 1992 and a further slight decline in interim period 1993 when compared with interim period 1992.

The domestic industry's U.S. shipments of finished flanges substantially increased by quantity from 1990 to 1992, with most of the increase from 1990 to 1991.[44] U.S. shipments of domestic finished flanges also increased substantially from interim period 1992 to interim period 1993. U.S. shipments of finished flanges by value fluctuated between years, with an overall modest decline from 1990 to 1992; however, interim period 1993 was significantly higher than interim period 1992. The domestic industry reported substantial increases in year-end inventories of finished flanges for the 1990-1992 period, with a moderate decline in interim period 1993 when compared with interim period 1992.[45] Inventories as a share of U.S. shipments increased moderately from 1990 to 1992, with a modest decline between interim periods.[46]

Domestic production of forgings increased by 28.7 percent from 1990 to 1992, with an increase of 45.7 percent from 1990 to 1991 and a decline of 11.7 percent from 1991 to 1992.[47] Domestic production of forgings declined slightly between interim periods. Capacity to produce forgings rose by 25.9 percent from 1990 to 1992 with most of the increase from 1990 to 1991; interim period 1993 capacity was 12.4 percent higher than during the comparable period in 1992. Capacity utilization rates for forgings fluctuated with an overall increase by 1.4 percentage points from 1990 to 1992; between interim periods, however, the capacity utilization rates declined by 7.5 percentage points.

The domestic industry's year-end inventories of forgings increased from 1.4 million pounds in 1990 to 2.7 million pounds in 1992, an increase of 95.1 percent.[48] Inventories of forgings declined from about 3 million pounds in interim period 1992 to 2.4 million pounds in interim period 1993 for a decline of 19.4 percent.

Employment in the domestic stainless steel flange industry[49] fluctuated between years with an overall modest increase from 1990 to 1992; employment increased between interim periods.[50] From 1990 to 1991, hours worked and total compensation increased, while hourly total compensation declined slightly. Hours worked declined slightly from 1991 to 1992, while total compensation and hourly total compensation declined significantly. However, both hours worked and total compensation increased moderately between interim period 1992 and interim period 1993; hourly total compensation declined between interim periods.

The financial performance indicators for the domestic stainless steel flange industry were mixed during the period of investigation. Although the industry performed profitably throughout the period of investigation, there were significant declines in most indicators in the period 1991-1992. From 1990 to 1992, the stainless steel flange industry experienced moderate increases in net sales by quantity, but declines by value.[51] Net sales for the stainless steel flange industry increased by quantity and by value from interim period 1992 to interim period 1993. Gross profits reported for the stainless steel flange industry were

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[44] Data referred to in this paragraph are summarized in Table C-3A, CR at C-11, PR at C-8.
[45] The domestic industry's year-end inventories of finished flanges ***. Table C-3A, CR at C-12, PR at C-8.
[46] The domestic industry's inventories as a share of U.S. shipments of finished flanges ***. Table C-3A, CR at C-12, PR at C-8.
[47] Data referred to in this paragraph are summarized in Table C-2, CR at C-5, PR at C-4.
[48] Data referred to in this paragraph are summarized in Table C-2, CR at C-5, PR at C-4.
[49] Combined forging and finished flange production.
[50] Data referred to in this paragraph are summarized in Table C-1A, CR at C-4, PR at C-2.
[51] Data referred to in this paragraph are summarized in Table C-1A, CR at C-4, PR at C-2.

positive, but declined substantially over the period of investigation. Operating income, although positive for each year during the period 1990-1992, declined from 1990 to 1991, and declined substantially from 1991 to 1992; interim period 1993 was somewhat higher than the comparable 1992 period. The operating income margin (ratio of operating income to net sales), however, declined significantly from *** in 1990 to *** in 1992, with a further decline in interim period 1993 when compared with interim period 1992.

The cost of goods sold for the domestic stainless steel flange industry remained constant from 1990 to 1992 but, as a share of net sales, increased modestly from 1990 to 1992, and increased in interim period 1993 when compared with interim period 1992.[52] Unit cost of goods sold declined moderately over the period of investigation. Selling, general, and administrative (SG&A) expenses for the stainless steel flange industry also declined slightly from 1990 to 1992, with a slight increase in interim period 1993 when compared with interim period 1992.

Finally, the domestic industry's capital expenditures declined substantially from 1990 to 1992; capital expenditures for interim period 1993 were higher in absolute terms than in the comparable 1992 period, but were well below expenditures in 1990 and 1991.[53]

Although certain indicators of domestic industry performance have improved slightly in interim period 1993, these changes do not reflect a long term or even moderate term trend. Despite an increase in domestic industry sales in 1993, the industry's operating income margin continues to decline; and, despite a slight increase in capital expenditures in 1993, these expenditures have dropped sharply since 1990. These declines indicate that the industry is less and less able to generate sufficient income for needed investment and capital improvements, and is vulnerable to the effects of continued LTFV imports.[54] [55]

IV. THREAT OF MATERIAL INJURY

Section 771(7)(F) of the Act directs the Commission to consider whether a U.S. industry is threatened with material injury by reason of the subject imports "on the basis of evidence that the threat of material injury is real and that actual injury is imminent."[56] The

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[52] Data referred to in this paragraph are summarized in Table C-1A, CR at C-4, PR at C-2.

[53] Data referred to in this paragraph are summarized in Table C-1A, CR at C-4, PR at C-2.

[54] Based on the foregoing, Chairman Newquist and Commissioner Rohr conclude that the domestic stainless steel flange industry is not currently experiencing material injury, but that it is in a vulnerable condition.

[55] Vice Chairman Watson does not reach a separate conclusion as to whether the domestic industry is currently experiencing material injury based solely on evidence in the record regarding the condition of the industry. He concludes, however, that the domestic industry is not currently experiencing material injury by reason of the cumulated subject imports from India and Taiwan based on a further evaluation of the record evidence, giving due consideration to the statutory factors enumerated in 19 U.S.C. § 1677(7). In reaching his negative material injury determination, Vice Chairman Watson notes the increase in the volume of subject imports over the period of investigation. The increased market share of subject imports came at the expense of other, fairly traded imports. The domestic industry actually increased its market share throughout the period of investigation. Demand for stainless steel flanges, a fungible commodity, is relatively price inelastic. Thus, although price trends declined and underselling was consistent and widespread across product lines, the lower prices of the subject imports do not appear to have had more than a de minimis impact on the financial health of the domestic industry during the period of investigation. Indeed, the domestic industry's operating income declined from beginning to end of the period of investigation but was positive throughout. Taken together, however, these and other factors lead Vice Chairman Watson to conclude that the domestic industry is vulnerable to the effects of continued LTFV imports.

[56] 19 U.S.C. §§ 1673d(b) and 1677(7)(F)(ii).

Commission is not to make such a determination "on the basis of mere conjecture or supposition."[57]

A. Cumulation for Purposes of A Threat Determination

In assessing whether a domestic industry is threatened with material injury by reason of imports from two or more countries, the Commission has the discretion to cumulate the volume and price effects of such imports if they compete with each other and with the like product of the domestic industry in the United States market.[58] Only a "reasonable overlap" of competition is required, and the Commission need not find that "all imports compete with all other imports and all domestic like products."[59] In addition, we consider whether the imports are increasing at similar rates in the same markets, whether the imports have similar margins of underselling or pricing patterns, and the probability that imports will enter the United States at prices that would have a depressing or suppressing effect on domestic prices of that merchandise.[60] [61]

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[57] 19 U.S.C. § 1677(7)(F)(ii). An affirmative threat determination must be based upon "positive evidence tending to show an intention to increase the levels of importation." Metallverken Nederland B.V. v. U.S., 744 F.Supp. 281, 287 (Ct. Int'l Trade 1990), citing American Spring Wire, 8 CIT at 28, 590 F.Supp. at 1280. See also Calabrian Corp. v. United States, 794 F. Supp. 377, 387 and 388(Ct. Int'l Trade 1992) (citing, H.R. Rep. No. 1156, 98th Cong., 2d Sess. 174 (1984), Congress acknowledged that "a determination of threat will require a careful assessment of identifiable current trends and competitive conditions in the market place.") Id. at 24.

[58] 19 U.S.C. § 1677(7)(F)(iv). In considering whether imports compete with each other and with the domestic like product, the Commission has generally considered four factors, including:

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

See 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). While no single factor is determinative and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for its analysis of this issue. See Wieland Werke, AG v. United States, 718 F.Supp. 50-52 (Ct. Int'l Trade 1989); Granges Metallverken AB v. Untied States, 716 F.Supp. 17 (Ct. Int'l Trade 1989); Florex v. United States, 705 F.Supp. 582 (Ct. Int'l Trade 1989).

[59] See 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. Untied 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) ("[c]ompletely overlapping markets is [sic] not required.").

[60] See Torrington v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asocoflores, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

In applying the competition factors, there is evidence on the record indicating that the imported and domestic stainless steel flanges are essentially fungible, although there is also evidence of some perceived quality differences among forgings and among finished flanges.[62] [63] The record also indicates that end users require that stainless steel flanges meet particular specifications regarding raw material usage, tolerances, and dimensions.[64]

The evidence on the record indicates that the subject imports from Taiwan and India and the domestic like product have been simultaneously present in the same geographical U.S. markets during the period of investigation.[65] In particular, all U.S. producers generally sell finished flanges to a national market.[66] Four of 10 responding importers also reported selling their imported finished flanges to a national market.[67] The remaining importers reported selling to regional markets such as Northern California, the Texas Gulf Coast, or the Northeastern United States.[68] Some of the domestic product is produced in the same or nearby regions (California, Texas, Pennsylvania and Connecticut) where both imports and the domestic like product are present.[69]

Finally, the record indicates that a large majority of all finished flanges sold in the United States, whether forged and finished in the United States or imported into the U.S. market in a finished or forged state, are made to distributors, who in turn sell directly to the end user or to master distributors.[70] Therefore, subject imports and the domestic product have similar channels of distribution.

Accordingly, we find that a reasonable overlap of competition exists between subject imports and the like product of the domestic industry. In addition, as discussed below, there is evidence on the record that the volumes of imports from both India and Taiwan have been increasing in the same markets, and have exhibited similar margins of underselling and

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[61] (...continued)

[61] Chairman Newquist notes that, in his assessment of whether cumulation is appropriate for purposes of a threat analysis, he places relatively little weight on whether imports from two or more countries are increasing at similar rates, have similar margins of underselling, or will enter the U.S. at prices that will have a depressing or suppressing effect.

[62] CR at I-6, PR at II-5. In the final investigations, Flow Components' President, Mr. Boles, indicated that "there's some junk coming in from overseas" but that he would "put my forgings coming in from India and Taiwan against anybody's in the world." Tr. at 73. Other respondents did not present arguments on this issue in the final investigations. However, in the preliminary investigations, the Taiwanese respondent argued that the Taiwanese merchandise was of the highest quality while contending that the Indian product, although meeting ASTM standards, was uneven in terms of cosmetic qualities. Respondent's (Taiwan) Postconference Brief at 20. In contrast, Mr. Boles indicated at the conference that while there might have been quality problems in the beginning, he had better control of the quality with his Indian vendors. Conference Tr. at 81.

[63] 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 could he find that for purposes of cumulation, the like products do not compete. See Chairman Newquist's "Additional and Dissenting Views" in Flat-Rolled Carbon Steel Products, USITC Pub. 2664 at 260-262 (August 1993).

[64] CR at I-6, PR at II-5.

[65] Respondent, Flow Components, acknowledges that it purchases both Indian and Taiwanese subject imports and that they are simultaneously present in the U.S. market. Tr. at 91-96.

[66] CR at I-19, PR at II-13.

[67] CR at I-19, PR at II-14.

[68] CR at I-19, PR at II-14.

[69] Table 1, CR at I-15, PR at II-12, and CR at I-14, PR at II-11 and II-12.

[70] CR at I-19, PR at II-14. There is some evidence that channels of distribution, although similar, are different between forgings and finished flanges because their purchasers are different.

pricing trends.[71] Therefore, we cumulate subject imports from India and Taiwan for purposes of determining whether there is a threat of material injury by reason of LTFV imports.

B. Threat of Material Injury by Reason of LTFV Imports

We have considered all the statutory factors[72] that are relevant to these investigations.[73] In assessing whether the domestic industry is threatened with material injury

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[71] Chairman Newquist reiterates his comments in note 61 supra.

[72] Under the statute, the Commission is required to consider the following criteria.

(I) if a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement.

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

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

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

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

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

(VII) any other demonstrable adverse trends that indicate probability that 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 1671 or 1673 of this title or to final orders under section 1671e or 1673e of this title, are also used to produce the merchandise under investigation,

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

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

19 U.S.C. § 1677(7)(F)(i), as amended by 1988 Act sections 1326(b), 1329.

In addition, the Commission must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class or kind of merchandise suggest a threat of material injury to the domestic industry. See 19 U.S.C. section 1677(7)(F)(iii), as amended by 1988 Act section 1329.

[73] Several of the statutory threat factors have no relevance to this investigation and need not be discussed. Because there are no subsidy allegations, factor I is not applicable. Moreover, factor IX regarding raw and processed agriculture products also is not applicable to this case.

by reason of LTFV imports, it is relevant to discuss some data separately for imports of forgings and finished flanges.[74]

While only a limited number of subject foreign producers provided production capacity and capacity utilization data, the reported data show *** in production or production capacity in both subject countries over the period of investigation. *** Enlin responded to the Commission's questionnaire. Taiwanese producer Enlin's production capacity for finished flanges *** from 1990 to 1991, and *** from 1991 to 1992 and between interim periods.[75] Enlin's capacity utilization rates *** in 1990 to *** in 1992, with a *** between interim periods, but with a further *** projected for 1994.[76] Enlin's home market sales accounted for a *** share of its reported finished flange production with export markets *** between the United States and all other countries during the period of investigation.[77] Enlin's exports of finished flanges to all markets *** between interim periods.[78] U.S. imports of Taiwanese finished flanges increased 39.2 percent from 763,000 pounds valued at $2.4 million in 1990, to 1.1 million pounds valued at $3.3 million in 1992.[79] Based on these figures, Enlin's exports of finished flanges to the United States accounted for *** of U.S. imports of Taiwanese finished flanges in 1990 and 1992, respectively.[80] Taiwan's reliance on export markets, both the United States and other countries, provides an indication that exports to the United States will continue and grow in the absence of antidumping duties. Finally, Enlin's inventories as a share of production ***[81]

Limited production data reported for Indian producer Akai showed that its production of both forgings and finished flanges ***. After commencing production, Akai's production of forgings ***, but its finished flange production *** between interim periods.[82] Exports to the United States accounted for *** of Akai's production of ***.[83] U.S. imports of Indian stainless steel flanges increased 413.9 percent by quantity from 987,000 pounds valued at $1.9 million in 1990, to 5.1 million pounds valued at $7.9 million in 1992, and increased 48.5 percent by quantity from 3.4 million pounds valued at $5.3 million in interim period 1992, to 5 million pounds valued at $7.8 million in interim period 1993.[84] While Akai

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[74] See discussion supra, Section III., Condition of the Domestic Industry.

[75] Table 15, CR at I-45, PR at II-33. ***. Moreover, Enlin's production of forgings are expected to *** from 1992 to 1993 and by another *** from 1993 to 1994. Enlin projected that at least *** in 1993. CR at I-44, PR at II-33.

[76] Table 15, CR at I-45, PR at II-33.

[77] Table 15, CR at I-45, PR at II-33. During the period of investigation, exports of finished flanges to the United States have accounted for *** of Enlin's exports of finished flanges, although it projects that other export markets will account for *** share of its exports in the future; Enlin projected the U.S. market would account for ***. CR at I-44, PR at II-33. However, Enlin presented no information that indicates a commitment, such as a contract or investment, which would support a shift to its other export markets or which would impede its diverting subject products from other markets to the United States market.

[78] Table 15, CR at I-45, PR at II-33. Enlin's exports to the United States *** in 1990 to *** in 1992, for ***. Id.

[79] Table 18, CR at I-49, PR at II-35. U.S. imports of Taiwanese stainless steel flanges (both finished and forgings) increased 61.2 percent by quantity from 818,000 pounds valued at $2.6 million in 1990, to 1.3 million pounds valued at $3.7 million in 1992, and increased 45.4 percent by quantity from 813,000 pounds valued at $2.4 million in interim period 1992, to 1.2 million pounds valued at $2.8 million in interim period 1993. Id.

[80] Table 15, CR at I-45, PR at II-33, and Table 18, CR at I-49, PR at II-35.

[81] Table 15, CR at I-45, PR at I-33.

[82] Table 16, CR at I-46, PR at II-34. ***. CR at I-44, n.55, PR at I-34, n.55.

[83] Table 16, CR at I-46, PR at II-34.

[84] Table 18, CR at I-49, PR at II-35. Based on these figures, Akai's exports of stainless steel flanges to the United States accounted for *** of U.S. imports of Indian stainless steel flanges in 1991 and 1992. Table 16, CR at I-46, PR at II-33, and Table 18, CR at I-49, PR at II-35.

projected that ***[85] Flow Components' President indicated at the hearing that he has been negotiating with Akai for future purchases of forgings.[86] This *** provides an indication that exports to the United States are likely to continue and, to the extent production capacity increases, grow in the absence of antidumping duties.

There has been a rapid increase in United States market penetration by subject imports during the period of investigation.[87] Subject imports of stainless steel flanges (both finished and forgings) increased from 1.8 million pounds in 1990 to 6.4 million pounds in 1992, an increase of 254 percent. Between interim periods, the volume of subject imports increased by 47.9 percent.[88] The subject countries' total imports of stainless steel flanges (both forgings and finished flanges) accounted for an increasing ratio of apparent U.S. consumption of finished flanges from 12.6 percent in 1990 to 37.1 percent in 1992, and an increase from 32.2 percent in interim period 1992 to 40.8 percent in interim period 1993.[89] The ratio of stainless steel flanges imported from subject countries to apparent U.S. consumption of finished flanges increased by value from 8 percent in 1990 to 23.9 percent in 1992, with an increase from 20.8 percent in interim period 1992 to 24.4 percent in interim period 1993.

Forgings as a share of the quantity of total stainless steel flange imports increased from 35 percent in 1990 to 48 percent in 1992, and increased to 60 percent in interim period 1993.[90] The shift for Indian imports was substantial; forgings accounted for 20 percent of India's stainless steel flange imports to the United States in 1990 and increased to 76 percent in 1992 and in interim period 1993.[91] Forgings as a share of Taiwan's imports to the United States increased from only 6.7 percent in 1990 to 19.5 percent in 1992, and from 15.7 percent in interim period 1992 to 53.6 percent in interim period 1993.[92]

Thus far, both the domestic industry's and the LTFV imports' shares of the finished flange market have increased.[93] However, the domestic producers' share of the forgings market declined from 65.8 percent in 1990 to 55.5 percent in 1992, with a further decline from 56.5 percent in interim period 1992 to 46.3 percent in interim period 1993 as apparent consumption in this segment increased by 42 percent from 1990 to 1992 and by 37.1 percent between interim periods.[94]

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[85] CR at I-45, PR at I-33.

[86] Tr. at 104.

[87] Data referred to in this paragraph are summarized in Table C-1, CR at C-2, PR at C-2, unless otherwise noted.

[88] Although subject imports declined substantially in the second and third quarters of 1993 compared with previous quarters, we give this less weight in our threat analysis because we find this to be a function of imposition of very high levels of provisional duties and the critical circumstance review. The Court of International Trade has repeatedly stated that we are not precluded from giving reduced weight to contemporaneous data that have been skewed by post-petition activities. See Metallverken Nederland, B.V. v. United States, 14 CIT 481, 484, 744 F. Supp. 281, 284 (1990); USX Corp. v. United States, 11 CIT 82, 88, 655 F. Supp. 487, 492 (1987); Rhone Poulenc, S.A. v. United States, 8 CIT 47, 53, 592 F. Supp. 1318, 1324 (1984).

[89] CR at I-54, PR at II-37.

[90] CR at I-47, PR at II-34.

[91] CR at I-47, PR at II-34.

[92] Table 18, CR at I-49, PR at II-35.

[93] Table C-3A, CR at C-11, PR at C-8. The subject imports' share of the finished flange market was ***. Id. The domestic industry's share of the finished flange market was ***. Id.

[94] Table C-2, CR at C-5, PR at C-2. The domestic industry is competing with these LTFV imports both in the forging market and in the finished flange market since a substantial share of these LTFV forging imports are finished by a domestic converter which we already have excluded from the domestic industry as a related party.

U.S. prices both for finished flanges and for forgings have fallen over the period of investigation.[95] Moreover, subject imports generally have been priced below comparable domestic products over the period of investigation. In all possible U.S. producer and importer price comparisons (74 out of 74), Indian products were priced below the comparable domestic products by margins ranging from 2.2 percent to 41.5 percent, with the majority of instances of underselling in excess of 20 percent.[96] In most of the possible U.S. producer and importer price comparisons (48 out of 60), Taiwanese products were priced below the comparable domestic products by margins ranging from 1.1 percent to 42.5 percent.[97] In *** purchaser price comparisons, Taiwanese products were priced *** domestic products by margins ranging from *** percent to *** percent.[98] Moreover, the unit value for subject imports of stainless steel flanges dropped by 27.2 percent from 1990 to 1992, with a decline of 7.9 percent between interim periods.[99] The unit value for domestic finished flanges also declined.[100] The combination of a fungible product with consistent underselling and increasing market share by LTFV imports indicates a likelihood that future subject imports will enter the United States at prices that will have a depressing or suppressing effect on domestic prices.

As already discussed, stainless steel flanges, both domestic and imported, within a specific size and type are essentially a fungible commodity.[101] Moreover, the demand for stainless steel flanges is relatively inelastic, i.e., purchasers would be reasonably insensitive to price changes for stainless steel flange products and would continue to demand fairly constant quantities of stainless steel flanges over a considerably wide range of prices.[102] Thus, even small volumes of LTFV imports will not increase consumption, but will displace domestic stainless steel flange products and have a depressing and suppressing effect on domestic prices.[103] Given the likelihood that subject imports will increase in the immediate future in the absence of an antidumping duty order, we conclude that there is a real threat of imminent material injury due to the likely market share and price effects of increased imports of stainless steel flanges from India and Taiwan.

In addition, inventory levels in the United States of subject stainless steel flanges imports increased by 17.7 percent from 1990 to 1991, declined by 19.5 percent from 1991 to 1992, but rose by 198 percent, i.e., almost tripled in volume, between interim period 1992 and interim period 1993.[104] Evidence on the record indicates that this inventory is controlled

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[95] Data referred to in this paragraph are summarized in Tables 24-31 at CR I-67 - I-77, PR at II-50 - II-58.

[96] Similar margins of underselling were reported in the limited purchaser price data; ***. Tables E-1 - E-8, CR at E-2 - E-9, PR at E-2 - E-3.

[97] Because half of the overselling reported for Taiwanese products occurred in 1993, i.e., since the petition was filed, we give this little weight in our threat analysis. See note 88 supra.

[98] Tables E-1 - E-8, CR at E-2 - E-9, PR at E-2 - E-3.

[99] Table C-1, CR at C-2, PR at C-2. We note that the decline in unit value for subject imports of stainless steel flanges is due in part to the shift in the product mix of subject imports from finished flanges to forgings.

[100] Table C-3A, CR at C-11, PR at C-8.

[101] CR at I-6, PR at II-5.

[102] Economic Memorandum, EC-R-009 at 25-28, dated January 21, 1994.

[103] To the extent that LTFV imports of finished flanges have increased at the expense of fairly traded imports, the likelihood that a further increase in LTFV imports will be at the expense of the domestic finished flanges greatly increases.

[104] Table C-1, CR at C-2, PR at C-2. Petitioners allege that an enormous volume ($4 million worth) of low priced Indian flange forgings, which were part of a massive series of shipments from India to the United States designed to enter the United States prior to the DOC critical circumstances deadline, are in stock in Houston. Petitioners' Posthearing Brief at 13, Appendix A at 14 and 15.

(continued...)

by the ***.[105] Moreover, although domestic converter, J&R Metals, which was a major purchaser of Indian forgings from ***, went out of business in March/April 1993, imports from India have increased.[106] In fact, the current increase in inventory levels coincided with the surge of subject imports in the first quarter of 1993. Evidence on the record indicates that *** has increased its customer base and that the current inventory has been offered for sale at extremely low prices.[107] Furthermore, there are low barriers to entry in this industry since the production process does not require proprietary technology nor a sophisticated or complex manufacturing process.[108] We find no persuasive evidence that the increase in subject imports, including the import surge in the first quarter of 1993, would not continue in the absence of an antidumping duty order; therefore, we conclude that subject imports would continue and that the current inventory would be replaced when depleted. The current U.S. inventory levels of subject imports thus provides further support for an affirmative determination of threat of material injury by reason of the subject imports.

Finally, capital expenditures by the domestic producers of stainless steel flanges declined from *** in 1990 to *** in 1992.[109] While there was a slight increase in expenditures between interim periods, expenditures in interim 1993 were well below previous levels.[110] Thus, we conclude that the LTFV imports will adversely affect the existing development and production efforts of the domestic industry as indicated by the already substantial decline in capital expenditures.[111]

In light of the vulnerable condition of the domestic industry and based on our analysis of the above factors -- particularly the rapid increase in subject imports, falling U.S. prices and consistent underselling by highly substitutable LTFV imports, substantially increasing inventories in the United States of subject imports, and underutilized capacity in the subject countries -- we conclude that the domestic stainless steel flange industry is threatened with material injury by reason of LTFV imports from India and Taiwan.

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[104] (...continued)
Flow Components' President also stated at the hearing that there are "three or four million dollars of Indian forgings in stock in Houston;" he also indicated that he has a list of the products in inventory. Tr. at 77.

[105] J&R Metals' President, Jeffrey Smith, indicated in a January 3, 1994 telephone conversation that he was not the ***. CR at I-14, n. 25, PR at II-11, n. 25, and ***.

[106] Petitioners allege that J&R Metals has recommenced operations as Quality Flange & Fitting, is finishing some of the inventoried subject imports, and has offered over 10,000 pieces for sale at "a 24 multiplier which is 13% lower than the current industry prices." Petitioners' Posthearing Brief at 13.

[107] According to petitioners, *** has offered to sell these flange forgings to U.S. converters at extremely low prices. Petitioners' Posthearing Brief, Appendix A at 15, and Tr. at 22 and 23. Furthermore, Flow Components' President indicated at the hearing that "American Quality Fittings . . . is using the Indian stock forgings." Tr. at 107.

[108] It is estimated that new productive capacity to forge and/or finish commercial quantities of stainless steel flanges could be added in the short run of one year or less. Economic Memorandum, EC-R-009 at 17 and 18, dated January 21, 1994.

[109] Table C-3A, CR at C-11, PR at C-8.

[110] Capital expenditures by the domestic industry *** in interim period 1992 to *** in interim period 1993. Table C-1A, CR at C-4, PR at C-2.

[111] See also Appendix D, CR at D-2 - D-4, PR at D-2.

V. EFFECT OF SUSPENSION OF LIQUIDATION OF ENTRIES[112]

When the Commission makes a final affirmative determination on the basis of threat, pursuant to 19 U.S.C. § 1673d(b)(4)(B), we must make an additional finding as to whether material injury by reason of subject imports would have been found but for the suspension of liquidation of entries of such imports. This finding determines the date of the imposition of duties -- either the date of suspension of liquidation or the date of the publication of the final order. Suspension of liquidation in these investigations occurred on August 5, 1993, the date of publication of Commerce's preliminary affirmative determinations.[113]

We find that the domestic industry would not have been materially injured even had there been no suspension of liquidation. While the industry was in a vulnerable condition, its performance had not deteriorated to the point where imports during the relevant period would have resulted in material injury by reason of the subject imports.

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[112] The Department of Commerce determined, on the basis of best information available, that critical circumstances exist with respect to LTFV imports of stainless steel flanges from all Taiwanese companies and from all Indian companies, except for Akai. 58 Fed. Reg. 68853, 68859 (December 29, 1993), CR at A-4, A-10, PR at A-4, A-10. If the Commission finds either threat of material injury or no material injury by reason of subject imports, it need not make a critical circumstances determination under 19 U.S.C. § 1673d(b)(4)(A)(i). See, e.g., Certain Carbon Steel Butt-Weld Pipe Fittings from China and Thailand, Inv. Nos. 731-TA-520 and 521 (Final), USITC Pub. 2528 at 31 (June 1992). Since our affirmative determination is based upon threat of material injury by reason of LTFV imports, not on present material injury, we do not reach the critical circumstances issue. Moreover, a finding that retroactive imposition of antidumping duties is necessary to prevent recurrence of material injury would be inconsistent with our finding that the domestic industry is threatened with material injury at this time. See 19 U.S.C. § 1673d(b)(4)(A); Certain Helical Spring Lockwashers from Taiwan, Inv. No. 731-TA-625 (Final), USITC Pub. 2651 at 18, n.89 (June 1993).

[113] 58 Fed. Reg. 41713 and 41716 (August 5, 1993).

DISSENTING VIEWS OF COMMISSIONERS BRUNSDALE AND CRAWFORD

On the basis of information obtained in these final investigations, we determine that an industry in the United States is not materially injured or threatened with material injury by reason of imports of stainless steel flanges found by the Department of Commerce to be sold at less-than-fair-value (LTFV).

We concur in the conclusions of our colleagues with respect to like product and cumulation.[1] We also concur that the domestic industry consists of both forger/finishers (i.e. integrated producers) and converters.

However, we do not find that appropriate circumstances exist to exclude the related party converter, Flow Components, from the domestic industry. The Commission often states that the purpose of the related party provision is to prevent the skewing of relevant data. Because we do not draw any conclusion on the abstract health of the industry, the most relevant data for us are those showing the revenue, market share, and capacity of the domestic industry's domestic operations. Flow Components does not import forgings to resell them, but as an essential input into its finished product. The data describing Flow Components' domestic operations are readily severable from, and indeed simply are not combined with, any data describing its use of imported forgings. To put it in the Commission's usual language, Flow Components' primary interest lies in production of the like product, not in importation of LTFV imports. In addition, because commercial quantities of domestic forgings are not available in the domestic market, it must use imported forgings for its production of the like product. For these reasons, we do not find that appropriate circumstances exist to exclude Flow Components from the domestic industry.[2]

I. ANALYTICAL FRAMEWORK

Evaluating the effects of LTFV imports on domestic prices and the domestic industry requires an understanding of the economic factors affecting the domestic market. 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 differentiated from each other and how that affects purchasers' decisions to buy the products. When purchasers can choose between imports and domestic products, differences between those products will affect the price purchasers pay for each. The extent of those differences determines whether purchasers buy more of the domestic product when the price of the imported product increases (i.e. the

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[1] We have recently held that cumulation is appropriate under the statute only if the subject imports compete with each other and with the like product, and that competition between two products exists only if changes in their relative price will affect the demand for each. Stainless Steel Wire Rod from India, Inv. No. 731-TA-638 (Final), USITC Pub. 2704 (Nov. 1993) at I-23. Contemporaneous sales of standardized products to the same buyers or sales of practically identical customized products at comparable prices will suffice. Id. It is uncontroverted that the record shows that the same buyers purchase Indian, Taiwanese, and domestic forgings contemporaneously. CR at I-19, PR at I-23. It is also uncontroverted that at least several buyers of finished flanges switch their purchases based on small changes in their relative price. EC-R-009 at 23-25. One can reasonably infer that more would do so based on the very large changes in the relative price that would be necessary to eliminate the dumping. We therefore agree with the majority that cumulation is appropriate.

[2] The facts in these investigations are comparable to the facts in Sulfur Dyes from the China and the United Kingdom, Inv. Nos. 731-TA-548 and 551 (Final), USITC Pub. 2602 (February 1993). For further discussion of the related party issue in those investigations, see Additional Views of Commissioner Crawford at 47.

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). It is also necessary to understand other relevant economic factors, such as the composition of the industry and the availability of nonsubject imports, that affect domestic prices and output.

Having developed an understanding of the market and the domestic industry, we evaluate the effects of the dumping. To evaluate the effect of the dumping on domestic prices, we compare domestic prices that existed when the imports were dumped with what domestic prices would have been if the imports had been priced fairly. Similarly, to evaluate the impact on the domestic industry, we compare the state of the industry when the imports were dumped with what the state of the industry would have been if the imports had been priced fairly. In this regard, the impact on the domestic industry's production and revenues is critical, because the impact on other industry indicators (e.g. employment, wages, etc.) is derived from the impact on production and revenues.

We then determine whether the price, production and revenue effects of the dumping, either separately or together, demonstrate that the domestic industry would have been materially better off if the imports had been priced fairly. If this is affirmative, we find that the domestic industry is materially injured by reason of dumped imports.

II. BACKGROUND AND CONDITIONS OF COMPETITION

A. Elasticity of Demand

The elasticity of demand measures how purchaser demand responds to product price changes. It varies with several factors, including the product uses, cost as a percentage of total cost of the finished product, availability of substitute products and alternative finished goods.

The demand for forgings and flanges is derived from the demand for systems in which they are used. The cost of forgings and flanges is a relatively small share of the overall cost of the systems, and there are no close substitutes for users to purchase. In addition, record evidence indicates that nonprice factors are critical to users in making their purchasing decisions. For these reasons, purchasers are relatively insensitive to price increases. The staff estimated a range of -0.3 to -0.7,[3] and we conclude that the demand elasticity probably falls at the lower end of this range. Therefore, we find that purchasers are unlikely to reduce their purchases if prices increase.

B. Elasticity of Substitution

The elasticity of substitution measures how the quantity demanded of a product responds to price changes in a substitute product. If products are close substitutes, purchasers will tend to respond more readily to relative price changes. In these investigations, the LTFV imports and the domestic products are comparable in quality. However, we find that they are not otherwise close substitutes. They are not close substitutes in the marketplace.

The record demonstrates that purchasers are influenced by a variety of nonprice factors, including "Buy American" policies, better availability, and/or shorter lead times.

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[3] Economics Memorandum EC-R-009 at 25-27.

Several purchasers stated that they generally prefer not to purchase Indian or Taiwanese products, or that Indian and Taiwanese suppliers are not on their customers' lists of approved suppliers. The record also indicates that purchasers place a value on supplier relationships, infrequently changing from suppliers of domestic products to suppliers of imported products, and vice versa, as a result of short-run differences in the relative prices of the products. These supplier relationships limit the switching between LTFV imports and the domestic products, and therefore reduce the degree of substitutability between the two. For these reasons, the staff estimates the elasticity of substitution in the range of 3 to 4, indicating a moderate degree of substitutability.[4]

We believe that three additional factors need to be considered. First, over 90 percent of domestic forgings is captively consumed, i.e. used by integrated producers to produce finished flanges. LTFV forgings do not compete with domestic forgings that are captively consumed, because domestic integrated producers neither sell commercial quantities of their own forgings in the open market nor use imported forgings for their flange production. This lack of competition reduces the substitutability. Second, LTFV forgings do not compete with domestic finished flanges. LTFV forgings first must be converted into finished flanges before they can be substituted for domestic finished flanges. The necessity and cost of conversion further limits the degree of substitution between LTFV imports and the like product.

Third, we have considered the limited information received from domestic producers that did not respond to the Commission's questionnaires. One of the domestic converters, J & R Metals, Inc., went out of business early last year before receiving a questionnaire. Two of the integrated domestic producers, Newman Flange Co. and Texas Metals, Inc., received questionnaires, but chose not to respond. After a number of conversations with Commission staff, these two nonresponsive members of the domestic industry provided information that their combined sales in 1992 were ***. They also indicated that their product line included flanges in sizes larger than the LTFV imports that entered the U.S. market during the period of investigation.[5] We consider this information to be the best information available concerning the substitutability between the LTFV imports and these producers' products. The information indicates that these producers' products are not close substitutes for the LTFV imports, due to the difference in sizes. Because these producers are a substantial part of the domestic industry, the substitutability between the LTFV imports and the domestic like product as a whole is limited further.

Based on these additional three factors, we find the staff estimate of substitutability to be too high. Therefore we find that the LTFV imports and the domestic products are poor substitutes, with an elasticity of substitution of 1 or 2.

C. Elasticity of Domestic Supply

The elasticity of supply measures the ability of producers to increase production in response to price increases in the market. It depends on capacity utilization rates, cost and time of adding capacity, ability to shift sales from export to domestic markets, and the availability of inventories.

Nearly all domestically produced forgings are consumed by the domestic industry to produce finished flanges. Therefore, we evaluated the domestic industry's capacity and capacity utilization in producing finished flanges to understand how domestic output of

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[4] EC-R-009 at 20-25.

[5] Because J & R Metals, Inc. did not provide any usable information, we have noted where it would have affected our analysis. CR at I-14, footnote 25, PR at II-11, footnote 25.

flanges would have been affected if LTFV imports had been fairly priced.[6] Capacity utilization was 77.2 percent in 1992 and 84.4 percent in interim 1993, and unused capacity represents a significant portion of domestic consumption.[7] The domestic industry had large inventories available for sale in the market, and producers are able to add productive capacity in the short run without substantial cost. For these reasons, the staff estimates the elasticity of domestic supply to in the range of 8 to 10, which we find to be reasonable.[8] Therefore, we find that the domestic industry would have been readily able to increase its output in response to an increase in prices.

D. Composition of the Domestic Industry and Nonsubject Imports

Record evidence demonstrates that, during the period of investigation, users could have purchased the like product from six integrated producers and three converters. In addition, purchasers could have bought nonsubject imports,[9] which have maintained a significant presence in the market. Nonsubject imports of flanges and forgings held market shares in excess of 25 percent and 16 percent, respectively, in 1992.[10] Therefore, purchasers of forgings and flanges had a large number of alternative sources of supply throughout the period of investigation.

II. NO MATERIAL INJURY BY REASON OF LTFV IMPORTS

In determining whether a domestic industry is materially injured by reason of the LTFV imports, 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 . . . .[11]

In assessing the effect of LTFV imports, we compare the current condition of the domestic industry to that which would have existed had imports been fairly priced.[12] Then, taking into account the condition of the industry, we determine whether the resulting change of circumstances constitutes material injury. For the reasons discussed below, we find that the domestic industry is not materially injured by reason of LTFV imports.

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[6] Because of nonresponding producers, we have used reported data presented in the Staff Report as the best information available for this analysis.

[7] In interim 1993 reported available capacity equalled 12.3 percent of reported domestic consumption. EC-R-009 at 18.

[8] EC-R-09 at 16 to 20.

[9] Ten countries accounted for the vast majority of nonsubject imports of forgings and flanges. See Economics Memorandum EC-R-009 at 6-7.

[10] Table 19, CR at I-52, PR at II-38, Table 20, CR at I-53, PR at II-39.

[11] 19 U.S.C. § 1677(7)(B)(i). In making its determination, the Commission may consider "such other economic factors as are relevant to the determination." 19 U.S.C. § 1677(7)(B)(ii).

[12] 19 U.S.C. § 1677(7)(C)(iii).

A. No Material Injury by Reason of LTFV Imports

1. Volume of the LTFV Imports

In 1992, the domestic industry's market share was 66 percent, and the market share of LTFV imports was nearly 16 percent.[13] We do not find this volume of LTFV imports to be significant, particularly in light of the conditions of competition distinctive to this industry.

2. Effect of LTFV Imports on Domestic Prices

To analyze the effect of LTFV imports on domestic prices of the like product, we consider a number of factors relating to the industry and the nature of the products. These factors include the availability of substitute products in the market, the degree of substitutability between the LTFV imports and the domestic like product, and the presence of fairly traded imports. We find the LTFV imports had no significant price effects.

The dumping margins are so high that it is unlikely that many LTFV imports would have entered the domestic market if they had been fairly priced. As a result, it would have been necessary for purchasers to find alternative sources of supply. If the supply had been constrained, prices would have increased because demand is inelastic. However, the supply was not constrained because domestic capacity and nonsubject imports were available to meet the demand supplied by the LTFV imports. The domestic industry is competitive, consisting of nine firms producing the product during at least part of the period of investigation. Therefore, attempts by one producer to increase prices would have been prevented by the other producers. In addition, the availability of substantial nonsubject imports would have limited domestic price increases. As a result, we find that competition among the domestic producers themselves, and with nonsubject imports, would have minimized the effect of LTFV imports on domestic prices.

3. Impact on the Domestic Industry

In assessing the impact of LTFV imports on the domestic industry, we consider, among other relevant factors, output, sales, inventories, capacity utilization, market share, employment, wages, productivity, profits, cash flow, return on investment, ability to raise capital and research and development.[14] These factors either encompass or reflect the volume and price effects of the dumped imports, and so we must gauge the impact of the dumping through those effects.

As discussed above, it is quite unlikely that many LTFV imports would have entered the domestic market at fairly traded prices. Because of competition in the U.S. market, it is unlikely that domestic prices would have increased had the LTFV imports not been present in the market. As a result, any impact of LTFV imports on the domestic industry would have been on the volume of the domestic industry's output and sales.

Domestic sales, and therefore revenues, may have increased somewhat if LTFV imports had been priced fairly. However, the low elasticity of substitution tells us that the

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[13] Our calculation of LTFV market share is the sum of the market share for LTFV finished flanges and the forgings component of finished flanges produced from LTFV forgings. We have included the sales of the two nonresponding integrated domestic producers in our calculation of market shares. Because J & R Metals, Inc. provided no usable information, its data are not included. If they were, the domestic industry's market share would be greater, and the market share of LTFV imports would be smaller.

[14] 19 U.S.C. § 1677(C)(iii).

LTFV imports and the domestic products are poor substitutes, and therefore purchasers would have been unlikely to switch to the domestic products even if the LTFV imports had been priced higher. Based on the low substitutability of LTFV imports with the domestic products and the availability of nonsubject imports, we conclude that users would not have increased significantly their purchases of the domestic products. As a result, the domestic industry's output and revenues would not have increased materially. Therefore, we conclude that the domestic industry would not have been materially better off if LTFV imports had been fairly priced.

B. Adverse Inference

Our conclusion is supported further by the inference we draw as a result of the failure of two of the integrated producers to respond to the Commission's questionnaires. The two non-responding producers represent a substantial portion of the domestic industry's sales and production. In 1992, they accounted for approximately *** of the domestic industry's sales of finished flanges. Their combined production accounted for approximately *** of domestic consumption (by value).

The Staff Report does not include data from these two domestic producers, and therefore the Staff Report understates domestic consumption, as well as the domestic industry's sales and market share. As a consequence, the reported market share of LTFV imports is overstated.

Market share, at least of finished flanges, is something that we can adjust for in some rough fashion. What the nonresponding producers have really deprived us of is information on all the other factors we consider under the statute, particularly those factors that affect our analysis of the elasticities of substitution, supply and demand. We therefore must address the question of whether to invoke the adverse inference rule against the domestic industry. The Court of International Trade has held that

> [T]he Commission has discretion in deciding whether or not to draw an adverse inference with respect to injury based upon a party's failure to participate in the administrative proceeding, but the decision in either event must be based upon a sound rationale.

Alberta Pork Producers' Mktg. Bd. v. U.S., 669 F.Supp. 445, 459 (CIT 1987).[15]

In these investigations, we draw adverse inferences from the failure of a large percentage of the domestic industry to provide us the information requested. This is not a case in which it is plausible to interpret the failure to respond as a result of the small size of the firms involved or their lack of sophisticated bookkeeping.[16] Instead, it was a conscious decision, reiterated after telephone conversations with the Commission's staff. We therefore infer that the actual evidence that the nonresponding producers could have provided us would have shown at most a very limited substitutability of their products with the subject imports, and that the subject imports' impact on the domestic industry (i.e., the "domestic producers

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[15] The Court was careful to note that the rule is one of inference about the evidence. If the Commission had obtained actual evidence, even without the voluntary cooperation of the domestic industry (e.g., through the coercion of a subpoena or simply through secondary sources), the inference should not be drawn. Alberta Pork, 669 F.Supp. at 459. In this investigation, we did not obtain such actual evidence.

[16] See Sweaters Wholly or in Chief Weight of Manmade Fibers from Hong Kong, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-448-450 (Final) (Views on Remand), USITC Pub. 2577 (Nov. 1992) at 14 n.41.

as a whole")[17] is consequently less than what the Staff Report indicates without inclusion of the data. We therefore infer that any injury to the domestic industry as a whole by reason of LTFV imports is not material.

For these reasons, we determine that the domestic industry is not materially injured by reason of LTFV imports of stainless steel flanges from India and Taiwan.

III. NO THREAT OF MATERIAL INJURY BY REASON OF LTFV IMPORTS

We have considered the enumerated statutory factors that we are required to consider in our determination.[18] A determination that an industry "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."[19]

We are mindful of the statute's requirement that our determination must be based on evidence, not conjecture or supposition. Accordingly, we have distinguished between mere assertions, which constitute conjecture or supposition, and the positive evidence[20] that we are required by law to evaluate in making our determination.

Although the data regarding LTFV capacity and production are limited, we have based our analysis on the information available.[21] The information indicates that production capacity for LTFV finished flanges has *** from 1991 to 1992, and is projected to be *** in 1993 and 1994 than in 1991. In addition, there has been *** in unused capacity. As a result, we find that there has been *** in production capacity or *** in unused capacity sufficient to result in a significant increase in LTFV imports in the United States. Furthermore, capacity utilization for finished flanges is ***, and therefore there is no *** capacity. For these reasons, we find the information relevant to LTFV production capacity and unused or underutilized capacity does not represent evidence that any threat of material injury is real or that actual injury is imminent.

When observed separately, the market penetration of both LTFV flanges and LTFV forgings increased during the period of investigation.[22] However, the product mix of LTFV imports has changed dramatically over the period of investigation, from imports of finished flanges to imports of forgings. As a percentage of total LTFV imports, forgings increased from 14 percent of LTFV imports in 1990 to 64 percent in 1992 and 71 percent in interim 1993. As a result, any rapid increase in LTFV imports is accounted for by the concentration of imports of forgings in the product mix. As discussed above, LTFV imports of forgings do not compete with the domestic product because nearly all domestic forgings are consumed captively. Therefore, absent positive evidence that LTFV imports of forgings will compete with domestic forgings in the immediate future, we find that any rapid increase in market penetration does not constitute evidence that any threat of material injury is real or that actual injury is imminent.

We find that any increase in inventories of LTFV imports in the United States does not represent a threat of material injury that is real. While inventories of finished flanges decreased during the period of investigation, inventories of forgings increased substantially

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[17] 19 U.S.C. § 1677(4)(A).
[18] 19 U.S.C. § 1677(F)(i).
[19] 19 U.S.C. § 1677(7)(F)(ii).
[20] See American Spring Wire Corporation v. United States, 590 F., Supp. 1273 (1984).
[21] For this analysis, we have aggregated the data contained in Tables 15, 16 and 17 where possible. Table 15, CR at I-45, PR at II-33, Table 16, CR at I-46, PR at II-34, Table 17, CR at I-48, PR at II-34.
[22] Report at I-52 and I-53.

between 1990 and interim 1993.[23] As discussed above, LTFV imports of forgings do not compete with the domestic product because nearly all domestic forgings are consumed captively. Therefore, absent positive evidence that LTFV forgings will compete with domestic forgings in the immediate future, we find that the increase in U.S. inventories of LTFV forgings does not constitute evidence that any threat of material injury is real or that actual injury is imminent.

In our determination that there is no material injury by reason of dumped imports, we demonstrated that LTFV imports have had no significant effect on domestic prices. We find no positive evidence that this will change in the immediate future. Therefore, we conclude that there is a very low probability that dumped imports will enter the United States at prices that will have a depressing or suppressing effect on domestic prices.

We find no evidence of any other demonstrable adverse trends that indicate the probability that LTFV imports will be the cause of actual injury. In addition, we find no positive evidence to support a conclusion that the potential for product-shifting represents a threat of material injury that is real or that actual injury is imminent.

For the reasons stated above, we find that the domestic industry is not threatened with material injury by reason of LTFV imports of stainless steel flanges from India and Taiwan.

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[23] Table 14, CR at I-42, PR ar II-32.

PART II

INFORMATION OBTAINED IN THE INVESTIGATIONS

INTRODUCTION

On December 27, 1993, the U.S. Department of Commerce (Commerce) notified the U.S. International Trade Commission (Commission) of its final determinations that certain forged stainless steel flanges (flanges)[1] from India and Taiwan are being, or are likely to be, sold in the United States at less than fair value (LTFV), as provided for in section 735 of the Tariff Act of 1930, as amended (the Act). Commerce subsequently published its notices of final determinations in the *Federal Register* (58 F.R. 68853, December 29, 1993). The relevant statute directs the Commission to make its final injury determinations within 45 days of receipt of Commerce's final LTFV determinations. The Commission voted on these investigations on January 24, 1994, and transmitted its determinations to the Secretary of Commerce on February 2, 1994.

The investigations are the result of a petition filed on December 31, 1992, by Flowline Division, Markovitz Enterprises, Inc. (Flowline), New Castle, PA; Gerlin, Inc. (Gerlin), Carol Stream, IL; Ideal Forging Corp. (Ideal), Southington, CT; and Maass Flange Corp. (Maass), Houston, TX (collectively hereinafter "petitioners"). Effective December 31, 1992, the Commission instituted investigations Nos. 731-TA-639 and 640 (Preliminary) under section 733(a) of the Act (19 U.S.C. § 1673b(a)) and, on February 16, 1993, determined that there was a reasonable indication of such material injury.

Following preliminary determinations by Commerce that certain forged stainless steel flanges from India and Taiwan are being, or likely to be, sold in the United States at LTFV,[2] the Commission, effective August 2, 1993, instituted investigations Nos. 731-TA-639 and 640 (Final) under section 735(b) of the Act ((19 U.S.C. § 1673(b)) to determine whether an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports of such merchandise. Notice of the institution of the Commission's investigations, and of the public hearing to be held in connection therewith, was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of September 1, 1993 (58 F.R. 46212).[3] The hearing was held in Washington, DC, on December 22, 1993.[4]

Stainless steel flanges have not been the subject of previous Commission investigations.[5]

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[1] As defined by Commerce, the flanges covered by these investigations are forged stainless steel flanges, both finished and unfinished, generally manufactured to American Society for Testing and Materials (ASTM) specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes 5 general types of flanges. They are weld-neck, used for butt-weld line connections; threaded, used for threaded line connections; slip-on & lap-joint, used with stub-end/butt-weld line connections; socket-weld, used to fit pipe into machined recessions; and blind, used to seal off lines. The sizes of the flanges covered in the scope range generally from 1 to 6 inches. However, all sizes of the above-described merchandise are included within the scope. The flanges subject to these investigations are provided for in subheadings 7307.21.10 and 7307.21.50 of the Harmonized Tariff Schedule of the United States (HTS). The HTS subheadings are provided for convenience and customs purposes, but the written description of the scope of these investigations is dispositive.

[2] Petitioners also alleged that critical circumstances exist with respect to imports of flanges from India and Taiwan. A discussion of Commerce's final determinations of critical circumstances appears in the section of this report entitled "Critical Circumstances."

[3] Copies of cited *Federal Register* notices are presented in app. A.

[4] A list of witnesses at the hearing is presented in app. B.

[5] On May 20, 1992, Flowline filed an antidumping petition on imports of certain butt-weld pipe fittings from Korea (Inv. No. 731-TA-563 (Final), USITC Publication 2601) and Taiwan (Inv. No. 731-TA-564 (Final), USITC Publication 2641). Commerce made affirmative final determinations of

(continued...)

NATURE AND EXTENT OF SALES AT LTFV

In making its final determinations, Commerce noted deficiencies in the respondents' filings; therefore, Commerce relied on the information supplied by the petitioners as the best information available (BIA) to calculate dumping margins, except for certain information provided by the Indian firm Akai Impex Pvt., Ltd. The estimated margins are shown in the following tabulation:

Country/company	Margin *Percent*
India:	
Mukand, Ltd.[1]	210.00
Sunstar Metals. Ltd.[1]	210.00
Bombay Forging Pvt., Ltd.[1]	210.00
Dynaforge[1]	210.00
Akai Impex Pvt., Ltd.	19.74
All others	162.44
Taiwan:	
Entire country[1]	48.00

[1] BIA.

Commerce also determined that critical circumstances exist for imports of flanges from Taiwan and from India, except for imports of flanges from Akai. Further information concerning critical circumstances can be found in the section titled "Critical Circumstances." Summary tables with and without Flow Components, Houston, TX, a U.S. producer that uses subject imported forgings, are found in appendix C.

THE PRODUCT

Description

The products subject to these investigations are forged stainless steel flanges, both finished and unfinished (forgings), generally manufactured to the ASTM specification A-182, made in alloys such as 304, 304L, 316, and 316L. The subject unfinished stainless steel flanges consist of forgings that are then processed into finished stainless steel flanges.[6] Finished stainless steel flanges are used to connect stainless steel pipe sections and piping system components, such as pumps, valves, tanks, gauges, etc., at points in piping systems where conditions require a connect-and-disconnect capability. A typical piping system flange assembly consists of two finished flanges, each of which is attached to a piece of pipe or a pipe fitting, bolted together. To prevent leakage, a gasket is placed between the flanges.

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[5] (...continued)
sales at LTFV from both countries, and the Commission's final injury determinations were also affirmative.

[6] Both finished stainless steel flanges and forgings (unfinished stainless steel flanges) are subject to these investigations. In its determinations in the preliminary investigations, the Commission defined the like product to consist of stainless steel flanges, both finished and unfinished. (Respondents had argued that finished and unfinished flanges constitute separate like products.) The Commission based its like product definition particularly on the fact that unfinished flanges impart essential characteristics to finished flanges and are dedicated to use as finished flanges, and on the absence of an end-use market for unfinished flanges (forgings) (USITC Publication 2600, p. 9).

For tariff purposes, the term "stainless steel" includes by definition all grades of steel containing 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. The products in these investigations are typically manufactured from stainless steel alloy grades 304, 304L, 316, and 316L and are usually designated under the performance specifications of the American Society for Testing and Materials (ASTM) A-182/A-182M-91 and the dimensional specifications of the American Society of Mechanical Engineers (ASME)/American National Standards Institute (ANSI) B16.5.

Stainless steel flanges are manufactured in several types and sizes for various pressure and temperature applications (figure 1). Blind flanges are used to seal off a line; lap-joint and slip-on flanges are used with stub-end fittings[7] in butt-welded[8] pipeline connections; socket-weld flanges allow a pipe to fit inside a machined recession (socket) of a flange prior to welding; threaded flanges allow for a threaded pipeline connection; and weld-neck flanges allow for a butt-weld pipeline connection.

Stainless steel flanges commonly range from 1 to 12 inches in nominal pipe size and have bolt holes and a mating surface to accommodate gaskets for sealing.[9] The mating surface may be machined smooth for metallic, teflon, or rubber type gaskets, or grooved like a phonograph record to accommodate fiber-type gasket materials.

Because stainless steel flanges must meet particular specifications regarding raw material usage, tolerances, and dimensions, the imported and domestic products are essentially fungible,[10] although there are some perceived quality differences among forgings and among finished flanges.[11]

Uses

Virtually all stainless steel flange forgings are destined to be made into finished flanges.[12] However, a limited number of forgings may be manufactured into flange-like products, which are different from products included in the scope of these investigations.[13] The primary uses for finished flanges are in "process" operations such as those in chemical plants, petrochemical plants, pharmaceutical plants, food-processing facilities, breweries, cryogenic plants, waste-treatment facilities, pulp and paper production facilities, gas-processing (gas-separation) facilities, and commercial nuclear power plants and nuclear Navy applications. In these various process operations, finished flanges are used to connect stainless steel pipe sections and piping system components.

Stainless steel flanges are used where one or more of the following conditions is a factor in designing the piping system: (1) corrosion resistance; (2) contamination prevention; (3) high temperatures (in excess of 300 degrees Fahrenheit); (4) extreme low temperatures; and/or (5) pressure containment.

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[7] Stub-end fittings are welded to a piece of pipe but are used with a flange. The stub-end and flange combination permits quick connection with other pipes having stub-end fittings and flanges when periodic changes of pipes are required or where on-site welding would be difficult.

[8] Butt-weld pipe fittings are used to join pipe sections where conditions require permanent, welded connections. The beveled edges of butt-weld fittings distinguish them from other types of pipe fittings, such as threaded, grooved, or bolted fittings, which rely on different fastening methods.

[9] Field visit to ***.

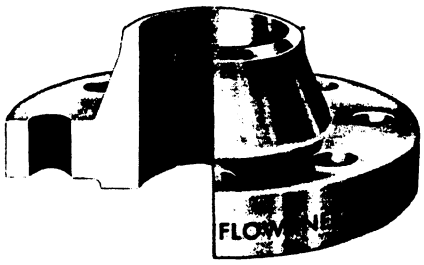
[10] Testimony of Mr. Philip Mavrich, Flowline, hearing transcript of the final investigations (tr.), p. 16; and testimony of David Cook, Maass, tr., p. 34.

[11] Testimony of Mr. Read Boles, Flow Components, tr., p. 73.

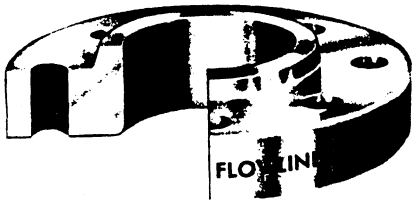
[12] Testimony of Mr. Robert Gilbert, Gilbert Development Group, tr., pp. 28-29.

[13] Testimony of Mr. Read Boles, tr., pp. 85-86. Mr. Boles stated that less than 3 percent of Flow Components' business is in flange-like products, such as SAE flanges, that require considerable machining time because their unfinished dimensions are not close to their finished dimensions.

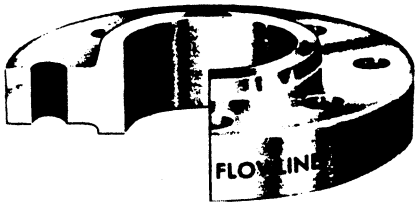
Figure 1: Typical finished stainless steel flanges



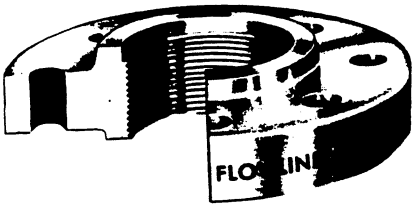
WELD-NECK



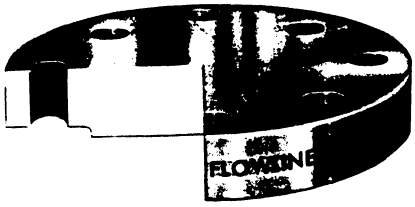
LAP-JOINT



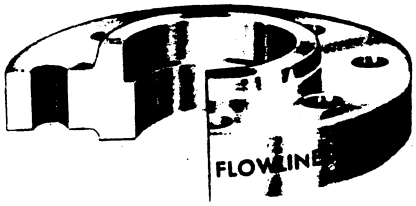
SLIP-ON



THREADED



BLIND



SOCKET-WELD

Source.-- Flowline.

Manufacturing Process

The domestic manufacturing sector consists of both integrated producers (forger-finishers) and converters. Forger-finishers begin with a piece of stainless bar as their raw material and perform forging, machining, and finishing operations. Converters purchase flange forgings and perform machining and finishing operations.

Finished flanges are generally machined and drilled from forgings that are hot-forged from ASTM A-314 bar and that meet established specifications for annealing[14] and tensile strength. The manufacturing process is split into two production phases--forging (forming) and finishing--and a number of production steps that are common to every type of flange. However, steps related to forging the flange vary depending on its shape.

In general, to produce a forging (figure 2), a forging bar (stainless steel bar) is cut into blanks of specified length. The blank is then degreased, chamfered to remove rough edges, and heated in a furnace. The hot blank may be forged in a press to achieve the desired shape, or it may be forged into shape by a series of hammer blows.[15] Most producers utilize a philosophy of "net shape forging," meaning that the unfinished flange is forged as close as possible to the final finished dimensions in order to minimize scrap loss, machine time, and tooling costs.[16] The forging is then annealed to relieve stresses that build up during the forming process. Immediately after annealing, the forging is quenched in water; the oxide scale formed during heat treatment is then removed in a pickling bath. The forging's outside diameter is rough-machined, and a bore hole is drilled in the middle of the flange (except for blinds). The forging is then "sold" to a converter or, in the case of forger-finishers, transferred internally to the finishing operation.

The first step of the finishing process (figure 3) is to machine the outside diameter of the forging and mark (imprint) the specifications on this finished surface.[17] The entire flange is final-machined to achieve exact size requirements.[18] Bolt holes are drilled into the flange on a multi-spindle drill press according to specifications. The holes are deburred, after which the flange is degreased and passivated in hot diluted nitric acid to activate a chromium oxide film on the surface of the metal which gives it a corrosion-resistant character. In addition to random inspections performed throughout the manufacturing process, finished flanges are inspected for flaws, defects, dimensions, and tolerances by the manufacturer.[19] End users generally require that flanges meet specifications of the ASTM, the ANSI, and/or the ASME, depending on the application. These specifications include required manufacturing processes (such as annealing) as well as sizing tolerance and performance standards.

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[14] This process heats and then slowly cools the metal to strengthen it and to prevent brittleness.

[15] Press-forging, a more automated process than hammer-forging, can shape a flange in approximately one-fourth to one-third the number of blows required using hammer forging. Many producers have both press- and hammer-forging capabilities. The choice of press- or hammer-forging depends on the flange configuration, outside diameter dimension, and the endurance and wear-resistance of the associated tooling. (Field visit to ***.)

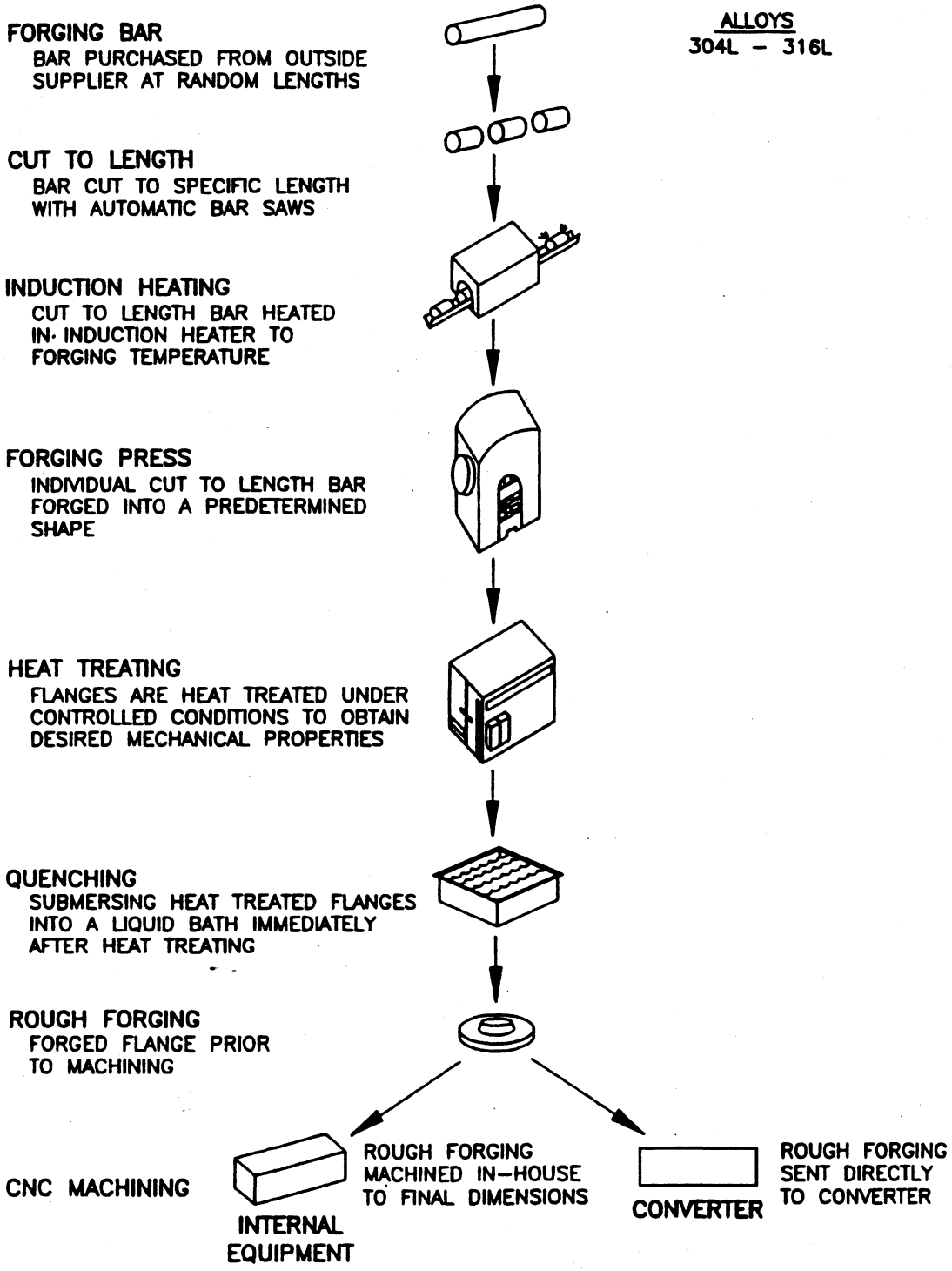
[16] Petitioners' postconference brief, p. 8; and testimony of Mr. Mavrich. tr., p. 42.

[17] Various types of identification, such as alloy grade, heat number, size, trademark, and ASTM designation, are stamped onto the flange at different stages of the production process.

[18] In the postconference brief of Mukand (a producer/exporter in India) is an affidavit of Read Boles of Flow Components of Houston, TX, in which he delineates a nine-step process involved in the machining, drilling, stamping, and cleaning that are necessary to convert a forging (unfinished flange) to a finished flange ready to be shipped. The process involves the use of costly computer numerical control (CNC) machinery.

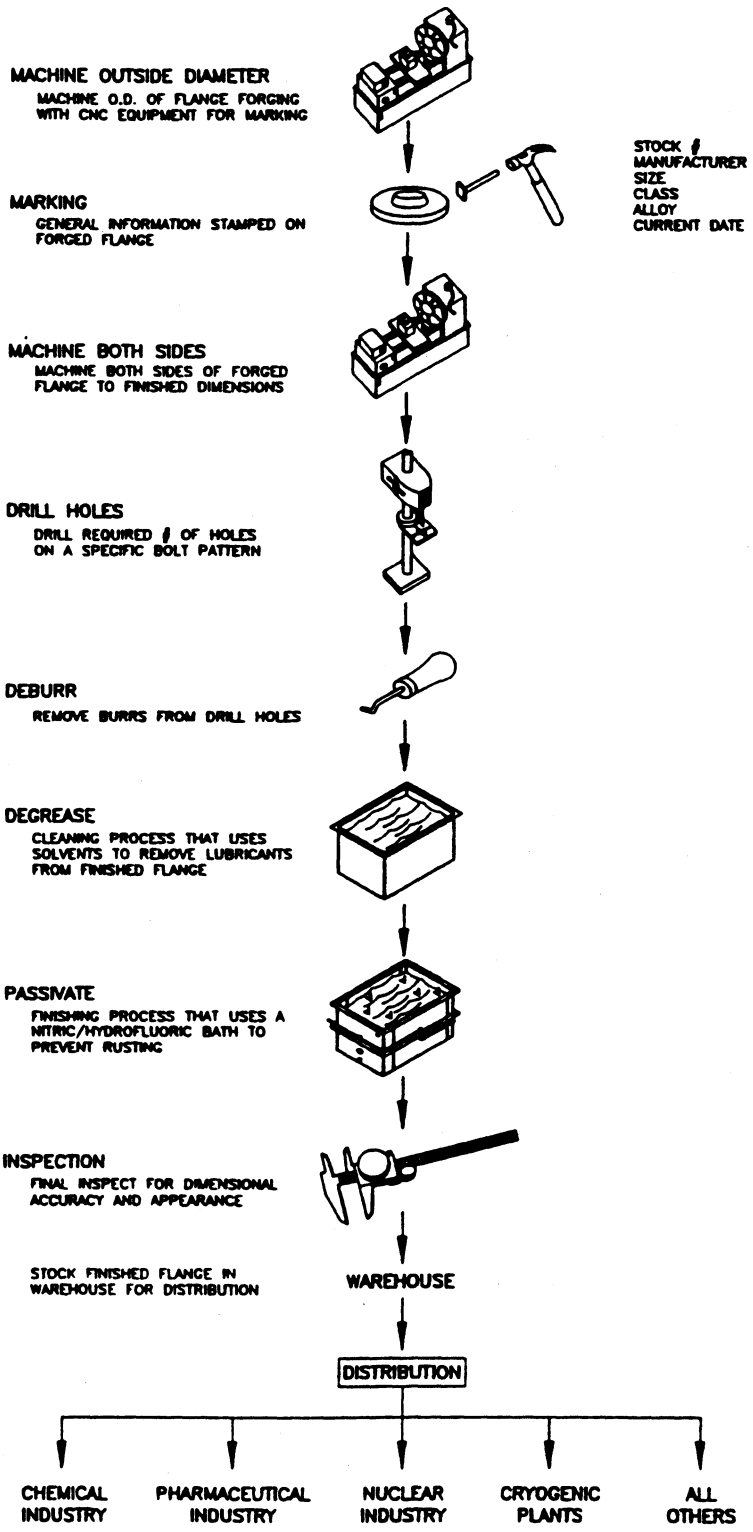
[19] Petition, app. D.

Figure 2: Forging process of typical unfinished stainless steel flanges



Source: Flowline.

Figure 3: Finishing process of typical stainless steel flanges



Source: Flowline.

*** produce forgings and finished flanges as described above. *** are converters who use the finishing process as described above with the exception of the stamping, which is done after the finished flange is machined.[20]

According to industry officials, little difference exists between the production techniques and machinery used by domestic and foreign producers because of the global diffusion of technology and forming methods.[21]

Substitute Products

There are no practical substitutes for forged stainless steel flanges. The type of fluid being conveyed (e.g., corrosive or contaminated liquids) and/or the piping system's operating pressure limit the use of flanges of other materials. Carbon and other alloy steel flanges do not meet temperature and corrosion-resistance requirements, stainless steel plate flanges do not meet pressure requirements, and plastic flanges would not be used in high-pressure or high-heat applications.[22] Threaded pipe fittings cannot endure the frequent pipeline connect and disconnect operations demanded of stainless steel flanges.[23]

U.S. Tariff Treatment

Imports of the subject stainless steel flanges are provided for in HTS subheadings 7307.21.10 (not machined, not tooled and not otherwise processed after forging) and 7307.21.50 (finished). The column 1-general (most-favored-nation) rates of duty on stainless steel flanges are 4.1 percent ad valorem for forgings and 6.2 percent ad valorem for finished flanges. For both subheadings, eligible goods that are the product of India can receive duty-free entry under the Generalized System of Preferences (GSP). The United States Customs Court ruled that imported forgings and the flanges made therefrom constitute "different articles of commerce in a tariff sense" (*Midwood Industries, Inc. v. United States*, 313 F. Supp. 951, 957 Customs Court 1970).

THE U.S. MARKET

U.S. Producers

As previously stated, the U.S. producers of stainless steel flanges consist of two types of firms: forger-finishers and converters. The petition listed 11 firms that currently produce, or that previously produced, stainless steel flanges. The Commission sent producers' questionnaires to all 11 firms listed in the petition and to 17 additional firms believed to possibly produce forgings or finished flanges. Responses were received from 17 firms, 11 of which--Ladish Co., Inc. (Cudahy, WI); Taylor Forge Stainless, Inc. (Somerville, NJ); Jessop Steel Corp. (Washington, PA); Eastern Stainless Corp. (Baltimore, MD); Allegheny Ludlum Corp. (Pittsburgh, PA); Avesta Sheffield Plate, Inc. (New Castle, IN); G.O. Carlson, Inc. (Thorndale, PA); North American Stainless (Ghent, KY); J & L

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[20] At the hearing, Mr. Boles testified that the cost of processing an unfinished flange into a finished flange ranges from 15 to 50 percent of the cost of the finished flange (tr., pp. 86-87). In their posthearing brief, petitioners stated that the average cost of finishing an unfinished flange is much closer to the lower end of the range specified by Mr. Boles. According to Mr. Cook, the cost of finishing, as a percent of the total cost of the finished flange, ranges between *** (petitioners' posthearing brief, pp. 5-6).

[21] Field visit to ***.

[22] Conference transcript, testimony of Phil Mavrich, pp. 32-33.

[23] Field visit to ***.

Specialty Products, Inc. (Pittsburgh, PA); Ameri Forge (Houston, TX); and Parrish International (Hempstead, TX), responded that they did not produce forged stainless steel flanges.[24] Many produced carbon steel flanges and others just produced stainless steel plate. The names of the remaining 6 firms that responded to the Commission's questionnaire, together with the location of their production facilities, shares of aggregate production, and position on the petition, are shown in table 1.[25] Of the 6 firms shown in the table, 4 are forger-finishers and 2 are converters.

Five of the 6 firms shown in the table are privately owned or owned and controlled by another U.S. entity. Maass, the *** producer of forgings and finished flanges, however, ***.[26] None of the firms shown produce stainless steel flanges in U.S. foreign trade zones.

With the exception of Gerlin, which is a converter, each of the remaining 3 petitioners (Flowline, Ideal, and Maass) is a forger-finisher of stainless steel flanges. Flowline forges and finishes its flanges at its New Castle, PA, plant, as does Ideal at its plant located in Southington, CT. Maass has forging operations located in Sealy, TX, approximately 80 miles from the finishing facility and head office in Houston, TX. Gerlin has finishing operations in Carol Stream, IL. The bulk of the quantity of stainless steel flanges produced by all 4 petitioners in 1992 was in the 6 inches and under nominal diameter size category.[27] Each of the 4 firms also produced products other than stainless steel flanges in their production facilities in which stainless steel flanges were produced during the period of investigation. ***.

Flow Components was on the verge of bankruptcy when it was acquired in 1991 by a group of outside investors.[28] Flow Component's sole production activity is the finishing of purchased (primarily imported) forged stainless steel flanges, *** percent of which in 1992 were flanges measuring 6 inches and under in nominal diameter.

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[24] ***.

[25] Another converter, J & R Metals, Inc. (J & R Metals) (Houston, TX) is believed to have accounted for a significant share of U.S. production of finished stainless steel flanges prior to 1993. The petition alleged that J & R Metals accounted for about *** percent of U.S. production of finished flanges (petition at p. 7). Respondent Flow Components also estimates that J & R Metals held probably 20-25 percent of the market at its peak. In a telephone conversation with Mr. Jeffrey Smith (president of J & R Metals) by the investigative team on January 3, 1994, Mr. Smith stated that J & R converted imported forgings into finished product. J & R had been in operation for 13 years in Houston, TX before going out of business. He stated that Indian imports accounted for about ***. J & R went out of business and had its stock and equipment sold at auction in July 1993. Despite several attempts by the Commission's staff in the preliminary investigations, J & R Metals did not respond to the Commission's request for questionnaire information. In the final investigations, Mr. Smith provided a response that contained limited and incomplete data. In an affidavit submitted in the postconference brief of respondent Mukand, Mr. Smith stated his opposition to the petition (see "Affidavit of Jeffrey R. Smith," exhibit 2, p. 8, respondent Mukand's postconference brief), but in a telephone conversation with members of the Commission's investigative team on Jan. 3, 1994, he ***. In telephone conversations with Commission staff, Newman Flange Co. (Newman, CA), an integrated producer that produces both forgings and finished flanges up to 36 inches in diameter, estimated its annual sales to be ***, with the *** of its sales in the ***. Also, Texas Metals, Inc. (Beaumont, TX), an integrated producer of forgings and finished flanges up to 24 inches in diameter, estimated its annual sales to be ***.

[26] Maass ***.

[27] In terms of sales dollars, however, Maass estimates that stainless steel flanges measuring over 6 inches in nominal diameter account for *** of its total sales of stainless steel flanges.

[28] Conference transcript, p. 44.

Table 1
Stainless steel flanges: Current U.S. producers, by types, locations of production facilities, shares of reported production in 1992, and positions on the petition

Item/ producer	Location of production facility	Share of reported U.S. production in 1992	Position on petition
		Percent	
Forgings:			
Flowline	New Castle, PA	***	Petitioner
Ideal	Southington, CT	***	Petitioner
Maass	Sealy, TX	***	Petitioner
Western	Santa Clara, CA	***	(1)
Total		100.0	
Finished flanges:			
Forger-finishers:			
Flowline	New Castle, PA	***	Petitioner
Ideal	Southington, CT	***	Petitioner
Maass	Houston, TX	***	Petitioner
Western	Santa Clara, CA	***	(1)
Subtotal		***	
Converters:			
Flow Components	Houston, TX	***	Opposes
Gerlin	Carol Stream, IL	***	Petitioner
Subtotal		***	
Total		100.0	

[1] ***.

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

Western Forge & Flange Co. (Western) is an integrated producer that produces stainless steel flanges at its plant located in Santa Clara, CA. Although sales of stainless steel flanges account for *** of its overall establishment sales in dollar terms, Western also produces forgings in nonstainless steel alloys such as aluminum, carbon, copper, and nickel.

U.S. Importers

The Commission sent importers' questionnaires to 78 firms believed to be involved in the importation and distribution of forgings or of finished flanges. In addition, importers' questionnaires were sent to the 28 companies identified as possibly producing stainless steel flanges and 43 companies identified as purchasing stainless steel flanges. Sixty-one firms, including 17 pre-identified U.S. producers, responded to the questionnaire. Of these, 46 firms indicated that they did not import the subject products during the period for which information was requested, 3 were unable to supply usable information, and 12 were able to supply the information requested in a usable form.

More firms imported finished flanges than forgings, according to responses to Commission questionnaires. *** was the largest importer of forgings, accounting for about *** of total reported 1992 imports;[29] *** of its imports are from India. ***;[30] ***. Other firms that reported imports of forgings were ***; ***; ***; ***; and ***.

***. These imports were from India, Italy, Japan, and Korea. *** all of which were from India. *** reported imports from Japan, Italy, and Korea, and *** reported imports from Germany. *** reported imports of finished flanges from India and Taiwan during the period for which information was requested. *** reported imports of finished flanges from India, and *** and *** reported imports of finished flanges from Taiwan only. The largest importer of finished flanges in 1992 from India was ***, and the largest importer from Taiwan was ***.

Apparent U.S. Consumption

Demand for finished flanges is closely tied to the level of industrial spending for new construction and for modernization and retrofitting of existing facilities. Data on apparent U.S. consumption of finished flanges are presented in table 2.[31] The quantity of apparent U.S. consumption of finished flanges increased by 20 percent from 1990 to 1992, and increased by 16 percent from January-September 1992 to January-September 1993.[32] The value of apparent U.S. consumption fell 14 percent from 1990 to 1992 before increasing by 16 percent from January-September 1992 to the corresponding period in 1993. Unit values fell 29 percent from $3.95 per pound in 1990 to $2.82 per pound in 1992. From January-September 1992 to 1993 unit values dropped one penny per pound, but the unit values of subject imports and U.S. producers' shipments decreased by $0.40 and $0.17, respectively.

Channels of Distribution

The large majority of finished flanges are sold in the United States to distributors who resell to end users or to master distributors who resell to other distributors.[33] Among the six U.S. producers responding to Commission questionnaires, four reported that between *** and *** percent of their total 1992 sales were made to distributors, while the remaining two U.S. producers reported sales of *** and *** percent, respectively, to distributors. Sales to end users are usually accounted for by products with less common sizes or material specifications. Importers reported similar percentages sold to distributors in 1992, although ***. Most distributors in the United States stock common commodity-type products and order from U.S. suppliers as needed to restock inventories or to meet a customer's special order.

U.S. producers generally sell finished flanges to a national market--all of the six responding producers reported making between *** and *** percent of total 1992 sales to customers located more than 100 miles away from their production facilities. One U.S. producer ***.

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[29] ***.

[30] These imports were finished at its finishing facility.

[31] Summary data on forgings are presented in app. C, table C-2.

[32] Data on consumption of finished stainless steel flanges during 1990-92 are understated principally because they exclude the data of a major converter (J & R Metals).

[33] Finished flanges that are produced from imported forgings are sold as U.S. flanges and are treated as U.S. flanges by end users. All imported finished flanges are sold as foreign flanges.

Table 2
Finished flanges: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Quantity (*1,000 pounds*)				
Producers' U.S. shipments	7,638	9,240	10,253	7,826	9,880
U.S. imports from:					
India and Taiwan	1,551	1,832	2,272	1,389	1,792
Other sources	5,104	6,182	4,691	3,789	3,471
Apparent consumption	14,293	17,254	17,216	13,004	15,143
	Value (*1,000 dollars*)				
Producers' U.S. shipments	30,338	30,644	30,563	23,822	28,390
U.S. imports from:					
India and Taiwan	3,960	5,061	5,531	3,501	3,800
Other sources	22,170	16,597	12,403	10,044	11,158
Apparent consumption	56,468	52,302	48,498	37,367	43,348
	Unit value (*per pound*)				
Producers' U.S. shipments	$3.97	$3.32	$2.98	$3.04	$2.87
U.S. imports from:					
India and Taiwan	2.55	2.76	2.43	2.52	2.12
Other sources	4.34	2.68	2.64	2.65	3.21
Average	3.95	3.03	2.82	2.87	2.86

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

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

Four of 10 responding importers reported selling their imported finished flanges to a national market, while the remainder reported that they sell to regional markets such as Northern California, the Texas Gulf Coast, or the Northeastern United States. Six of 10 responding importers also reported that they import and maintain inventories of finished flanges with standard grades, sizes, and specifications for resale to customers in the United States. Imports of this nature were reported to account for between 5 and 100 percent of each importer's total 1992 imports. Four of 10 importers also indicated that between 40 and 100 percent of their total 1992 imports were specifically ordered by a particular customer.

Stainless steel flanges and forgings are imported into the United States from several primary sources, including the two subject countries as well as Italy, Japan, and Korea. Converters in the United States tend to purchase the majority of their forgings from these sources. Converters also purchase *** forgings from U.S. integrated producers; however, integrated mills are inclined to use their own forgings in the production of finished flanges.

U.S. producers most often sell their forgings to converters when customers place rush orders. In these instances, converters purchase domestic forgings at a premium and pass this premium on to the end user.[34]

CONSIDERATION OF ALLEGED MATERIAL INJURY

The information presented in this section of the report is based on the questionnaire responses of ***,[35] ***.[36]

U.S. Production, Capacity, and Capacity Utilization

U.S. producers' production of finished flanges increased by 38 percent from 1990 to 1992 and continued to increase, by 20 percent, from January-September 1992 to January-September 1993 (table 3). U.S. producers' end-of-period capacity, however, grew at an even faster rate from 1990 to 1992 (49 percent), and by 16 percent from January-September 1992 to January-September 1993. Despite a drop in end-of-period capacity utilization of about 6 percentage points from 83 percent in 1990 to 77 percent in 1992, U.S. producers regained a relatively high utilization rate (84 percent) in January-September 1993.

U.S. Producers' U.S. and Export Shipments[37]

The quantity of U.S. producers' U.S. and export shipments of finished flanges from U.S. forgings increased by *** percent from 1990 to 1992, although the value of these shipments decreased *** percent (table 4). From January-September 1992 to January-September 1993, such shipments increased *** percent in quantity and *** percent in value. The average unit value of such shipments deteriorated steadily over those same periods, falling by $*** per pound from 1990 to 1992 and declining by another $*** per pound from January-September 1992 to the corresponding period in 1993. Although the majority of finished flange shipments are from U.S. forgings, shipments of product made from all foreign forgings increased by *** percent (by quantity) from 1990 to 1992 and by over *** percent from January-September 1992 to the corresponding period in 1993.

U.S. producers' shipments, by types, remained fairly stable throughout the period for which information was requested (table 5). In 1992, the breakout was as follows: weld-neck--33 percent; slip-on and lap-joint--32 percent; blind--17 percent; socket-weld--9 percent; threaded--7 percent; and other--2 percent.

U.S. Producers' Purchases

Forger-finishers generally purchase finished flanges for one of two reasons, either to fill orders when their own inventory of a particular item is depleted or to carry stock in flange sizes (usually over 6 inches) which they themselves cannot or do not produce. Converters, of course, have no forging capability and therefore must purchase forgings to

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[34] Statement made by Mr. Read Boles at hearing (tr., p. 75). However, petitioner indicated that they sell larger quantities to converters at competitive prices (petitioners posthearing brief, pp., 7 & 8).

[35] *** reported a change in the capacity of its stainless steel flange operations during the period in which information was requested. ***.

[36] The data exclude J & R Metals, Newman, and Texas Metals, which did not provide useable date in response to the questionnaire.

[37] Total U.S. producers' shipments include a small amount of finished imports included in shipment data for ***.

Table 3
Finished flanges: U.S. capacity, production, and capacity utilization, by products, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	End-of-period capacity (*1,000 pounds*)				
All flanges	9,139	12,261	13,662	10,259	11,885
	Production (*1,000 pounds*)				
Flanges from U.S. forgings	***	***	***	***	***
Flanges from imported forgings from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
Other sources	***	***	***	***	***
Subtotal	***	***	***	***	***
All flanges	7,618	10,679	10,547	8,370	10,027
	End-of-period capacity utilization (*percent*)				
All flanges	83.4	87.1	77.2	81.6	84.4

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

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

convert into a finished product. U.S. producers acquire these products in one of several ways: either they purchase from other U.S. producers or from U.S. sources other than producers, usually U.S. importers, or they import these products directly. Only one producer--***--imported forgings[38] from the subject countries over the period of investigation. Two producers, ***, imported both forgings and finished flanges. ***.

U.S. Producers' Inventories

U.S. producers' end-of-period inventories of stainless steel flanges are shown in table 6. As shown in the table, inventories of finished flanges rose 61 percent between 1990 and 1992. However, such inventories slipped 3 percent from January-September 1992 to the corresponding period of 1993.

[38] ***.

Table 4
Finished flanges: Shipments by U.S. producers, by products and by types, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Quantity (*1,000 pounds*)				
Flanges from U.S. forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Total	***	***	***	***	***
Flanges from Indian and Taiwanese forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Total	***	***	***	***	***
Flanges from other sources of forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Total	***	***	***	***	***
All flanges:					
U.S. shipments	7,638	9,240	10,253	7,826	9,880
Exports	***	***	***	***	***
Total	***	***	***	***	***
	Value (*1,000 dollars*)				
Flanges from U.S. forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Total	***	***	***	***	***
Flanges from Indian and Taiwanese forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Total	***	***	***	***	***
Flanges from other sources of forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Total	***	***	***	***	***
All flanges:					
U.S. shipments	30,338	30,644	30,563	23,822	28,390
Exports	***	***	***	***	***
Total	***	***	***	***	***

See footnote at end of table.

Table 4--Continued
Finished flanges: Shipments by U.S. producers, by products and by types, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Unit value (*per pound*)				
Flanges from U.S. forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Average	***	***	***	***	***
Flanges from Indian and Taiwanese forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Average	***	***	***	***	***
Flanges from other sources of forgings:					
U.S. shipments	***	***	***	***	***
Exports	***	***	***	***	***
Average	***	***	***	***	***
All flanges:					
U.S. shipments	$3.97	$3.32	$2.98	$3.04	$2.87
Exports	***	***	***	***	***
Average	***	***	***	***	***

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

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

Table 5
Finished flanges: Shipments by U.S. producers, by products and by types of flange, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

* * * * * * *

Table 6
Finished flanges: End-of-period inventories of U.S. producers, by products, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Quantity (*1,000 pounds*)				
Flanges from U.S. forgings	***	***	***	***	***
Flanges from imported forgings from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Subtotal	***	***	***	***	***
Other sources	***	***	***	***	***
Subtotal	***	***	***	***	***
Total	1,819	2,684	2,926	3,124	3,036
	Ratio to production (*percent*)				
Flanges from U.S. forgings	***	***	***	***	***
Flanges from imported forgings from--					
India	***	***	***	***	***
Taiwan	***	***	***	***	***
Average	***	***	***	***	***
Other sources	***	***	***	***	***
Average	***	***	***	***	***
Average	23.9	25.1	27.7	28.0	22.7

Note.--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.

Employment, Wages, and Productivity

All six firms that responded to the Commission's producers' questionnaire also supplied usable employment information.[39] However, when asked if they could report the requested employment information separately for finished and forged stainless steel flanges, all 6 firms answered no. They were therefore asked to allocate employment for flange production into forging and finishing using percentages. With the exception of general office staff and some support staff (e.g., warehouseman, truck drivers, and forklift operators), those employees involved in the production of forgings are not involved in the finishing operations.[40] Also, because forger-finishers usually produce nonsubject products using the

[39] ***.
[40] ***.

same production and related workers used to produce stainless steel flanges, the methods used in allocating employment resources and costs are generally based on pounds produced of specific products or on the specific product's contribution to overall establishment sales.

The number of production and related workers producing stainless steel flanges increased by 9 percent from 1990 to 1991, by 4 percent from 1991 to 1992, and by 13 percent from January-September 1992 to January-September 1993 (table 7).[41] The number of hours worked by those same production and related workers fell by 4 percent from 1990 to 1991, rose by 6 percent from 1991 to 1992, and rose by 16 percent from January-September 1992 to January-September 1993. U.S. producers' employment costs in terms of hourly wages and total compensation paid to production and related workers decreased from 1990 to 1992 and increased in the interim period of 1993, reflecting the overall increase in the number of production and related workers employed. Productivity of production and related workers involved in forging operations rose 29 percent from 1990 to 1991 before falling in 1992 and in January-September 1993. Productivity in finishing stainless steel flanges rose 35 percent from 1990 to 1992 and remained stable between the interim periods of 1992 and 1993. U.S. producers' unit labor costs fell from 1990 to 1992 and rose slightly during the interim periods. Of the six reporting producers, only Flowline and Western are unionized.

Financial Experience of U.S. Producers

Six producers, accounting for all reported U.S. production of stainless steel flanges in 1992, furnished financial data on both their overall establishment operations and on their operations producing stainless steel flanges.[42]

Overall Establishment Operations

The responding producers indicated that in addition to producing the subject products, they also produce various types of other fittings and forged products in their establishments. Stainless steel flanges accounted for 45.9 percent of producers' overall establishment sales in 1992. A breakdown for each producer's sales of stainless steel flanges as a share of its overall establishment sales in 1992 is shown in the following tabulation (*in percent*):

Producer	Share
Flow Components	***
Flowline	***
Gerlin	***
Ideal	***
Maass	***
Western	***
Weighted average	45.9

[41] From 1991 to 1992, the number of production and related workers producing all products in Flowline's New Castle, PA, plant declined by *** percent. Over the same period, the number of such workers producing the subject products fell from *** workers to *** workers. At the conference for the preliminary investigation, Flowline's president, Mr. Phil Mavrich, stated that on March 24, 1992, the U.S. Department of Labor granted Flowline's petition for trade adjustment assistance for its workers that were separated from employment on or after Jan. 1, 1992, as a result of imports. The Department of Labor did not specify the sources of the imports, but Flowline's petition to Labor specified mainly imports from ***.

[42] These producers are Flow Components, Flowline, Gerlin, Ideal, Maass, and Western.

Table 7
Average number of total employees and production and related workers in U.S. establishments wherein stainless steel flanges are produced, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit labor costs,[2] by products/processing, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993[3]

Item	1990	1991	1992	Jan.-Sept.-- 1992	Jan.-Sept.-- 1993
	Number of employees				
All products	568	590	627	621	688
	Number of production and related workers (PRWs)				
Finishing	129	137	155	164	190
Forging	62	71	62	59	61
Total	191	208	217	223	251
All products	468	474	500	492	549
	Hours worked by PRWs (*1,000 hours*)				
Finishing	330	294	337	245	291
Forging	133	150	136	92	100
Total	463	444	473	337	391
All products	897	996	1,057	765	857
	Wages paid to PRWs (*1,000 dollars*)				
Finishing	2,899	2,840	2,853	2,248	2,517
Forging	1,584	1,788	1,484	1,099	1,105
Total	4,483	4,628	4,337	3,347	3,622
All products	9,470	10,603	10,894	8,013	8,924
	Total compensation paid to PRWs (*1,000 dollars*)				
Finishing	3,413	3,394	3,232	2,533	2,837
Forging	2,126	2,366	1,891	1,406	1,441
Total	5,539	5,760	5,123	3,939	4,278
All products	12,448	13,732	13,590	10,035	11,252
	Hourly wages paid to PRWs				
Finishing	$8.78	$9.65	$8.47	$9.19	$8.64
Forging	9.68	11.93	10.90	11.90	11.10
Average	11.29	10.42	9.17	9.93	10.94
All products	10.56	10.65	10.31	10.47	10.41

See footnotes at end of table.

Table 7--Continued
Average number of total employees and production and related workers in U.S. establishments wherein stainless steel flanges are produced, hours worked,[1] wages and total compensation paid to such employees, and hourly wages, productivity, and unit labor costs,[2] by products/processing, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993[3]

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Hourly total compensation paid to PRWs				
Finishing	$10.34	$11.54	$9.59	$10.35	$9.73
Forging	16.00	15.79	13.89	15.23	14.48
Average	11.96	12.97	10.83	11.69	10.94
All products	13.88	13.79	12.86	13.12	13.13
	Productivity (*pounds per hour*)				
Finishing	23.1	36.3	31.3	34.2	34.4
Forging	54.7	70.6	68.6	80.3	74.3
	Unit labor costs (*per pound*)				
Finishing	$0.45	$0.32	$0.33	$0.33	$0.35
Forging	.34	.45	.49	.53	.51

[1] Includes hours worked plus hours of paid leave time.
[2] On the basis of total compensation paid.
[3] Firms providing employment data accounted for 100 percent of reported total U.S. shipments (based on quantity) in 1992.

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

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

The income-and-loss experience of the U.S. producers' overall establishment operations is shown in table 8.

Operations on Stainless Steel Flanges

The aggregate income-and-loss experience of the U.S. producers is presented in table 9. Net sales increased by 7.8 percent from $28.4 million in 1990 to $30.6 million in 1991. Sales in 1992 were $32.0 million, an increase of 4.5 percent from 1991 sales. Operating income was $3.0 million in 1990, $2.6 million in 1991, and $1.5 million in 1992. Operating income ratios as a share of net sales were 10.5 percent in 1990, 8.6 in 1991, and 4.6 in 1992. One firm incurred an operating loss in 1991, but two firms incurred such losses in 1992. Net sales in interim 1993 were $28.3 million, an increase of 18.0 percent from interim 1992 sales of $24.0 million. Operating income was $1.5 million in interim

Table 8
Income-and-loss experience of U.S. producers[1] on the overall operations of their establishments wherein stainless steel flanges are produced, fiscal years 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993[2]

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Value (*1,000 dollars*)				
Net sales:					
Trade	68,704	68,438	69,642	52,009	58,989
Company transfers	45	58	12	8	9
Total	68,749	68,496	69,654	52,017	58,998
Cost of goods sold	52,718	53,068	57,132	42,003	47,027
Gross profit	16,031	15,428	12,522	10,014	11,971
Selling, general, and administrative expenses	8,558	8,640	8,521	6,190	6,812
Operating income	7,473	6,788	4,001	3,824	5,159
Shutdown expenses	0	0	0	0	0
Interest expense	823	994	877	718	610
Other income, net	321	424	242	158	182
Net income before income taxes	6,971	6,218	3,366	3,264	4,731
Depreciation and amortization included above	1,919	2,156	2,218	1,677	1,596
Cash flow[3]	8,890	8,374	5,584	4,941	6,327
	Ratio to net sales (*percent*)				
Cost of goods sold	76.7	77.5	82.0	80.8	79.7
Gross profit	23.3	22.5	18.0	19.3	20.3
Selling, general, and administrative expenses	12.5	12.6	12.2	11.9	11.6
Operating income	10.9	9.9	5.7	7.4	8.7
Net income before income taxes	10.1	9.1	4.8	6.3	8.0
	Number of firms reporting				
Operating losses	0	0	1	0	0
Net losses	0	1	2	1	0
Data	5[4]	6	6	6	6

[1] These producers are Flow Components, Flowline, Gerlin, Ideal, Maass, and Western.
[2] Fiscal years end on Dec. 31 except ***.
[3] Cash flow is defined as net income or loss plus depreciation and amortization.
[4] ***.

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

Table 9
Income-and-loss experience of U.S. producers[1] on their operations producing stainless steel flanges,[2] fiscal years 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993[3]

Item	1990	1991	1992	Jan.-Sept.-- 1992	Jan.-Sept.-- 1993
	Value (*1,000 dollars*)				
Net sales:					
Trade	28,369	30,587	31,977	24,002	28,320
Company transfers	0	0	0	0	0
Total	28,369	30,587	31,977	24,002	28,320
Cost of goods sold	21,874	24,066	26,681	19,660	23,119
Gross profit	6,495	6,521	5,296	4,342	5,201
Selling, general, and administrative expenses	3,508	3,882	3,834	2,886	3,069
Operating income	2,987	2,639	1,462	1,456	2,132
Shutdown expenses	0	0	0	0	0
Interest expense	459	610	551	448	399
Other income, net	159	169	121	92	88
Net income before income taxes	2,687	2,198	1,032	1,100	1,900
Depreciation and amortization included above	618	835	923	705	610
Cash flow[4]	3,305	3,033	1,955	1,805	2,510
	Ratio to net sales (*percent*)				
Cost of goods sold	77.1	78.7	83.4	81.9	81.6
Gross profit	22.9	21.3	16.6	18.1	18.4
Selling, general, and administrative expenses	12.4	12.7	12.0	12.0	10.8
Operating income	10.5	8.6	4.6	6.1	7.5
Net income before income taxes	9.5	7.2	3.2	4.6	6.7
	Number of firms reporting				
Operating losses	0	1	2	1	2
Net losses	0	3	4	3	2
Data	5[5]	6	6	6	6

[1] These producers are Flow Components, Flowline, Gerlin, Ideal, Maass, and Western.
[2] Except for an ***.
[3] Fiscal years end on Dec. 31 except ***.
[4] Cash flow is defined as net income or loss plus depreciation and amortization.
[5] ***.

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

1992 and $2.1 million in interim 1993. Operating income margins were 6.1 percent in interim 1992 and 7.5 percent in interim 1993. One firm incurred an operating loss in interim 1992 and two firms in interim 1993.

Selected income-and-loss data of the U.S. producers, by firms, are shown in table 10.[43] ***.[44] ***.[45]

Table 10
Selected income-and-loss data of U.S. producers on their operations producing stainless steel flanges, by firms, fiscal years 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993.

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Value (*1,000 dollars*)				
Net sales:					
Flow Components	***	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass[2]	***	***	***	***	***
Western	***	***	***	***	***
Total	28,369	30,587	31,977	24,002	28,320
Operating income or (loss):					
Flow Components	***	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass[2]	***	***	***	***	***
Western	***	***	***	***	***
Total	2,987	2,639	1,462	1,456	2,132
	Ratio to net sales (*percent*)				
Operating income or (loss):					
Flow Components	***	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass[2]	***	***	***	***	***
Western	***	***	***	***	***
Weighted average	10.5[3]	8.6	4.6	6.1	7.5

[1] ***.
[2] ***.
[3] ***.

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

[43] Questionnaire data for *** were verified by the staff.
[44] Questionnaire response, p. 7.
[45] Telephone conversation with ***.

Cost of Goods Sold

Raw materials cost is the largest component cost in producing stainless steel flanges, accounting for approximately 57 percent of the total cost of goods sold in 1992. Direct labor and overhead accounted for 12 percent and 31 percent, respectively. A breakdown of the aggregate raw material, labor, and overhead costs for each period is shown in the following tabulation (in *1,000 dollars*):

Item	1990	1991	1992	Jan.-Sept.-- 1992	Jan.-Sept.-- 1993
Raw materials	11,324	12,948	15,028	10,774	13,204
Labor	3,173	3,420	3,323	2,521	2,829
Overhead	7,377	7,698	8,330	6,365	7,086
Total	21,874	24,066	26,681	19,660	23,119

The producers obtain their raw materials from various sources. Because of the large raw material content in a finished flange, the raw material cost has a greater impact on profitability than the other cost and expense factors. The raw materials purchased and their sources for each of the producers are shown below:

Forger/finishers

Flowline	***
Ideal	***
Maass	***
Western	***

Converters

Flow Components	***
Gerlin	***[46]

Unit Sales/Cost Analysis

The product mix for the producers has not remained constant over the course of the investigations; therefore, per-pound computations may be influenced by changing product types as well as by changes in a particular product's per-pound sales value or cost. This impact is exacerbated as overall average per-pound sales values have declined and the overall quantity sold has increased. The unit sales and costs of the producers differ because of product mix and degree of integration.

* * * * * * *.[47]

A summary of the sales unit values and cost unit values for each producer (on stainless steel flange operations) is shown in the following tabulation:

[46] ***.
[47] ***.

Item and company	1990	1991	1992	Jan.-Sept.-- 1992	1993
Quantities sold (*1,000 pounds*):					
Flow Components	***[1]	***	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Total	8,498	10,318	11,363	8,311	10,665
Sales value (*per pound*):					
Flow Components	***[1]	***	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Weighted average	$3.34	$2.96	$2.81	$2.89	$2.66
Cost of goods sold (*per pound*):					
Flow Components	***[1]	***	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Weighted average	$2.57	$2.33	$2.35	$2.37	$2.17

[1] Not applicable.

Value Added by U.S. Producers

Value added as a percent of cost of goods sold and total operating expenses for the producers on their stainless steel flange operations is presented in table 11. The data presented on value added cover all the production of each firm, and exclude any resale of purchased finished product.

Investment in Productive Facilities

U.S. producers' investment in property, plant, and equipment and returns on investment for the overall establishments are shown in table 12. Investment data for stainless steel flanges are not available.

Capital Expenditures

Capital expenditures by U.S. producers are shown in table 13.

Table 11
Value added by U.S. producers on their operations producing stainless steel flanges, by firms, fiscal years 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Value (*1,000 dollars*)				
Raw materials:					
Flow Components	***[1]	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Total	11,324	12,948	15,028	10,774	13,204
Conversion costs:[2]					
Flow Components	***[1]	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Total	10,550	11,118	11,653	8,886	9,915
Cost of goods sold:[3]					
Flow Components	***[1]	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Total	21,874	24,066	26,681	19,660	23,119
SG&A:					
Flow Components	***[1]	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Total	3,508	3,882	3,834	2,886	3,069
Operating expenses:[4]					
Flow Components	***[1]	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Total	25,382	27,948	30,515	22,546	26,188

See footnotes at end of table.

Table 11--Continued
Value added by U.S. producers on their operations producing stainless steel flanges, by firms, fiscal years 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
			Percent		
Conversion costs as a percent of cost of goods sold:					
Flow Components	***[1]	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Weighted average	48.2	46.2	43.7	45.2	42.9
Conversion costs plus SG&A as a percent of operating expenses:					
Flow Components	***[1]	***[1]	***	***	***
Flowline	***	***	***	***	***
Gerlin	***	***	***	***	***
Ideal	***	***	***	***	***
Maass	***	***	***	***	***
Western	***	***	***	***	***
Weighted average	55.4	53.7	50.8	52.2	49.6

[1] Data were not included for *** during 1990 and the first quarter of 1991.
[2] Direct labor plus factory overhead.
[3] Raw materials plus conversion costs.
[4] Cost of goods sold plus SG&A.

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

Research and Development Expenses

Research and development expenses for stainless steel flanges were *** in 1990, *** in 1991, *** in 1992, *** in interim 1992, and *** in interim 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 flanges from India and/or Taiwan on their growth, investment, ability to raise capital, or existing development and production efforts, including efforts to develop a derivative or more advanced version of the product. Their responses are shown in appendix D.

Table 12
Value of assets and return on assets of U.S. producers' establishments wherein stainless steel flanges are produced, fiscal years 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993[1]

Item	As of the end of fiscal year-- 1990	1991	1992	As of Sept. 30-- 1992	1993
	Value (*1,000 dollars*)				
Fixed assets:					
Original cost	31,548	34,800	35,787	35,028	37,372
Book value	16,582	18,155	17,455	17,076	17,794
Total assets[2]	42,678	47,295	43,654	44,119	47,559
	Return on total assets (*percent*)				
Operating return[3]	17.5	14.4	9.2	(4)	(4)
Net return[5]	16.3	13.2	7.7	(4)	(4)

[1] These producers are *** for overall establishment data.
[2] Defined as book value of fixed assets plus current and noncurrent assets.
[3] Defined as operating income or loss divided by asset value.
[4] Not applicable.
[5] Defined as net income or loss divided by asset value.

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

Table 13
Capital expenditures by U.S. producers of stainless steel flanges, by products, fiscal years 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993[1]

Item	(*1,000 dollars*) 1990	1991	1992	Jan.-Sept.-- 1992	1993
All products of establishments:					
Land and land improvements	***	***	***	***	***
Building or leasehold improvements	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***
Total	3,431	3,485	2,365	1,762	2,613
Stainless steel flanges:					
Land and land improvements	***	***	***	***	***
Building or leasehold improvements	***	***	***	***	***
Machinery, equipment, and fixtures	***	***	***	***	***
Total	2,064	2,348	1,689	1,311	1,686

[1] All producers provided establishment data. *** provided product data.

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

CONSIDERATION OF THE QUESTION OF THREAT OF MATERIAL INJURY

Section 771(7)(F)(i) of the Act (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[48]--

> (I) If a subsidy is involved, such information as may be presented to it by the administering authority as to the nature of the subsidy (particularly as to whether the subsidy is an export subsidy inconsistent with the Agreement),
>
> (II) any increase in production capacity or existing unused capacity in the exporting country likely to result in a significant increase in imports of the merchandise to the United States,
>
> (III) any rapid increase in United States market penetration and the likelihood that the penetration will increase to an injurious level,
>
> (IV) the probability that imports of the merchandise will enter the United States at prices that will have a depressing or suppressing effect on domestic prices of the merchandise,
>
> (V) any substantial increase in inventories of the merchandise in the United States,
>
> (VI) the presence of underutilized capacity for producing the merchandise in the exporting country,
>
> (VII) any other demonstrable adverse trends that indicate the probability that the importation (or sale for importation) of the merchandise (whether or not it is actually being imported at the time) will be the cause of actual injury,
>
> (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,

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[48] 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."

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

(X) the actual and potential negative effects on the existing development and production efforts of the domestic industry, including efforts to develop a derivative or more advanced version of the like product.[49]

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

U.S. Importers' Inventories

As shown in table 14, U.S. importers' aggregate end-of-period inventories of the subject finished stainless steel flanges and forgings increased from 1990 to 1991 and fell sharply in 1992. However, inventories almost tripled from January-September 1992 to January-September 1993, mainly because of a large increase in inventories of the subject forgings. As a share of total subject inventories, inventories of finished stainless steel flanges accounted for *** percent in 1990, *** percent in 1991, *** percent in 1992, *** percent in the interim 1992 period, and *** percent in the interim 1993 period.

Table 14
Stainless steel flanges: End-of-period inventories of U.S. importers, by products and by sources, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

* * * * * * *

[49] 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."

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

The petition listed 14 firms in India and 6 firms in Taiwan that produce and/or export stainless steel flanges to the United States. To obtain information on the stainless steel flange industries in the subject countries, the Commission requested information from the American Embassy in New Delhi, India and from the American Institute on Taiwan (AIT). Foreign producers' questionnaires were also sent to the three represented respondents in these investigations, Mukand, an Indian producer/exporter; Akai, an Indian exporter; and Enlin, a Taiwanese producer/exporter. The information that follows is based on information supplied by the AIT and on the questionnaire responses of Enlin, Akai and Mukand.[50]

Based on information developed by the AIT, the stainless steel flange industry in Taiwan began about 15 years ago and currently consists of 4 or 5 firms that produce forged stainless steel flanges.[51] The industry, over recent years, has become more modernized and capital intensive, using technology and equipment developed in Japan. According to the AIT, "The forged flanges are of high quality and command high prices." In addition to the industry's two leading firms ***, ***,[52] ***. According to data published by Taiwan's Customs' office, Taiwan's exports of stainless steel flanges increased 54 percent from 551,000 pounds, valued at $1.7 million, in 1990 to 849,000 pounds, valued at $2.4 million, in 1992, and increased 75 percent from 428,000 pounds, valued at $1.3 million, in the first nine months of 1992 to 750,000 pounds, valued at $2.0 million, in the corresponding period of 1993.[53]

Information supplied by Enlin on its production, production capacity, exports, and inventories of stainless steel flanges is shown in table 15.[54] As shown in the table, Enlin's production capacity *** from 1990 to 1991. Enlin reported that the ***. Enlin's reported home market shipments *** compared with its export shipments, most of which were to ***, although it ***. Overall, Enlin expects *** in its production and *** in its shipments of stainless steel flanges in 1994 compared with 1993.

Table 15
Finished flanges: Enlin's capacity, production, inventories, capacity utilization, and shipments, 1990-92, Jan.-Sept. 1992, Jan.-Sept. 1993, and projected 1993-94

* * * * * * *

With respect to forgings, Enlin supplied information only for 1992 and January-September 1992 and 1993, as well as projected annual information for 1993 and 1994. Based on these projections, Enlin's production of forgings is expected to ***, and by another *** percent in 1994.

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[50] The American Embassy in New Delhi did not provide the requested information and Mukand provided information in the preliminary investigations but not in the final investigations.

[51] The information supplied by the AIT was developed from information provided by individual firms and from published sources.

[52] ***.

[53] In interviews with the AIT, ***.

[54] ***.

Akai's information on its production, production capacity, exports, and inventories of stainless steel flanges is shown in table 16.[55] Akai is a trading company dealing primarily in the export of chemicals and textiles. The sale of flanges is a *** part of its overall operations and started in 1991, primarily to ***. Its reported home market shipments *** and *** its production was exported. Finished flange shipments to the United States *** from 1991 to 1992. Akai projects that by ***. Forging shipments by Akai were ***. Such shipments *** from 1991 to 1992 and *** during the interim periods of 1992 and 1993. Akai projects that by ***.

Table 16
Stainless steel flanges: Akai's capacity, production, inventories, capacity utilization, and shipments, by type, 1990-92, Jan.-Sept. 1992, Jan.-Sept. 1993, and projected 1993-94

* * * * * * *

The information supplied in the preliminary investigations by Mukand on its stainless steel operation in India is somewhat limited because ***. According to information supplied by counsel, ***.[56] Mukand's exports and inventories of stainless steel flanges are shown in table 17. As shown in the table, Mukand's reported exports of forgings to the United States in 1991 (*** pounds) are *** than the quantity of U.S. imports from India as shown in official statistics. The quantity of Mukand's reported exports of finished stainless steel flanges account for *** percent of the data shown in official statistics. As the data show, ***.

Table 17
Stainless steel flanges: Mukand's exports and end-of-period inventories, by types, 1989-91, Jan.-Sept. 1991, Jan.-Sept. 1992, and projected 1992-93

* * * * * * *

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

U.S. Imports

U.S. imports of stainless steel flanges, based on official import statistics of the U.S. Department of Commerce, are shown in table 18. The majority of stainless steel flanges imported into the United States since 1990 have been of the finished variety. However, forgings as a share of the quantity of total imports increased from 35 percent in 1990 to 48 percent in 1992, and increased to 60 percent in January-September 1993. For India, however, this shift in import product mix was even more dramatic. In 1990, for example, U.S. imports of forgings from India accounted for 20 percent of India's total exports of stainless steel flanges to the United States. By 1992, the share of forged flanges had increased to 76 percent, where it remained in the interim period of 1993.

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[55] ***.

[56] Telephone conversation on Feb. 1, 1993, with ***.

Table 18
Stainless steel flanges: U.S. imports, by types and by sources, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Quantity (*1,000 pounds*)				
Finished:					
India	788	615	1,210	704	1,244
Taiwan	763	1,217	1,062	685	548
Subtotal	1,551	1,832	2,272	1,389	1,792
All other sources	5,104	6,182	4,691	3,789	3,471
Total	6,655	8,014	6,963	5,178	5,263
Forgings:					
India	199	2,411	3,863	2,664	3,760
Taiwan	55	12	257	128	634
Subtotal	254	2,423	4,119	2,793	4,394
All other sources	3,257	3,225	2,357	1,935	3,598
Total	3,510	5,648	6,476	4,727	7,992
Total, all stainless steel flanges:					
India	987	3,026	5,072	3,369	5,004
Taiwan	818	1,229	1,319	813	1,182
Subtotal	1,804	4,255	6,392	4,182	6,186
All other sources	8,361	9,407	7,047	5,723	7,069
Total	10,165	13,663	13,439	9,905	13,255
	Value (*1,000 dollars*)[1]				
Finished:					
India	1,548	1,081	2,266	1,305	2,007
Taiwan	2,412	3,980	3,265	2,197	1,793
Subtotal	3,960	5,061	5,531	3,501	3,800
All other sources	22,170	16,597	12,403	10,044	11,158
Total	26,130	21,658	17,935	13,545	14,958
Forgings:					
India	316	3,771	5,647	4,019	5,786
Taiwan	221	51	425	242	995
Subtotal	536	3,822	6,072	4,261	6,781
All other sources	7,341	6,301	3,787	3,368	4,364
Total	7,877	10,123	9,858	7,629	11,144
Total, all stainless steel flanges:					
India	1,864	4,851	7,913	5,323	7,792
Taiwan	2,633	4,031	3,690	2,439	2,788
Subtotal	4,496	8,882	11,603	7,762	10,581
All other sources	29,511	22,898	16,190	13,411	15,522
Total	34,007	31,780	27,793	21,174	26,102

See footnote at end of table.

Table 18--Continued
Stainless steel flanges: U.S. imports, by types and by sources, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Unit value (*per pound*)				
Finished:					
India	$1.96	$1.76	$1.87	$1.85	$1.61
Taiwan	3.16	3.27	3.07	3.21	3.27
Average	2.55	2.76	2.43	2.52	2.12
All other sources	4.34	2.68	2.64	2.65	3.21
Average	3.93	2.70	2.58	2.62	2.84
Forgings:					
India	1.59	1.56	1.46	1.51	1.54
Taiwan	4.02	4.28	1.65	1.89	1.57
Average	2.11	1.58	1.47	1.53	1.54
All other sources	2.25	1.95	1.61	1.74	1.21
Average	2.24	1.79	1.52	1.61	1.39
Total, all stainless steel flanges:					
India	1.89	1.60	1.56	1.58	1.56
Taiwan	3.22	3.28	2.80	3.00	2.36
Average	2.49	2.09	1.82	1.86	1.71
All other sources	3.53	2.43	2.30	2.34	2.20
Average	3.35	2.33	2.07	2.14	1.97

[1] Landed, duty-paid value.

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

U.S. imports of stainless steel flanges from all sources increased by 3.5 million pounds, or 34 percent, from 1990 to 1991, and slipped by about 224,000 pounds in 1992. However, such imports rose by one-third from January-September 1992 to the corresponding period in 1993. The value of such imports fell from $34.0 million in 1990 to $27.8 million in 1992, a decrease of 18 percent. From January-September 1992 to January-September 1993, the value of such imports rose 23 percent. The average unit value of total U.S. imports steadily declined from $3.35 per pound in 1990 to $2.07 per pound in 1992, or by 38 percent, and continued to decline thereafter, by 8 percent from January-September 1992 to the corresponding period in 1993.

Combined U.S. imports of stainless steel flanges (by quantity) from India and Taiwan rose by 136 percent in 1991, by 50 percent in 1992, and by 48 percent between January-September 1992 and January-September 1993. Subject imports rose sharply from 18 percent of total U.S. imports in 1990 to 48 percent in 1992, and rose from 42 percent of the total in January-September 1992 to 47 percent in the corresponding 1993 period. The value of subject U.S. imports increased 158 percent from 1990 to 1992 and increased over one-third from January-September 1992 to the corresponding period in 1993. The average unit value of imports from India and Taiwan fell sharply, by 27 percent from 1990 to 1992, and by 8 percent from January-September 1992 to the corresponding period in 1993.

Market Penetration of Imports

U.S. market penetration of imported stainless steel flanges is shown in tables 19 and 20. Based on quantity, the market penetration ratio for U.S. imports of finished flanges from India fell from 5.5 percent in 1990 to 3.6 percent in 1991, and rose to 7.0 percent in 1992 (table 19).[57] During the January-September periods of 1992 and 1993, the import penetration ratio continued to rise, from 5.4 percent to 8.2 percent. On the basis of value, the penetration ratios were lower but followed similar trends. The penetration ratios, by quantity, for U.S. imports from Taiwan rose from 5.3 percent in 1990 to 7.1 percent in 1991 before slipping to 6.2 percent in 1992. They continued to fall during the interim periods from 5.3 percent in 1992 to 3.6 percent in 1993. The ratios by value followed a similar trend, but tended to be slightly higher. Based on quantity, the market penetration ratio for total subject imports increased from 10.8 percent in 1990 to 13.2 percent in 1992, and increased from 10.7 percent in January-September 1992 to 11.8 percent in January-September 1993.

The market penetration ratio of U.S. imports of forgings from India increased from 1.9 percent, by quantity, in 1990 to 26.5 percent in 1992 (table 20). The ratio increased from 24.5 percent in January-September 1992 to 25.3 percent in the corresponding 1993 period. On the basis of value, the ratios were very similar. The market penetration ratios for U.S. imports from Taiwan were minimal, in terms of quantity and value, during 1990-92, failing to rise above 1.9 percent. However, import penetration rose from about 1.5 percent in January-September 1992 to about 4.5 percent in the corresponding period of 1993 for both quantity and value. Based on quantity, the market penetration ratio for total subject imports of forgings increased from 2.5 percent in 1990 to 28.3 percent in 1992, and increased from 25.7 percent in January-September 1992 to 29.5 percent in January-September 1993. The ratio by value had a similar upward trend.

Ratios of total subject imports (i.e., both forgings and finished flanges) to apparent U.S. consumption of finished flanges are shown below (in *percent*):

				Jan.-Sept.--	
	1990	1991	1992	1992	1993
Based on quantity:					
India	6.9	17.5	29.5	25.9	33.0
Taiwan	5.7	7.1	7.7	6.3	7.8
Subtotal . . .	12.6	24.7	37.1	32.2	40.8
Based on value:					
India	3.3	9.3	16.3	14.2	18.0
Taiwan	4.7	7.7	7.6	6.5	6.4
Subtotal . . .	8.0	17.0	23.9	20.8	24.4

[57] Market penetration ratios for imports of finished flanges are somewhat overstated, and apparent consumption understated, by the failure of a U.S. converter (J & R Metals) and two other firms (Newman and Texas Metals) to provide useable data.

Table 19
Finished flanges: Producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	1993
	Quantity (*1,000 pounds*)				
Producers' U.S. shipments	7,638	9,240	10,253	7,826	9,880
U.S. imports from:					
India	788	615	1,210	704	1,244
Taiwan	763	1,217	1,062	685	548
Subtotal	1,551	1,832	2,272	1,389	1,792
Other sources	5,104	6,182	4,691	3,789	3,471
Total	6,655	8,014	6,963	5,178	5,263
Apparent consumption	14,293	17,254	17,216	13,004	15,143
	Value (*1,000 dollars*)				
Producers' U.S. shipments	30,338	30,644	30,563	23,822	28,390
U.S. imports from:					
India	1,548	1,081	2,266	1,305	2,007
Taiwan	2,412	3,980	3,265	2,197	1,793
Subtotal	3,960	5,061	5,531	3,501	3,800
Other sources	22,170	16,597	12,403	10,044	11,158
Total	26,130	21,658	17,935	13,545	14,958
Apparent consumption	56,468	52,302	48,498	37,367	43,348
	Share of the quantity of U.S. consumption (*percent*)				
Producers' U.S. shipments	53.4	53.6	59.6	60.2	65.2
Importers' U.S. shipments:					
India	5.5	3.6	7.0	5.4	8.2
Taiwan	5.3	7.1	6.2	5.3	3.6
Subtotal	10.8	10.7	13.2	10.7	11.8
Other sources	35.7	35.8	27.2	29.1	22.9
Total	46.6	46.4	40.4	39.8	34.8
	Share of the value of U.S. consumption (*percent*)				
Producers' U.S. shipments	53.7	58.6	63.0	63.8	65.5
Importers' U.S. shipments:					
India	2.7	2.1	4.7	3.5	4.6
Taiwan	4.3	7.6	6.7	5.9	4.1
Subtotal	7.0	9.7	11.4	9.4	8.7
Other sources	39.3	31.7	25.6	26.9	25.7
Total	46.3	41.4	37.0	36.2	34.5

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

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

Table 20
Forgings: Producers' U.S. shipments, U.S. imports, and apparent U.S. consumption, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

Item	1990	1991	1992	Jan.-Sept.-- 1992	Jan.-Sept.-- 1993
	Quantity (*1,000 pounds*)				
Producers' U.S. shipments	6,748	8,533	8,086	6,129	6,890
U.S. imports from:					
India	199	2,411	3,863	2,664	3,760
Taiwan	55	12	257	128	634
Subtotal	254	2,423	4,119	2,793	4,394
Other sources	3,257	3,225	2,357	1,935	3,598
Total	3,510	5,648	6,476	4,727	7,992
Apparent consumption	10,258	14,181	14,562	10,856	14,882
	Value (*1,000 dollars*)				
Producers' U.S. shipments	9,217	11,839	12,886	8,838	11,189
U.S. imports from:					
India	316	3,771	5,647	4,019	5,786
Taiwan	221	51	425	242	995
Subtotal	536	3,822	6,072	4,261	6,781
Other sources	7,341	6,301	3,787	3,368	4,364
Total	7,877	10,123	9,858	7,629	11,144
Apparent consumption	17,094	21,962	22,744	16,467	22,333
	Share of quantity of U. S. consumption (*percent*)				
Producers' U.S. shipments	65.8	60.2	55.5	56.5	46.3
Importers' U.S. shipments:					
India	1.9	17.0	26.5	24.5	25.3
Taiwan	.5	.1	1.8	1.2	4.3
Subtotal	2.5	17.1	28.3	25.7	29.5
Other sources	31.7	22.7	16.2	17.8	24.2
Total	34.2	39.8	44.5	43.5	53.7
	Share of the value of U.S. consumption (*percent*)				
Producers' U.S. shipments	53.9	53.9	56.7	53.7	50.1
Importers' U.S. shipments:					
India	1.8	17.2	24.8	24.4	25.9
Taiwan	1.3	.2	1.9	1.5	4.5
Subtotal	3.1	17.4	26.7	25.9	30.4
Other sources	42.9	28.7	16.7	20.5	19.5
Total	46.1	46.1	43.3	46.3	49.9

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

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

Critical Circumstances

Petitioner alleged the existence of "critical circumstances" within the meaning of section 735(a)(3) of the Act with respect to imports of stainless steel flanges from India and Taiwan. The Act states that in any investigation in which the presence of critical circumstances has been alleged, Commerce shall determine 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 these investigations at less than fair value; and

(B) there have been massive imports of the merchandise which is the subject of these investigations over a relatively short period.

On December 29, 1993, Commerce published in the *Federal Register* notices of its final determinations regarding critical circumstances.[58] Commerce determined that there is no history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of these investigations. Moreover, because the final margin for Akai is less than 25 percent, Commerce determined in accordance with Section 735(a)(3)(A)(ii) of the Act that knowledge of dumping does not exist for that company. Regarding massive imports, it determined that there were massive imports from Akai during the period of investigation, based on the above criteria. However, because neither history nor knowledge of dumping exists for Akai, it determined that critical circumstances do not exist for Akai.

Regarding the remaining Indian and Taiwanese companies Commerce stated that since the final margins were over 25 percent, knowledge of dumping exists, and it made the adverse assumption that imports were massive over a relatively short period of time, in accordance with Sections 735(a)(3)(A)(ii) and 735(a)(3)(B) of the Act. Based on these factors, it determined that critical circumstances exist for imports from the remaining Indian companies and all Taiwanese companies.

Data on monthly imports of stainless steel flanges from India and Taiwan are presented in tables 21-23. The majority of the increase in imports is in forgings from India.

Pricing and Marketing Considerations

Five of the six responding U.S. producers reported publishing price lists for their sales of stainless steel flanges in the U.S. market. Published list prices tend to remain fairly stable from year to year--several producers reported not changing their published list prices between 1989 and 1993. Virtually all sales, however, are discounted from list price through the use of a multiplier which specifies a percentage of list price that the purchaser will pay. Currently the multiplier in the market is reported to be in the range of 0.27 to 0.29, meaning that the buyer will pay between 27 and 29 percent of the published list price.[59] Discounts are reportedly based on factors such as the dollar volume of the order, whether the buying distributor stocks or does not stock merchandise, and overall competitive conditions in the market. The one U.S. producer, ***.

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[58] 58 F.R. 68853.
[59] Conversation with ***.

Table 21
Stainless steel flanges: Monthly U.S. imports, by sources, 1991-92 and Jan.-July 1993

1,000 pounds

Year/ month	India[1]	Taiwan	All other	Total
1991:				
Jan	***	119	***	757
Feb	***	30	***	752
Mar	***	58	***	1,611
Apr	***	138	***	944
May	***	114	***	1,238
June	***	89	***	1,172
July	***	65	***	1,257
Aug	***	100	***	1,035
Sept	***	103	***	995
Oct	***	87	***	1,784
Nov	***	135	***	1,007
Dec	***	191	***	1,111
Total	***	1,229	***	13,663
1992:				
Jan	***	146	***	1,265
Feb	***	67	***	764
Mar	***	67	***	1,471
Apr	***	110	***	669
May	***	27	***	1,289
June	***	99	***	1,230
July	***	94	***	1,372
Aug	***	65	***	1,109
Sept	***	138	***	736
Oct	***	194	***	1,188
Nov	***	87	***	1,288
Dec[2]	***	225	***	1,058
Total	***	1,319	***	13,439
1993:				
Jan	***	85	***	994
Feb	***	165	***	978
Mar	***	377	***	3,678
Apr	***	121	***	1,582
May	***	43	***	1,216
June	***	143	***	1,720
July	***	222	***	1,235
Total	***	1,156	***	11,403

[1] Excludes imports from Akai.
[2] The petition was filed on Dec. 31, 1992. The period of Commerce's investigation was July 1, 1992 through Dec. 31, 1992. Commerce's notices of preliminary determinations were published in the *Federal Register* on Aug. 5, 1993.

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

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

Table 22
Finished flanges: Monthly U.S. imports, by sources, 1991-92 and Jan.-July 1993

1,000 pounds

Year/ month	India[1]	Taiwan	All other	Total
1991:				
Jan	***	119	***	470
Feb	***	26	***	442
Mar	***	57	***	792
Apr	***	138	***	552
May	***	114	***	836
June	***	89	***	751
July	***	65	***	822
Aug	***	100	***	603
Sept	***	101	***	625
Oct	***	87	***	668
Nov	***	134	***	800
Dec	***	187	***	654
Total	***	1,217	***	8,014
1992:				
Jan	***	146	***	685
Feb	***	67	***	589
Mar	***	63	***	635
Apr	***	92	***	393
May	***	26	***	489
June	***	97	***	671
July	***	94	***	1,006
Aug	***	37	***	317
Sept	***	64	***	392
Oct	***	156	***	646
Nov	***	87	***	570
Dec[2]	***	134	***	569
Total	***	1,062	***	6,963
1993:				
Jan	***	63	***	308
Feb	***	83	***	540
Mar	***	106	***	1,090
Apr	***	68	***	591
May	***	34	***	539
June	***	27	***	887
July	***	143	***	804
Total	***	524	***	4,759

[1] Excludes imports from Akai.
[2] The petition was filed on Dec. 31, 1992. The period of Commerce's investigation was July 1, 1992 through Dec. 31, 1992. Commerce's notices of preliminary determinations were published in the *Federal Register* on Aug. 5, 1993.

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

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

Table 23
Forgings: Monthly U.S. imports, by sources, 1991-92 and Jan.-July 1993

1,000 pounds

Year/ month	India[1]	Taiwan	All other	Total
1991:				
Jan	***	0	***	287
Feb	***	4	***	311
Mar	***	1	***	819
Apr	***	0	***	392
May	***	0	***	401
June	***	0	***	421
July	***	0	***	435
Aug	***	0	***	432
Sept	***	2	***	370
Oct	***	0	***	1,116
Nov	***	1	***	207
Dec	***	3	***	457
Total	***	12	***	5,648
1992:				
Jan	***	0	***	579
Feb	***	0	***	175
Mar	***	5	***	836
Apr	***	19	***	276
May	***	1	***	800
June	***	2	***	559
July	***	0	***	366
Aug	***	28	***	792
Sept	***	74	***	344
Oct	***	38	***	542
Nov	***	0	***	718
Dec[2]	***	91	***	489
Total	***	257	***	6,476
1993:				
Jan	***	22	***	686
Feb	***	82	***	438
Mar	***	271	***	2,589
Apr	***	54	***	990
May	***	9	***	677
June	***	116	***	833
July	***	80	***	431
Total	***	634	***	6,644

[1] Excludes imports from Akai.
[2] The petition was filed on Dec. 31, 1992. The period of Commerce's investigation was July 1, 1992 through Dec. 31, 1992. Commerce's notices of preliminary determinations were published in the *Federal Register* on Aug. 5, 1993.

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

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

Somewhat in contrast to domestic producers, only 4 of the 10 responding importers reported using price lists for sales of stainless steel flanges in the United States. Those importers that do use price lists described discounting in a manner similar to U.S. producers, with multipliers representing a percentage of the published list price. Importers that do not use price lists reported negotiating transaction prices with their customers based on overall market conditions, and they generally meet the discounted list prices from U.S. producers or importers that do use list prices. One importer ***. As with the U.S. industry, regardless of whether price lists are used, discounts or negotiated prices are most often based on the type of customer to whom the product is sold, competing quotes from U.S. and other foreign suppliers, the volume of a particular order, and the cost of production.

According to the questionnaire responses, producers appear to sell a slight majority of their products delivered to the customer, while importers sell a slight majority on an f.o.b. U.S. warehouse or port-of-entry basis. However, net f.o.b. and delivered sales quotes are common for both producers and importers, and neither type of quote is particularly predominant. All six responding U.S. producers reported that they pay the inland freight charges to the customer's factories or storage facilities on net orders exceeding between *** and ***, depending on the supplier. Five of 10 responding importers reported paying inland freight charges to the customer's location on net orders exceeding *** to ***.

Four of six responding U.S. producers reported that the cost of U.S. inland transportation is a significant factor in their customers' sourcing decisions, and estimated that inland transportation accounts for between 1 and 5 percent of the total delivered cost of stainless steel flanges. However, four of six producers reported that inland transportation costs in the United States do not affect their price competitiveness with comparable products imported from the subject countries. Conversely, only 3 of 10 importers reported that U.S. inland transportation costs are a significant factor in their customers' sourcing decisions and, like U.S. producers, estimated that inland transportation accounts for between 1 and 5 percent of the total delivered cost of stainless steel flanges. Also similar to U.S. producers, 8 of 10 importers reported that U.S. inland transportation costs do not affect their price competitiveness with comparable products produced in the United States.

Purchaser Data

Nineteen out of a total of 25 purchasers responding to the Commission's questionnaire identified themselves as distributors. Two questionnaire responses were received from converters that produce finished flanges from forgings, and four additional questionnaires were received from end users.

Virtually all of the purchaser questionnaire respondents indicated that they are aware of the country of origin of the finished flanges and forgings they purchase because of a stamping on the outside diameter of the flange itself, or because of material test reports that accompany each order. They can also ask the supplier directly if the supplier is not a producing mill.[60]

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[60] Just under half of the responding purchasers stated that they are aware of the country of origin of the forgings from which the finished flanges they purchased were produced. This includes responses from purchasers that purchased most or all of their finished flanges from U.S. producers. Five of 23 purchasers reported that they have purchased finished flanges that were finished in the United States from forgings produced in India or Taiwan, while 10 purchasers stated that they have not purchased flanges of this nature, and the remaining 8 purchasers reported that they do not know the country of origin of the forgings that were used in the production of the finished flanges that they purchased. Finally, four purchasers reported that they have purchased stainless steel flanges from third countries (continued...)

Virtually all responding purchasers stated that at times they or their customers specifically request stainless steel flanges from one country in particular over other possible sources of supply. Among this group, a total of 19 expressed some preference for U.S.-produced flanges due to specific Buy American policies,[61] perceived superior quality, better traceability of raw materials, better availability, and/or shorter lead times. Several other purchasers identified preferences for flanges from India because of price, and Germany, Italy, Japan, and Korea because of price and quality.

According to questionnaire responses, most purchasers do not frequently change suppliers. Among 25 questionnaire respondents, only 6 reported changing suppliers over the past 5 years.[62] Those that have changed reported changing to and from both domestic and foreign suppliers with no consistent trend evident. Purchasers that have switched suppliers over the past 5 years provided the following explanations:

Purchaser	Changed from	Changed to	Reason for changing
***	---	---	Always purchase from 2-3 different suppliers
***	***	***	***
***	***	***	***
***	***	***	Greater size range
***	***	***	
***	***	***	***
	***	***	***
	***	***	Competitive considerations
	***	***	
***	***	***	Size range and price
***	***	***	
***	***	***	Availability and price
***	***	***	
	***	***	Quick delivery
	***	***	

Most of the purchasers that reported remaining with the same suppliers over the past 5 years indicated that they are satisfied with the availability, price, delivery, service, technical support, and quality from their current domestic or foreign suppliers. One other purchaser

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[60] (...continued)
that purchased their forgings from India or Taiwan. An additional 12 purchasers stated that they have not purchased flanges of this nature, and 7 purchasers do not know whether they have purchased such flanges.

[61] Fifteen of 20 responding purchasers indicated that they maintain Buy American policies, which accounted for between 5 and 100 percent of each firm's total 1992 purchases. Among this group, five purchasers reported that Buy American policies accounted for 95-100 percent of their total 1992 purchases, one reported this figure to be 75 percent, and nine purchasers reported that Buy American policies accounted for 50 percent or less of their total 1992 purchases.

[62] One purchaser, ***, reported switching from one U.S. distributor to another because of a more competitive bid.

reported that it prefers to source from a single vendor, and one reported that it must remain with manufacturers that are on its customers' approved list of suppliers.

Purchasers were further asked to identify domestic and foreign firms that they believed to be price leaders for sales of stainless steel flanges. Price leaders were defined as firms that have the ability to lead prices up or down in the U.S. market. In their responses, many purchasers identified more than one domestic or foreign supplier as a price leader. Among domestic producers identified as price leaders, Gerlin was identified 15 times; Ideal identified 14 times; Maass 11 times; Flowline 6 times; J & R Metals and Flow Components were identified 2 times; and Taylor Forge was identified 1 time. Among the subject foreign suppliers, Akai (India) was identified 2 times; Baharat (India) 1 time; Mukand (India) 3 times; and Enlin (Taiwan) 3 times.

In comparing the overall quality of finished flanges and forgings from India with the quality of the domestic product, 5 of 18 responding purchasers described the two countries' products as comparable; 1 described the Indian product as superior; and 1 described the Indian product as inferior in quality to the domestic product. Eleven purchasers could not make quality comparisons because they do not purchase any Indian material. The responses for the quality comparison between Taiwan and U.S.-produced flanges were very similar: 7 of 17 purchasers described the domestic and Taiwan products as comparable in quality; 1 described the Taiwan product as inferior; 1 described the Taiwan product as superior in quality to the domestic product; and 8 could not comment because they do not purchase stainless steel flanges from Taiwan.

A large majority, 18 of 20 responding purchasers, indicated that stainless steel flanges from India and Taiwan are generally employed in the same range of end uses as domestic products with similar grades and specifications. Among the two remaining purchasers, one reported that the domestic and subject imported products are not interchangeable because it only purchases and uses domestic flanges, and one could not comment because it has never used the imported products.

Lead times between order and delivery are reported to be considerably longer for stainless steel flanges ordered from India or Taiwan as compared with products ordered from domestic sources. Most purchasers reported average lead times in a range between 2 days and 4 weeks for domestic flanges; between 4 and 5 months for imported flanges from India; and between 3 and 6 months for flanges imported from Taiwan.

Purchasers were also asked to identify reasons why they have purchased domestic stainless steel flanges even though comparable products from India or Taiwan were available at a lower delivered price. A total of 22 purchasers responded that they have purchased domestic stainless steel flanges despite the availability of lower-priced product from India or Taiwan.[63] Reasons cited for doing so were varied, including Buy American policies; shorter lead times and smaller minimum order size for domestic purchases; and better quality, availability, traceability of raw materials, range of product line, and technical support from domestic suppliers. Several purchasers also reported either that they generally prefer not to purchase Indian or Taiwan products or that Indian and Taiwan suppliers are not on their customers' lists of approved suppliers.

In response to the question of why they purchased imported stainless steel flanges from either India or Taiwan despite the availability of comparable, lower-priced products from domestic sources, the large majority of purchasers indicated that they would not have

[63] All but one purchaser provided identical responses for India and Taiwan. ***.

purchased Indian or Taiwanese stainless steel flanges if a comparable domestic product had been available at a lower price. One distributor, ***, reported that it purchased stainless steel flanges from Taiwan at a premium when the domestic product was not available.

In their questionnaire responses, purchasers were asked to rank factors that they consider to be critical, very important, somewhat important, and not important when making purchase decisions for stainless steel flanges. The summary of responses, and the list of factors and their abbreviations are contained in figure 4.

Prices

Quarterly pricing data (including the quantity and the net f.o.b. price[64] for the largest single quarterly sale or purchase, as well as total quarterly quantities and values sold or purchased) were submitted for the period January 1990 through September 1993 by 4 U.S. producers, 6 importers, and 20 purchasers on a sample of 5 finished and 3 unfinished products believed to represent competitive conditions in the U.S. market.[65] Reported total values corresponding to U.S. producers' pricing data accounted for 12 percent of total 1992 domestic shipments of finished flanges; total values associated with importers' reported pricing data accounted for 41 percent of total 1992 imports of finished flanges from India and 7 percent of total 1992 imports of finished flanges from Taiwan. The specific items for which pricing data were collected are as follows:

Product 1: **Slip-On** stainless steel flanges, finished, 3-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Product 2: **Slip-On** stainless steel flanges, finished, 2-inch nominal pipe size, class 150, of 316/316L alloy steel meeting ASME/ANSI B16.5 specifications.

Product 3: **Weld-Neck** stainless steel flanges, finished, 2-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Product 4: **Weld-Neck** stainless steel flanges, finished, 1-inch nominal pipe size, class 150, of 316/316L alloy steel meeting ASME/ANSI B16.5 specifications.

Product 5: **Blind** stainless steel flanges, finished, 2-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Product 6: **Slip-On** stainless steel flanges, unfinished, 3-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Product 7: **Weld-Neck** stainless steel flanges, unfinished, 2-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

Product 8: **Blind** stainless steel flanges, unfinished, 2-inch nominal pipe size, class 150, of 304/304L alloy steel meeting ASME/ANSI B16.5 specifications.

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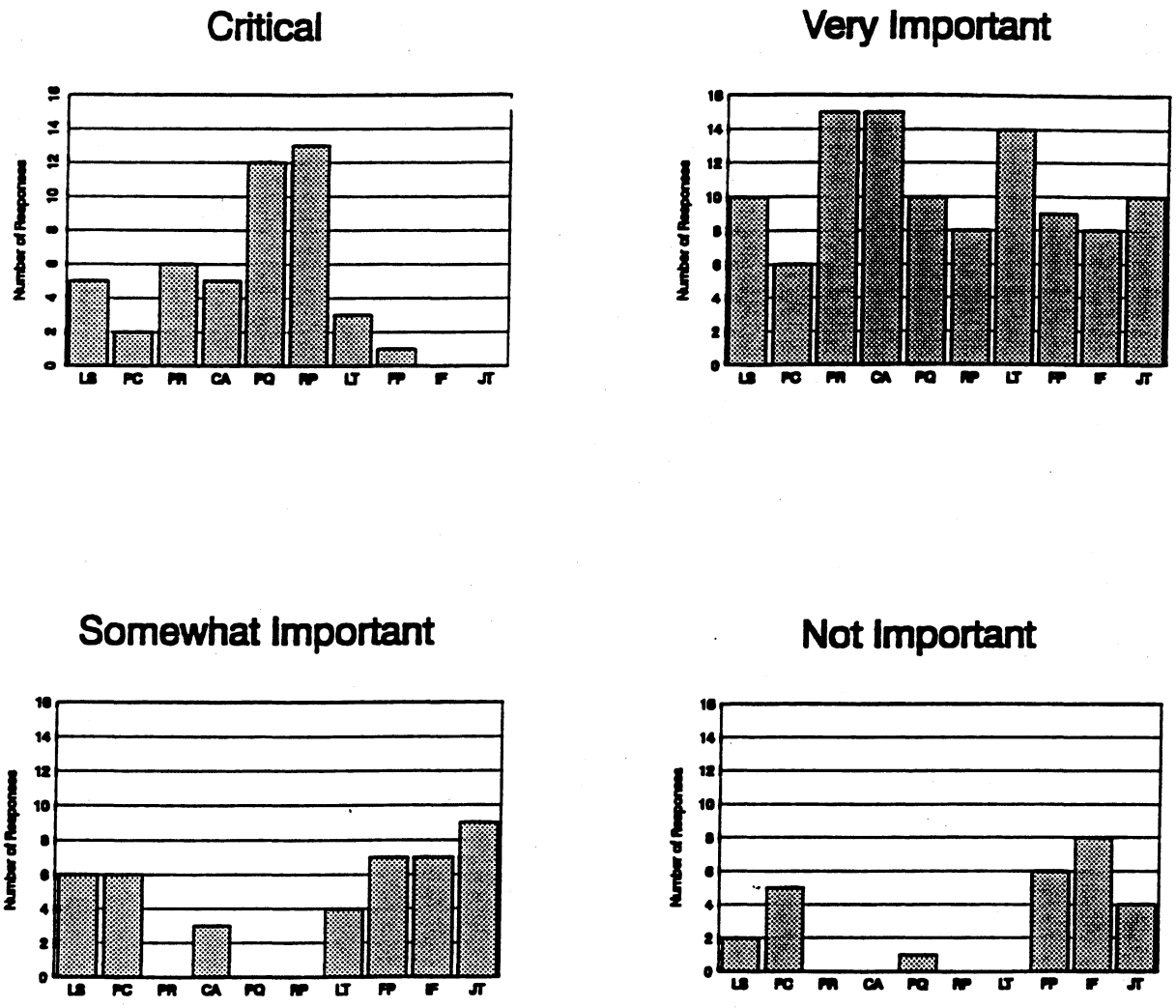
[64] Several purchasers also reported delivered pricing data as requested in the Commission's questionnaire; however, the majority of pricing data received were for net f.o.b. purchases at the supplier's factory gate or U.S. port-of-entry.

[65] Producer and importer pricing data were requested for sales of finished flanges to distributors and unfinished flanges to converters. Most purchaser pricing data were received from distributors, although two U.S. converters and one end user also provided purchase price data.

Figure 4: Factors identified by purchasers as critical, very important, somewhat important, and not important when making purchase decisions for stainless steel flanges



LS= Long-standing relations with suppliers
PC= Prearranged contracts
PR= Price
CA= Current availability
PQ= Product quality
RP= Range of supplier's product line
LT= Lead-time between order and delivery
FP= Suppliers' freight prepayment programs
IF= Inland freight charges
JT= The ability to ship just-in-time

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

U.S. producers and importers provided fairly complete pricing data for sales of products 1-5 (finished flanges) to distributors in the United States between January 1990 and September 1993. Data for sales of products 6-8 (forgings) to U.S. converters were somewhat less complete for the same period.[66]

The two responding converters, Flow Components and Gerlin, provided pricing data for their sales of finished flanges produced in the United States from imported forgings--Flow Components uses imported forgings primarily from ***, while Gerlin uses imported forgings primarily from ***. Although converters are distinct from integrated U.S. producers in that they purchase forgings from external sources rather than produce them internally, selling prices for finished flanges reported by *** were *** the prices reported by the integrated manufacturers, and were correspondingly included in the weighted-average prices for all responding U.S. producers.

The following tables (24-31) and corresponding figures (5-12) contain weighted-average net f.o.b. prices reported by producers and importers for sales of products 1-8 to U.S. distributors.[67] Based on the reported information, prices for domestic products 1-5 sold to distributors declined gradually from the first quarter of 1990 to reach a low point sometime between the third quarter of 1992 and the second quarter of 1993, before stabilizing or increasing slightly through the third quarter of 1993. Prices for domestic products 6-8 sold to converters declined somewhat irregularly from the first quarter of 1990 through the first or second quarter of 1993, before stabilizing or increasing slightly through the third quarter of 1993.

Prices for Indian products 1-5 sold to U.S. distributors declined gradually between the first quarter of 1990 and the third quarter of 1993. Prices leveled off or increased slightly from mid-1992 through the third quarter of 1993. Some pricing data were also available for products 6-8 sold to converters, although the data are not sufficient to evaluate price trends.

Prices for Taiwanese products 1-5 sold to distributors declined somewhat irregularly from the first quarter of 1990 to reach a low point sometime between the first quarters of 1992 and 1993, before generally increasing through the third quarter of 1993. Prices for Taiwanese products 1-4 all increased to levels above the comparable domestic products by the third quarter of 1993. Limited pricing data for product 6 from Taiwan were also reported by ***.

The subject imported products were generally priced below comparable domestic products in most quarters for which price comparisons were possible. In all of the 74 possible price comparisons, Indian products 1-8 were priced below the comparable domestic products by margins ranging from 2.2 to 41.5 percent, with the majority of instances of underselling in excess of 20 percent. In 48 of a possible 60 price comparisons for products 1-6, Taiwanese products were priced below domestic products by margins ranging from 1.1 to 42.5 percent. In the remaining 12 quarterly comparisons, Taiwanese products were priced above domestic products by margins ranging from 0.7 to 33.3 percent.

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[66] Data on open market sales of forgings are expected to be limited because the majority of U.S. production is transferred internally by the integrated mills from their forging to their finishing operations. In addition, a larger volume of stainless steel flanges are imported as finished rather than unfinished (except for India).

[67] Pricing data reported by purchasers are contained in app. E.

Table 24
Product 1, **finished** stainless steel flanges, slip-on model, 3-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of domestic and imported products **sold to distributors**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

Period	United States		India			Taiwan		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
1990:								
Jan.-Mar. . . .	***	***	***	***	21.3	***	***	22.5
Apr.-June . . .	***	***	***	***	22.2	***	***	[1]
July-Sept. . . .	***	***	***	***	36.8	***	***	13.8
Oct.-Dec. . . .	***	***	***	***	9.5	***	***	20.8
1991:								
Jan.-Mar. . . .	***	***	***	***	29.8	***	***	(3.9)
Apr.-June . . .	***	***	***	***	18.1	***	***	18.0
July-Sept. . . .	***	***	***	***	2.2	***	***	1.1
Oct.-Dec. . . .	***	***	***	***	19.9	***	***	10.6
1992:								
Jan.-Mar. . . .	***	***	***	***	25.5	***	***	8.9
Apr.-June . . .	***	***	***	***	20.1	***	***	7.0
July-Sept. . . .	***	***	***	***	30.3	***	***	2.7
Oct.-Dec. . . .	***	***	***	***	30.6	***	***	18.0
1993:								
Jan.-Mar. . . .	***	***	***	***	26.3	***	***	(8.3)
Apr.-June . . .	***	***	***	***	17.1	***	***	(29.9)
July-Sept. . . .	***	***	***	***	29.9	***	***	(33.3)

[1] No pricing data reported.

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

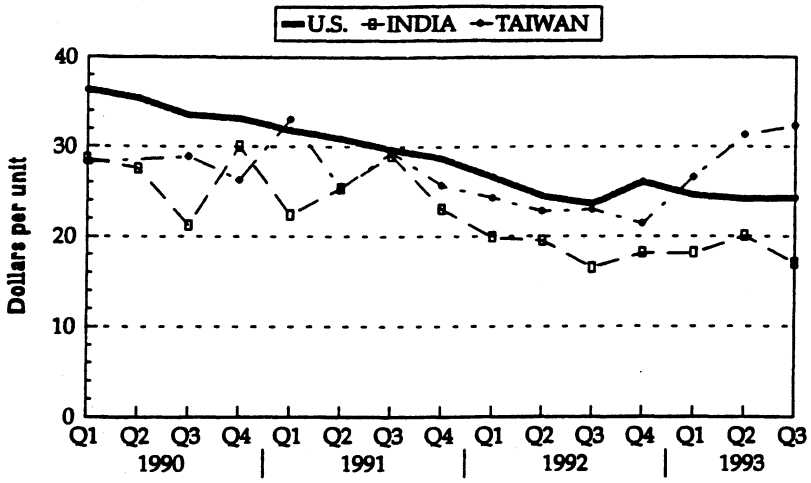
Table 25
Product 2, **finished** stainless steel flanges, slip-on model, 2-inch nominal pipe size, grade 316/316L, class 150: Weighted-average net f.o.b. prices of domestic and imported products **sold to distributors**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

Period	United States		India			Taiwan		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
1990:								
Jan.-Mar. . . .	***	***	***	***	33.3	***	***	33.9
Apr.-June . . .	***	***	***	***	25.6	***	***	[1]
July-Sept. . . .	***	***	***	***	12.1	***	***	28.7
Oct.-Dec. . . .	***	***	***	***	22.2	***	***	21.4
1991:								
Jan.-Mar. . . .	***	***	***	***	19.4	***	***	23.8
Apr.-June . . .	***	***	***	***	17.4	***	***	22.8
July-Sept. . . .	***	***	***	***	28.4	***	***	17.0
Oct.-Dec. . . .	***	***	***	***	18.4	***	***	19.8
1992:								
Jan.-Mar. . . .	***	***	***	***	17.4	***	***	23.8
Apr.-June . . .	***	***	***	***	26.6	***	***	19.5
July-Sept. . . .	***	***	***	***	26.5	***	***	20.1
Oct.-Dec. . . .	***	***	***	***	25.7	***	***	16.3
1993:								
Jan.-Mar. . . .	***	***	***	***	28.1	***	***	7.6
Apr.-June . . .	***	***	***	***	11.8	***	***	[1]
July-Sept. . . .	***	***	***	***	36.5	***	***	(22.4)

[1] No pricing data reported.

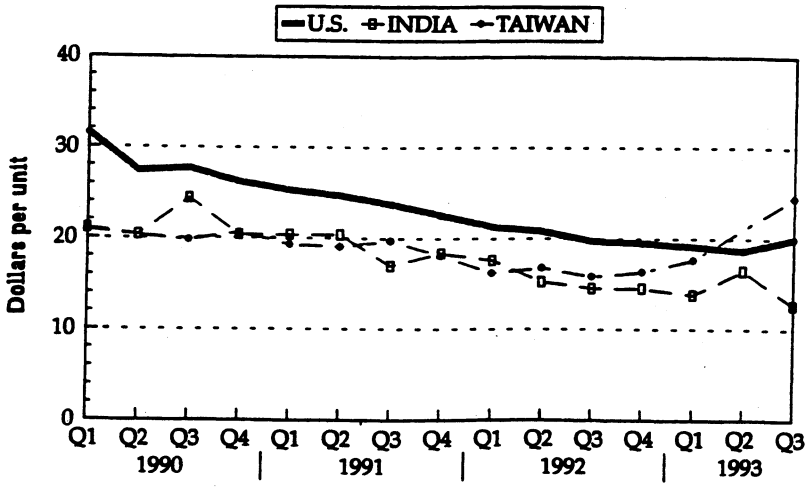
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 5: PRODUCT 1 – Finished flanges sold to DISTRIBUTORS



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

Figure 6: PRODUCT 2 – Finished flanges sold to DISTRIBUTORS



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

Table 26
Product 3, **finished** stainless steel flanges, weld-neck model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of domestic and imported products **sold to distributors**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

Period	United States		India			Taiwan		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
1990:								
Jan.-Mar. . . .	***	***	***	***	21.1	***	***	21.5
Apr.-June . . .	***	***	***	***	31.8	***	***	[1]
July-Sept . . .	***	***	***	***	31.2	***	***	9.9
Oct.-Dec. . . .	***	***	***	***	29.7	***	***	24.3
1991:								
Jan.-Mar. . . .	***	***	***	***	24.2	***	***	(1.2)
Apr.-June . . .	***	***	***	***	21.2	***	***	12.4
July-Sept. . . .	***	***	***	***	26.9	***	***	2.3
Oct.-Dec. . . .	***	***	***	***	27.9	***	***	18.7
1992:								
Jan.-Mar. . . .	***	***	***	***	40.7	***	***	[1]
Apr.-June . . .	***	***	***	***	18.3	***	***	(25.5)
July-Sept. . . .	***	***	***	***	25.4	***	***	[1]
Oct.-Dec. . . .	***	***	***	***	37.4	***	***	7.9
1993:								
Jan.-Mar. . . .	***	***	***	***	29.4	***	***	29.6
Apr.-June . . .	***	***	***	***	24.8	***	***	(27.0)
July-Sept. . . .	***	***	***	***	25.0	***	***	[1]

[1] No pricing data reported.

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

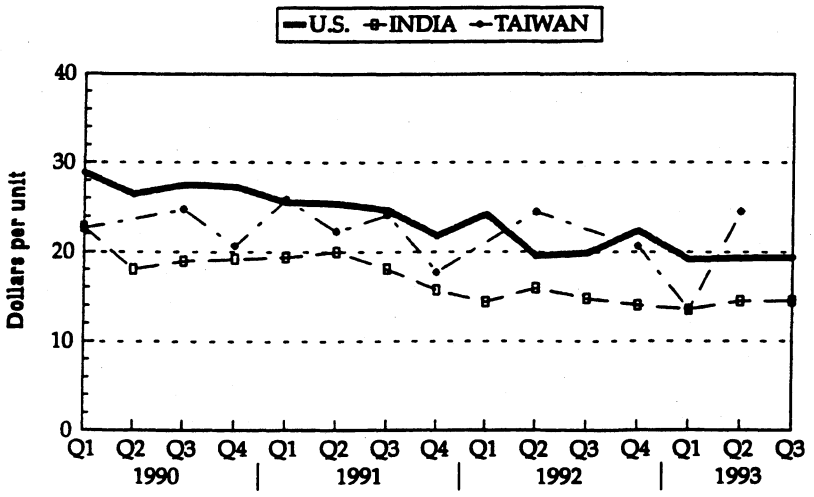
Table 27
Product 4, **finished** stainless steel flanges, weld-neck model, 1-inch nominal pipe size, grade 316/316L, class 150: Weighted-average net f.o.b. prices of domestic and imported products **sold to distributors**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

Period	United States		India			Taiwan		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
1990:								
Jan.-Mar. . . .	***	***	***	***	29.0	***	***	42.5
Apr.-June . . .	***	***	***	***	23.5	***	***	[1]
July-Sept. . . .	***	***	***	***	[1]	***	***	11.1
Oct.-Dec. . . .	***	***	***	***	[1]	***	***	[1]
1991:								
Jan.-Mar. . . .	***	***	***	***	[1]	***	***	[1]
Apr.-June . . .	***	***	***	***	19.0	***	***	24.0
July-Sept. . . .	***	***	***	***	17.0	***	***	20.4
Oct.-Dec. . . .	***	***	***	***	17.5	***	***	[1]
1992:								
Jan.-Mar. . . .	***	***	***	***	21.2	***	***	25.7
Apr.-June . . .	***	***	***	***	27.8	***	***	19.3
July-Sept. . . .	***	***	***	***	23.1	***	***	14.7
Oct.-Dec. . . .	***	***	***	***	26.2	***	***	[1]
1993:								
Jan.-Mar. . . .	***	***	***	***	26.5	***	***	(12.4)
Apr.-June . . .	***	***	***	***	20.0	***	***	[1]
July-Sept. . . .	***	***	***	***	[1]	***	***	[1]

[1] No pricing data reported.

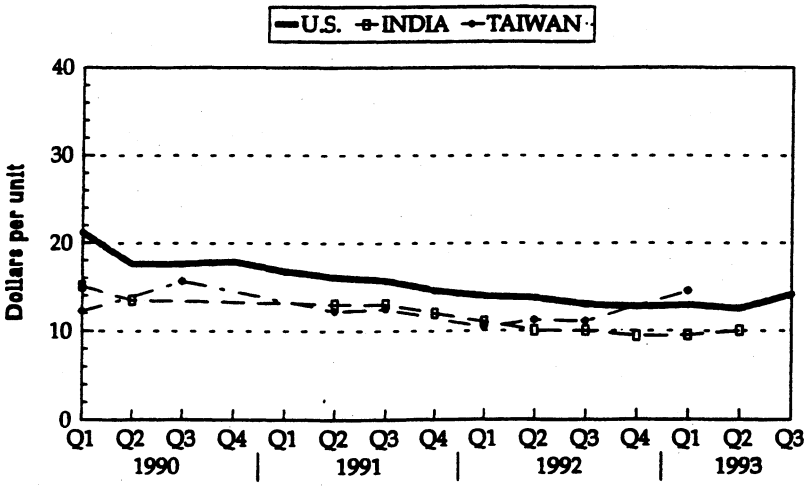
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.

Figure 7: PRODUCT 3 – Finished flanges sold to DISTRIBUTORS



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

Figure 8: PRODUCT 4 – Finished flanges sold to DISTRIBUTORS



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

Table 28
Product 5, **finished** stainless steel flanges, blind model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of domestic and imported products **sold to distributors**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

Period	United States		India			Taiwan		
	Price	Quantity	Price	Quantity	Margin	Price	Quantity	Margin
	Per unit	*Units*	*Per unit*	*Units*	*Percent*	*Per unit*	*Units*	*Percent*
1990:								
Jan.-Mar. . . .	***	***	***	***	23.5	***	***	26.2
Apr.-June . . .	***	***	***	***	[1]	***	***	[1]
July-Sept. . . .	***	***	***	***	[1]	***	***	26.0
Oct.-Dec. . . .	***	***	***	***	22.4	***	***	22.9
1991:								
Jan.-Mar. . . .	***	***	***	***	23.7	***	***	(0.7)
Apr.-June . . .	***	***	***	***	20.4	***	***	29.3
July-Sept. . . .	***	***	***	***	16.9	***	***	(9.7)
Oct.-Dec. . . .	***	***	***	***	31.5	***	***	[1]
1992:								
Jan.-Mar. . . .	***	***	***	***	41.5	***	***	33.8
Apr.-June . . .	***	***	***	***	24.4	***	***	18.4
July-Sept. . . .	***	***	***	***	33.4	***	***	14.3
Oct.-Dec. . . .	***	***	***	***	34.8	***	***	(6.5)
1993:								
Jan.-Mar. . . .	***	***	***	***	27.8	***	***	11.4
Apr.-June . . .	***	***	***	***	23.7	***	***	[1]
July-Sept. . . .	***	***	***	***	27.6	***	***	[1]

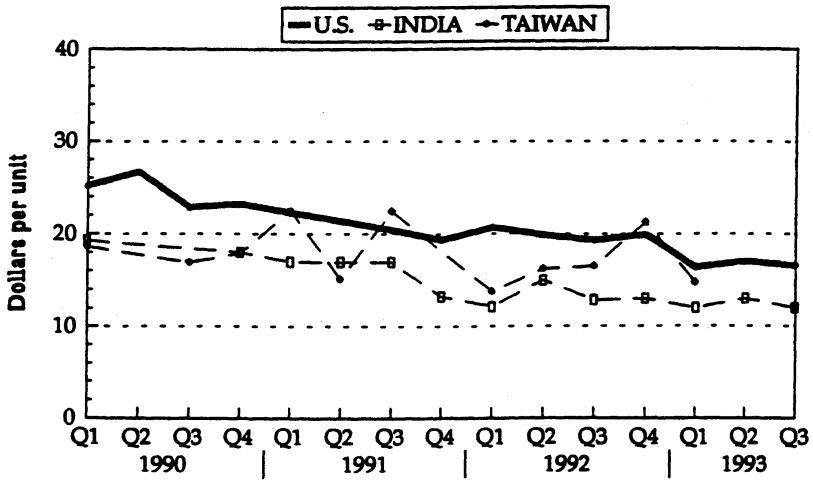
[1] No pricing data reported.

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

Table 29
Product 6, **unfinished** stainless steel flanges, slip-on model, 3-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of domestic and imported products **sold to converters** and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

* * * * * * *

Figure 9: PRODUCT 5 – Finished flanges sold to DISTRIBUTORS



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

Figure 10: PRODUCT 6--Forgings sold to CONVERTERS

* * * * * * *

Table 30
Product 7, **unfinished** stainless steel flanges, weld-neck model, 2-inch nominal pipe size, grade 304/304L, class 150:--Weighted-average net f.o.b. prices of domestic and imported products **sold to converters** and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

* * * * * * *

Figure 11: PRODUCT 7--Forgings sold to CONVERTERS

* * * * * * *

Table 31
Product 8, **unfinished** stainless steel flanges, blind model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. prices of domestic and imported products **sold to converters** and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

* * * * * * *

Figure 12: PRODUCT 8--Forgings sold to CONVERTERS

* * * * * * *

Lost Sales and Lost Revenues

Final Investigations

In the final investigations, two producers, ***, submitted 19 new allegations of lost sales with a total value of $420,418.70, and 5 new allegations of lost revenues with a total value of $5,482.31. The Commission staff was able to contact five purchasers involved in nine lost sales allegations, accounting for 43 percent of the new lost sales allegations, and two purchasers involved in four lost revenue allegations, accounting for 89 percent of the new lost revenue allegations.

*** was named in one lost sale allegation in *** for a total value of ***. The sale was allegedly lost to suppliers from India who quoted *** for comparable merchandise. The exact product specifications and the number of pieces were not provided by the alleging U.S. producer. The purchasing manager, ***, did not recall the specific allegation but did not believe that his company has ever purchased flanges from India in anywhere near the dollar volumes reported. Furthermore, he was reasonably certain that his company did not purchase any Indian product during ***.

*** was named in one lost sale allegation in *** involving India. The lost sale was valued at ***. Company representative *** denied the lost sale allegation, stating that he has never purchased any flanges from India in his four years with the company. ***. *** said that he frequently receives quotes on flanges from India and while he does not ask domestic suppliers to match these quotes to make a sale, he has asked them to lower their prices somewhat because of the lower quote on the Indian material.

*** was named in ***. In all instances, India was named as the competing subject foreign country. The total value of the lost sales allegations amounted to ***. Company representative *** could not recall the specific allegations, but stated that they all sounded plausible. He said that he frequently purchases large volumes of stainless steel flanges based on price, especially items that are placed in the company's inventories and need only meet certain ASTM specifications. If *** gets a lower price quote from a foreign supplier, he asks the domestic supplier to meet or come close to this price, and if they cannot, he often purchases the foreign material. He stated that the quality of Indian flanges is not as good as that of domestic flanges, but he has a number of customers for whom the quality of the Indian product is acceptable.

*** was identified as the prospective customer in *** lost sales allegations involving India in ***. The first allegation involved a quote of ***. An Indian quote of *** was allegedly accepted for comparable material. The second allegation involved a quote of ***. The purchasing manager for *** could not specifically recall ***, but did not believe they were accurate because he has never purchased Indian flanges. Furthermore, he said that he

did not believe the actual price differentials between Indian and domestic flanges were as large as those reported. He does purchase small quantities of foreign material from distributors for resale to several customers, but he is not certain of the country of origin for these products. He stated that price is an important factor in his company's purchase decisions, but he generally prefers to purchase domestic product because of better quality and product support.

*** was named in *** lost sales allegations involving India in ***. ***. Purchasing manager *** was not able to recall the specific allegation but stated that any Indian material he purchased during this period likely came from *** below prices for comparable domestic products. *** also stated that he purchases stainless steel flanges based on quality, timeliness of delivery, and price. On larger orders price per piece is usually more important while on smaller orders quality and timeliness become more important.

Preliminary Investigations

Three domestic producers--***--submitted 13 specific instances involving 8 firms in which alleged sales of 4,500 units of stainless steel flanges were lost in various months between July and November of 1992 as a result of competition from imports of flanges from India.[68] The lost sales occurred in the *** regions--one in ***, six in ***, and four in ***.

The Commission staff was able to contact all 8 purchasers. Only one firm (***) was able to verify one instance of a lost sale, involving approximately *** flanges. Lower price was the principal reason cited by this firm for its decision to buy product from ***, a now-defunct domestic flange manufacturer (converter) that used imported forgings. The buyer advised that at its receiving point the price of *** product was *** lower than that of the U.S.-forged product. Forgings imported by ***, advanced through U.S. machining labor to finished condition and then resold in the United States, have, according to this source, been sold in the U.S. market at prices below those of domestically-forged flanges.

Because most purchasers buy flange products simultaneously from multiple domestic and international suppliers, the remaining seven firms could not verify specific allegations, involving a total of *** units of product. However, all seven firms indicated that it was possible they may have purchased Indian or Taiwanese flanges in lieu of the domestic product during the period under consideration. *** stated that during 1991-92 most lost sales of U.S. product were to lower-priced models fabricated to U.S. specifications from Indian forgings.[69]

Four of the seven remaining firms contacted stated that low prices of imported flanges were an important but usually secondary consideration in their purchasing decision. The primary considerations in their purchasing decisions were factors such as the desire to maintain multiple supply sources, quality, and reputation for service. All four reported that buying flanges simultaneously from several suppliers forces domestic producers to be more competitive in their pricing policies.

One firm indicated that it had been shifting increasingly to the domestic product and now buys almost entirely from domestic sources. This buyer stated that he prefers to support

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[68] No allegations were submitted with respect to Taiwan.

[69] The domestic producers commented on their inability to match low prices from ***, or direct foreign prices from India and Taiwan, but could not cite specific instances of lost revenues. *** submitted sales call reports documenting rejected quotes as evidence of price suppression. These reports showed requests from purchasers for *** to lower its price. No quotes, however, were discussed.

domestic producers and that his customers specify domestic flanges be used. He noted that in some instances domestic prices are lower than import prices for small purchases.

Two firms which buy from domestic and international sources[70] on a regular basis reported that they had reduced their overall purchases of flanges in recent periods as a result of adverse market conditions. Both stated that the decrease in purchases in 1990 and 1991 was due to a decrease in the firms' overall sales of flanges. Both firms reportedly have *** and do not intend to resume purchasing in volume until ***.

Most of the purchasing directors of the distributing firms queried stated that they could detect no noticeable difference in the quality of domestically-forged product and products fabricated to U.S. specifications from Indian forgings. With the exception of J & R Metals, these purchasers had dealt with no other agent for the Indian material. The purchasers did indicate, however, that they preferred not to buy directly from India and Taiwan because quality standards are perceived as not altogether uniform for many types of flanges.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the Indian rupee depreciated by 45.7 percent in nominal terms against the U.S. dollar between January 1990 and June 1993, and by 27.5 percent between January 1990 and June 1993 when relative movements in the producer price indexes in the two countries are taken into account (figure 13).

Quarterly data reported by the Central Bank of China, located in Taiwan, indicate that the New Taiwan dollar appreciated by 0.4 percent in nominal terms against the U.S. dollar between January 1990 and June 1993, and depreciated by 2.6 percent between January 1990 and June 1993 when relative movements in the producer price indexes in the two countries are taken into account (figure 14).

[70] International suppliers cited included producers in France, Germany, Italy, Japan, and Korea.

Figure 13: Nominal and real exchange rates:
Value of Indian rupee by quarters

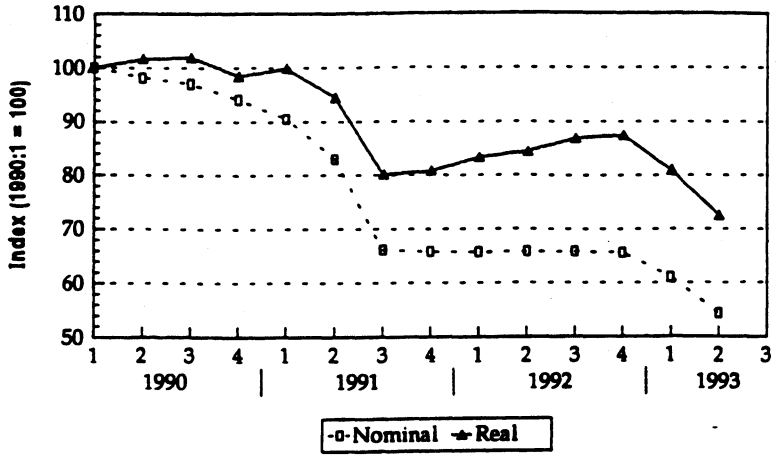
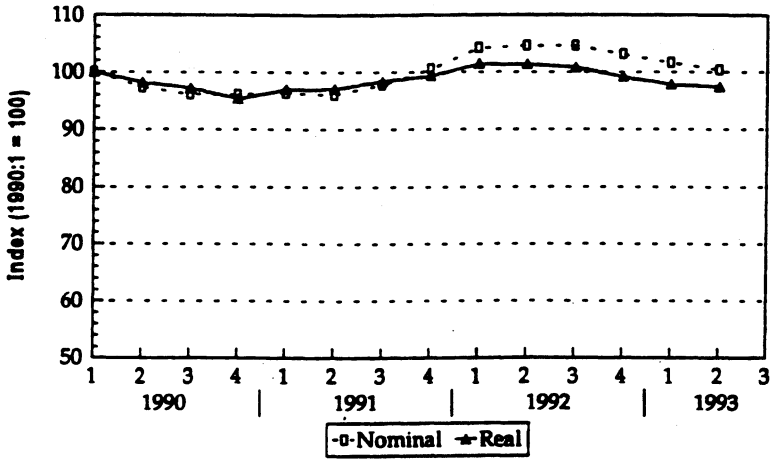


Figure 14: Nominal and real exchange rates:
Value of New Taiwan dollar by quarters



APPENDIX A

THE COMMISSION'S AND COMMERCE'S *FEDERAL REGISTER* NOTICES

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 731–TA–639 and 640 (Final)]

Stainless Steel Flanges From India and Taiwan

AGENCY: United States International Trade Commission.

ACTION: Institution and scheduling of final antidumping investigations.

SUMMARY: The Commission hereby gives notice of the institution of final antidumping investigations Nos. 731–TA–639 and 640 (Final) under section 735(b) of the Tariff Act of 1930 (19 U.S.C. 1673d(b)) (the Act) to determine whether an industry in the United States is materially injured, or is threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from India and Taiwan of stainless steel flanges,[1]

[1] The imported products covered by these investigations (as defined by the U.S. Department

provided for in subheadings 7307.21.10 and 7307.21.50 of the Harmonized Tariff Schedule of the United States, that have been preliminarily found, by the U.S. Department of Commerce, to be sold in the United States at less than fair value. The Commission must complete final antidumping investigations no later than 45 days from Commerce's final determinations, or in this case by February 2, 1994.

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

EFFECTIVE DATE: August 2, 1993.

FOR FURTHER INFORMATION CONTACT: Fred Ruggles (202–205–3187), Office of Investigations, U.S. International Trade Commission, 500 E Street SW., Washington, DC 20436. Hearing-impaired persons can obtain information on this matter by contacting the Commission's TDD terminal on 202–205–1810. Persons with mobility impairments who will need special assistance in gaining access to the Commission should contact the Office of the Secretary at 202–205–2000.

SUPPLEMENTARY INFORMATION:

Background

These investigations are being instituted as a result of affirmative preliminary determinations by the Department of Commerce that imports of certain stainless steel flanges from India and Taiwan are being sold in the United States at less than fair value within the meaning of section 733 of the Act (19 U.S.C. 1673b). The investigations were requested in a petition filed on December 31, 1992, by Flowline Division, Markovitz Enterprises, Inc., New Castle, PA; Gerlin, Inc., Carol Stream, IL; Ideal Forging Corp., Southington, CT; and Maass Flange Corp., Houston, TX.

of Commerce) are certain forged stainless steel flanges, both finished and unfinished, generally manufactured to specification ASTM A–182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes five general types of flanges. They are weld neck, used for butt-weld line connections; threaded, used for threaded line connections; slip-on and lap joint, used with stub ends/butt-weld line connections; socket weld, used to fit pipe into a machined recession; and blind, used to seal off a line. The sizes of the flanges within the scope range generally from one to six inches; however, all sizes of the above-described merchandise are included in the scope. Specifically excluded from the scope of this investigation are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM–351.

Participation in the Investigation and Public Service List

Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in § 201.11 of the Commission's rules, not later than twenty-one (21) days after publication of this notice in the Federal Register. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

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

Pursuant to § 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these final investigations available to authorized applicants under the APO issued in the investigations, provided that the application is made not later than twenty-one (21) days after the publication of this notice in the Federal Register. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff Report

The prehearing staff report in these investigations will be placed in the nonpublic record on December 8, 1993, and a public version will be issued thereafter, pursuant to § 207.21 of the Commission's rules.

Hearing

The Commission will hold a hearing in connection with these investigations beginning at 9:30 a.m. on December 22, 1993, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before December 15, 1993. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on December 17, 1993, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by §§ 201.6(b)(2), 201.13(f), and 207.23(b) of the Commission's rules. Parties are strongly encouraged to submit as early in the investigations as possible any requests to present a portion of their hearing testimony *in camera*.

Written Submissions

Each party is encouraged to submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of § 207.22 of the Commission's rules; the deadline for filing is December 16, 1993. Parties may also file written testimony in connection with their presentation at the hearing, as provided in § 207.23(b) of the Commission's rules, and posthearing briefs, which must conform with the provisions of § 207.24 of the Commission's rules. The deadline for filing posthearing briefs is January 4, 1994; witness testimony must be filed no later than three (3) days before the hearing. In addition, any person who has not entered an appearance as a party to the investigations may submit a written statement of information pertinent to the subject of the investigations on or before January 4. All written submissions must conform with the provisions of § 201.8 of the Commission's rules; any submissions that contain BPI must also conform with the requirements of §§ 201.6, 207.3, and 207.7 of the Commission's rules.

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

Authority: These investigations are being conducted under authority of the Tariff Act of 1930, title VII. This notice is published pursuant to § 207.20 of the Commission's rules.

By order of the Commission.

Issued: August 26, 1993.

Donna R. Koehnke,

Secretary.

[FR Doc. 93–21273 Filed 8–31–93; 8:45 am]

BILLING CODE 7010–01–M

International Trade Administration

[A-533-809]

Notice of Final Determination of Sales at Less Than Fair Value. Certain Forged Stainless Steel Flanges from India

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

EFFECTIVE DATE: December 29, 1993.

FOR FURTHER INFORMATION CONTACT: Mary Jenkins or Brian Smith, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, N.W., Washington, D.C. 20230; telephone (202) 482-1756 or (202) 482-1766, respectively.

FINAL DETERMINATION: The Department of Commerce (the Department) determines that certain forged stainless steel flanges (flanges) from India are being, or 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). We also determine that critical circumstances exist for Mukand Ltd. (Mukand), Sunstar Metals Ltd. (Sunstar), Bombay Forgings Pvt. Ltd. (Bombay Forgings) Dynaforge and for all other manufacturers, producers or exporters of subject merchandise. Further, we determine that critical circumstance do not exist for Akai Impex Ltd. (Akai). The estimated margins are shown in the "Suspension of Liquidation" section of this notice..

Case History

Since the notice of the preliminary determination on July 29, 1993, (58 FR 41713 (August 5, 1993)), the following events have occurred. On August 2, 1993, Akai, one of the respondents in this investigation, submitted its response to the Department's deficiency letter regarding U.S. sales data.

On August 6, 1993, Akai requested a postponement of the final determination. We granted Akai's request and on August 11, 1993, we postponed the final determination until not later than December 20, 1993 (58 FR 44493 (August 23, 1993)).

On August 10, 1993, Akai requested a hearing. On August 13, 1993, Mukand, another respondent, also requested a hearing. However, both respondents withdrew their request prior to the scheduled hearing date.

On August 11, 1993, we received Akai's response to information requested by the Department concerning the production of subject merchandise sold during the period of investigation (POI).

On August 25, 1993, we received Akai's response to the Department's supplemental deficiency questionnaire regarding sales and cost data.

On August 30, 1993, Mukand submitted its case brief. Also on August 30, 1993, we received cost questionnaire responses from Forshas Forgings Pvt. Ltd. (Forshas) and Echjay Forgings Pvt Ltd, (Echjay), two unrelated companies to whom Akai subcontracted a portion of its production of flanges. On August 31, 1993, we received a cost response from M.K. Engineers, another of Akai's unrelated subcontractors. However, these submissions were not filed in accordance with 19 CFR 353.31 and 353.32. Therefore, we returned these submissions and allowed these companies to resubmit their responses by no later than September 17, 1993. All three companies refiled their Section D

submissions within the prescribed deadline.

On September 15, 1993, we requested further information and clarification of the cost responses submitted by Echjay, Forshas and M.K. Engineers. On September 22, 1993, we received a response from Echjay. We did not receive response from either Forshas or M.K. Engineers.

On September 23, 1993, we advised Akai that there were discrepancies in its total volume and values reported in its previous response. On the same day, Akai submitted revised statistics for its sales exported to the United States during the period January 1991 to July 1993, a revised U.S. sales listing, and its audited balance sheet for the year ending March 31, 1993.

From October 4 through October 13, 1993, we verified the questionnaire responses submitted by Akai, Echjay and Forshas and M.K. Engineers. On October 18, 1993, we received comments from Echjay concerning our method of determining the "all other" rate.

We received case briefs from petitioners and Akai on November 17, 1993. We received rebuttal briefs from petitioners and Akai on November 21, 1993.

On November 22, 1993, petitioners alleged that both Akai and Mukand were planning to circumvent the upcoming antidumping duty order, should one be issued. On December 8, 1993, Gerlin, Inc., one of the petitioners in this investigation, also submitted a letter to the Department concerning possible circumvention of the potential antidumping duty order. Since this information was received too late to be addressed in this investigation pursuant to CFR 353.31(a)(1)(i), we have forwarded this information to the office of Antidumping Compliance for consideration.

Scope of Investigation

The products covered by this investigation are certain forged stainless steel flanges, both finished and not-finished, generally manufactured to specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes five general types of flanges. They are weld neck, (used for butt-weld line connections), threaded, (used for threaded line connections), slip-on & lap joint, (used with stub ends/butt-weld line connections), socket weld, (used to fit pipe into a machined recession), and blind, (used to seal off a line). The sizes of the flanges within the scope range generally from one to six inches; however, all sizes of the above described merchandise are included in the scope. Specifically excluded from the scope of this investigation are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A-351. The flanges subject to this investigation are currently classifiable under subheading 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of this investigation remains dispositive.

Period of Investigation

The POI is July 1, 1992, through December 31, 1992.

Such or Similar Comparisons

We have determined that the product covered by this investigation constitutes a single category of such or similar merchandise.

Fair Value Comparisons

To determine whether sales of flanges from India to the United States were made at less than fair value, we compared the United States Price (USP) to the foreign market value (FMV), as specified in the "United States Price" and "Foreign Market Value" sections of this notice.

Bombay Forgings and Dynaforge

As discussed in detail in our preliminary determination, as best information available (BIA), we are assigning Bombay Forgings and Dynaforge the highest rate in the petition. These two companies failed to respond to our mini-Section A antidumping questionnaire.

Mukand and Sunstar

As discussed in detail in our preliminary determination, as BIA we are also assigning Mukand and Sunstar the highest rate in the petition. We determined that these two companies significantly impeded our proceeding. (See Comment 2 in the "Interested Party Comments" Section of this notice for further discussion.)

Akai

United States Price

For Akai, we based USP on purchase price, in accordance with section 772(b) of the Act, because the subject merchandise was sold to unrelated purchasers in the United States prior to importation. We calculated purchase price based on packed, CIF (*i.e.*, cost, marine insurance and freight) prices to unrelated customers. We corrected Akai's data for minor errors and omissions found at verification. We made deductions for ocean freight, marine insurance and containerization, which included foreign inland freight, in accordance with section 772(d)(2) of the Act. Regarding marine insurance, we determined that Akai incorrectly reported these expenses for a significant number of transactions. Accordingly, we have based the deductions for these expenses on BIA. As BIA, we used the highest verified percentage of gross unit price represented by this expense and applied this percentage to all of Akai's sales transactions. (See Comment 5.)

Foreign Market Value

We have used constructed value (CV) to calculate FMV for Akai because Akai does not have sales in the home market or sales to third countries.

We have determined that Akai is the producer in this investigation because Akai controls the costs for all elements incorporated in the manufacture of the subject merchandise. (See final concurrence memorandum dated December 20, 1993, for a detailed analysis of our decision. (See also Comment 1.)

We relied on the CV submitted data, except in the following instances where the costs were not approximately quantified or valued:

1. Since Akai had incorrectly applied its packing cost calculation methodology to more than 45 percent of the transactions examined, as BIA, we recomputed packing costs using the highest verified percentage of gross unit price represented by this expense (See Comment 5);
2. We increased general and administrative expenses (G&A) to account for depreciation expense on administrative fixed assets (See Comment 14);
3. We increased the cost of manufacturing (COM) by the weighted-average variance noted at verification from sampled cost of manufacturing components (See Comment 11);
4. We included quality control costs incurred during the POI in the COM (See Comment 13);
5. For product codes with duplicate costs, we used the highest value reported for each product code, as BIA;
6. For one product code with an aberrational material cost, we used the reported material cost for the most similar flange; and
7. For those product codes for which we did not have product specific CV, as BIA, we applied the highest margin otherwise calculated for Akai to those sales transactions.

In accordance with section 773(e)(1) of the Act, we included in CV Akai's

cost of materials and fabrication based on Akai's acquisition prices from its subcontractors for the manufacturing of subject merchandise. We also included the greater of (1) Akai's reported general expenses or (2) the statutory minimum of ten percent of COM. For profit, we used the statutory minimum of eight percent of the sum of COM and general expenses because Akai had no home market or third country sales. We also used U.S. selling expenses (direct and indirect) as a surrogate for home market class or kind selling expenses because Akai had no home market or third country sales.

Before comparing USP to CV, we corrected Akai's data for minor errors and omissions found at verification. We reclassified Akai's export expenses, bank charges and export credit guaranty corporation (ECGC) commissions, reported in Akai's cost responses but not separately identified in its U.S. sales listings, as direct selling expenses. (See Comment 6.) We also recalculated credit expenses, using the revised payment dates noted at verification. (See Comment 8.) We then made circumstance of sale adjustments, where appropriate, for credit, bank charges, ECGC commissions, stamp fees and export expenses. We added packing to the FMV

Currency Conversion

Because certified daily exchange rates from the Federal Reserve were unavailable, we made currency conversions based on the official quarterly exchange rates in effect on the dates of the U.S. sales as certified by the U.S. Treasury.

Verification

As provided in section 776(b) of the Act, we verified information provided by Akai and its subcontractors by using standard verification procedures, including the examination of relevant sales and financial records, and selection of original source documentation containing relevant information.

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.

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.

In determining knowledge of dumping, we normally consider margins of 15 percent or more sufficient to impute knowledge of dumping under section 735(a)(3)(A)(ii) for exporters 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)).

For purposes of determining whether critical circumstances exist, we have determined that there is no history of dumping in the United States or elsewhere of the class or kind of merchandise which is the subject of this investigation. Moreover, because the final margin for Akai is less than 25 percent, we determine in accordance with section 735(a)(3)(A)(ii) of the Act that knowledge of dumping does not exist for that company. Regarding massive imports, we determine that Akai had massive imports during the POI, based on the above criteria. However, because neither history nor knowledge of dumping exists for Akai, we determine that critical circumstances do not exist for Akai.

Regarding Mukand, Sunstar, Bombay Forgings, and Dynaforge, since the final margins for those companies are over 25 percent, we determine that knowledge of dumping exists, in accordance with section 735(a)(3)(A)(ii) of the Act. Furthermore, as BIA for these companies, 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 flanges from India for Mukand, Sunstar, Bombay Forgings and Dynaforge.

With respect to the firms covered by the "all others" rate, because the final margin exceeds 25 percent, we determine in accordance with section 735(a)(3)(A)(ii) of the Act that knowledge of dumping exists. Also, because we have determined that Akai and all other companies assigned a margin in this investigation had massive imports during the POI, we are also determining that massive imports exist for "all other" manufacturers, producers or exporters of subject merchandise. Therefore, we determine that critical circumstances exist for "all other" manufacturers, producers or exporters of subject merchandise.

Interested Party Comments

Comment 1

Petitioners contend that Akai is not the proper respondent in this case because Akai cannot be considered the manufacturer, insofar as Akai does not own any of the machines used in the manufacturing or finishing of the subject merchandise, did not direct or control the production of the subject merchandise during the POI, and could not demonstrate at verification that it purchased all the raw materials used by its subcontractors. Therefore, petitioners contend that Akai's costs and financial data cannot be used in any margin calculation. Petitioners further state that the facts in this case are almost identical to those in Sweaters Wholly or in Chief Weight of Man-Made Fiber from Taiwan; Final Results of Changed Circumstances Antidumping Administrative Review, 58 Fed. Reg. 32644 (June 11, 1993) ("MMF Sweaters"), where the Department found that the respondent (Jia Farn) was not a producer, but was simply reselling merchandise made by other manufacturers.

Akai argues that it is the producer of the subject merchandise insofar as it purchases and delivers the raw materials to subcontractors, controls the production and inspection of the end products, and owns the machines which were used for the finishing of flanges at its related party. Akai also states that at a minimum, it is an appropriate respondent as a reseller.

DOC Position

We disagree with petitioners that Akai is not the producer of the subject merchandise under investigation. Based on the facts set forth below, we have determined that Akai is the producer of this merchandise and, consequently, its costs are the appropriate basis for CV.

In this investigation, the Department is basing FMV on CV. Under section 773(e)(1) of the Act, as well as 19 CFR 353.50(a), the Department is required, in calculating CV, to determine the sum of the costs for materials, fabrication, and packing, as well as general expenses and profit. The Department is required to capture all the costs involved in the

production of the subject merchandise, and must therefore look to the company that controls the costs of production of the merchandise.

We verified that Akai purchases and maintains title (during the entire course of production) to the raw materials used for the production of the vast majority of the flanges, and that Akai directs and controls the manufacturing process insofar as it determines the quantity, size, and type of flanges to be produced. Accordingly, for the vast majority of the flanges produced and sold during the POI, we have determined that Akai controls the costs for all elements incorporated in the production of the flanges.

For a small percentage of the flanges produced and sold in the POI, Akai purchased completed rough flanges from unrelated producers. Some of these rough forgings were forwarded to machining shops for further manufacturing prior to shipment to the United States. We are using Akai's acquisition price to these unrelated forgers in constructing a value for the manufacture of these forgings. We are also using Akai's acquisition price for the small quantity of rough and machined flanges purchased from its wholly-owned related company. Ideally, we would use the costs of these manufacturers in calculating CV for those rough flanges sent to the United States without further manufacturing. However, all of the flanges are essentially fungible, and it is not possible to separate the sales of those flanges from the rest of the sales. On the basis of the information available, it is reasonable, in the context of calculating the estimated dumping margin in this investigation, to use Akai's acquisition cost for this comparatively small number of flanges.

We also disagree with petitioners regarding MMF Sweaters. This case is readily distinguishable from MMF Sweaters in that Jia Farn could not show that it bought the raw materials used to produce the subject merchandise, directed or controlled the process of manufacture or production, or performed any processing on the subject of merchandise. Akai, on the other hand, performs all of these functions with respect to most of its sales of flanges.

Comment 2

Mukand argues that both the Department's termination of the investigation with respect to Mukand and the continued application of the most adverse BIA rate to that company is inappropriate. Mukand asserts that the antidumping law is intended to be remedial, rather than punitive, in nature. Accordingly, Mukand contends that the Department's refusal to consider Mukand's data achieves none of the goals intended by the antidumping law.

Moreover, Mukand contends that it did not seriously impede the proceeding (the basis cited by the Department for using BIA), in that once Mukand became aware of the inconsistencies in its responses, it took all the necessary steps to correct the problem. Mukand asserts that, by assigning it the highest rate in the petition, the Department is effectively ignoring the numerous timely submissions made by Mukand, as well as the remedial actions taken by the company after the difficulties were identified.

According to Mukand, the Department should reconsider its position and use Mukand's actual data in the final determination. Alternatively, Mukand argues that, in the event that the Department determines that BIA is justified, the Department should apply a less adverse BIA rate because it "substantially cooperated" in the investigation.

DOC Position

In a June 22, 1993, memorandum to Barbara R. Stafford, Deputy Assistant Secretary for Investigations, we determined that Mukand and Sunstar, by their submissions of misleading and contradictory information, had significantly impeded this investigation. Section 776(c) of the Tariff Act of 1930, as amended, provides that whenever a party significantly impedes an investigation, the Department shall use BIA. We determined that, as evidenced by their submissions, respondents had misled the Department as to their business relationship and selling products. This information was critical to our analysis, and, without credible information, we were unable to proceed with the investigation. Accordingly, because Mukand and Sunstar have significantly impeded the Department's antidumping duty investigation, the statute requires the application of BIA. As BIA we used the highest margin contained in the petition.

Comment 3

Petitioners argue that Echjay and Forshaw knew that the merchandise they were manufacturing for Akai was destined for the United States. Petitioners state that this is a critical point because the fact that these manufacturers knew the goods were to be exported must be taken into account by the Department in its determination of who the appropriate producer, and therefore respondent, is in this investigation. Specifically, petitioners cite Antifriction Bearings (Other Than Taper Roller Bearings) and Parts Thereof From France; et al; Final Results of Antidumping Duty Administrative Reviews (57 FR 28360, June 24, 1992), where the Department terminated its review of a reseller of antifriction bearings on the grounds that the reseller's suppliers had knowledge at the time they sold their merchandise to the reseller that those sales were destined for the United States. Petitioners note that in that review the Department reasoned that the suppliers were effectively acting as exporters, and, as such, the Department determined that it must use the pricing structure of the suppliers (rather than the resellers) to measure dumping activity. Petitioners contend that the fact pattern in the instant investigation is directly analogous, because Echjay and Forshaw knew that the flanges in question were destined for the United States. Consequently, petitioners argue that Akai's U.S. prices are not relevant and that the Department should terminate its investigation of Akai.

DOC Position

We disagree. In this case, the Department has determined that Akai is the producer of the merchandise under investigation and, consequently, is the appropriate respondent. (See Comment 1, above.) Therefore, it is irrelevant whether the subcontractors to which Akai paid an acquisition fee for processing its raw material knew the ultimate destination of the end product.

Comment 4

Akai argues that, in contrast to the data available at the preliminary determination, the Department now has sufficient information with which to calculate its dumping margin. Akai notes that the Department verified the fundamental data in Akai's submissions and that, in those cases where the Department found discrepancies at verification, either they involved minor adjustments or the Department was able to obtain the data to make the necessary corrections.

Petitioners disagree, stating that, not only is Akai not the proper respondent in this investigation, but also the errors and omissions discovered at verification were so significant that their correction would result in an entirely new response. Moreover, petitioners maintain that the information collected at verification was "new information" and that the Department is prohibited from using it under § 353.31 of the Department's regulations because it is untimely.

DOC Position

We agree with Akai. Although at verification we found errors in the calculation of certain of Akai's expenses, the errors were not so significant as to call into question the fundamental integrity of Akai's response. Moreover, contrary to petitioners assertions, we did not accept "new information" at verification. Rather, we found that Akai failed to report certain direct selling expenses in its U.S. sales listing. This information, however, was on the record prior to verification as part of the Section D response. Accordingly, we have accepted Akai's response for purposes of the final determination.

Comment 5

Petitioners argue that Akai incorrectly reported its packing and marine insurance expenses in a significant number of instances. Regarding packing, petitioners assert that the Department sampled the packing material expenses reported and found that Akai had incorrectly applied its calculation methodology in over 45 percent of the cases. Moreover, petitioners assert that Akai completely failed to report packing labor expenses. Regarding marine insurance, petitioners contend that Akai incorrectly reported these expenses for over 66 percent of the transactions examined at verification. Furthermore, petitioners maintain that Akai incorrectly allocated these expenses to specific transactions in its sales listing using volume, rather than value.

Akai argues that its packing expenses were neither systematically under- or over-stated. Akai further maintains that these expenses represent an insignificant part of total cost. Accordingly, Akai contends that, if the Department uses BIA to determined the amount of these expenses for purposes of the final determination, it should use the average expense reported.

DOC Position

We agree with petitioners that Akai incorrectly reported its packing material charges and marine insurance. Because of the significant number of transactions involved, as BIA, we have used the highest verified expense factors (*i.e.*, the expense expressed as a percentage of unit price) for packing and marine insurance and applied them to all of Akai's sales transactions.

We disagree with petitioners regarding packing labor. At verification we noted Akai's related party, which is responsible for packing the merchandise for export, had no employees dedicated to its packing operations and had no packing labor costs separately identified in its accounting system. Thus, we found that any packing labor costs were likely to be negligible. Company officials stated that whatever incidental labor cost was incurred by the related party would be charged to Akai as part of the transfer price to Akai. Thus, we find that neither Akai nor its related party had any non-negligible or measurable packing labor cost and we find that the use of BIA is not warranted.

Comment 6

Petitioners argue that Akai failed to report bank charges and commissions, although the Department found at verification that Akai incurred them on each transaction reported in its U.S. sales listing.

DOC Position

We agree that Akai did not report its bank charges and commissions in its U.S. sales listing. However, contrary to petitioners' assertion, we noted at verification that Akai reported these charges as part of its cost response. Thus, Akai mistakenly misreported these expenses, rather than not reporting them at all. Because we typically consider these expenses to be direct selling expenses, we have reclassified them as such for purposes of the final determination. Accordingly, we calculated transaction-specific expenses for each of Akai's U.S. sales, using the data examined at verification. We then made the appropriate circumstances of sale adjustments to FMV to account for these charges.

Comment 7

Petitioners argue that Akai did not report the proper gross unit price in its U.S. sales database because it failed to account for exchange rate gains and loss. Petitioners contend that the prices for 100 percent of the sales reported do not represent the actual payment received by Akai. Therefore, they argue that these prices should not be used for purposes of the final determination.

According to Akai, however, the Department verified that it reported the correct transaction prices. Akai notes that the sales verification report states that there were "no discrepancies found in the amounts recorded in Akai's sales register and the amounts shown on Akai's final invoices received from the bank."

DOC Position

We disagree with petitioners that Akai should have reported exchange gains or losses in its U.S. sales. The Department's practice is not, and has never been, to require respondents to report this type of adjustment. Moreover, the Department's questionnaire instructs respondents to report sales prices in the currency in which the sales are made. We determined at verification that Akai had accurately reported its U.S. sales prices in accordance with the questionnaire instructions (*i.e.*, in U.S. dollars because this is the currency in which Akai invoices its U.S. customers.) Accordingly, we have used these prices for purposes of the final determination.

Comment 8

Petitioners argue that the Department found at verification that Akai incorrectly reported its credit expenses, date of payment and direct and indirect selling expenses. Petitioners contend that the Department should not correct any of these discrepancies because collectively they are so extensive that correcting them would result in the creation of a significantly different questionnaire response.

DOC Position

We disagree, in part. We found at verification that Akai did misreport its payment period and direct and indirect selling expenses. However, we disagree that these errors are so egregious that correcting them would result in the creation of a new response. Accordingly, we have corrected these errors for purposes of the final determination, based on our findings at verification.

Comment 9

Echjay argues that it should be assigned the same dumping margin as Akai, rather than the "all others" rate. According to Echjay, Akai's rate is appropriate because Echjay's cost data forms the basis for Akai's margin. Echjay further notes that it cooperated fully in this investigation because it responded to each of the Department's request for information.

Petitioners maintain that the Department should apply the all other rate to all of Akai's subcontractors (including Echjay), because the Department does not have the information necessary to calculate company-specific margins for these companies for purposes of the final determination. Petitioner's further argue that the all other rate is also appropriate for Akai, because Akai is not the appropriate respondent in this investigation. (See Comment 1, above.) As the all other rate, petitioners assert that the Department should use the average of the margins contained in the petition. Petitioners reason that this is

the appropriate rate because, given the circumstances surrounding the application of adverse BIA to Mukand, it would be unfair to penalize other exporters for the behavior of an unrelated company

DOC Position

We disagree with Echjay. It is the Department's practice to assign the "all others" rate to companies who have not submitted responses to the Department's sales questionnaire. Absent a full questionnaire response, the Department does not have sufficient data with which to calculate a company-specific margin. While Echjay provided selected cost data, it elected not to provide data on its selling practices (*i.e.*, it chose not to submit a voluntary response). Consequently, we do not have any data upon which we could base USP for Echjay. We also note that the purpose of verification is not to collect such data. We disagree with Echjay that we could use Akai's data for this purpose as there is no evidence on the record that these data are representative of Echjay's selling practices. Accordingly, we have not assigned Echjay the same rate as Akai.

With regard to petitioners' argument that the Department should calculate the all other rate based on the average of the margins provided in the petition, we also disagree. It is the Department's practice to calculate the all other rate based on the margins assigned to the companies under investigation. Consequently, we calculated the all other rate in this case in accordance with our standard practice.

Comment 10

Petitioners claim that (1) Akai did not provide evidence that they used domestic raw materials for manufacturing the subject merchandise during the POI; (2) information on the record implies that Akai received less than the actual International Price Reimbursement Scheme (IPRS) claims submitted to the government; and (2) it was unclear whether the reimbursements received several months after the POI were earned on production during the POI. Accordingly, petitioners argue that the Department should disallow Akai's IPRS rebates entirely.

Akai argues that supporting documentation provided at verification demonstrated that domestic raw materials were purchased and used to manufacture the subject merchandise during that POI.

DOC Position

We disagree with petitioners. At verification, we determined that all raw materials used in manufacturing the subject merchandise were purchased from unrelated Indian suppliers. Since Akai sold the subject merchandise exclusively to the United States and because Akai used only domestic raw materials, all raw material inputs qualified under the IPRS government program.

The record clearly demonstrates that Akai was entitled to the reimbursement, that the total claim was approved by the Indian Government and Akai was in the process of collecting on these receivables. Even though the government reimbursements were received subsequent to the POI, the total reimbursement claim revenue reported during the POI was properly used to match revenue with the related raw material expenses incurred. Therefore, we have not disallowed these rebates for purposes of the final determination.

Comment 11

Based upon the results of a random sample taken at verification, petitioners claim Akai understated its COM. Consequently, petitioners argue that the Department should assume that all reported costs were understated by the largest variance determined from the random sample and should increase Akai's cost accordingly.

Akai states that the Department has sufficient data to make the cost adjustments deemed necessary

DOC Position

We disagree with petitioners. The largest variance accounts for one error, whereas the weighted-average adjustment represents all understatement errors in the sample. Therefore, Akai's COM was increased by the weighted-average of all understated COM variances found in the sample.

Comment 12

Petitioners argue Akai incorrectly reported its U.S. profit on a product-specific basis.

DOC Position

We agree. Under 18 CFR 353.50 (a)(2), the Department is required to use the profit on the class or kind of merchandise sold in the home market in calculating CV. Since there were no home market or third country sales, the statutory minimum profit of eight percent was applied.

Comment 13

Petitioners state that Akai incorrectly reported its quality controls costs as direct selling expenses, rather than including them in the COM.

Akai states that the Department has sufficient data to make any adjustments deemed necessary.

DOC Positions

We agree with petitioners. Quality control costs are considered a cost of manufacturing. Additionally, there is no information on the record to support that this testing was a condition of sale Therefore, we increased COM by the amount of quality control costs as a percent of the revised COM excluding this adjustment, and reduced direct selling expenses accordingly

Comment 14

Petitioners maintain that Akai incorrectly reported G&A costs by excluding depreciation expenses.

Akai states the Department has sufficient data to make the adjustment deemed necessary.

DOC Position

We agree with petitioners that depreciation expense on administrative fixed assets should be included in the reported G&A costs. Accordingly, we increased the submitted G&A by the amount of depreciation expenses reported in Akai's 1993 financial statement.

Comment 15

Petitioners contend that Akai underreported its raw material costs by failing to report commissions and brokerage charges

DOC Position

We disagree. During the cost verification we saw no evidence that Akai incurred commission and brokerage charges on raw materials. Consequently, we have made no adjustment for these charges for purposes of this final determination

Comment 16

Petitioners contend that the Department cannot rely on the information submitted by Akai's subcontractors because if found pervasive deficiencies in this information at verification. Accordingly, petitioners argue that the Department must resort to BIA for these costs, should the Department determine that it is appropriate to use them to calculate Akai's margin.

DOC Position

Because we have used the acquisition prices between Akai and its subcontractors, this issue is moot

Continuation of Suspension of Liquidation

In accordance with section 735(c)(4)(A) of the Act, we are directing the Customs Service to continue to retroactively suspend liquidation of entries of subject merchandise for Mukand, Sunstar, Bombay Forgings and Dynaforge. We are also directing Customs Service to retroactively suspend liquidation of all entries of subject merchandise for all other companies except Akai. Retroactive suspension will apply to entries of flanges 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 date of publication of our preliminary determination in the Federal Register. For Akai, we are directing the Customs Service to continue to suspend liquidation of all entries of flanges from India, that are entered, or withdrawn from warehouse, for consumption on or after August 5, 1993, which is the date of our preliminary determination. The Customs Service shall require a cash deposit or the posting of a bond equal to the margins below on all entries of flanges from India. The suspension of liquidation will remain in effect until further notice. The estimated dumping margins are as follows:

Manufacturer/producer/exporter	Margin (percentage)
Mukand Ltd	210.00
Sunstar Metals Ltd	210.00
Bombay Forgings Pvt. Ltd	210.00
Dynaforge	210.00
Akai Impex Pvt. Ltd	19.74
All Others	162.44

International Trade Commission Notification

In accordance with Section 735(d) of the Act, we have notified the International Trade Commission (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.

Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d). Failure to comply is a violation of the APO.

This determination is published pursuant to Section 735(d) of the Act (19 U.S.C. 1673d(d)), and 19 CFR 353.20(a)(4).

Dated: December 20, 1993.

Barbara Stafford,

Acting Assistant Secretary for Import Administration.

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[A-583-821]

Final Determination of Sales at Less Than Fair Value: Certain Forged Stainless Steel Flanges From Taiwan

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

EFFECTIVE DATE: December 29, 1993.

FOR FURTHER INFORMATION CONTACT: Pamela Ward, Office of Antidumping Investigations, Import Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone (202) 482-1174.

Final Determination

The Department of Commerce (the Department) determines that certain forged stainless steel flanges (flanges) from Taiwan are being, or likely to be, sold in the United States at less than fair value, as provided in section 735 of the Tariff Act of 1930, as amended (the Act). The estimated margins are shown in the "Suspension of Liquidation" section of this notice.

Case History

Since the notice of the preliminary determination on July 29, 1993 (58 FR 41716 (August 5, 1993)), the following events have occurred. On August 2, 1993, one of the respondents in this investigation, Ta Chen Stainless Pipe Co., Ltd. (Ta Chen), notified the Department that its subcontractors would not respond to the Department's cost of production (COP) questionnaire. In addition, on August 2, 1993, Ta Chen, requested a postponement of the final determination. We granted this request, and on August 11, 1993, we postponed the final determination until not later than December 20, 1993 (58 FR 44493 (August 23, 1993)).

On August 24, 1993, Ta Chen submitted its response to the Department's June 4, 1993, supplemental questionnaire.

On October 1, 1993, Ta Chen submitted a letter stating that it would not participate in verification and withdrew from this investigation.

On October 12 and October 13, 1993, respectively, petitioners and Enlin Steel Corporation (Enlin), another respondent, submitted case briefs. On October 18 and October 20, 1993, respectively, petitioners and Enlin submitted rebuttal briefs.

Scope of Investigation

The products covered by this investigation are certain forged stainless steel flanges both finished and not-finished, generally manufactured to specification ASTM A-182, and made in alloys such as 304, 304L, 316, and 316L. The scope includes five general types of flanges. They are weld neck, used for butt-weld line connections, threaded, used for threaded line connections, slip-on & lap joint, used with stub ends/butt-weld line connections, socket weld, used to fit pipe into a machined recession, and blind, used to seal off a line. The sizes of the flanges within the scope range generally from one to six inches; however, all sizes of the above described merchandise are included in the scope. Specifically excluded from the scope of this investigation are cast stainless steel flanges. Cast stainless steel flanges generally are manufactured to specification ASTM A-351. The flanges subject to this investigation are currently classifiable under subheading 7307.21.1000 and 7307.21.5000 of the Harmonized Tariff Schedule of the United States (HTSUS). The HTSUS subheadings are provided for convenience and customs purposes. The written description of the scope of this investigation remains dispositive.

Period of Investigation

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

Best Information Available

Enlin

In the preliminary determination, the Department determined that Enlin had been uncooperative in this investigation. The Department based this decision on the fact that Enlin did not file a response to sections B and C of the Department's questionnaire, due by April 23, 1993. In making this determination, the Department took into consideration that, on April 30, 1993, Enlin stated in writing that it would not be responding to the Department's questionnaire and requested a suspension agreement. (See Comment 1.) Section 776(c) of the Act provides that whenever a party refuses or is unable to produce information requested in a timely manner and in the form required, or otherwise significantly impedes an investigation, the Department shall use the best

information otherwise available (BIA). We have done so in this investigation.

Because Enlin refused to answer the Department's questionnaire, we find it has been uncooperative in this investigation. As BIA for Enlin, we are assigning the highest margin provided 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 impeds the proceeding. The Department's two-tier methodology for assigning BIA based on the degree of respondent's cooperation has been upheld by the U.S. Court of Appeals for the Federal Circuit. (*See Allied-Signal* v. *U.S.*, Slip-Op. 93-049 (CAFC)(June 22, 1993) (*Allied*); *see also Krupp Stahl AG et al.* v. *U.S.*, Slip Op. 93-84 (CIT May 26, 1993).) The highest margin in the petition is 48.00 percent. (See Comment 1.)

Ta Chen

Ta Chen did not allow the Department to verify the information it submitted for the record in this investigation. In addition, Ta Chen withdrew from this investigation, stating that it no longer had an economic interest in the outcome of this proceeding. Section 776(b) of the Act provides that if the Department is unable to verify the accuracy of the information submitted, it shall use BIA as the basis for its determination, which may include the information submitted in support of the petition. Because Ta Chen's data was not verified, the Department must rely on BIA to determine Ta Chen's margin.

As BIA for Ta Chen, we are assigning the highest margin provided 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. Accordingly, because Ta Chen significantly impeded this investigation by not participating in verification and withdrawing from this proceeding, we are assigning the highest margin in the petition of 48.00 percent as BIA. (See Comment 2.)

Tay Precision

As detailed in the preliminary determination, Tay Precision requested proprietary treatment of its volume and value submission, but failed to provide a public version of its response. The Department informed Tay Precision that if a public version was not submitted that the Department would return its response. Because Tay Precision did not respond to the Department's request and properly file a response to our questionnaire, on June 23, 1993, we returned its response in accordance with 19 CFR 353.32(d). We determined that the use of BIA is appropriate for Tay Precision Industries Co., Ltd. (Tay Precision) 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 Tay Precision the highest margin contained in the petition, 48.00 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 flanges from Taiwan. Section 735(a)(3) of the Act provides that critical circumstances exist if we determine that:

(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 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 flanges from Taiwan for all parties are above 25 percent, we determine, in accordance with section 735(a)(3)(A)(ii) of the Act that knowledge of dumping existed for flanges from Taiwan.

Under 19 CFR 353.16(f) and 19 CFR 353.16(g), 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 the domestic consumption accounted for by imports.

As BIA for Enlin, Ta Chen, and Tay Precision 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 the above analysis, we determine that critical circumstances exist for imports of flanges from Taiwan for Enlin, Ta Chen, and Tay Precision. 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 flanges have been massive over a relatively short period of time for the companies under investigation, we determine that critical circumstances also exist for "All Other" firms.

Interested Party Comments

Comment 1

Enlin maintains that the Department must select the less adverse second-tier BIA in assigning its final dumping margin because Enlin has exhibited a high level of cooperation with the Department. Enlin states that it provided a timely response to section A of the Department's questionnaire. In addition, when it informed the Department that it was unable to provide further questionnaire responses due to the prohibitive costs involved, Enlin indicated its desire to enter into negotiations for a suspension agreement with the Department. Furthermore, Enlin cites *Allied* as support because Enlin states that it continued to participate by offering to sign a suspension agreement. Additionally, Enlin asserts that it satisfies the requirements for a suspension agreement outlined in section 734 of the Act because it accounts for "substantially all" of U.S. imports of the subject merchandise during the POI.

Petitioners state that Enlin has refused to cooperate with the Department by refusing to respond to requests for information which are necessary for any margin calculation based on actual sales data. Petitioners contend that Enlin's offer to discuss a suspension agreement is not cooperation, because petitioners claim that Enlin knows that it does not meet the requirements for a suspension agreement.

Petitioners argue that this case is distinguishable from *Allied*. Unlike in this investigation, the respondent in *Allied* did not refuse to respond to the Department's questionnaire, but proposed that it supply a more

simplified response. Here, Enlin did not state that it could not adequately prepare questionnaire responses using the information it had, but rather stated that it could not justify the expense of collecting the information.

DOC Position

We agree with petitioners. The purpose of the BIA rule is to induce a noncomplying respondent to provide the Department with timely, complete, and accurate factual information. The courts have recognized that cooperation by the parties is essential for the Department to gather needed information, and that it cannot be left to the largesse of the parties at their discretion to supply the Department with information. *See Atlantic Sugar Ltd.*, v. *U.S.*, 744 F.2d 1556, 1560 (1984); *Olympic Adhesives, Inc.* v. *U.S.*, 899 F2d 1565, 1571 (Federal Cir. 1990).

The United States Court of Appeals for the Federal Circuit has held that the Department's two-tier methodology is a reasonable and permissible exercise of the Department's statutory authority to use BIA when a respondent refuses or is unable to provide requested information. (See Allied at page 15.) The Department's two-tier methodology for assigning BIA is based on the degree of a respondent's cooperation with the Department. In accordance with its first-tier, the Department imposes the most adverse margin rate upon those respondents who refuse to cooperate or otherwise significantly impede the proceeding. In contrast, respondents who substantially cooperate but nonetheless fail to provide information requested in the required form and in a timely manner are subject to second-tier BIA.

Enlin argues that it should be deemed a cooperative respondent based on the Federal Appeal Court's decision in Allied. There the court found a second-tier cooperative BIA rate appropriate because the respondent had not refused to respond, but instead had demonstrated a willingness to work with the Department by submitting information it had to the extent it could (which was in a simplified manner). Enlin's situation is distinguishable. Unlike in Allied where the respondent indicated an interest in accommodating the Department's request by submitting information requested in a simplified manner, here Enlin simply refused to answer questionnaire sections B and C and made no other efforts to comply during the investigation. Unlike the respondent in Allied, Enlin stated on the record that, since U.S. exports of the subject merchandise were a "relatively minor part of Enlin's export business" the resulting cost of preparing a full response could not be "economically justified." (See Enlin letter to the Department dated April 30, 1993.) Enlin made a calculated decision that it was not worth its time, effort, and expense. The Department will not find that refusing to answer a questionnaire can be construed as cooperating in an investigation. (See Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate from Argentina; et al., 58 FR 37062 (July 9, 1993).) Indeed, a recent court decision is analogous and lends support to our position. See *Yamaji Fishing Net Co. Inc.*, v. *U.S.*, Slip. Op. 93–62 (CIT) (August 13, 1993) (Yamaji). In Yamaji, the court upheld an uncooperative BIA rate for a respondent who failed to submit its records in computer format, even though it did not maintain computer records. The court found that a mere letter from the respondent indicating it would not comply with information requests because it did not maintain computer records, and that therefore it would be too much of a burden in time and expense to put its records into computer format, was not a request for a waiver from the Department's requirement of submitting data in computer format.

Furthermore, the fact that Enlin evinced an interest to negotiate a suspension agreement with the Department is unlike the respondent's willingness in Allied to work out a simplified review process and is not indicative of a willingness to work with the Department in responding to our questionnaire. We cannot agree with Enlin that a party can merely request a suspension agreement from the Office of Antidumping Investigations (OAI) and be considered a cooperative party in an on-going proceeding. Enlin was specifically instructed in May 1993, by OAI officials to contact the Office of Agreements Compliance (OAC), the office which handles suspension agreements, regarding its request to enter into negotiations for a suspension agreement. However, Enlin never pursued further entering into a suspension agreement with either OAC or OAI officials, nor did Enlin ever submit a draft proposed agreement to either OAC or OAI officials as required by 19 CFR 353.18(g)(1)(i). Moreover, under 19 CFR 353.18 the Department has no affirmative obligation to initiate discussion of a possible suspension agreement.

Furthermore, in order to qualify for a suspension agreement, signatories of the agreement must account for substantially all the imports of the subject merchandise during the POI. Here, Enlin alone could not qualify because it does not account for "substantially all" of the imports to the United States. (See Memorandum to The File, dated November 23, 1993, and accompanied attachments for a detailed factual discussion.) Accordingly, we have continued to assign Enlin a rate based on first-tier BIA. As BIA we have used the highest rate in the petition.

Comment 2

Petitioners contend that because Ta Chen withdrew from this investigation and has refused to allow the Department to verify its information, that the Department must consider Ta Chen an uncooperative respondent. Petitioners add that Ta Chen's participation prior to its withdrawal should have no bearing on the selection of BIA. Petitioners cite the Final Determination of Sales at Less than Fair Value: Sweaters Wholly or in Chief Weight of Man-Made Fiber from Hong Kong 55 FR 30733 (July 27, 1990), where the Department assigned the highest margin in the petition because of a respondent's refusal to allow its data to be verified.

DOC Position

We agree. Because Ta Chen withdrew from the proceeding and did not allow the Department to verify its information submitted for the record of this investigation, the Department cannot rely on Ta Chen's data for the final determination. (See Section 776(b) of the Act.) Accordingly, we find that Ta Chen has significantly impeded this investigation and we have assigned Ta Chen the highest margin in the petition as adverse BIA.

Comment 3

Petitioners contend that the Department should use adverse BIA with respect to Tay Precision because the firm refused to provide information requested by the Department in proper form. Petitioners submit that the Department should use the two-tiered BIA methodology used in the preliminary determination and assign the highest margin alleged in the petition as BIA for Tay Precision. Furthermore, petitioners state that in the Final Determinations of Sales at Less Than Fair Value: Certain Hot-Rolled Carbon Steel Flat Products, Certain Cold-Rolled Carbon Steel Flat Products, Certain Corrosion-Resistant Carbon Steel Flat Products, and Certain Cut-to-Length Carbon Steel Plate from

Argentina; et al., 58 FR 37062 (July 9, 1993) the Department found that refusing to answer questionnaires could not be construed as cooperating in an investigation. Furthermore, petitioners add that the BIA provision is intended to encourage responsiveness by the firms involved in an investigation, and Tay Precision's refusal to respond calls for the use of an adverse BIA rate.

DOC Position

We agree. As stated in our preliminary determination, we found that Tay Precision failed to provide the information requested in proper form as required by 19 CFR 353.32(b)(1) and 19 CFR 353.32(b)(2). Therefore, the Department returned information to Tay Precision pursuant to 19 CFR 353.32(d). Accordingly, we have continued to assign this company a rate based on first-tier BIA. As BIA we have used the highest rate in the petition.

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 for Enlin, Tay Precision and "All Others" and to retroactively suspend liquidation for Ta Chen of entries of flanges from Taiwan, that are entered, or withdrawn from warehouse, for consumption on or after May 7, 1993, which is the date 90 days prior to the date of publication of our preliminary determination in the Federal Register. The Customs Service shall require a cash deposit or the posting of a bond equal to the margins below on all entries of flanges from Taiwan. The suspension of liquidation will remain in effect until further notice. The estimated dumping margins are as follows:

Manufacturer/producer/exporter	Margin percentage
Enlin Steel Corporation	48.00
Ta Chen Stainless Pipe Co., Ltd.	48.00
Tay Precision Industries Co., Ltd.	48.00
All Others	48.00

International Trade Commission Notification

In accordance with section 735(d) of the Act, we have notified the International Trade Commission (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.

Notification to Interested Parties

This notice also serves as the only reminder to parties subject to administrative protective order (APO) of their responsibility covering the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 353.34(d). Failure to comply is a violation of the APO.

This determination is published pursuant to section 735(d) of the Act (19 U.S.C. 1673d(d)), and 19 CFR 353.20(a)(4).

Dated: December 20, 1993.

Barbara R. Stafford,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-31866 Filed 12-28-93; 8:45 am]

BILLING CODE 3510-DS-P

[A-533-808, A-583-821]

Postponement of Final Antidumping Duty Determinations: Certain Forged Stainless Steel Flanges From India and Taiwan

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

EFFECTIVE DATE: August 23, 1993.

FOR FURTHER INFORMATION CONTACT: Mary Jenkins or Pamela Ward, Office of Antidumping Investigations, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue NW., Washington, DC, 20230, at (202) 482-1756 or (202) 482-1174.

POSTPONEMENT: On August 2, 1993, Ta Chen Stainless Pipe Co., Ltd., a respondent in the antidumping duty investigation of certain forged stainless steel flanges (flanges) from Taiwan, requested that the Department postpone the final determination in accordance with section 735(a)(2)(A) of the Tariff Act of 1930 (the Act), as amended (19 U.S.C. 1673d(a)(2)(A)). In addition, on August 6, 1993, Akai Impex Ltd., a respondent in the antidumping duty investigation of flanges from India, requested that the Department postpone the final determination to 135 days after the publication of the preliminary determination, in accordance with section 735(a)(2)(A) of the Act.

Because respondents account for a significant portion of the exports of the subject merchandise, and we find no compelling reasons to deny the requests, we are, accordingly, postponing the date of the final determinations until December 20, 1993, in both of the above-referenced investigations. Because the 135th day will be December 18, 1993, the final determinations will be made on December 20, 1993, the first working day after December 18, 1993.

This notice is published pursuant to section 735(d) of the Act and (19 U.S.C. 1673d(d)) and 19 CFR 353.20(b)(2).

Dated: August 11, 1993.

Joseph A. Spetrini,

Acting Assistant Secretary for Import Administration.

[FR Doc. 93-20322 Filed 8-20-93; 8:45 am]

BILLING CODE 3510-DS-P

APPENDIX B

LIST OF PARTICIPANTS IN THE HEARING

CALENDAR OF PUBLIC CONFERENCE

Investigations Nos. 731-TA-639 and 640 (Final)

STAINLESS STEEL FLANGES FROM INDIA AND TAIWAN

Those listed below appeared at the United States International Trade Commission's hearing held in connection with the subject investigations on December 22, 1993, in the main hearing room of the USITC Building, 500 E Street, SW, Washington, DC.

In support of the imposition of antidumping duties

Robert J. Gilbert, Gilbert Development Group, petitioners' representative

Phil Mavrich, president, Flowline Division, Markovitz Enterprises, Inc.

David Cook, general manager, Maass Flange Corporation

In opposition to the imposition of antidumping duties

Mr. Read Boles, president and chief executive officer, Flow Components, Inc.

APPENDIX C

SUMMARY DATA CONCERNING THE U.S. MARKET

Table C-1
Stainless steel flanges: Summary data concerning the U.S. market, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

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

	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
Item	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	1992-93
U.S. importers' imports from--									
India:									
Imports quantity	987	3,026	5,072	3,369	5,004	+413.9	+206.6	+67.6	+48.5
Imports value	1,864	4,851	7,913	5,323	7,792	+324.5	+160.2	+63.1	+46.4
Unit value	$1.89	$1.60	$1.56	$1.58	$1.56	-17.4	-15.1	-2.7	-1.5
Ending inventory qty	610	716	548	394	1,036	-10.2	+17.4	-23.5	+162.9
Taiwan:									
Imports quantity	818	1,229	1,319	813	1,182	+61.2	+50.2	+7.3	+45.4
Imports value	2,633	4,031	3,690	2,439	2,788	+40.1	+53.1	-8.5	+14.3
Unit value	$3.22	$3.28	$2.80	$3.00	$2.36	-13.1	+1.9	-14.7	-21.4
Ending inventory qty	0	2	30	0	138	1/	1/	2/	1/
Subject sources:									
Imports quantity	1,804	4,255	6,391	4,182	6,186	+254.3	+135.9	+50.2	+47.9
Imports value	4,496	8,882	11,603	7,762	10,581	+158.1	+97.6	+30.6	+36.3
Unit value	$2.49	$2.09	$1.82	$1.86	$1.71	-27.2	-16.2	-13.0	-7.9
Ending inventory qty	610	718	578	394	1,174	-5.2	+17.7	-19.5	+198.0
Other sources:									
Imports quantity	8,360	9,407	7,047	5,723	7,069	-15.7	+12.5	-25.1	+23.5
Imports value	29,511	22,898	16,190	13,411	15,522	-45.1	-22.4	-29.3	+15.7
Unit value	$3.53	$2.43	$2.30	$2.34	$2.20	-34.9	-31.0	-5.6	-6.3
Ending inventory qty	273	285	62	109	119	-77.3	+4.4	-78.2	+9.2
All sources:									
Imports quantity	10,165	13,663	13,439	9,905	13,255	+32.2	+34.4	-1.6	+33.8
Imports value	34,007	31,780	27,793	21,174	26,102	-18.3	-6.5	-12.5	+23.3
Unit value	$3.35	$2.33	$2.07	$2.14	$1.97	-38.2	-30.5	-11.1	-7.9
U.S. producers'--									
Production workers	191	208	217	223	251	+13.6	+8.9	+4.3	+12.6
Hours worked (1,000s)	463	444	473	337	391	+2.2	-4.1	+6.5	+16.0
Total comp. ($1,000)	5,539	5,760	5,123	3,939	4,278	-7.5	+4.0	-11.1	-8.3
Hourly total compensation	$11.96	$12.97	$10.83	$11.69	$10.94	-9.5	+8.4	-16.5	-21.0
Productivity (Lbs./hour)	4/	4/	4/	4/	4/	4/	4/	4/	4/
Unit labor costs	4/	4/	4/	4/	4/	4/	4/	4/	4/
Net sales--									
Quantity	8,498	10,318	11,363	8,311	10,665	+33.7	+21.4	+10.1	+28.3
Value	28,369	30,587	31,977	24,002	28,320	+12.7	+7.8	+4.5	+18.0
Cost of goods sold (COGS)	21,874	24,066	26,681	19,660	23,119	+22.0	+10.0	+10.9	+17.6
Gross profit (loss)	6,495	6,521	5,296	4,342	5,201	-18.5	+0.4	-18.8	+19.8
SG&A expenses	3,508	3,882	3,834	2,886	3,069	+9.3	+10.7	-1.2	+6.3
Operating income (loss)	2,987	2,639	1,462	1,456	2,132	-51.1	-11.7	-44.6	+46.4
Capital expenditures	2,064	2,348	1,689	1,311	1,686	-18.2	+13.8	-28.1	+28.6
Unit COGS	$2.57	$2.33	$2.35	$2.37	$2.17	-8.8	-9.4	+0.7	-8.4
COGS/sales 3/	77.1	78.7	83.4	81.9	81.6	+6.3	+1.6	+4.8	-0.3
Op.income (loss)/sales 3/	10.5	8.6	4.6	6.1	7.5	-6.0	-1.9	-4.1	+1.5

1/ Not applicable.
2/ An increase of 1,000 percent or more.
3/ 'Reported data' are in percent and 'period changes' are in percentage-point.
4/ Not available.

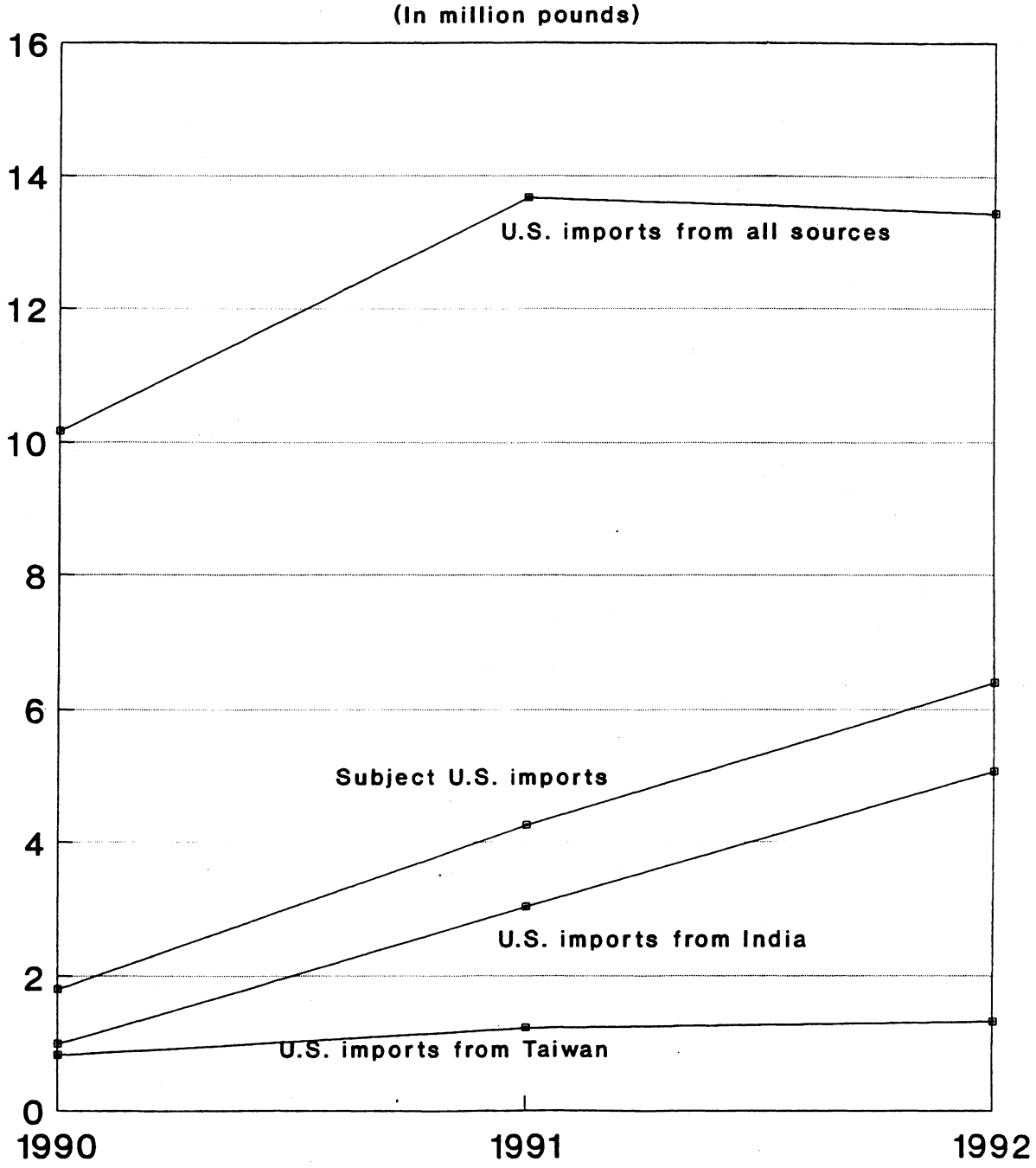
Note.--Period changes are derived from the unrounded data. Unit values and other ratios are calculated using data of firms supplying both numerator and denominator information. Part-year inventory ratios are annualized.

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.

Table C-1A
Stainless steel flanges: Summary data concerning the U.S. market (with data for all producers except Flow Components), 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

* * * * * * *

Figure C-1
Salient data for stainless steel flanges, 1990-92



Source: Table C-1.

Table C-2
Forgings: Summary data concerning the U.S. market, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

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

Item	Reported data			Jan.-Sept.--		Period changes			
	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	Jan.-Sept. 1992-93
U.S. consumption quantity:									
Amount	10,258	14,181	14,562	10,856	14,882	+42.0	+38.2	+2.7	+37.1
Producers' share 1/	65.8	60.2	55.5	56.5	46.3	-10.3	-5.6	-4.6	-10.2
Importers' share: 1/									
India	1.9	17.0	26.5	24.5	25.3	+24.6	+15.1	+9.5	+0.7
Taiwan	.5	.1	1.8	1.2	4.3	+1.2	-0.5	+1.7	+3.1
Subtotal	2.5	17.1	28.3	25.7	29.5	+25.8	+14.6	+11.2	+3.8
Other sources	31.7	22.7	16.2	17.8	24.2	-15.6	-9.0	-6.6	+6.4
Total	34.2	39.8	44.5	43.5	53.7	+10.3	+5.6	+4.6	+10.2
U.S. consumption value:									
Amount	17,094	21,962	22,744	16,467	22,333	+33.1	+28.5	+3.6	+35.6
Producers' share 1/	53.9	53.9	56.7	53.7	50.1	+2.7	2/	+2.7	-3.6
Importers' share: 1/									
India	1.8	17.2	24.8	24.4	25.9	+23.0	+15.3	+7.7	+1.5
Taiwan	1.3	.2	1.9	1.5	4.5	+0.6	-1.1	+1.6	+3.0
Subtotal	3.1	17.4	26.7	25.9	30.4	+23.6	+14.3	+9.3	+4.5
Other sources	42.9	28.7	16.7	20.5	19.5	-26.3	-14.3	-12.0	-0.9
Total	46.1	46.1	43.3	46.3	49.9	-2.7	3/	-2.7	+3.6
U.S. importers' imports from--									
India:									
Imports quantity	199	2,411	3,863	2,664	3,760	4/	4/	+60.2	+41.1
Imports value	316	3,771	5,647	4,019	5,786	4/	4/	+49.7	+44.0
Unit value	$1.59	$1.56	$1.46	$1.51	$1.54	-8.0	-1.6	-6.5	+2.0
Ending inventory qty	200	400	290	200	708	+45.0	+100.0	-27.5	+254.0
Taiwan:									
Imports quantity	55	12	257	128	634	+367.3	-78.2	4/	+395.3
Imports value	221	51	425	242	995	+92.3	-76.9	+733.3	+311.2
Unit value	$4.02	$4.28	$1.65	$1.89	$1.57	-58.8	+6.6	-61.4	-17.0
Ending inventory qty	-	-	28	-	138	-	-	-	-
Subject sources:									
Imports quantity	254	2,423	4,119	2,793	4,394	4/	+853.9	+70.0	+57.3
Imports value	536	3,822	6,072	4,261	6,781	4/	+613.1	+58.9	+59.1
Unit value	$2.11	$1.58	$1.47	$1.53	$1.54	-30.3	-25.4	-6.6	+1.1
Ending inventory qty	200	400	318	200	846	+59.0	+100.0	-20.5	+323.0
Other sources:									
Imports quantity	3,257	3,225	2,357	1,935	3,598	-27.6	-1.0	-26.9	+85.9
Imports value	7,341	6,301	3,787	3,368	4,364	-48.4	-14.2	-39.9	+29.6
Unit value	$2.25	$1.95	$1.61	$1.74	$1.21	-28.7	-13.3	-17.8	-30.3
Ending inventory qty	0	67	0	0	0	0	5/	-100.0	0
All sources:									
Imports quantity	3,510	5,648	6,476	4,727	7,992	+84.5	+60.9	+14.7	+69.1
Imports value	7,877	10,123	9,858	7,629	11,144	+25.1	+28.5	-2.6	+46.1
Unit value	$2.24	$1.79	$1.52	$1.61	$1.39	-32.2	-20.1	-15.1	-13.6
U.S. producers'--									
Average capacity quantity	11,705	14,197	14,734	11,190	12,582	+25.9	+21.3	+3.8	+12.4
Production quantity	7,261	10,577	9,342	7,416	7,400	+28.7	+45.7	-11.7	-0.2
Capacity utilization 1/	62.0	74.5	63.4	66.3	58.8	+1.4	+12.5	-11.1	-7.5
U.S. shipments:									
Quantity	6,748	8,533	8,086	6,129	6,890	+19.8	+26.5	-5.2	+12.4
Value	9,217	11,839	12,886	8,838	11,189	+39.8	+28.4	+8.8	+26.6
Unit value	$1.37	$1.39	$1.59	$1.44	$1.62	+16.7	+1.6	+14.9	+12.6
Ending inventory quantity	1,399	2,432	2,730	2,990	2,411	+95.1	+73.8	+12.3	-19.4
Inventory/shipments 1/	20.7	28.5	33.8	36.6	26.2	+13.0	+7.8	+5.3	-10.3
Production workers	62	71	62	59	61	-0.0	+14.5	-12.7	+3.4
Hours worked (1,000s)	133	150	136	92	100	+2.2	+12.8	-9.3	+8.7
Total comp. ($1,000)	2,126	2,366	1,891	1,406	1,441	-11.1	+11.3	-20.1	+2.5
Hourly total compensation	$16.00	$15.79	$13.89	$15.23	$14.48	-13.2	-1.3	-12.0	-5.7
Productivity (Lbs./hour)	54.7	70.6	68.6	80.3	74.3	+25.5	+29.1	-2.8	-7.4
Unit labor costs	$0.34	$0.45	$0.49	$0.53	$0.51	+44.6	+30.9	+10.5	-2.7

See footnotes at end of table.

Table C-2--Continued
Forgings: Summary data concerning the U.S. market, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

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

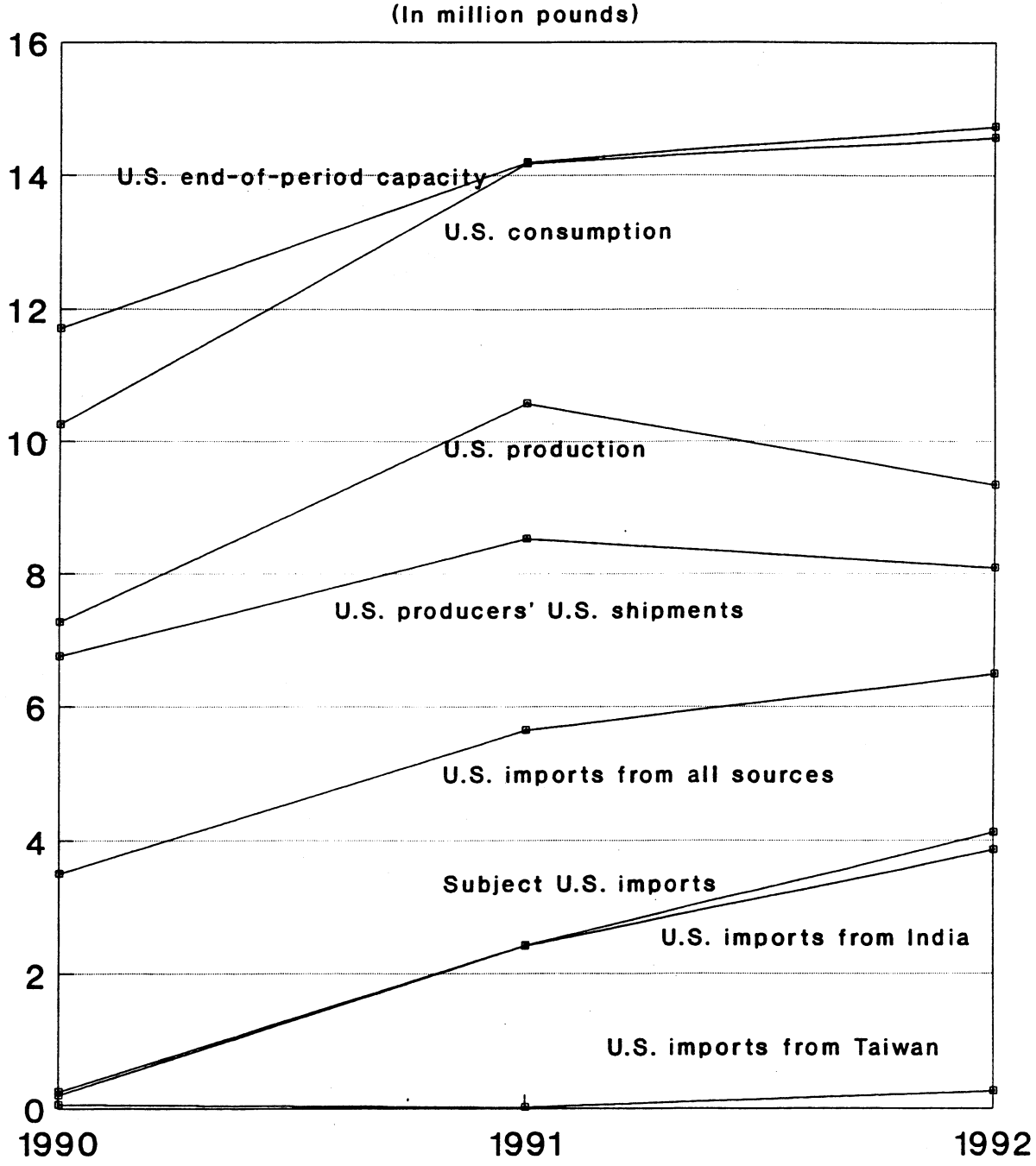
	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
Item	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	1992-93
Net sales--									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***
Gross profit (loss)	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***
Operating income (loss)	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***
Unit COGS	$***	$***	$***	$***	$***	***	***	***	***
COGS/sales 1/	***	***	***	***	***	***	***	***	***
Op.income (loss)/sales 1/	***	***	***	***	***	***	***	***	***

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

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

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

Figure C-2
Salient data for forgings,
1990-92



Source: Table C-2.

Table C-3
Finished flanges: Summary data concerning the U.S. market, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

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

Item	Reported data			Jan.-Sept.--		Period changes			
	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	Jan.-Sept. 1992-93
U.S. consumption quantity:									
Amount	14,293	17,254	17,216	13,004	15,143	+20.5	+20.7	-0.2	+16.4
Producers' share 1/	53.4	53.6	59.6	60.2	65.2	+6.1	+0.1	+6.0	+5.1
Importers' share: 1/									
India	5.5	3.6	7.0	5.4	8.2	+1.5	-1.9	+3.5	+2.8
Taiwan	5.3	7.1	6.2	5.3	3.6	+0.8	+1.7	-0.9	-1.6
Subtotal	10.9	10.6	13.2	10.7	11.8	+2.3	-0.2	+2.6	+1.2
Other sources	35.7	35.8	27.2	29.1	22.9	-8.5	+0.1	-8.6	-6.2
Total	46.6	46.4	40.4	39.8	34.8	-6.1	-0.1	-6.0	-5.1
U.S. consumption value:									
Amount	56,468	52,302	48,498	37,367	43,348	-14.1	-7.4	-7.3	+16.0
Producers' share 1/	53.7	58.6	63.0	63.8	65.5	+9.3	+4.9	+4.4	+1.7
Importers' share: 1/									
India	2.7	2.1	4.7	3.5	4.6	+1.9	-0.7	+2.6	+1.1
Taiwan	4.3	7.6	6.7	5.9	4.1	+2.5	+3.3	-0.9	-1.7
Subtotal	7.0	9.7	11.4	9.4	8.8	+4.4	+2.7	+1.7	-0.6
Other sources	39.3	31.7	25.6	26.9	25.7	-13.7	-7.5	-6.2	-1.1
Total	46.3	41.4	37.0	36.2	34.5	-9.3	-4.9	-4.4	-1.7
U.S. importers' imports from--									
India:									
Imports quantity	788	615	1,210	704	1,244	+53.6	-22.0	+96.7	+76.7
Imports value	1,548	1,081	2,266	1,305	2,007	+46.4	-30.2	+109.6	+53.8
Unit value	$1.96	$1.76	$1.87	$1.85	$1.61	-4.7	-10.6	+6.6	-12.9
Ending inventory qty	410	316	258	194	328	-37.1	-22.9	-18.4	+69.1
Taiwan:									
Imports quantity	763	1,217	1,062	685	548	+39.2	+59.5	-12.7	-20.0
Imports value	2,412	3,980	3,265	2,197	1,793	+35.4	+65.0	-18.0	-18.4
Unit value	$3.16	$3.27	$3.07	$3.21	$3.27	-2.8	+3.4	-6.0	+2.0
Ending inventory qty	0	2	2	0	0	2/	2/	0	0
Subject sources:									
Imports quantity	1,551	1,832	2,272	1,389	1,792	+46.5	+18.1	+24.0	+29.0
Imports value	3,960	5,061	5,531	3,501	3,800	+39.7	+27.8	+9.3	+8.5
Unit value	$2.55	$2.76	$2.43	$2.52	$2.12	-4.7	+8.2	-11.9	-15.9
Ending inventory qty	410	318	260	194	328	-36.6	-22.4	-18.2	+69.1
Other sources:									
Imports quantity	5,104	6,182	4,691	3,789	3,471	-8.1	+21.1	-24.1	-8.4
Imports value	22,170	16,597	12,403	10,044	11,158	-44.1	-25.1	-25.3	+11.1
Unit value	$4.34	$2.68	$2.64	$2.65	$3.21	-39.1	-38.2	-1.5	+21.3
Ending inventory qty	273	218	62	109	119	-77.3	-20.1	-71.6	+9.2
All sources:									
Imports quantity	6,655	8,014	6,963	5,178	5,263	+4.6	+20.4	-13.1	+1.6
Imports value	26,130	21,658	17,935	13,545	14,958	-31.4	-17.1	-17.2	+10.4
Unit value	$3.93	$2.70	$2.58	$2.62	$2.84	-34.4	-31.2	-4.7	+8.6
U.S. producers'--									
Average capacity quantity	9,139	12,061	13,395	10,159	11,685	+46.6	+32.0	+11.0	+15.0
Production quantity	7,618	10,679	10,547	8,370	10,027	+38.4	+40.2	-1.2	+19.8
Capacity utilization 1/	83.4	88.5	78.7	82.4	85.8	-4.6	+5.2	-9.8	+3.4
U.S. shipments:									
Quantity	7,638	9,240	10,253	7,826	9,880	+34.2	+21.0	+11.0	+26.2
Value	30,338	30,644	30,563	23,822	28,390	+0.7	+1.0	-0.3	+19.2
Unit value	$3.97	$3.32	$2.98	$3.04	$2.87	-25.0	-16.5	-10.1	-5.6
Export shipments:									
Quantity	***	***	***	***	***	***	***	***	***
Exports/shipments 1/	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	***	***	***	***

See footnotes at end of table.

Table C-3--Continued
Finished flanges: Summary data concerning the U.S. market, 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

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

Item	Reported data					Period changes			
				Jan.-Sept.--					Jan.-Sept.
	1990	1991	1992	1992	1993	1990-92	1990-91	1991-92	1992-93
Ending inventory quantity..	1,819	2,684	2,926	3,124	3,036	+60.9	+47.6	+9.0	-2.8
Inventory/shipments 1/.....	22.3	27.3	28.4	29.5	23.0	+6.1	+5.1	+1.0	-6.6
Production workers.....	129	137	155	164	190	+20.2	+6.2	+13.1	+16.0
Hours worked (1,000s).....	330	294	337	245	291	+2.1	-10.9	+14.5	+18.8
Total comp. ($1,000).....	3,413	3,394	3,232	2,533	2,837	-5.3	-0.6	-4.8	-12.0
Hourly total compensation..	$10.34	$11.54	$9.59	$10.35	$9.72	-7.3	-11.6	-16.9	-5.7
Productivity (Lbs./hour)...	23.1	36.3	31.3	34.2	34.4	+35.5	+57.1	-13.8	+0.6
Unit labor costs.....	$0.45	$0.32	$0.33	$0.33	$0.35	-26.3	-28.9	-3.8	+6.1
Net sales--									
Quantity.....	***	***	***	***	***	***	***	***	***
Value.....	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)..	***	***	***	***	***	***	***	***	***
Gross profit (loss).....	***	***	***	***	***	***	***	***	***
SG&A expenses.....	***	***	***	***	***	***	***	***	***
Operating income (loss)....	***	***	***	***	***	***	***	***	***
Capital expenditures.....	***	***	***	***	***	***	***	***	***
Unit COGS.....	$***	$***	$***	$***	$***	***	***	***	***
COGS/sales 1/.....	***	***	***	***	***	***	***	***	***
Op.income (loss)/sales 1/..	***	***	***	***	***	***	***	***	***

1/ 'Reported data' are in percent and 'period changes' are in percentage-point.
2/ Not applicable.

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

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

Table C-3A
Finished stainless steel flanges: Summary data concerning the U.S. market (with data for all producers except Flow Components), 1990-92, Jan.-Sept. 1992, and Jan.-Sept. 1993

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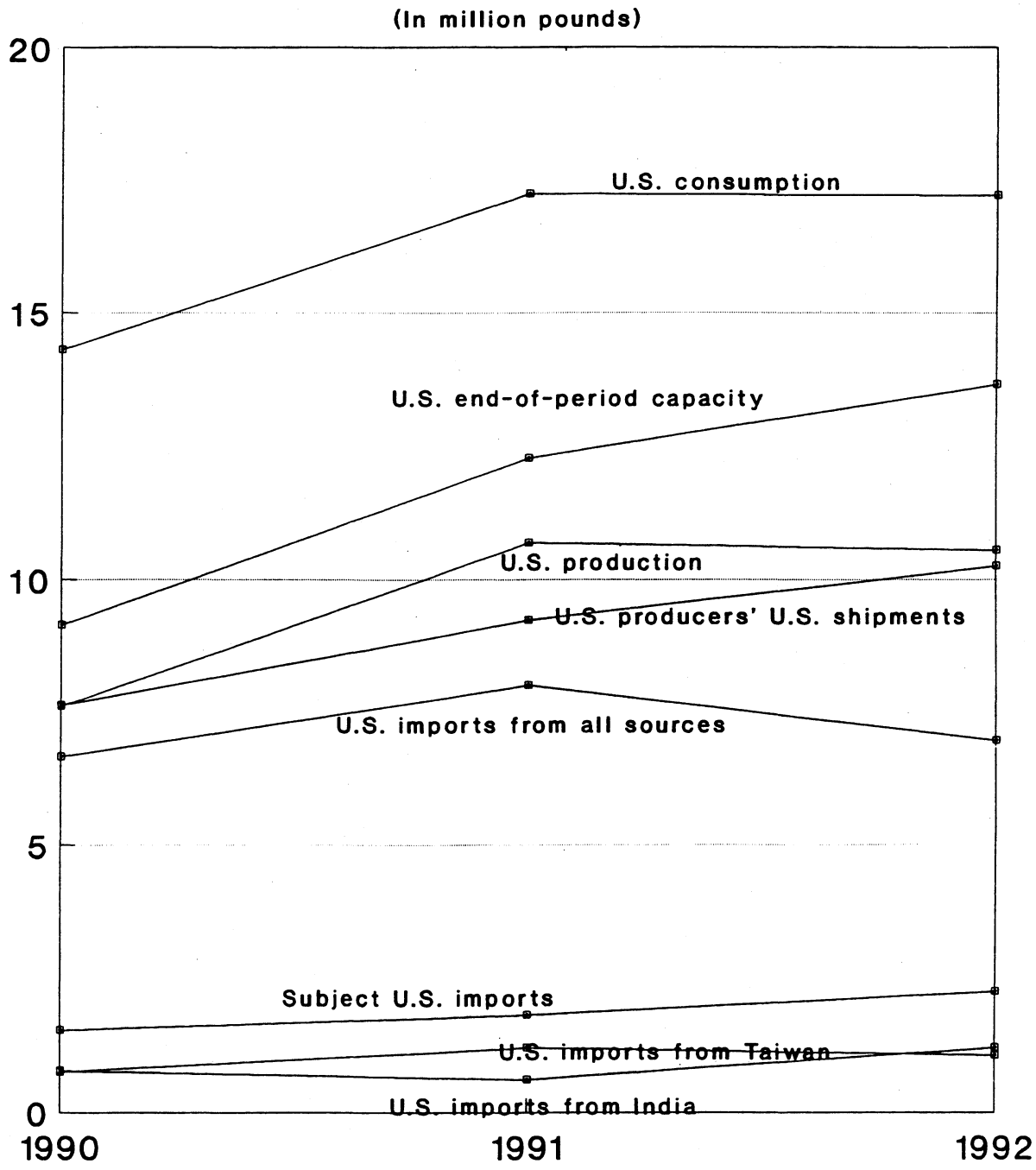
Figure C-3
Salient data for finished flanges, 1990-92



Source: Table C-3.

Figure C-3A
Salient data for finished flanges, 1990-92, without Flow Components

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APPENDIX D

COMMENTS RECEIVED FROM U.S. PRODUCERS ON THE IMPACT OF IMPORTS OF STAINLESS STEEL FLANGES FROM INDIA AND TAIWAN ON THEIR GROWTH, INVESTMENT, ABILITY TO RAISE CAPITAL, OR EXISTING DEVELOPMENT AND PRODUCTION EFFORTS

The Commission requested U.S. producers to describe and explain the actual and negative effects, if any, of imports of stainless steel flanges from India and Taiwan on their growth, investment, ability to raise capital, existing development and production efforts, and the scale of capital investments.

Actual negative effects

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Anticipated negative effects

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Effect on scale of capital investments

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APPENDIX E

PURCHASERS' PRICE TABLES

Table E-1
Product 1, finished stainless steel flanges, slip-on model, 3-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by distributors,** and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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Table E-2
Product 2, finished stainless steel flanges, slip-on model, 2-inch nominal pipe size, grade 316/316L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by distributors**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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Table E-3
Product 3, finished stainless steel flanges, weld-neck model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by distributors,** and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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Table E-4
Product 4, finished stainless steel flanges, weld-neck model, 1-inch nominal pipe size, grade 316/316L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by distributors,** and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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Table E-5
Product 5, finished stainless steel flanges, blind model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by distributors,** and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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Table E-6
Product 6, unfinished stainless steel flanges, slip-on model, 3-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by converters**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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Table E-7
Product 7, unfinished stainless steel flanges, weld-neck model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by converters**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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Table E-8
Product 8, unfinished stainless steel flanges, blind model, 2-inch nominal pipe size, grade 304/304L, class 150: Weighted-average net f.o.b. purchase prices of domestic and imported products **purchased by converters**, and margins of underselling (overselling), by quarters, Jan. 1990-Sept. 1993

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