

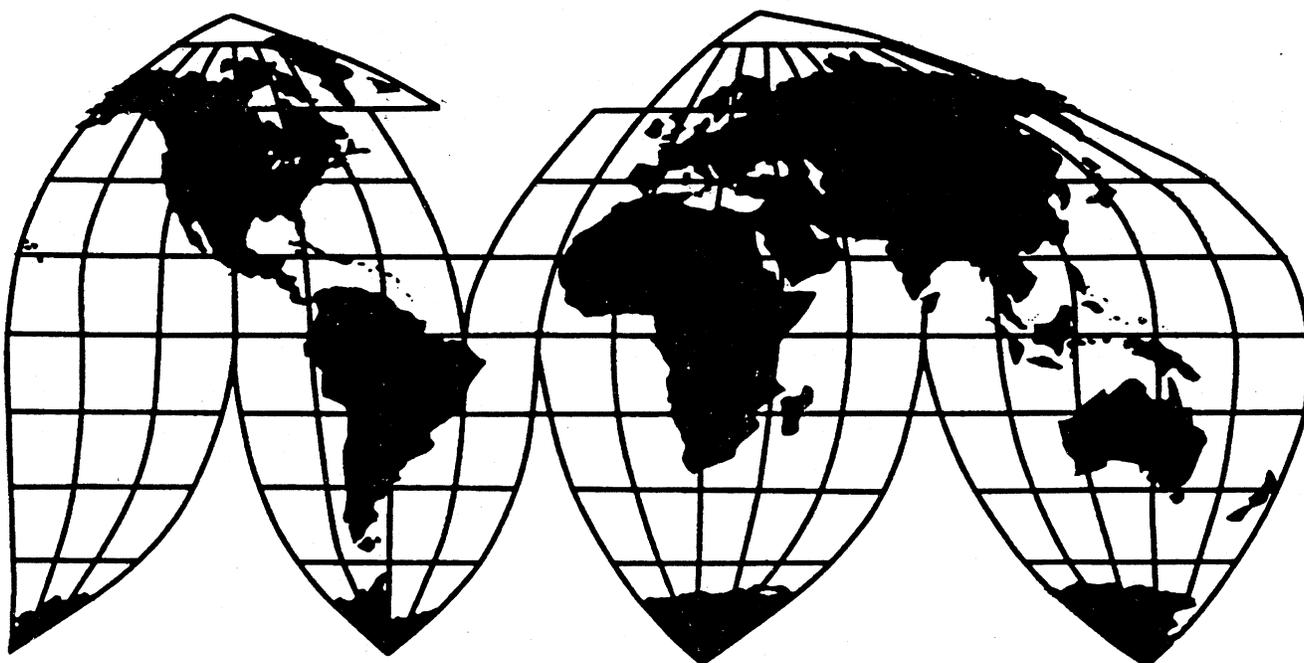
Steel Wire Rope From China, India, Malaysia, and Thailand

Investigations Nos. 731-TA-868-871 (Preliminary)

Publication 3294

April 2000

U.S. International Trade Commission



U.S. International Trade Commission

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Note.—Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 731-TA-868-871 (Preliminary)

STEEL WIRE ROPE FROM CHINA, INDIA, MALAYSIA, AND THAILAND

DETERMINATIONS

On the basis of the record¹ developed in the subject investigations, the United States International Trade Commission determines, pursuant to section 733(a) of the Tariff Act of 1930 (19 U.S.C. § 1673b(a)), that there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports from China, India, and Malaysia of steel wire rope, provided for in subheadings 7312.10.60 and 7312.10.90 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value (LTFV).

The Commission further determines, pursuant to 19 U.S.C. § 1677(24)(A), that the subject imports from Thailand that are alleged to be sold at LTFV are negligible, but that there is a potential that subject imports from Thailand will imminently account for more than 3 percent of the volume of all such merchandise imported into the United States.² The Commission further determines either that there is no reasonable indication that an industry in the United States is threatened with material injury by reason of imports of steel wire rope from Thailand³ or that such imports are negligible.⁴

COMMENCEMENT OF FINAL PHASE INVESTIGATIONS

Pursuant to section 207.18 of the Commission's rules, the Commission also gives notice of the commencement of the final phase of its investigations. The Commission will issue a final phase notice of scheduling which will be published in the *Federal Register* as provided in section 207.21 of the Commission's rules upon notice from the Department of Commerce (Commerce) of affirmative preliminary determinations in the investigations under section 733(b) of the Act, or, if the preliminary determinations are negative, upon notice of affirmative final determinations in the investigations under section 735(a) of the Act. Parties that filed entries of appearance in the preliminary phase of the investigations need not enter a separate appearance for the final phase of the investigations. Industrial users, and, if the merchandise under investigation is sold at the retail level, representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to the investigations.

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 Vice Chairman Miller and Commissioner Askey determined that there is no potential for subject imports from Thailand to imminently account for more than 3 percent of the volume of all such merchandise imported into the United States.

³ Commissioners Hillman, Koplan, and Okun made this finding with Chairman Bragg dissenting. Chairman Bragg found that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Thailand that are alleged to be sold at LTFV.

⁴ Vice Chairman Miller and Commissioner Askey found that subject imports are negligible and do not reach the issue of a reasonable indication of threat of material injury by reason of subject imports from Thailand.

BACKGROUND

On March 1, 2000, a petition was filed with the Commission and the Department of Commerce by The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (Committee),⁵ Washington, DC, alleging that an industry in the United States is materially injured or threatened with material injury by reason of LTFV imports of steel wire rope from China, India, Malaysia, and Thailand. Accordingly, effective March 1, 2000, the Commission instituted antidumping duty investigations Nos. 731-TA-868-871 (Preliminary).

Notice of the institution of the Commission's investigations and of a public conference to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* of March 9, 2000 (65 FR 12575). The conference was held in Washington, DC, on March 22, 2000, and all persons who requested the opportunity were permitted to appear in person or by counsel.

⁵ The Committee is comprised of the following U.S. producers: Bergen Cable Technology, Inc.; Bridon American Corp.; Carolina Steel & Wire Corp.; Continental Cable Co.; Loos & Co., Inc.; Paulsen Wire Rope Corp.; Sava Industries, Inc.; Strandflex, A Division of MSW, Inc.; and Wire Rope Corp. of America, Inc.

VIEWS OF THE COMMISSION

Based on the record in these investigations, we find that there is a reasonable indication that an industry in the United States is materially injured by reason of imports from China, India, and Malaysia of certain steel wire rope that is allegedly sold in the United States at less than fair value (“LTFV”). With regard to Thailand, the Commission reaches a negative determination. First, the Commission determines that subject imports from Thailand are negligible for purposes of assessing present material injury. With respect to threat of material injury by reason of subject imports from Thailand, Commissioners Hillman, Koplan, and Okun determine that, although there is a potential that subject imports from Thailand will imminently account for more than 3 percent of the volume of all such merchandise imported into the United States, there is no reasonable indication that an industry in the United States is threatened with material injury by reason of subject imports from Thailand.¹ Vice Chairman Miller and Commissioner Askey determine that there is not a potential that subject imports from Thailand will imminently account for more than 3 percent of the volume of all such merchandise imported into the United States, and therefore do not reach the issue of threat of material injury.² Consequently, the investigation of subject imports from Thailand will be terminated.

I. THE LEGAL STANDARD FOR PRELIMINARY DETERMINATIONS

The legal standard for preliminary antidumping duty determinations requires the Commission to determine, based upon the information available at the time of the preliminary determination, whether there is a reasonable indication that a domestic industry is materially injured, threatened with material injury, or whether the establishment of an industry is materially retarded, by reason of the allegedly unfairly traded imports.³ In applying this standard, the Commission weighs the evidence before it and determines whether “(1) the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury; and (2) no likelihood exists that contrary evidence will arise in a final investigation.”⁴

II. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. In General

To determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury by reason of imports of the subject merchandise, the

¹ Chairman Bragg dissenting. Chairman Bragg found that there is a reasonable indication that an industry in the United States is threatened with material injury by reason of imports from Thailand that are alleged to be sold at LTFV. See Dissenting Views of Chairman Lynn M. Bragg Regarding Thailand. Chairman Bragg joins sections I-V.D of these Views.

² Except as otherwise noted, Vice Chairman Miller and Commissioner Askey join in sections I-V of the views.

³ 19 U.S.C. § 1673b(a); see also American Lamb Co. v. United States, 785 F.2d 994, 1001-04 (Fed. Cir. 1986); Aristech Chemical Corp. v. United States, 20 CIT 353, 354 (1996).

⁴ American Lamb, 785 F.2d at 1001 (Fed. Cir. 1986); see also Texas Crushed Stone Co. v. United States, 35 F.3d 1535, 1543 (Fed. Cir. 1994).

Commission first defines the “domestic like product” and the “industry.”⁵ Section 771(4)(A) of the Tariff Act of 1930, as amended (“the Act”), defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.”⁶ In turn, the Act defines “domestic like product” as “a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation”⁷

The decision regarding the appropriate domestic like product(s) in an investigation is a factual determination, and the Commission has applied the statutory standard of “like” or “most similar in characteristics and uses” on a case-by-case basis.⁸ No single factor is dispositive, and the Commission may consider other factors it deems relevant based on the facts of a particular investigation.⁹ The Commission looks for clear dividing lines among possible like products and disregards minor variations.¹⁰ Although the Commission must accept the determination of the Department of Commerce (“Commerce”) as to the scope of the imported merchandise allegedly subsidized or sold at LTFV, the Commission determines what domestic product is like the imported articles Commerce has identified.¹¹

B. Product Description

In its notice of initiation, Commerce defined the imported merchandise within the scope of these investigations as follows:

For purposes of these investigations, the product covered is steel wire rope. Steel wire rope encompasses ropes, cables, and cordage of iron or carbon or stainless steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire. Imports of these products are currently classifiable under

⁵ 19 U.S.C. § 1677(4)(A).

⁶ 19 U.S.C. § 1677(4)(A).

⁷ 19 U.S.C. § 1677(10).

⁸ See, e.g., NEC Corp. v. Dep’t of Commerce, 36 F. Supp. 2d 380, 383 (Ct. Int’l Trade 1998); Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Torrington Co. v. United States, 747 F. Supp. 744, 749, n.3 (Ct. Int’l Trade 1990), aff’d, 938 F.2d 1278 (Fed. Cir. 1991) (“every like product determination ‘must be made on the particular record at issue’ and the ‘unique facts of each case’”). The Commission generally considers a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing facilities, production processes and production employees; and, where appropriate, (6) price. See Nippon, 19 CIT at 455, n.4; Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

⁹ See, e.g., S. Rep. No. 96-249, at 90-91 (1979).

¹⁰ Nippon Steel, 19 CIT at 455; Torrington, 747 F. Supp. at 748-49; see also S. Rep. No. 96-249, at 90-91 (1979) (Congress has indicated that the like product standard should not be interpreted in “such a narrow fashion as to permit minor differences in physical characteristics or uses to lead to the conclusion that the product and article are not ‘like’ each other, nor should the definition of ‘like product’ be interpreted in such a fashion as to prevent consideration of an industry adversely affected by the imports under consideration.”).

¹¹ Hosiden Corp. v. Advanced Display Mfrs., 85 F.3d 1561, 1568 (Fed. Cir. 1996) (Commission may find a single like product corresponding to several different classes or kinds defined by Commerce); Torrington, 747 F. Supp. at 748-52 (affirming Commission determination of six like products in investigations where Commerce found five classes or kinds).

subheadings 7312.10.6030, 7312.10.6060, 7312.10.9030, 7312.10.9060, and 7312.10.9090 of the Harmonized Tariff Schedule of the United States (HTSUS). Although HTSUS subheadings are provided for convenience and Customs Service purposes, the written description of the scope of this investigation is dispositive.¹²

Generally, there are three types of steel wire rope within this scope: stainless steel wire rope (manufactured from stainless steel wire), galvanized carbon steel wire rope (manufactured from galvanized, or zinc coated, carbon steel wire), and bright steel wire rope (manufactured from ungalvanized carbon steel wire).¹³ Most types of steel wire rope, regardless of the principal constituent material, consist of three basic components, including a core, wires that form strands, and strands laid helically around the core.¹⁴ Steel wire rope is used for applications which require force to be transmitted such as, *inter alia*, earth-moving equipment, elevators, logging applications, suspension bridges, marine applications, food and chemical processing applications, aircraft control cables, fish net trawling, and drilling and well servicing within the oil field industry.¹⁵

C. Domestic Like Product Issues

Petitioner contends that the Commission should find a single like product consisting of both carbon steel and stainless steel wire rope. Petitioner observes that the Commission conducted previous investigations as well as five year reviews involving steel wire rope.¹⁶ In those cases, the Commission found a single like product defined as carbon steel and stainless steel wire rope, not fitted with fittings or made up into articles. Petitioner argues that application of the “six-factor” analysis commonly employed by the Commission continues to support the like product definition reached in the prior investigations.^{17 18}

Carbon steel and stainless steel wire rope are manufactured from different raw materials, and consequently have some inherently different physical characteristics. Thus, as petitioner has acknowledged, carbon steel wire rope has higher tensile and breaking strengths, and longer wear resistance than stainless steel wire rope. Stainless steel wire rope, on the other hand, is more corrosion-

¹² 65 Fed. Reg. 16173 (March 27, 2000).

¹³ Petition at 10.

¹⁴ Petition at 11. Petitioner notes that while all carbon steel wire ropes contain a core, many, but not all, stainless steel wire ropes contain a core.

¹⁵ Petition at 10.

¹⁶ Petitioner specifically cites Steel Wire Rope from the Republic of Korea and Mexico, USITC Pub. 2613 at 12 (March 1993) (“Due to the overlap in general physical characteristics and end uses and channels of distribution, interchangeability of products for some applications, and similarity and commonality of manufacturing facilities, production processes, equipment and employees, we define the like product in these investigations to be all steel wire rope whether made of carbon steel or stainless steel.”). Petitioner also relies on Certain Steel Wire Rope from Japan, Korea, and Mexico, Invs. Nos. AA1921-124 and 731-TA-546-547 (Reviews), USITC Pub. 3259 (December 1999).

¹⁷ Petition at 18.

¹⁸ Respondents have not disagreed with the petitioner’s suggested definition of the domestic like product. Respondents have indicated that they may dispute the definition of the domestic like product in any possible final phase investigations, but that they currently do not have enough information to dispute the product as defined by petitioner. Conference Transcript [hereinafter “Tr.”] at 79.

resistant than carbon steel wire rope and typically has non-magnetic properties which carbon steel wire rope does not possess.¹⁹ Petitioner also acknowledges that these differences in physical characteristics may often result in different end uses to which each is dedicated.²⁰ Nevertheless, both carbon steel and stainless steel wire rope are steel cables composed of multiple strands laid helically around a central core. The record indicates that there are common and/or similar industry specifications which apply to both carbon and stainless steel wire rope. Specifically, federal specification RR-W-410D is used in the industry as a basic standard.²¹

The substitutability between carbon steel and stainless steel wire rope is limited in part because of the significantly higher cost of stainless steel.²² Most of the substitution occurs between small-diameter galvanized carbon steel and stainless steel wire rope.²³ Petitioner asserts that the galvanization process enables some carbon steel rope (particularly so-called “small diameter” galvanized wire rope) to share many of the end-uses to which stainless steel wire rope is often applied.²⁴

There is mixed information regarding the degree of overlap in the channels of distribution for carbon steel and stainless steel wire rope. Petitioner asserts that there is significant overlap in the channels of distribution for carbon and stainless steel wire rope, and that this is consistent with previous Commission findings.²⁵ We note that the majority of carbon steel wire rope is sold by U.S. producers to distributors. The majority of stainless steel wire rope is sold by U.S. producers directly to end-users.²⁶ Distributors sell to a wide variety of industries, including construction, marine, oil and gas, and machine manufacturers.²⁷

There are both similarities and differences in the production processes for carbon steel and stainless steel wire rope. The process for carbon and stainless steel wire rope production consists of three basic steps, namely (1) drawing rod into wire; (2) stranding wire; and (3) closing strands into rope.²⁸ Stainless steel wire rope manufacturing, however, requires longer set-up times and special cleaning steps for production equipment, and the equipment must be run at lower speeds.²⁹ Petitioner contends that the general production processes, however, are the same in both cases (i.e. the process from wire to strand to wire rope). The stranding and closing machinery used for the two products do

¹⁹ Petitioner’s Postconference Brief at 6, citing Steel Wire Rope from the Republic of Korea and Mexico, USITC Pub. 2613 at 9.

²⁰ Petitioner’s Postconference Brief at 6.

²¹ CR at I-7, I-8; PR at I-5, I-6.

²² CR at I-11; PR at I-7, I-8.

²³ CR at I-11; PR at I-7, I-8.

²⁴ Chairman Bragg notes that due to the price differences between carbon and stainless steel, in instances in which galvanized wire rope is substitutable for applications that would otherwise require stainless, galvanized products may be used instead of stainless because of cost savings. CR at I-11; PR at I-8.

²⁵ Petitioner’s Postconference Brief at 7 citing Certain Steel Wire Rope from Japan, Korea, and Mexico, USITC Pub. 3259 at I-17, and Steel Wire Rope from the Republic of Korea and Mexico, USITC Pub. 2613 at 10-11.

²⁶ Petitioner’s Postconference Brief at 7.

²⁷ CR at I-12; PR at I-8.

²⁸ CR at I-10; PR at I-7. For a detailed discussion of drawing rod into wire and stranding wire, see Steel Wire Rope from the Republic of Korea and Mexico, USITC Pub. 2613, March 1993, pp. I-11 to I-16.

²⁹ Petitioner’s Postconference Brief at 7.

not differ significantly, because the forming process is similar for both types of steel wire rope.³⁰ Significantly, several domestic companies produce both stainless steel and carbon steel wire rope. Moreover, the two products can be, and sometimes are, manufactured using the same production lines and the same workers.³¹

Although the information is mixed, on balance, due to the similarities in physical characteristics, overlap as to the channels of distribution, and the existence of common manufacturing facilities and employees, we define the domestic like product as consisting of carbon and stainless steel wire rope. We intend to explore this issue further in any final phase investigations.³²

D. Domestic Industry and Related Parties

1. In General

The domestic industry is defined as “the producers as a whole of a domestic like product.”³³ In defining the domestic industry, the Commission’s general practice has been to include in the industry all of the domestic production of the domestic like product, whether toll-produced, captively consumed, or sold in the domestic merchant market.³⁴ Based on our finding that the domestic like product consists of carbon steel and stainless steel wire rope, we conclude that the domestic industry consists of all domestic producers of that product.

2. Related Parties

We must further determine whether any producer of the domestic like product should be excluded from the domestic industry as a related party pursuant to 19 U.S.C. § 1677(4)(B). Section 1677(4)(B) allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or that are themselves importers.³⁵ Exclusion of such producers is within the Commission’s discretion based upon the facts presented in each case.³⁶

³⁰ CR at I-12; PR at I-8; Petitioner’s Postconference Brief at 7, citing Certain Steel Wire Rope from Japan, Korea and Mexico, USITC Pub. 3259 at I-16.

³¹ CR at I-10; PR at I-7; Petitioner’s Postconference Brief at 8.

³² Vice Chairman Miller and Commissioner Askey do not join in this statement.

³³ 19 U.S.C. § 1677(4)(A).

³⁴ See United States Steel Group v. United States, 873 F. Supp. 673, 681-84 (Ct. Int’l Trade 1994), aff’d, 96 F.3d 1352 (Fed. Cir. 1996).

³⁵ 19 U.S.C. § 1677(4)(A).

³⁶ Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int’l Trade 1989), aff’d without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int’l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. 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. See, e.g.

(continued...)

*** domestic producers imported subject merchandise between 1997 and 1999, and are therefore related parties under 19 U.S.C. § 1677(4)(B)(i). The companies are ***.³⁷

We determine that it is not appropriate to exclude any related party from the domestic industry. Domestic production is considerably greater than total imports for each of the related party producers, thus indicating that their primary interests lie in domestic production, and not importation.^{38 39}

III. NEGLIGIBLE IMPORTS

The statute provides that imports from a subject country corresponding to a domestic like product that account for less than three percent of all such merchandise imported into the United States during the most recent 12 months for which data are available preceding the filing of the petition shall be deemed negligible.⁴⁰ By operation of law, a finding of negligibility terminates the Commission's investigations with respect to such imports.⁴¹ The Commission is authorized to make "reasonable estimates on the basis of available statistics" of pertinent import levels for purposes of deciding negligibility.⁴²

The statute provides that the focus of a negligibility analysis is the volume of all subject merchandise imported into the United States in the most recent 12-month period preceding the filing of the petition for which data are available. The petition was filed on March 1, 2000, and so the most recent 12-month period for which data are available is the period February 1999 to January 2000. For this time period, subject imports from Thailand accounted for 2.9 percent of total imports,⁴³ and are thus

³⁶ (...continued)

Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia and Taiwan, Invs. Nos. 731-TA-741-743 (Final), USITC Pub. 3016, at 14 n.81 (February 1997).

³⁷ CR/PR at III-5. One of these companies, ***, also purchased small volumes of the subject merchandise from U.S. importers. Id.

³⁸ For 1999, the ratio of imports to production by U.S. producers of subject merchandise from subject countries was ***. CR/PR at Table III-7.

³⁹ For 1999, the ratio of imports to production by U.S. producers of subject merchandise from subject countries was ***. The ratio of imports from subject countries to total production of U.S. producers for all companies in 1999 was ***. Responses of the importers' questionnaires reflect that ***. The record also indicates that in 1999 *** had significant imports from nonsubject countries, and that of the related party producers, *** had much smaller ratios of nonsubject imports to production. Nevertheless, domestic production is considerably greater than total imports for each of the *** related party producers. Petitioner has argued that no related party should be excluded from the domestic industry. The Respondents have not taken a position on the issue of related parties. See CR/PR at Table III-7; Table III-8; and Petitioner's Postconference Brief at 11.

⁴⁰ 19 U.S.C. § 1677(24)(A)(i)(I).

⁴¹ 19 U.S.C. § 1671b(a)(1), 19 U.S.C. § 1673b(a)(1).

⁴² 19 U.S.C. § 1677(24)(C); see also The Uruguay Round Agreements Act, Statement of Administrative Action, H.R. Doc. No. 103-316, Vol. 1 at 856 (1994) ("SAA").

⁴³ CR/PR at Table IV-1. The unrounded ratio for subject imports from Thailand in 2.935 percent.

currently negligible.⁴⁴

The statute also provides that, even if imports are found to be negligible for purposes of present material injury, they shall not be treated as negligible for purposes of a threat analysis should the Commission determine that there is a potential that imports from the country concerned will imminently account for more than three percent of all such merchandise imported into the United States.^{45 46}

We find that there is a potential that subject imports from Thailand will imminently account for more than three percent of all such merchandise imported into the United States, and therefore we do not treat such imports as being negligible for purposes of an analysis of a reasonable indication of threat of material injury. Steel wire rope from Thailand accounted for 4.2 percent of U.S. imports of steel wire rope in 1997, 2.8 percent in 1998, and 3.0 percent in 1999. This trend reflects both a marked decline in imports from Thailand and fluctuating levels of imports from all sources combined.⁴⁷ Thus, while imports from Thailand accounted for 2.9 percent of total imports in the most recent 12-month period, Thai imports accounted for 3.0 percent or more of total imports in five of the seven most recent rolling 12-month periods.^{48 49 50} Consequently, we find that there is a potential for imports from Thailand to imminently exceed the three percent threshold. Accordingly, we consider below whether there is a reasonable indication of a threat of material injury by reason of subject imports from Thailand.

⁴⁴ Because none of the three other subject import sources in these investigations accounted for less than three percent of total imports for the most recent 12 month period, the exception to the negligibility rule requiring a 7 percent threshold for multiple negligible countries is inapplicable. See 19 U.S.C. § 1677(24)(A)(ii).

⁴⁵ 19 U.S.C. § 1677(24)(A)(iv).

⁴⁶ Vice Chairman Miller and Commissioner Askey do not find that there is a potential that subject imports from Thailand will imminently account for more than 3 percent of total imports of steel wire rope. While we recognize that the level of imports from Thailand has been above the 3 percent threshold in certain twelve month rolling averages, their share of total imports has generally been declining and has fallen below the 3 percent threshold during the most recent of these periods. See, INV-X-077. Moreover, the absolute volume of subject imports from Thailand has been relatively stable throughout the period examined, with only slight fluctuation in the import share held by Thailand. Further, they note that data for the Thai industry show high capacity utilization levels and an overall decline in the absolute volume of exports to the United States, as well as a drop in the U.S. share of Thai exports. CR/PR at Table VII-4. Consistent with this, reported orders for imports from Thailand after December 31, 1999, suggest continued declines in the level of imports from Thailand. CR/PR at Table IV-5.

⁴⁷ Chairman Bragg does not concur in describing the decline in subject import volume from Thailand as "marked." She notes that during the period of investigation, virtually all of the decline in imports from Thailand occurred between 1997 and 1998; however, even as apparent U.S. consumption declined 11.7 percent between 1998 and 1999, subject import volume from Thailand declined only 2.1 percent. CR and PR, Table C-1.

⁴⁸ Memorandum INV X-077 (April 10, 2000).

⁴⁹ CR/PR at Table IV-1.

⁵⁰ Chairman Bragg notes that, with regard to the two Thai manufacturers for which information has been provided, and which account for about *** percent of the Thai production, the record indicates capacity utilization of *** percent in 1999, and an *** percent capacity utilization projected for 2000. CR/PR at Table VII-4.

IV. CUMULATION

A. In General

For purposes of evaluating the volume and price effects for a determination of material injury by reason of the subject imports, section 771(7)(G)(i) of the Act requires the Commission to assess cumulatively the volume and effect of imports of the subject merchandise from all countries as to which petitions were filed and/or investigations self-initiated by Commerce on the same day, if such imports compete with each other and with domestic like products in the U.S. market.⁵¹ In assessing whether subject imports compete with each other and with the domestic like product,⁵² the Commission has generally considered four factors, including:

- (1) the degree of fungibility between the subject imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions;
- (2) the presence of sales or offers to sell in the same geographic markets of subject imports from different countries and the domestic like product;
- (3) the existence of common or similar channels of distribution for subject imports from different countries and the domestic like product; and
- (4) whether the subject imports are simultaneously present in the market.⁵³

While no single factor is necessarily determinative, and the list of factors is not exclusive, these factors are intended to provide the Commission with a framework for determining whether the subject imports compete with each other and with the domestic like product.⁵⁴ Only a “reasonable overlap” of competition is required.⁵⁵

⁵¹ 19 U.S.C. § 1677(7)(G)(i).

⁵² The SAA at 848 expressly states that “the new section will not affect current Commission practice under which the statutory requirement is satisfied if there is a reasonable overlap of competition,” citing Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898, 902 (Ct. Int’l Trade 1988), aff’d, 859 F.2d 915 (Fed. Cir. 1988).

⁵³ See Certain Cast-Iron Pipe Fittings from Brazil, the Republic of Korea, and Taiwan, Invs. Nos. 731-TA-278-280 (Final), USITC Pub. 1845 (May 1986), aff’d, Fundicao Tupy, S.A. v. United States, 678 F. Supp. 898 (Ct. Int’l Trade), aff’d, 859 F.2d 915 (Fed. Cir. 1988).

⁵⁴ See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (Ct. Int’l Trade 1989).

⁵⁵ See Goss Graphic System, Inc. v. United States, 33 F. Supp. 2d 1082, 1087 (Ct. Int’l Trade 1998) (“cumulation does not require two products to be highly fungible”); Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (Ct. Int’l Trade 1996); Wieland Werke, 718 F. Supp. at 52 (“Completely overlapping markets are not required.”).

B. Analysis

We have determined to cumulate the subject imports from China, India, and Malaysia for purposes of our analysis of present material injury.⁵⁶ The petitions were filed on the same day, and we find that there is a reasonable overlap of competition among imports from each of the subject countries and between subject imports and the domestic like product for purposes of our preliminary determinations.

There is mixed evidence concerning the degree the subject imports compete with the domestic like product. The degree of substitutability between domestic and imported steel wire rope appears to depend to a significant degree on issues of quality and consistency.⁵⁷ Questionnaire data reflect that U.S. producers perceive imports from the subject countries to “always” be interchangeable with each other and with U.S. produced steel wire rope. While importers’ views are less uniform, generally the importers found that subject imports were at least “sometimes” interchangeable with each other and with the domestic like product. The comparison of U.S. and Chinese product was the only instance where an appreciable number of importers indicated that the products were “never” interchangeable.⁵⁸ Overall, based on the available data, the subject imports appear to be at least moderately fungible with the domestic like product and each other.⁵⁹

The record also indicates a reasonable overlap of geographic markets, similar channels of distribution, and simultaneous presence in the market place.⁶⁰ The subject imports and the domestic like product share common or similar channels of distribution. Domestically produced steel wire rope is marketed nationwide by a network of producer-operated warehouses and distributorships and unrelated distributors.⁶¹ Steel wire rope imported from the subject countries is also marketed nationwide, generally by importers and secondary distributors. U.S. distributors commonly carry both imported and domestically produced steel wire rope.⁶²

Based on a consideration of these factors, we find that there is a reasonable overlap of competition among the subject imports from China, India, and Malaysia and between the subject imports and the domestic like product. Consequently, we cumulate subject imports from China, India,

⁵⁶ We have determined that imports from Thailand are negligible; thus, they are not eligible for cumulation in the context of a present material injury analysis. However, we have included imports of steel wire rope from Thailand in our analysis of competition for consideration in a threat context.

Vice Chairman Miller and Commissioner Askey do not reach the issue of cumulation of the Thai product for purposes of a threat analysis because they find that there is not a potential that imports from Thailand will imminently account for more than three percent of the volume of all steel wire rope imports into the United States.

⁵⁷ CR at II-8; PR at II-5.

⁵⁸ CR/PR at Tables II-1 and II-2.

⁵⁹ CR at II-8; PR at II-5.

⁶⁰ All eight responding U.S. producers reported that they served the entire U.S. market. Of the 21 importers responding to the question of geographic markets, 11 stated that they served the entire U.S. market with subject imports. The other importers reported serving more limited and regional markets. Department of Commerce import statistics demonstrate that there is a significant degree of overlap in the ports of entry for the subject merchandise, and that these ports cover the expanse of the continental United States. The evidence also demonstrates that subject imports are simultaneously present in these markets. CR at II-8; PR at II-5.

⁶¹ CR/PR at II-1.

⁶² CR/PR at II-1.

and Malaysia.⁶³

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

In the preliminary phase of antidumping duty investigations, the Commission determines whether there is a reasonable indication that an industry in the United States is materially injured by reason of the imports under investigation.⁶⁴ In making this determination, the Commission must consider the volume of imports, their effect on prices for the domestic like product, and their impact on domestic producers of the domestic like product, but only in the context of U.S. production operations.⁶⁵ The statute defines “material injury” as “harm which is not inconsequential, immaterial, or unimportant.”⁶⁶ In assessing whether there is a reasonable indication that the domestic industry is materially injured by reason of subject imports, we consider all relevant economic factors that bear on the state of the industry in the United States.⁶⁷ No single factor is dispositive, and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”⁶⁸

For the reasons discussed below, we determine that there is a reasonable indication that the domestic industry producing carbon and stainless steel wire rope is materially injured by reason of subject imports from China, India, and Malaysia that are allegedly sold in the United States at less than fair value.

A. Conditions of Competition

There are several conditions of competition that are relevant to our analysis in these investigations. First, steel wire rope is an established product which has hundreds of uses, such as for earth-moving and materials-handling equipment, for elevators, logging applications, aircraft control cables, fish net trawling, and by the oil field industry for drilling and well servicing.⁶⁹ Although there is a wide range of applications for steel wire rope, both domestically produced and imported merchandise generally conform to one or more industry standards or governmental specifications. In general, the specifications establish minimum requirements for the materials used, finish, core, mechanical properties, fabrication, lay, dimensions, and weight and strength of the wire rope. Federal specification RR-W-410D is the most common standard; additional specifications have been developed by the

⁶³ Because there is some question as to the degree of fungibility between the subject imports and the domestic like product, we intend to explore this issue further in any final phase investigation.

⁶⁴ 19 U.S.C. § 1673b(a).

⁶⁵ 19 U.S.C. § 1677(7)(B)(i). The Commission “may consider such other economic factors as are relevant to the determination” but shall “identify each {such} factor . . . {a}nd explain in full its relevance to the determination.” 19 U.S.C. § 1677(7)(B); see also Angus Chemical Co. v. United States, 140 F.3d 1478 (Fed. Cir. 1998).

⁶⁶ 19 U.S.C. § 1677(7)(A).

⁶⁷ 19 U.S.C. § 1677(7)(C)(iii).

⁶⁸ Id.

⁶⁹ CR at II-5; PR at II-3 to II-4.

American Petroleum Institute and the American Society of Mechanical Engineers.⁷⁰

Second, the domestic steel wire rope market is stable. Given the wide range of applications for steel wire rope, however, it is not surprising that the market can, from time to time, exhibit a degree of volatility. While several market participants attributed increased demand to a strong U.S. economy, others pointed to troubled sectors (e.g. oil exploration, shipbuilding) as contributing to weaker demand. Overall, apparent U.S. consumption increased from 208,511 short tons in 1997 to 214,957 short tons in 1998, and then fell to 189,792 short tons in 1999.

Third, the industry underwent considerable consolidation in 1998 and 1999, with two domestic producers ceasing operations. The Rochester Corp. shut down its production plant in 1998, and Macwhyte Company exited the industry in 1999.⁷¹ Some of the assets of these firms were purchased by the Wire Rope Company of America, the largest domestic producer.⁷²

Fourth, there is a substantial volume of nonsubject imports in the U.S. market. Nonsubject steel wire rope as a percentage of total U.S. imports was 67.2 percent in 1997, 66.5 percent in 1998, and 65.4 percent in 1999. Nonsubject imports accounted for 29.5 percent of U.S. apparent consumption in 1997, 32.9 percent in 1998, and 33.2 percent in 1999.⁷³

Finally, certain U.S. producers consume a portion of their wire rope production internally. Captive production as it relates to this industry refers to producing steel wire rope that is fitted with fittings. Six producers engage in captive production, and a single firm, ***, accounts for the bulk of these internal transfers. Industry-wide, *** percent of U.S. production of steel wire rope is consumed internally.^{74 75} Neither petitioner nor respondents have argued that the captive production provision⁷⁶ is applicable; and there is limited specific information in the record with regard to captive production. We will explore this issue further in any final phase investigations.

B. Volume of Subject Imports

Section 771(C)(i) of the Act provides that the “Commission shall consider whether the volume of imports of the merchandise, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.”⁷⁷ The volume of subject imports from China, India, and Malaysia increased from 26,136 short tons in 1997 to 32,651 short tons in 1998, and then declined slightly to 30,515 short tons in 1999.⁷⁸

Subject imports from China, India, and Malaysia as a share of apparent U.S. consumption, measured by quantity, increased from 12.5 percent in 1997 to 15.2 percent in 1998, and to 16.1 percent in 1999. In contrast, U.S. producers’ share of apparent U.S. consumption declined from 56.1 percent in

⁷⁰ CR at II-5 to II-6; PR at II-4.

⁷¹ CR/PR at II-1.

⁷² CR/PR at VI-1.

⁷³ CR/PR at Tables IV-1 and IV-3.

⁷⁴ CR/PR at Tables III-3 and VI-1.

⁷⁵ See CR/PR at Table III-3.

⁷⁶ 19 U.S.C. § 1677(7)(C)(iv).

⁷⁷ 19 U.S.C. § 1677(7)(C)(i).

⁷⁸ The volume of imports from nonsubject countries followed a similar pattern, increasing between 1997 and 1998, but then declining between 1998 and 1999. CR/PR at Table IV-1.

1997 to 50.5 percent in 1998, and then to 49.1 percent in 1999.^{79 80}

For purposes of these preliminary investigations, we find that the volume of subject imports, and the increase in volume in both absolute terms and relative to apparent U.S. consumption, is significant.

C. Price Effects of the Subject Imports

Section 771(C)(ii) of the Act provides that, in evaluating the price effects of the subject imports, the Commission shall consider whether –

- (I) there has been significant price underselling by the imported merchandise as compared with the price of domestic like products of the United States, and
- (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.⁸¹

For the six products for which the Commission collected data, the subject imports undersold the domestic like product in every quarter for which comparisons were available. Despite consistent underselling, however, U.S. prices remained relatively stable with the exception of product 5, a relatively high volume product in which prices fell substantially at the end of the three year period. The substantial underselling, stable U.S. prices, and rising industry unit costs, suggests that there may be price suppression by the subject imports.⁸² We are aware, however, that the sheer magnitude of underselling by the subject imports (typically ranging in margin from 40 percent to 80 percent), in light of relatively stable prices for the U.S. produced merchandise, may raise questions regarding the substitutability of the domestic like product and subject imports. We note in this regard that respondent has argued that the vast difference in price levels for subject imports vis-a-vis the domestic product is a sign of market segmentation, and that there is little actual competition between imports and the domestic product. We intend to further explore this issue in any final phase investigation.

Finally, Commission staff confirmed two instances of lost sales due to lower priced subject imports of steel wire rope.⁸³ Although limited, these instances would provide further support for a finding of significant adverse price effects due to the subject imports.

⁷⁹ CR/PR at Table IV-4.

⁸⁰ Nonsubject imports as a share of domestic apparent consumption increased from 29.5 percent in 1997 to 33.2 percent in 1999. CR/PR at Table IV-3.

⁸¹ 19 U.S.C. § 1677(7)(C)(ii).

⁸² Chairman Bragg determines that, for purposes of these preliminary investigations, there is a reasonable indication of significant price suppression by reason of subject imports.

⁸³ CR at V-29; PR at V-8. Each of these allegations involve subject imports from China.

D. Impact

In examining the impact of the subject imports on the domestic industry, we consider all relevant economic factors that bear on the state of the industry in the United States.⁸⁴ 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 dispositive and all relevant factors are considered “within the context of the business cycle and conditions of competition that are distinctive to the affected industry.”^{85 86 87}

We find a reasonable indication that the subject imports had a significant adverse impact on the domestic industry. While the volume and market share of subject imports increased, the domestic industry experienced declines in several key indicators.

The U.S. industry’s capacity fell from 218,727 short tons in 1997 to 203,217 short tons in 1999, reflecting the departure of two firms from the domestic industry. Notwithstanding this decrease in capacity, capacity utilization also decreased from 58.2 percent in 1997 to 54.1 percent in 1998, and to 53.3 percent in 1999.⁸⁸ U.S. producers’ shipments also decreased over the period examined, from *** short tons in 1997 to *** in 1998, and to *** in 1999. The value of U.S. shipments also decreased in every year over the period examined.⁸⁹ U.S. inventories increased between 1997 and 1999, both absolutely and as a ratio to total shipments.⁹⁰ The average number of production and related workers decreased from 1,603 in 1997 to 1,588 in 1999. The hours worked followed a similar pattern, increasing slightly from 1997 to 1998, but declining overall. Again, these declines reflect in part the departure of two firms from the domestic industry.

As a share of net sales, the U.S. industry’s operating income fell from 4.3 percent to 2.4 percent from 1997 to 1999.⁹¹ The number of firms reporting operating losses increased from 1 to 3 between

⁸⁴ 19 U.S.C. § 1677(7)(C)(iii). See also SAA at 851 and 885 (“In material injury determinations, the Commission considers, in addition to imports, other factors that may be contributing to overall injury. While these factors, in some cases, may account for the injury to the domestic industry, they also may demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports.” *Id.* at 885).

⁸⁵ 19 U.S.C. § 1677(7)(C)(iii); see also SAA at 851 and 885 and Live Cattle from Canada and Mexico, Invs. Nos. 701-TA-386 and 731-TA-812-813 (Preliminary), USITC Pub. 3155 (Feb. 1999) at 25, n.148.

⁸⁶ The statute instructs the Commission to consider the “magnitude of the dumping margin” in an antidumping proceeding as part of its consideration of the impact of imports. 19 U.S.C. § 1677(7)(C)(iii)(V). In its notice of initiation, Commerce provided the following estimates of dumping ranges: China, 5 to 58 percent; India, 59 to 142 percent; Malaysia, 11 to 63 percent; and Thailand, 49 to 69 percent. 65 Fed. Reg. 16173 (March 27, 2000).

⁸⁷ Chairman Bragg notes that she does not ordinarily consider the magnitude of the margin of dumping to be of particular significance in evaluating the effects of subject imports on domestic producers. See, e.g., Separate and Dissenting Views of Commissioner Lynn M. Bragg in Bicycles from China, Inv. No. 731-TA-731 (Final), USITC Pub. 2968 (June 1996).

⁸⁸ CR/PR at Table III-2.

⁸⁹ CR/PR at Table III-3.

⁹⁰ CR/PR at Table III-4.

⁹¹ CR/PR at Table VI-1.

1997 and 1999.⁹²

Respondents contend that nonsubject imports are a significantly more important market factor than subject imports.⁹³ In our view, the role played by nonsubject imports does not negate the effects of the growing volume and market share of subject imports.⁹⁴ Respondents also argue that certain wire rope customers and end users refuse to purchase imported wire rope, and that therefore there is a “reserve market” occupied exclusively by the U.S. industry.⁹⁵ We intend to explore this issue further in any final phase investigations.

In sum, for purposes of these preliminary investigations, we find there is a reasonable indication that the significant and increasing volume of subject imports has resulted in a significant decline in the domestic industry’s profitability, market share and other performance indicia, and may have suppressed domestic prices.⁹⁶

In conclusion, and for the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of steel wire rope from China, India, and Malaysia that are allegedly sold in the United States at less than fair value.

⁹² CR/PR at Table VI-1.

⁹³ Respondents’ Postconference Brief at 19 (specifically arguing that nonsubject imports from Korea are larger than total shipments from all subject countries combined).

⁹⁴ Commissioner Askey does not join this statement and will examine the role of nonsubject imports in any final phase investigations.

⁹⁵ This market segment allegedly includes customers who will only buy American products for patriotic reasons, or in order to increase the ability to recover damages in the case of any liability claims. One witness for the respondents suggested that this “reserve market” constitutes more than 50 percent of the overall market. Tr. at 81-82.

⁹⁶ Chairman Bragg notes that in the recently completed sunset reviews concerning steel wire rope from Japan, Korea, and Mexico, she determined that the domestic steel wire rope industry is not in a weakened state, as contemplated by the vulnerability criterion of the statute. Certain Steel Wire Rope from Japan, Korea, and Mexico, Separate and Dissenting Views of Chairman Lynn M. Bragg, Invs. Nos. AA1921-124 and 731-TA-546-547 (Reviews), USITC Pub. 3259 at 37 (December 1999). Chairman Bragg further notes, however, that the instant preliminary investigations present an analytical context that is significantly distinct from that in a sunset review; in particular, the instant investigations require the Commission to determine whether “the record as a whole contains clear and convincing evidence that there is no material injury or threat of such injury,” and whether “no likelihood exists that contrary evidence will arise in a final investigation.” American Lamb Co. v. United States, 785 F.2d 994, 1001 (Fed. Cir. 1986). Under this standard and based upon the record in these preliminary investigations, Chairman Bragg determines that there is a reasonable indication of present material injury to the domestic industry by reason of cumulated subject imports from China, India, and Malaysia. Chairman Bragg further determines that there is a reasonable indication of imminent threat of material injury by reason of cumulated subject imports from China, India, Malaysia, and Thailand. See Dissenting Views of Chairman Lynn M. Bragg Regarding Thailand.

VI. NO REASONABLE INDICATION OF THREAT OF MATERIAL INJURY BY REASON OF THE SUBJECT IMPORTS FROM THAILAND⁹⁷

A. In General

Section 771(7)(F) of the Act directs the Commission to consider whether the U.S. industry is threatened with material injury by reason of the subject merchandise.⁹⁸ While an analysis of the statutory threat factors necessarily involves projection of future events, “{s}uch a determination may not be made on the basis of mere conjecture or supposition.”⁹⁹ Further direction is provided by the amendment to Section 771(7)(F)(ii), which adds that the Commission shall consider the threat factors “as a whole” in making its determination “whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur” unless an order issues.¹⁰⁰ In addition, the Commission must consider whether dumping findings or antidumping remedies in markets of foreign countries against the same class of merchandise suggest a threat of material injury to the domestic industry.

B. Cumulation for Purposes of Threat

Cumulation for threat analysis is treated in section 771(7)(H) of the Act.¹⁰¹ This provision permits the Commission, to the extent practicable, to assess cumulatively the volume and effect of imports for purposes of conducting its threat analysis.¹⁰² In this respect the provision preserves the Commission’s discretion to cumulate imports in analyzing threat of material injury. The limitations concerning what imports are eligible for cumulation and the exceptions for cumulation are applicable to cumulation for threat as well as to cumulation for present material injury.¹⁰³ In addition, the Commission also considers whether the imports are increasing at similar rates in the same markets, whether the imports have similar margins of underselling, 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

⁹⁷ Chairman Bragg does not join section VI of these Views. See Dissenting View of Chairman Lynn M. Bragg Regarding Thailand.

⁹⁸ 19 U.S.C. §§ 1673b(a) and 1677(7)(F)(ii). In R-M Industries, Inc. v. United States, the CIT remanded an affirmative threat determination that did not first address present material injury by reason of subject imports. See 848 F. Supp. 204, 212 (Ct. Int’l Trade 1994).

⁹⁹ 19 U.S.C. § 1677(7)(F)(ii); see, e.g., S. Rep. No. 249 at 88-89; see also Metallverken Nederland B.V. v. United States, 744 F. Supp. 281, 287 (Ct. Int’l Trade 1990).

¹⁰⁰ 19 U.S.C. § 1677(7)(F)(ii). While the language referring to imports being imminent (instead of “actual injury” being imminent and the threat being “real”) is a change from the prior provision, the SAA indicates the “new language is fully consistent with the Commission’s practice,” the existing statutory language, “and judicial precedent interpreting the statute.” SAA at 854.

¹⁰¹ 19 U.S.C. § 1677(7)(H).

¹⁰² See Kern-Liebers v. United States, 19 CIT 87, Slip Op. 95-9, at 49-51 (January 27, 1995).

¹⁰³ To be eligible for cumulation for threat analysis, the imports must be from countries with respect to which petitions were filed or investigations were self-initiated on the same day, and the imports must compete with each other and with the domestic like product in the United States market. Cumulation for threat analysis is precluded in the four instances in which it is precluded for material injury analysis.

merchandise.¹⁰⁴

As discussed above, we find that imports from Thailand are negligible for purposes of present material injury. We further find, however, that there is a potential that such imports will imminently exceed the statutory negligibility thresholds for purposes of threat of material injury. Imports that are negligible for purposes of present material injury are not precluded from cumulation with other imports for purposes of making a threat determination as long as the Commission finds that there is a potential for such imports to imminently exceed the statutory negligibility thresholds.

As discussed above, we find that the subject imports from Thailand compete with other subject imports and with the domestic like product in the U.S. market. However, we do not exercise our discretion to cumulate imports from the other subject countries for purposes of the threat analysis of subject imports from Thailand. We find the different volume and price trends between imports from Thailand and the other subject imports to be significant. During the period examined, subject imports from Thailand declined in absolute volume from 3,869 short tons in 1997 to 2,928 tons in 1999, a decrease of 24 percent. In contrast, subject imports from China, India, and Malaysia increased over the period of investigation by amounts ranging from 10 to 35 percent. Additionally, the market share held by subject imports from Thailand has declined from 1.9 percent in 1997 to 1.5 percent in 1999, while each of the other subject countries increased their market share over the same period. Furthermore, the average unit values for subject imports from Thailand were above those from the other subject countries in each year of the period of investigation, and although the Thai imports have undersold the domestically produced product, they have generally sold for higher prices than subject imports from China, India, and Malaysia.^{105 106}

¹⁰⁴ See Torrington Co. v. United States, 790 F. Supp. 1161, 1172 (Ct. Int'l Trade 1992) (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); Metallwerken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (Ct. Int'l Trade 1988).

¹⁰⁵ CR at V-16 to V-22; PR at V-5 to V-7. Further, unlike subject imports from the other countries, the subject imports from Thailand have been commercially insignificant as to products 1 and 5, the most significant products in volume for the domestic industry for which we have obtained pricing data.

¹⁰⁶ In evaluating whether to exercise her discretion to cumulate the volume and effect of imports of the subject merchandise for purposes of her threat analysis, Commissioner Okun examines the levels and trends between and among the subject imports from different national sources. Based on the record in these investigations, she joins Commissioners Hillman and Koplan in finding the differences in the levels and trends of the subject imports from Thailand and from the other subject countries to be significant.

Commissioner Okun notes that there is no evidence on the record in these investigations of transnational corporate relationships between the manufacturers/exporters in Thailand and those in China or Malaysia. The absence of such relationships reduces the likelihood of overlapping or coordinated exports to the United States of the subject merchandise by the steel wire rope industries of the respective subject countries.

The situation with respect to the industries in India and Thailand is somewhat different. Usha Martin, a manufacturer/exporter of steel wire rope in India, and Usha Siam, a manufacturer/exporter of steel wire rope in Thailand, are both part of the Usha Martin Group. Indeed, Usha Martin's web page states that:

Usha Martin's perspectives are now largely global - strengthened as they are by strategic alliances and acquisitions of technology, facilities, and a strong distribution network, all of which help Usha remain highly competitive in terms

(continued...)

C. Statutory Threat Factors

Based on an evaluation of the relevant statutory factors, we find that there is no reasonable indication that the domestic industry is threatened with material injury by reason of the subject imports from Thailand that are allegedly sold in the United States at less than fair value.

The record shows no indication of increased capacity or excess production capacity in the subject country that would indicate the likelihood of substantially increased imports of subject merchandise. Capacity utilization for the industry in Thailand for 1999 was estimated at *** percent, with a projected capacity utilization rate of *** percent for 2000.^{107 108} The relatively high capacity utilization levels indicate that it is unlikely that there will be a substantial increase in imports into the United States, particularly given the low and declining level of recent exports to the United States.

Further, imports from Thailand have declined by approximately 24 percent in the period examined.^{109 110} Subject imports from Thailand have generally held a very small share of the domestic market, accounting for 1.9 percent of apparent U.S. consumption in 1997, 1.4 percent in 1998, and 1.5 percent in 1999.¹¹¹

Thai exports to other world markets have increased between 1997 and 1999, and there is no indication that shipments to these markets will be diverted to the United States.¹¹² There are no dumping findings in other markets on wire rope imports from Thailand that would result in a shift of exports to the U.S. market.¹¹³ Nor does the record contain evidence that Thai manufacturers are likely to engage in product shifting. We therefore find it is unlikely that there would be a significant degree of shifting from other markets or from other products.

¹⁰⁶ (...continued)

of cost and quality. (See Petitioners' Postconference Brief at exh. 3.)

In weighing this evidence, however, Commissioner Okun notes that any commercial incentive to coordinate the U.S. sales of steel wire rope from India and from Thailand is somewhat curbed by the apparent capacity constraints in Thailand, current shipment allocations to Usha Martin America, and differences in product mix and production capabilities. (See Thai/Indian Postconference Brief at 6 and 9.) In addition, Usha Martin accounts for only *** percent of the production of steel wire rope in India, while Usha Siam accounts for less than *** percent of the production of steel wire rope in Thailand. Thus, the ability and the incentive of the Thai industry and the Indian industry to act in concert is diminished further.

Accordingly, Commissioner Okun does not exercise her discretion to cumulate the volume and effect of the subject imports from Thailand with the subject imports from China, India, or Malaysia.

¹⁰⁷ CR/PR at Table VII-4.

¹⁰⁸ Two Thai producers, which account for approximately *** percent of production in Thailand, and *** percent of exports to the United States, responded to Commission questionnaires. CR at VII-6; PR at VII-3.

¹⁰⁹ Indian and Thai Respondents' Postconference Brief at 11, 12.

¹¹⁰ Thai imports of the subject merchandise to the United States in 1999 were *** short tons, and are projected to decline to *** short tons in 2000. CR/PR at Table VII-4.

¹¹¹ CR/PR at Table IV-3.

¹¹² See CR/PR at Table VII-4.

¹¹³ Petitioner has stated that "knowledgeable industry sources have informed the Committee that the EU has recently initiated antidumping investigations on steel wire rope from Thailand and Malaysia." Petitioner's Postconference Brief at 44, 45. However, petitioner provided no substantiation for this claim and the record does not confirm that any antidumping orders are actually in effect as to subject imports from Thailand.

Although the subject merchandise from Thailand has undersold the domestically produced product, the small and declining volume of imports will likely continue to render any price effects insignificant.

There are no significant inventories of steel wire rope from Thailand, either in Thailand or the United States. Foreign producer questionnaire responses show inventories in Thailand at the close of 1999 of *** tons, and U.S. importer inventories of *** tons.¹¹⁴

As noted above, the U.S. steel wire rope industry is mature and established. Although U.S. producers have alleged in their questionnaire responses that there have been negative effects as to capital investments, we find that as the volume of Thai subject imports is small and declining, there is no likely actual negative effect on the U.S. industry's ability to develop a more advanced product. Nor does the record in these investigations indicate any other demonstrable adverse trends that indicate a probability that the subject imports from Thailand will likely cause material injury to the domestic industry.¹¹⁵

For the foregoing reasons, we find no reasonable indication that the U.S. industry producing steel wire rope is threatened with material injury by reason of subject imports from Thailand.

CONCLUSION

For the reasons stated above, we determine that there is a reasonable indication that an industry in the United States is materially injured by reason of imports of steel wire rope from China, India, and Malaysia that are allegedly sold in the United States at less than fair value. With regard to Thailand, the Commission reaches a negative determination,¹¹⁶ and the investigation of subject imports from Thailand will be terminated.

¹¹⁴ CR/PR at Tables VII-4 and VII-5.

¹¹⁵ 19 U.S.C. § 1677(7)(F)(I)(IX).

¹¹⁶ Chairman Bragg dissenting. See Dissenting Views of Chairman Lynn M. Bragg Regarding Thailand.

DISSENTING VIEWS OF CHAIRMAN LYNN M. BRAGG REGARDING THAILAND

I concur with my colleagues in finding that subject imports from Thailand do not exceed the statutory negligibility threshold for purposes of a present material injury analysis. I also concur with certain of my colleagues in finding that there is a potential that subject imports from Thailand will imminently account for more than 3 percent of all such merchandise imported into the United States. I therefore engage in a threat analysis with regard to Thailand and, as discussed below, I cumulate subject imports from Thailand with subject imports from China, India, and Malaysia. Based upon my cumulative analysis, I find that there is a reasonable indication that subject imports from Thailand pose an imminent threat of material injury to the domestic industry.

I. Negligibility:

As noted in the Views of the Commission, I join certain of my colleagues in finding that there is a potential that subject imports from Thailand will imminently account for more than 3 percent of the volume of all such merchandise imported into the United States. Consequently, I do not treat subject imports from Thailand as being negligible for purposes of analyzing threat of material injury to the domestic industry in these preliminary investigations.¹

II. Threat of Material Injury:

Legal Framework–

In assessing whether the domestic industry is threatened with material injury by reason of subject imports from Thailand, the statute directs the Commission to consider “whether further dumped or subsidized imports are imminent and whether material injury by reason of imports would occur unless an order is issued or a suspension agreement is accepted”²

The Commission may not make such a determination “on the basis of mere conjecture or supposition,”³ and considers the threat factors⁴ as a whole; indeed, the presence or absence of any such factor is not dispositive of the Commission’s determination.⁵ In making my determination, I have considered all statutory factors that are relevant to these investigations.⁶

¹ 19 U.S.C. § 1677(24)(A)(iv).

² 19 U.S.C. § 1677(7)(F)(ii).

³ 19 U.S.C. § 1677(7)(F)(ii).

⁴ 19 U.S.C. § 1677(7)(F)(i).

⁵ 19 U.S.C. § 1677(7)(F)(ii).

⁶ 19 U.S.C. § 1677(7)(F)(i). I note that factor (I) is not relevant, as it addresses the nature of any countervailable subsidies, and Thai imports are subject solely to an antidumping investigation. Factor (VII) is also not relevant, as it concerns raw and processed agricultural products.

Cumulation⁷

The statute provides that the Commission may, in determining threat of material injury, cumulatively assess the volume and price effects of subject imports from all countries as to which petitions were filed on the same day, if such imports compete with each other and with the domestic like product in the U.S. market.⁸ I note that I have joined my colleagues in cumulating subject imports from China, India, and Malaysia, for purposes of assessing present material injury in these preliminary investigations. In my view, the Commission's analysis and finding of a reasonable overlap of competition among subject imports from China, India, and Malaysia, as well as between such imports and the domestic like product, apply equally to subject imports from Thailand.⁹ Consequently, I find a reasonable overlap of competition among imports from all four subject countries, and between such imports and the domestic like product.

In considering whether to exercise its discretion to cumulate in the context of a threat analysis, the Commission has also examined whether subject import volumes are increasing at similar rates in the same markets, whether the subject imports have similar margins of underselling, and the probability that subject imports will enter the United States at prices that would have a depressing or suppressing effect on prices for the domestic like product.¹⁰ In my view, however, any decision regarding cumulation in the context of a threat analysis stems chiefly from an assessment of whether there is a reasonable overlap of competition among the subject imports at issue and between subject imports and the domestic like product. While similarities in volume and price trends may corroborate a finding of a reasonable overlap of competition,¹¹ disparities in such trends, of themselves, do not necessarily preclude cumulation; rather, disparate trends must be scrutinized in light of the competitive conditions that influence the volume and price behavior evidenced in the record. Thus, in my view, cumulation may be warranted based upon prevailing conditions of competition, notwithstanding disparate volume and/or price trends.

In this case, the volume of subject imports from Thailand declined 24.3 percent between 1997 and 1999, while during the same period the volume of subject imports from China, India, and Malaysia increased 10.5 percent, 17.5 percent, and 35.6 percent, respectively.¹² Although the volume of imports from Thailand declined, imports from each of the subject countries were available in the U.S. market during each quarter of the period 1997-1999.¹³ Moreover, the decline in Thai imports occurred even as apparent U.S. consumption declined 9.0 percent between 1997 and 1999; as a result, the share of the U.S.

⁷ For additional discussion of my approach to cumulation in a similar context, I refer to my dissenting views regarding subject imports from Germany in Stainless Steel Wire Rod From Germany, Italy, Japan, Korea, Spain, Sweden, and Taiwan, Invs. Nos. 701-TA-373 (Final) and 731-TA-769-775 (Final), USITC Pub. 3126, at 25-26 (September 1998).

⁸ See 19 U.S.C. § 1677(7)(H).

⁹ See Views of the Commission, section IV.

¹⁰ See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1172 (Ct. Int'l Trade 1992); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (Ct. Int'l Trade 1989).

¹¹ See, e.g., Certain Cut-to-Length Steel Plate From the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Invs. Nos. 701-TA-387-392 (Preliminary) and 731-TA-815-822 (Preliminary), *Dissenting Views of Chairman Lynn M. Bragg Regarding Imports from the Czech Republic*, USITC Pub. 3181, at 29-31 (April 1999).

¹² Confidential Report ("CR") and Public Report ("PR"), Table C-1.

¹³ CR at II-8, PR at II-5.

market captured by Thai imports remained relatively stable throughout the period of investigation.¹⁴

In addition, the quarterly pricing data on the record indicate that subject imports from all subject countries, including Thailand, undersold the domestic like product in 100 percent of pricing comparisons.¹⁵ The pricing data also demonstrate that the margins of pervasive underselling by imports from each subject country, including Thailand, were ***.¹⁶

Based upon the foregoing, I find that in light of declining U.S. consumption during the period of investigation, consistently lower-priced imports from Thailand retained an important presence in the U.S. market notwithstanding their decline in volume over the period of investigation. Coupled with my determination that there is a reasonable overlap of competition with regard to imports from all four subject countries, I find that the significance of Thai imports in the U.S. market will continue in the imminent future. Accordingly, I determine that it is appropriate to cumulate subject imports from China, India, Malaysia, and Thailand, for purposes of my threat analysis.

Threat Analysis—

To begin, I am mindful of the fact that I have joined my colleagues in finding a reasonable indication that the domestic industry is materially injured by reason of steel wire rope imports from China, India, and Malaysia. When assessed in conjunction with the reasonable indication of present material injury caused by these cumulated subject imports, I determine that there is a reasonable indication that future Thai imports pose an imminent threat of material injury to the domestic industry.

Specifically with regard to Thailand, I note that the record contains data for two producers in Thailand which account for about *** percent of production in Thailand and *** percent of Thai exports to the United States.¹⁷ These data indicate that capacity utilization in Thailand was *** percent in 1999 and is projected to decline to *** percent in 2000 before increasing to *** percent in 2001.¹⁸ Thus, according to the projected data, roughly *** percent of production capacity in Thailand is available to direct significant additional exports to the U.S. market in the imminent future.

Second, as noted, the available pricing data indicate that subject imports from Thailand uniformly undersold the domestic like product by *** margins.¹⁹ In addition, the average unit value of subject imports from Thailand declined between 1997 and 1998, and again between 1998 and 1999, and was substantially lower than the average unit value of domestic producers' U.S. shipments throughout the period of investigation.²⁰ As a result, I find that future Thai imports are likely to enter the U.S. market at prices that will likely have a depressing or suppressing effect on domestic prices.

Third, I note that inventories of Thai imports held by U.S. importers increased *** between 1997

¹⁴ CR and PR, Table C-1 (the share of apparent U.S. consumption held by subject imports from Thailand declined from 1.9 percent in 1997 to 1.4 percent in 1998, before increasing to 1.5 percent in 1999).

¹⁵ CR at V-9, PR at V-5.

¹⁶ See CR and PR, Tables V-1, V-3, V-4, V-5, and V-6.

¹⁷ CR at VII-6, PR at VII-3.

¹⁸ CR and PR, Table VII-4.

¹⁹ See CR and PR, Tables V-1, V-3, V-4, and V-5.

²⁰ See CR and PR, Table C-1. I note that the probative value of average unit value data may be limited due to differences in product mix among countries and over time; however, I also note that in this case the AUV data corroborate the *** margins of underselling by subject imports from Thailand evidenced in the pricing data.

and 1999, ***; these U.S. importers accounted for about *** percent of the subject import volume from Thailand.²¹

In sum, for purposes of these preliminary investigations, I find that future import volumes from Thailand are likely to be significant and will enter the U.S. market at prices that will likely have a depressing or suppressing effect on domestic prices. In light of my finding that there is a reasonable indication of present material injury to the domestic industry, I find that together with imports from China, India, and Malaysia, imports from Thailand will exacerbate the adverse impact of subject imports on the domestic industry in the imminent future.

III. Conclusion:

For the foregoing reasons, and based upon the record evidence in these preliminary investigations, I determine that there is a reasonable indication that subject imports from Thailand pose an imminent threat of material injury to the domestic industry.

²¹ CR and PR, Tables VII-5 and C-1; *see also* CR at VII-7, PR at VII-3.

PART I: INTRODUCTION

BACKGROUND

These investigations result from a petition filed by The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers (Committee),¹ Washington, DC, on March 1, 2000, alleging that an industry in the United States is materially injured and threatened with material injury by reason of less-than-fair-value (LTFV) imports of steel wire rope² from China, India, Malaysia, and Thailand. Information relating to the background of the investigations is provided below.³

<i>Date</i>	<i>Action</i>
March 1, 2000	Petition filed with Commerce and the Commission; institution of Commission investigations (65 FR 12575, March 9, 2000)
March 22, 2000	Commission's conference ⁴
March 27, 2000	Commerce's notice of initiation (65 FR 16173, March 27, 2000) ⁵
April 14, 2000	Date of the Commission's vote
April 17, 2000	Commission's determinations sent to Commerce

Previous Investigations

Steel wire rope has been the subject of numerous Commission antidumping and countervailing duty investigations since the early 1970s (table I-1).

Steel wire rope was also the subject of an import relief investigation in 1984. The Commission determined that, among other steel products, wire and wire products were being imported into the United States in such increased quantities as to be a substantial cause of serious injury to a domestic industry, and recommended a 5-year program of tariffs and quotas.⁶ President Reagan determined that import

¹ The Committee is comprised of the following U.S. producers: Bergen Cable Technology, Inc. (Bergen), Bridon American Corp. (Bridon), Carolina Steel & Wire Corp. (Carolina), Continental Cable Co. (Continental), Loos & Co., Inc. (Loos), Paulsen Wire Rope Corp. (Paulsen), Sava Industries, Inc. (Sava), Strandflex, A Division of MSW, Inc. (Strandflex), and Wire Rope Corporation of America, Inc. (WRCA). All but Bergen, Sava, and Strandflex are directly participating in the petitioning action.

² For purposes of these investigations, steel wire rope encompasses ropes, cables, and cordage of iron or carbon or stainless steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire. Imports of these products are currently classifiable under subheadings 7312.10.60 and 7312.10.90 of the Harmonized Tariff Schedule of the United States (HTSUS). The normal trade relations tariff rate of 1.8 percent *ad valorem* is applicable to steel wire ropes of stainless steel, and a rate of 1.6 percent *ad valorem* is applicable to steel wire ropes of carbon steel, including those from China, India, Malaysia, and Thailand.

³ *Federal Register* notices cited in the tabulation are presented in app. A.

⁴ A list of witnesses appearing at the conference is presented in app. B.

⁵ Commerce's notice of initiation indicated that based on comparisons of export prices to normal value, the estimated *ad valorem* dumping margins for steel wire rope are 5 to 58 percent for China, 59 to 142 percent for India, 11 to 63 percent for Malaysia, and 49 to 69 percent for Thailand.

⁶ *Carbon and Certain Alloy Steel Products, Report to the President on Investigation No. TA-201-51 under Section 201 of the Trade Act of 1974*, USITC Pub. 1553 (July 1984).

Table I-1

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

Country	Investigation No.	Date of issue	USITC report No.	Commission determination
Japan ¹	AD-124	1973	TC 608	Affirmative
Korea ²	731-TA-112 (P)	1982	USITC 1314	Affirmative ³
Israel	701-TA-306 (P)	1990	USITC 2343	Negative
Chile	731-TA-477 (P)	1990	USITC 2343	Negative
India	701-TA-305 (F)	1991	USITC 2442	Negative
Argentina	731-TA-476 (F)	1991	USITC 2410	Negative
Canada	731-TA-524 (P)	1991	USITC 2409	Negative
India	731-TA-478 (F)	1991	USITC 2442	Negative
China	731-TA-480 (F)	1991	USITC 2442	Negative
Mexico	731-TA-479 (F)	1991	USITC 2410	Negative
Taiwan	731-TA-481 (F)	1991	USITC 2442	Negative
Thailand	731-TA-482 (F)	1991	USITC 2442	Negative
Korea	731-TA-546 (F)	1993	USITC 2316	Affirmative
Mexico	731-TA-547 (F)	1993	USITC 2316	Affirmative
Japan	AA1921-124 (R)	1999	USITC 3259	Negative
Korea	731-TA-546 (R)	1999	USITC 3259	Negative
Mexico	731-TA-547 (R)	1999	USITC 3259	Negative

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

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

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

Source: *Steel Wire Rope from the Republic of Korea and Mexico*, USITC Pub. 2613 (March 1993), p. I-5, and *Certain Steel Wire Rope from Japan, Korea, and Mexico*, USITC Pub. 3259 (December 1999), p. I-2.

relief was not in the national economic interest.⁷ Subsequently, many antidumping cases were filed in 1984 and then withdrawn as a result of negotiated steel voluntary restraint agreements. The negotiated steel voluntary restraint agreements expired in 1992.

⁷ *Annual Survey Concerning Competitive Conditions in the Steel Industry and Industry Efforts to Adjust and Modernize*, USITC Pub. 2226 (October 1989), p. A-4.

SUMMARY DATA

A summary of data collected in these investigations is presented in appendix C, table C-1. Except as noted, U.S. industry data are based on questionnaire responses of 9 firms that accounted for virtually all U.S. production of steel wire rope during 1999. U.S. imports, unless otherwise noted, are based on official statistics of the U.S. Department of Commerce.

THE PRODUCT

The imported product subject to these investigations is steel wire rope, both carbon and stainless. The scope of these investigations does not include stranded wire and specifically excludes steel wire rope fitted with fittings or made up into articles and brass-plated steel wire rope. This section of the report presents information related to the Commission's "domestic like product" determination.⁸

Physical Characteristics and Uses

Steel wire rope consists of stranded steel wire that is "closed" into rope. There are many specific types of steel wire rope,⁹ but in general steel wire rope can be made of carbon steel or stainless steel and is identified as follows:

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

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

Stainless steel wire rope.¹⁰--Steel wire rope, coated or uncoated, made of stainless steel wire rod or stainless steel wire.

⁸ The Commission's decision regarding the appropriate domestic products that are "like" the subject imported products is based on a number of factors including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions; (5) common manufacturing facilities and production employees; and, where appropriate, (6) price.

⁹ As defined, wire rope includes most products referred to by the industry as "cable," such as aircraft control cable, elevator cable, automotive brake and transmission cable, and bridge suspension cable. However, the term "cable" also encompasses certain products that are not covered by these investigations, such as fiber ropes used in the maritime industry and heavy wires used for the transmission of electricity.

¹⁰ Stainless steel, like nonalloy steel (commonly, carbon steel), is a carbon-iron alloy; however, stainless steels possess less carbon and higher amounts of alloying agents (chiefly chromium and nickel, for example) than do carbon steels. For example, the high-carbon steel used to produce carbon steel wire rope typically contains between 0.65 percent and 0.80 percent carbon and less than 0.30 percent each of chromium and nickel. Stainless steel used to form stainless steel wire rope contains less than 0.2 percent carbon, 10 to 20 percent chromium, and 7 to 15 percent nickel, depending on steel grade. Stainless steels, including stainless steel wire rod, possess superior performance characteristics relative to carbon steel (including galvanized carbon steels), chiefly resistance to corrosion and high temperatures, imparted by their alloying agents.

All of the various types of steel wire rope have specific characteristics associated with their construction, their type or grade of steel or material, or their coating.¹¹ A wire rope is composed of three basic components: (1) a central core surrounded in helical fashion by several strands; (2) a center wire that, in turn, comprises the central core of each of the strands; and (3) the wires that make up the strands (figure I-1). The strand used for making wire rope differs from other types of strand and is dedicated to the production of wire rope.

Wire rope resistance to bending fatigue and abrasive wear is directly affected by the design of the strands, which is the most important determinant of the operating characteristics of a finished rope. During the operation of a wire rope, the main strands and individual wires change position longitudinally with respect to one another; these relative motions tend to distribute and equalize the combined stresses among the component strands and wires as the rope is flexed. For abrasive or corrosive applications, alloy materials (such as stainless steel wire) may be substituted for high-carbon steel normally used, or the carbon steel may be coated with a protective material such as zinc (i.e., galvanized).

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

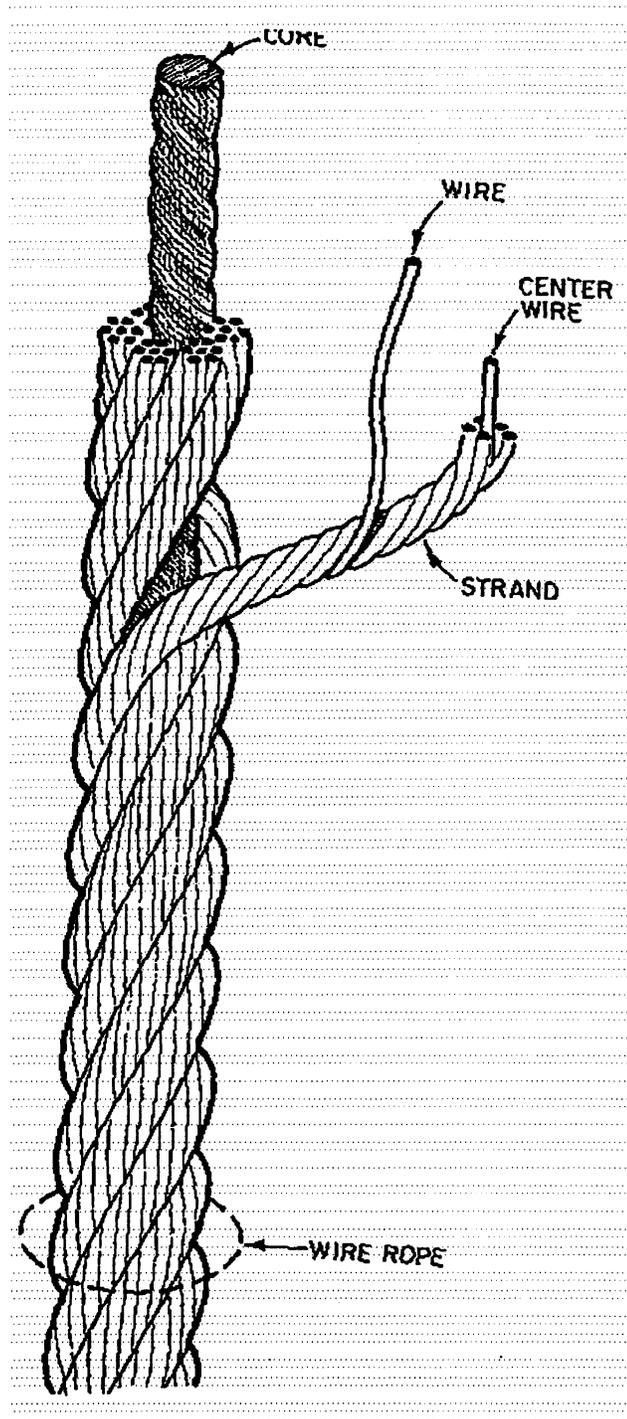
Specific working characteristics of steel wire rope may be enhanced by changing the number of wires or strands, altering the shape of the surface of the rope (including “swaged,” “die-formed,” or “shaped-strand” steel wire rope) through the use of coatings¹² to the rope or its component parts, or by changing the grade of steel or material used to fabricate the rope. Such modifications are more common on carbon steel wire rope than on rope composed of stainless steel.

The specific characteristics that determine the operating characteristics of a steel wire rope also determine its end use; there may be different sizes (measured in terms of the diameter of the rope) and constructions of wire rope on the same machine. Steel wire rope forms much of the rigging on earth-moving and materials-handling equipment in industries such as mining, quarrying, construction, logging, and fishing. Steel wire rope is used for aircraft control cables, elevator hoist cables, and in the petroleum and natural gas industries for drilling and well servicing. There are more limited applications for coated

¹¹ The size and grade of steel wire rope identifies the product as one of the following: traction steel (TS), mild plow steel (MPS), plow steel (PS), improved plow steel (IPS), and extra improved plow steel (EIP). These grades approximate the strength of the steel wires used in the production of steel wire ropes. See Committee of Wire Rope Producers, *Wire Rope Users Manual*, 2d. ed. (Washington, DC: American Iron and Steel Institute, 1981), p. 7.

¹² Coatings to the rope, to its strands, or to its wires increase performance characteristics by inhibiting outside agents from contaminating the rope lubricant and by reducing abrasion to the rope and to strands within the rope. For example, plastic (usually a polypropylene, but vinyl or nylon are also used) coatings may be extruded around the core, the strands, or the finished rope; the process is termed “plastic impregnation” when it refers to a complete covering of all component strands and wires within a rope. Usually only carbon steel wire rope is coated with plastics or base metals (most carbon steel wire rope and its component strands are coated with grease). Stainless steel wire rope may be coated with plastic, but this is not usual because of the metal’s inherent corrosion resistance and because its shiny appearance is considered important for aesthetic and cleanliness reasons.

Figure I-1
The basic components of a typical wire rope



Source: Committee of Wire Rope Producers, *Wire Rope Users Manual*, 2d. ed. (Washington, DC: American Iron and Steel Institute, 1981), p. 7.

and alloy ropes in the food industry, in light-duty industry, in the home, and on farms.¹³ Heavy bright carbon steel wire ropes tend to be used where tensile strength is important and where abrasion is high, precluding the use of a metallic coated rope; these ropes tend to have a heavy coating of grease. Small-diameter coated (galvanized or plastic coated) wire rope might be utilized for a control cable in an environment considered corrosive or hard to service, or for utility use.

Stainless steel wire rope, whether coated with plastic or not, is used in applications in alkaline or acidic environments found in chemical and food processing industries and where cleanliness and corrosion-resistance are important. It is used in marine and aircraft applications: for example, it is used to form the lifelines and rigging on yachts.¹⁴

Steel wire rope is produced to one of several standards established by a number of government or independent groups. Standards typically specify the materials to be used and the various properties and dimensions of the products. Federal specification RR-W-410D is used in the industry as a basic standard.¹⁵ Other organizations that provide specifications include U.S. Department of Defense specification MIL-W-83420 for wire ropes used as aircraft control cables.¹⁶ Standards are also established by other bodies, such as the American Society of Mechanical Engineers, which developed standards for the ropes used in ski lifts and elevators; the American Petroleum Institute (API), which established certain standards for wire rope used in oil field applications (API 9A); the U.S. Bureau of Mines, which provides certain minimum standards for wire rope in underground mines; and the American National Standards Institute (ANSI), which has standards for wire ropes for overhead and gantry cranes (ANSI B30.2) and material hoists (ANSI A10.5).¹⁷

Common Manufacturing Facilities and Production Employees

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

¹³ While the end uses of steel wire rope are varied and spread over many industries, the Committee estimates that of total U.S. shipments, on a volume basis, mining applications account for approximately *** percent; oil and gas industries account for approximately *** percent; and maritime applications account for approximately *** percent. The remaining share is largely attributed to the construction and logging industries. Committee's postconference brief, p. 24, note 56.

¹⁴ Stainless steel rope is not greased for this application because it would soil the sails; any grease or carbon spots would also suggest that the wires or strands had been damaged. Stainless steel wire rope is used in chemical and food plants because it is "cleaner" (i.e., free of grease or oil), than a bright or galvanized steel wire rope and its superior resistance to corrosion makes it more able to withstand an alkaline or caustic environment.

¹⁵ Federal specification RR-W-410D identifies wire rope by type, class, construction, and size.

¹⁶ "Aircraft cable," once a military procurement standard, has become a generic term for applications using galvanized and stainless steel wire rope in diameters of 1/6 to 3/8 inch.

¹⁷ Committee's postconference brief, p. 21, note 49.

lubricants. The manufacturing process for steel wire rope consists of three major steps: (1) drawing rod into wire, (2) stranding wire, and (3) closing strands into rope.¹⁸

Some differences between stranding carbon and stainless steels exist: for stainless steel wire rope, tubular stranders¹⁹ are used predominantly, as opposed to the use of both tubular and planetary stranders for carbon steel wire rope; set-up times and machinery operating times are longer for stainless; and some special machinery preparation may be required to change or remove lubricants and to remove contaminants, especially when switching between carbon and stainless steel. Also, because stainless steel is harder, the machinery must be operated at a slower running speed, and the wire-preforming and strand post-forming heads are made of harder materials than is needed for carbon steels.

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

Stranding and rope-closing machinery for stainless steel wire rope production does not differ significantly from that utilized for carbon steel wire rope because the forming process is similar. However, there are differences, and many of the differences at the closing stage are the same or similar as in forming strand: the machinery is generally cleaned of the heavy greases and oils that are used for carbon steel; different lubricants are used, including wax and light lubricants; wire and strand guides and sheaves are smaller, often comprised of plastic and coated steel because the wires are lighter and of a smaller diameter than those that usually comprise carbon steel wire rope; and preforming and closing heads are generally harder than those utilized for carbon steel wire rope because stainless steel is harder than carbon steel. All these changes involve differences in set-up time--said to be longer with respect to stainless steel wire rope.

Of the 8 producer questionnaires received by the Commission in the review investigations, 5 producers indicated that they produced both carbon and stainless steel wire rope.²⁰ One of these producers is no longer in business. Carbon and stainless steel wire rope may be produced on the same equipment with the same production and related workers.²¹

In general, little difference appears to exist between the production processes in domestic facilities and those abroad. This is reflective of a mature industry and attributable to the diffusion of process technology, techniques, and equipment on a world-wide basis, the similarity of engineering requirements for specific end uses, product liability concerns, and the commonality of design or procurement standards.

Interchangeability and Customer and Producer Perceptions

There is limited substitutability between carbon and stainless steel wire rope, in part because of the significantly higher cost of stainless steel; most of the substitution occurs between small-diameter

¹⁸ For a detailed discussion of drawing rod into wire and stranding wire, see *Steel Wire Rope from the Republic of Korea and Mexico*, USITC Pub. 2613, March 1993, pp. I-11 to I-16.

¹⁹ Strands are formed in a single operation from individual wires laid about a core so that all wires in the strand can move in unison to distribute load and bending stresses equally.

²⁰ *Certain Steel Wire Rope from Japan, Korea, and Mexico*, USITC Pub. 3259, December 1999, p. I-16.

²¹ *Ibid.*

galvanized and stainless steel wire rope. Stainless steel wire rope is used instead of carbon steel in applications where a low magnetic field is required or in areas that require corrosion resistance, such as near radar and compass units for minesweeping, on aircraft, or as lifelines and riggings on yachts. It is also used in applications in acidic or alkaline environments found in chemical and food processing industries where cleanliness and corrosion resistance are important. However, due to the price differences between stainless and carbon steel wire rope, in instances in which galvanized wire rope is suitable for applications that would otherwise require stainless, galvanized products are used instead of stainless because of the cost savings.

While many producers indicated that steel wire rope has no substitutes, several companies did provide possible exceptions to this observation. *** indicated that chain or synthetic webbing may be substituted for steel wire rope in some applications, such as synthetic web slings in place of wire rope slings. Further, *** stated that steel straps can be used instead of wire rope assemblies on new cranes. In addition to these observations, *** suggested that hydraulics also may be considered a substitute for steel wire rope.

Channels of Distribution

The majority of steel wire rope is generally sold to distributors by U.S. producers (77 percent) and importers (94 percent). The great majority of stainless steel wire rope is sold to end users by U.S. producers (about 95 percent), and to distributors by importers (also about 95 percent).²² Distributors sell to a wide variety of industries, including construction, marine, oil and gas, and machine manufacturers.

Price

The Commission obtained pricing data on two types of bright carbon steel wire rope, three types of galvanized carbon steel wire rope, and one type of stainless steel wire rope. Stainless steel wire rope is considerably higher-priced than carbon steel wire rope. Additional information on the pricing of steel wire rope is presented in Part V of this report.

²² Ibid., p. I-17.

PART II: CONDITIONS OF COMPETITION IN THE U.S. MARKET

CHANNELS OF DISTRIBUTION

Domestically produced steel wire rope is marketed nationwide by a network of producer-operated warehouses and distributorships and unrelated distributors. Steel wire rope imported from the subject and nonsubject countries is also marketed nationwide, generally by importers and secondary distributors.¹ U.S. distributors commonly carry both imported and domestically produced steel wire rope.²

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, U.S. producers of steel wire rope are likely to respond quickly to changes in demand. The contributing factors to the high degree of responsiveness of supply are the low capacity utilization and the substantial level of inventories.

Industry capacity

U.S. producers' capacity to make steel wire rope decreased from 218,727 short tons in 1997 to 203,217 short tons in 1999, or by 7.1 percent. Domestic production also declined, from 127,289 short tons in 1997 to 108,286 short tons in 1999, or by 14.9 percent. As a result, capacity utilization rates have declined steadily, falling from 58.2 percent in 1997 to 53.3 percent in 1999. Two domestic producers ceased operations during 1997-99. The Rochester Corp. shut down its production plant in 1998, and Macwhyte Co. exited the industry in 1999.³ The low rates of capacity utilization indicate that U.S. producers have excess capacity from which they could increase production.

Export markets

U.S. exports of steel wire rope decreased from 11,856 short tons in 1997 to 8,048 short tons in 1999, or by 32.1 percent. Exports as a share of U.S. producers' total shipments accounted for 9.2 percent in 1997, 8.7 percent in 1998, and 7.9 percent in 1999. In their questionnaire responses, U.S. producers identified numerous countries throughout the world (including China) to which they export.

Inventory levels

U.S. end-of-period inventories of steel wire rope increased from 39,666 short tons in 1997 to 43,880 short tons in 1999, or by 10.6 percent. The ratio of end-of-period inventories to total shipments

¹ Petition, p. 16.

² Ibid.

³ Ibid., p. 2. Some of the assets of Rochester and Macwhyte were purchased by another firm; see p. III-1.

increased from 30.8 percent in 1997 to 43.3 percent in 1999. These data indicate that U.S. producers can utilize inventories to increase the supply of domestic product.

Production alternatives

As reported in the recent review investigations concerning steel wire rope from Japan, Korea, and Mexico,⁴ the domestic industry has moved away from the production of small-diameter wire ropes because of increases of lower-priced imports. The U.S. industry has shifted toward the production of more high-performance specialty ropes that are compacted or covered in plastic. Since these high-performance ropes tend to last longer, the volume of domestic production has decreased.

Subject Imports

Subject imports totaled 30,005 short tons in 1997, 35,644 short tons in 1998, and 33,443 short tons in 1999.

Industry capacity

Data provided by Chinese producers of subject steel wire rope indicate that operations in that country are operating below full capacity. Reported capacity and production were 115,499 short tons and 96,155 short tons, respectively, in 1997 and 114,014 short tons and 90,532 short tons, respectively, in 1999. The resulting capacity utilization rates declined from 83.3 percent in 1997 to 79.4 percent in 1999.

Data provided by Indian producers of subject steel wire rope indicate that operations in that country are currently operating below full capacity. Reported capacity and production were *** short tons and *** short tons, respectively, in 1997 and *** short tons and *** short tons, respectively, in 1999. The resulting capacity utilization rates declined from *** percent in 1997 to *** percent in 1999; however, capacity utilization was *** percent in 1998.

Data provided by Malaysian producers of subject steel wire rope indicate that operations in that country are operating below full capacity. Reported capacity and production were *** short tons and *** short tons, respectively, in 1997 and *** short tons and *** short tons, respectively, in 1999. The resulting capacity utilization rates declined from *** percent in 1997 to *** percent in 1999.

For Thailand, since only one of the two reporting producers provided both capacity and production data, the resulting calculations of capacity utilization are not representative of the industry in that country.

The data from all subject countries except Thailand indicate that they have additional capacity to supply the U.S. market.

Alternative markets

Data obtained from Chinese producers indicate that the U.S. share of their exports of steel wire rope increased from 11.3 percent in 1997 to 15.0 percent in 1999. Home market shipments as a

⁴ *Certain Steel Wire Rope from Japan, Korea, and Mexico*, Invs. Nos. AA1921-124 and 731-TA-546-547 (Review), USITC Pub. 3259 (December 1999), p. II-1.

percentage of total shipments increased from 65.8 percent in 1997 to 72.5 percent in 1999. Based on these data, Chinese producers have the ability to shift sales of steel wire rope from the home and alternative export markets to the United States.

Data obtained from Indian producers indicate that the U.S. share of their exports of steel wire rope increased from *** percent in 1997 to *** percent in 1999. Home market shipments as a percentage of total shipments increased from *** percent in 1997 to *** percent in 1999. Based on these data, Indian producers have the ability to shift sales of steel wire rope from the home and alternative export markets to the United States.

Data obtained from Malaysian producers indicate that the U.S. share of their exports of steel wire rope decreased from *** percent in 1997 to *** percent in 1999. Home market shipments as a percentage of total shipments also decreased, from *** percent in 1997 to *** percent in 1999. Based on these data, Malaysian producers have the ability to shift sales of steel wire rope from alternative export markets and, to lesser extent, the home market to the United States.

Data obtained from Thai producers indicate that the U.S. share of their exports of steel wire rope decreased from *** percent in 1997 to *** percent in 1999. Home market shipments as a percentage of total shipments also decreased, from *** percent in 1997 to *** percent in 1999. Based on these data, Thai producers have the ability to shift sales of steel wire rope from the home and alternative export markets to the United States.

Inventory levels

Chinese producers' end-of-period inventories decreased from 10,479 short tons in 1997 to 9,658 short tons in 1999, or by 7.8 percent. The ratio of inventories to production remained stable, ranging from 10.2 percent to 10.9 percent.

Indian producers' end-of-period inventories increased from *** short tons in 1997 to *** short tons in 1999, or by *** percent. The ratio of inventories to production increased over the period from *** percent in 1997 to *** percent in 1999.

Malaysian producers' end-of-period inventories decreased from *** short tons in 1997 to *** short tons in 1999, or by *** percent. The ratio of inventories to production declined over the period from *** percent in 1997 to *** percent in 1999.

Thai producers' end-of-period inventories increased from *** short tons in 1997 to *** short tons in 1999, or by *** percent. The ratio of inventories to production were similar in 1997 (***) percent) and 1999 (***) percent) but were lower in 1998 (***) percent).

The data indicate that all subject countries have inventories available to increase shipments to the U.S. market, China and India to a greater extent than Malaysia and Thailand.

U.S. Demand

Demand Characteristics

According to the petition, "Steel wire rope is an engineered machine which is used for applications which require force to be transmitted. The product has literally hundreds of uses, such as for earth-moving and materials-handling equipment including clamshells, cranes, bulldozers, mining machines, hoists and conveyers; for elevators; for logging applications; for aircraft control cables; for

fish net trawling; and by the oil field industry for drilling and well servicing.”⁵ Additional uses reported by producers and importers include fitness equipment, mooring lines, automotive industry uses, garage door cables, theatrical rigging uses, agricultural uses, pet industry, and general farm and home uses.

Almost all steel wire rope sold in the United States, both domestically produced or imported, conforms to one or more industry standards or government specifications. In general, these specifications establish minimum requirements for the materials used, finish, core, mechanical properties (such as tensile strength), fabrication, lay, dimensions, and weight and strength of the wire rope. Federal specification RR-W-410D is the most common standard and is now used as the basic industry standard. Other specifications have been developed by the American Petroleum Institute for steel wire rope used in oil field applications and by the American Society of Mechanical Engineers for steel wire rope used in ski lifts and elevators.⁶

Apparent U.S. consumption, as compiled from data submitted in response to Commission questionnaires, increased from 208,511 short tons in 1997 to 214,957 short tons in 1998 and then fell to 189,792 short tons in 1999. However, questionnaire responses were mixed regarding demand conditions in the United States for steel wire rope. For example, U.S. producers’ views on demand were varied. Of the 8 responding U.S. producers, 7 addressed the question of overall demand. Of the 7, 4 indicated that demand had been stable during 1997-99.⁷ One producer indicated that demand for domestically produced steel wire rope declined in late 1998 and early 1999.⁸ Another producer indicated that demand was steadily dropping due to fewer operating wire rope markets and longer lasting wire rope construction.⁹ A third producer stated that demand had grown in 1997 and 1998 but had declined in 1999 as a result of the surge in imports; this producer further noted that the general U.S. economy and the price of oil drive the demand for wire rope.¹⁰ One producer gave no indication of how demand had behaved during 1997-99.

There were 21 responses to the question on changes in demand in the importers’ questionnaire; six of these did not have any information on changes in demand. Five respondents said demand was up, generally due to the strong economy. Four respondents indicated demand was down for reasons such as a decline in offshore oil exploration and shipbuilding, the mature marketplace, and restrictions on fishing and logging. Six respondents indicated that demand was stable over the period of investigation.

Substitute Products

Substitutes for steel wire rope in some applications are available, but producers and importers both state that there are no substitutes for other applications. Examples of such substitutes are synthetic fibers, steel straps, synthetic and chain slings, and hydraulic lifts. Four U.S. producers responded to the Commission’s questionnaire indicating that synthetic and chain slings, steel straps, hydraulic applications, and cordage may be used as a substitute in limited applications. Three U.S. producers indicated that there were no acceptable substitutes for steel wire rope. Importers’ responses were similar

⁵ Petition, p. 10.

⁶ *Ibid.*, p. 12.

⁷ Three of these producers also indicated that imports had surged during 1997-99.

⁸ The decline was a result of pressure from unfairly priced imports according to the questionnaire respondent.

⁹ This producer did not attribute the decline in demand to imports.

¹⁰ Respondents to the petition also noted the influence of the oil rig sector on demand for wire rope in 1999. Mr. Daniel Klett, Capital Trade, Inc., conference transcript, p. 56.

to those of the U.S. producers. Eleven importers indicated that synthetic rope, chain, and hydraulics may be used as substitutes, and seven importers indicated that there were no substitutes for steel wire rope. One of these importers noted that synthetic rope, webbing, and chain could be substituted but that substitution was rare due to higher cost, durability, and strength differences.

Cost Share

The end uses for steel wire rope include winches, slings, cranes, bridges, and aircraft flight controls. Steel wire rope is generally used in any lifting, hoisting, rigging, and conveying equipment, such as cranes, elevators, oil field equipment, and loading devices. The cost of steel wire rope relative to the total cost of production of the end-use products varies but tends to be modest.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported steel wire rope depends on such factors as relative prices, quality, and conditions of sale. Based on available data, staff believes that there is at least a moderate degree of substitution between domestic and subject imported steel wire rope.

Comparisons of Domestic Products and Subject Imports

The degree of substitutability between domestic and imported steel wire rope depends primarily on quality and consistency. In the recently completed review investigations on steel wire rope, producers and importers reported that the U.S. product and the imported product are used interchangeably except in certain high-risk uses such as ropes for ski lifts.¹¹

Of the 20 U.S. importers of steel wire rope that provided pricing data, half imported steel wire rope from two or more subject countries; four importers imported steel wire rope from three subject countries. ***.

Concerning the question of geographic markets, all eight producers reported that they served the entire U.S. market. Of the 21 importers responding to the question of geographic market area, 11 stated that they served the entire U.S. market. The other importers reported serving more limited markets, such as "primarily the Gulf Coast," the "Eastern United States," "predominantly the Western States," or a "1,000 mile radius of Houston." Based on the data received for pricing, imports from each of the subject countries were available in the U.S. market during each quarter of 1997-99.¹²

In the Commission's questionnaire, U.S. producers and importers were asked to evaluate the interchangeability of domestic and imported steel wire rope on a country-pair basis. They were asked to answer if products from a specified country pair were "always," "frequently," "sometimes," or "never" interchangeable, or if they had "no familiarity" with products from the specified country pair. U.S. producers' responses are presented in table II-1 and importers' responses are presented in table II-2. Most U.S. producers indicated that domestic products and both subject and nonsubject imported products

¹¹ *Certain Steel Wire Rope from Japan, Korea, and Mexico*, Invs. Nos. AA1921-124 and '31-TA-546-547 (Review), USITC Pub. 3259 (December 1999), p. II-4.

¹² See tables V-1 through V-6.

Table II-1
Interchangeability of steel wire rope produced in the United States and in other countries, U.S. producers' responses

Country pair	China	India	Malaysia	Thailand	Other countries
United States	Always - 6 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1	Always - 6 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1	Always - 6 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1	Always - 5 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 2	Always - 3 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1
China		Always - 6 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1	Always - 6 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1	Always - 5 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 2	Always - 3 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1
India			Always - 6 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1	Always - 5 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 2	Always - 3 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1
Malaysia				Always - 5 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 2	Always - 3 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1
Thailand					Always - 3 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 1
Source: Compiled from responses to Commission questionnaires.					

were always interchangeable. Importers' responses were more varied, with some importers indicating that domestic and imported products were never interchangeable, most notably for the Chinese product.

The Commission's questionnaire also asked U.S. producers and importers to evaluate the significance of differences other than price between domestic and imported steel wire rope. Again, they were asked to evaluate if the differences were "always," "frequently," "sometimes," or "never" significant, or if they had "no familiarity" with products from the specified country pair. U.S. producers' responses are presented in table II-3 and importers' responses are presented in table II-4. Most U.S. producers indicated that the differences were sometimes or never significant. Most importers indicated that the differences were always significant with regard to domestic versus imported products and, to a lesser extent, that the differences were significant between the various subject country imports and between the subject imports and nonsubject imports.

Table II-2
Interchangeability of steel wire rope produced in the United States and in other countries, U.S. importers' responses

Country pair	China	India	Malaysia	Thailand	Other countries
United States	Always - 1 Frequently - 2 Sometimes - 8 Never - 5 No familiarity - 0	Always - 2 Frequently - 2 Sometimes - 4 Never - 1 No familiarity - 5	Always - 3 Frequently - 2 Sometimes - 4 Never - 2 No familiarity - 4	Always - 1 Frequently - 2 Sometimes - 5 Never - 1 No familiarity - 5	Always - 1 Frequently - 3 Sometimes - 2 Never - 0 No familiarity - 6
China		Always - 2 Frequently - 0 Sometimes - 5 Never - 0 No familiarity - 4	Always - 2 Frequently - 0 Sometimes - 4 Never - 0 No familiarity - 5	Always - 2 Frequently - 0 Sometimes - 4 Never - 0 No familiarity - 5	Always - 1 Frequently - 1 Sometimes - 2 Never - 0 No familiarity - 5
India			Always - 3 Frequently - 2 Sometimes - 1 Never - 0 No familiarity - 5	Always - 1 Frequently - 3 Sometimes - 2 Never - 0 No familiarity - 5	Always - 1 Frequently - 3 Sometimes - 0 Never - 0 No familiarity - 5
Malaysia				Always - 1 Frequently - 2 Sometimes - 2 Never - 0 No familiarity - 6	Always - 1 Frequently - 3 Sometimes - 0 Never - 0 No familiarity - 5
Thailand					Always - 1 Frequently - 3 Sometimes - 0 Never - 0 No familiarity - 5

Source: Compiled from responses to Commission questionnaires.

Table II-3

Significance of differences other than price between steel wire rope produced in the United States and in other countries to your firm's sales of the products, U.S. producers' responses

Country pair	China	India	Malaysia	Thailand	Other countries
United States	Always - 0 Frequently - 0 Sometimes - 5 Never - 1 No familiarity - 1	Always - 0 Frequently - 0 Sometimes - 6 Never - 0 No familiarity - 1	Always - 0 Frequently - 0 Sometimes - 5 Never - 1 No familiarity - 1	Always - 0 Frequently - 0 Sometimes - 4 Never - 1 No familiarity - 1	Always - 0 Frequently - 0 Sometimes - 3 Never - 0 No familiarity - 1
China		Always - 0 Frequently - 0 Sometimes - 3 Never - 3 No familiarity - 1	Always - 0 Frequently - 0 Sometimes - 3 Never - 3 No familiarity - 1	Always - 0 Frequently - 0 Sometimes - 3 Never - 2 No familiarity - 2	Always - 0 Frequently - 0 Sometimes - 3 Never - 0 No familiarity - 1
India			Always - 0 Frequently - 0 Sometimes - 3 Never - 3 No familiarity - 1	Always - 0 Frequently - 0 Sometimes - 3 Never - 2 No familiarity - 2	Always - 0 Frequently - 0 Sometimes - 3 Never - 0 No familiarity - 1
Malaysia				Always - 0 Frequently - 0 Sometimes - 3 Never - 2 No familiarity - 2	Always - 0 Frequently - 0 Sometimes - 3 Never - 0 No familiarity - 1
Thailand					Always - 0 Frequently - 0 Sometimes - 2 Never - 0 No familiarity - 1

Source: Compiled from responses to Commission questionnaires.

Table II-4

Significance of differences other than price between steel wire rope produced in the United States and in other countries to your firm's sales of the products, U.S. importers' responses

Country pair	China	India	Malaysia	Thailand	Other countries
United States	Always - 7 Frequently - 2 Sometimes - 3 Never - 2 No familiarity - 0	Always - 5 Frequently - 0 Sometimes - 1 Never - 0 No familiarity - 5	Always - 6 Frequently - 1 Sometimes - 1 Never - 0 No familiarity - 5	Always - 5 Frequently - 0 Sometimes - 1 Never - 0 No familiarity - 5	Always - 2 Frequently - 1 Sometimes - 0 Never - 0 No familiarity - 6
China		Always - 4 Frequently - 1 Sometimes - 1 Never - 0 No familiarity - 4	Always - 3 Frequently - 1 Sometimes - 0 Never - 0 No familiarity - 5	Always - 4 Frequently - 0 Sometimes - 0 Never - 1 No familiarity - 4	Always - 2 Frequently - 0 Sometimes - 0 Never - 0 No familiarity - 5
India			Always - 2 Frequently - 0 Sometimes - 1 Never - 1 No familiarity - 5	Always - 3 Frequently - 1 Sometimes - 1 Never - 0 No familiarity - 4	Always - 1 Frequently - 0 Sometimes - 1 Never - 0 No familiarity - 5
Malaysia				Always - 3 Frequently - 1 Sometimes - 1 Never - 0 No familiarity - 4	Always - 1 Frequently - 0 Sometimes - 1 Never - 0 No familiarity - 5
Thailand					Always - 1 Frequently - 0 Sometimes - 1 Never - 0 No familiarity - 4

Source: Compiled from responses to Commission questionnaires.

PART III: U.S. PRODUCERS' PRODUCTION, SHIPMENTS, AND EMPLOYMENT

The Commission analyzes a number of factors in making injury determinations (see 19 U.S.C. §§ 1677(7)(B) and 1677(7)(C)). Information on the alleged margins of dumping was presented earlier in this report and information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V. Information on the other factors specified is presented in this section and/or Part VI and (except as noted) is based on the questionnaire responses of 9 firms that accounted for virtually all U.S. production of steel wire rope during 1999. According to the petition, there were 13 known producers of steel wire rope in the United States during the period of investigation. Consolidation of the industry occurred during 1997-99 when some of the assets of two producers which went out of business - Macwhyte Co. - Division of Amsted Industries Inc. (Macwhyte) and The Rochester Corp. (Rochester) - were purchased by WRCA. Table III-1 presents the shares of production, position on petition, locations, and parent companies of the U.S. producers.

Table III-1

Steel wire rope: U.S. producers, positions on petition, shares of reported 1999 production, U.S. production locations, and parent companies

Firm	Position	Share of production (percent)	Production location	Parent company and country
Awarco	***	***	Rosenberg, TX	***
Bergen	***	***	Lodi, NJ	***
Bridon	Supports	***	Various locations in AL, AZ, CA, GA, LA, OK, MS, and TX	***
Carolina	Supports	***	Lexington, SC	***
Continental	Supports	***	Hinsdale, NH	***
Loos	Supports	***	Pomfret, CT	Loos (U.S.)
Macwhyte ¹	***	***	Kenosha, WI, Sedalia, MO	***
Paulsen	Supports	***	Sunbury, PA	***
Rochester ²	***	***	Culpeper, VA	***
Sava	***	***	Riverdale, NJ	***
Strandflex	***	***	Oriskany, NY	***
Williamsport	***	***	Williamsport, PA	***
Table continued on next page.				

Table III-1—Continued

Steel wire rope: U.S. producers, positions on petition, shares of reported 1999 production, U.S. production locations, and parent companies

Firm	Position	Share of production (percent)	Production location	Parent company and country
WRCA	Supports	***	St. Joseph, MO, Kansas City, MO, Sedalia, MO	WRCA (U.S.)
Total		100.0		

¹ Macwhyte went out of business in 1999.
² Rochester went out of business in 1998.

Note.—Because of rounding, figures may not add to the total shown.

Source: Compiled from data submitted in response to Commission questionnaires.

U.S. PRODUCERS' CAPACITY, PRODUCTION, AND CAPACITY UTILIZATION

Table III-2 below shows that the industry's production, capacity, and capacity utilization declined during 1997-99.

Table III-2

Steel wire rope: U.S. producers' capacity, production, and capacity utilization, 1997-99

Item	1997	1998	1999
Capacity (short tons)	218,727	218,817	203,217
Production (<i>short tons</i>)	127,289	118,302	108,286
Capacity utilization (<i>percent</i>)	58.2	54.1	53.3

Source: Compiled from data submitted in response to Commission questionnaires.

**U.S. PRODUCERS' DOMESTIC SHIPMENTS, COMPANY TRANSFERS,
AND EXPORT SHIPMENTS**

As shown in table III-3, U.S. producers' shipments declined steadily during the review period.

Table III-3
Steel wire rope: U.S. producers' shipments, by type, 1997-99

Item	Calendar year		
	1997	1998	1999
Quantity (short tons)			
Open-market U.S. shipments	***	***	***
Captive U.S. shipments	***	***	***
Total U.S. shipments	117,064	108,539 ¹	93,267 ¹
Export shipments	11,856	10,294	8,048
Total shipments	128,919	118,833	101,315
Value (1,000 dollars)			
Open-market U.S. shipments	***	***	***
Captive U.S. shipments	***	***	***
Total U.S. shipments	231,538	218,330 ¹	188,984 ¹
Export shipments	22,464	19,340	13,942
Total shipments	254,002	237,670	202,926
Unit value (per short ton)			
Open-market U.S. shipments	\$***	\$***	\$***
Captive U.S. shipments	***	***	***
U.S. shipments	1,978	20,121	20,261
Export shipments	1,895	1,879	1,732
Average	1,970	2,000	2,003
<p>¹ ***</p> <p>Note.—Because of rounding, figures may not add to the totals shown.</p> <p>Source: Compiled from data submitted in response to Commission questionnaires.</p>			

U.S. PRODUCERS' INVENTORIES

Table III-4 shows that U.S. producers' end-of-period inventories declined in 1998 but increased in 1999 in absolute numbers, and increased as a ratio to production during 1997-99.

Table III-4

Steel wire rope: U.S. producers' end-of-period inventories, 1997-99

Item	Calendar year		
	1997	1998	1999
Inventories (<i>short tons</i>)	39,666	37,638	43,880
Ratio to production (<i>percent</i>)	31.2	31.8	40.5
Ratio to U.S. shipments (<i>percent</i>)	33.9	34.7	47.0
Ratio to total shipments (<i>percent</i>)	30.8	31.7	43.3
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. PRODUCERS' EMPLOYMENT, WAGES, AND PRODUCTIVITY

Table III-5 indicates that employment, hours worked, and productivity decreased between 1997 and 1999, whereas wages paid, hourly wages, and unit labor costs increased.

Table III-5

Steel wire rope: Average number of production and related workers, hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 1997-99

Item	Calendar year		
	1997	1998	1999
Production and related workers (PRWs)	1,603	1,649	1,588
Hours worked by PRWs (<i>1,000 hours</i>)	3,420	3,468	3,205
Wages paid (<i>\$1,000</i>)	43,270	50,655	45,580
Hourly wages paid to PRWs	\$12.65	\$14.61	\$14.22
Productivity (<i>tons per 1,000 hours</i>)	37.2	34.1	33.8
Unit labor costs (<i>per short ton</i>)	\$339.93	\$428.18	\$420.92
Source: Compiled from data submitted in response to Commission questionnaires.			

U.S. PRODUCERS' IMPORTS AND PURCHASES

Four producers, ***, imported from one or more of the subject countries during 1997-99, and five producers did not import from the subject countries. Table III-6 presents the amounts, by country, imported by each of the four producers during 1999. Most reporting producers imported product from nonsubject countries during 1997-99. Table III-7 shows the ratios of subject country, nonsubject country, and total imports to production for all producers in 1999. In addition, U.S. producers reported purchases of product from India (the only subject country from which product was purchased) of *** tons in 1999. These purchases were made by ***. Table III-8 presents information on the reasons producers imported steel wire rope during 1997-99.

Table III-6

Steel wire rope: Reporting U.S. producers' imports from subject countries, 1999

* * * * *

Table III-7

Steel wire rope: Ratio of subject country, nonsubject country, and total imports to production of reporting U.S. producers, 1999

Item	<i>(In percent)</i>		
	Subject countries	Nonsubject countries	Total
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
***	***	***	***
All companies	0.1	3.4	3.5
Note.—Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Table III-8

Steel wire rope: U.S. producers' reasons for importing steel wire rope during 1997-99

* * * * *

**PART IV: U.S. IMPORTS, APPARENT U.S. CONSUMPTION,
AND MARKET SHARES**

U.S. IMPORTS

Table IV-1 shows that imports of steel wire rope from subject countries are about one-third of total imports during 1997-99, according to official Commerce statistics.¹ Imports from other sources were mainly from Korea during the period. During the conference on these investigations, Christopher Dunn, counsel to Usha Siam Steel, said that imports of steel wire rope from Thailand were negligible in the most recent 12-month period for which import data are available (February 1999 to January 2000).² Import data for this most recent period are presented in table IV-1 for February 1999 to January 2000.

Table IV-1
Steel wire rope: U.S. imports, by source, calendar years 1997-99 and February 1999-January 2000

Source	Calendar year			February 1999 - January 2000
	1997	1998	1999	
Quantity (short tons)				
China	16,347	16,219	18,055	18,241
India	4,511	8,324	5,301	4,981
Malaysia	5,277	8,108	7,159	6,888
Subtotal	26,136	32,651	30,515	30,110
Thailand	3,869	2,993	2,928	2,826
Subtotal	30,005	35,644	33,443	32,936
Other sources	61,442	70,773	63,082	63,349
Total	91,447	106,417	96,525	96,285
Value (\$1,000)				
China	19,562	18,955	19,868	20,145
India	4,608	8,961	5,051	4,734
Malaysia	6,773	8,659	7,145	6,798
Subtotal	30,943	36,576	32,064	31,677
Thailand	5,050	3,666	3,455	3,334
Subtotal	35,993	40,242	35,519	35,011
Other sources	103,565	108,280	95,858	96,593
Total	139,558	148,522	131,377	131,603
Table continued on next page.				

¹ The data consist of imports under HTS subheadings 7312.10.60 and 7312.10.90.

² Conference transcript, p. 76.

Table IV-1--Continued

Steel wire rope: U.S. imports, by source, calendar years 1997-99, and February 1999-January 2000

Source	Calendar year			February 1999 - January 2000
	1997	1998	1999	
Unit value (per short ton)				
China	\$1,197	\$1,169	\$1,100	\$1,104
India	1,021	1,077	953	950
Malaysia	1,283	1,068	998	987
Average	1,184	1,120	1,051	1,052
Thailand	1,305	1,225	1,180	1,180
Average	1,200	1,129	1,062	1,063
Other sources	1,686	1,530	1,520	1,525
Average	1,526	1,396	1,361	1,367
Share of quantity (percent)				
China	17.9	15.2	18.7	18.9
India	4.9	7.8	5.5	5.2
Malaysia	5.8	7.6	7.4	7.2
Subtotal	28.6	30.7	31.6	31.3
Thailand	4.2	2.8	3.0	2.9 ¹
Subtotal	32.8	33.5	34.6	34.2
Other sources	67.2	66.5	65.4	65.8
Total	100.0	100.0	100.0	100.0
Share of value (percent)				
China	14.0	12.8	15.1	15.3
India	3.3	6.0	3.8	3.6
Malaysia	4.9	5.8	5.4	5.2
Subtotal	22.2	24.6	24.4	24.1
Thailand	3.6	2.5	2.6	2.5
Subtotal	25.8	27.1	27.0	26.6
Other sources	74.2	72.9	73.0	73.4
Total	100.0	100.0	100.0	100.0
¹ The unrounded ratio is 2.935 percent.				
Source: Compiled from official statistics of the U.S. Department of Commerce.				

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Table IV-2 presents information on U.S. shipments, U.S. imports, and apparent U.S. consumption during the period of investigation.

Table IV-2

Steel wire rope: U.S. shipments of domestic product, U.S. imports, by sources, and apparent U.S. consumption, 1997-99

Item	Calendar year		
	1997	1998	1999
Quantity (short tons)			
U.S. producers' U.S. shipments	117,064	108,539	93,267
U.S. imports from--			
China	16,347	16,219	18,055
India	4,511	8,324	5,301
Malaysia	5,277	8,108	7,159
Subtotal	26,136	32,651	30,515
Thailand	3,869	2,993	2,928
Subtotal	30,005	35,644	33,443
All other	61,442	70,773	63,082
Total U.S. imports	91,447	106,417	96,525
Apparent consumption	208,511	214,957	189,792
Value (\$1,000)			
U.S. producers' U.S. shipments	231,538	218,330	188,984
U.S. imports from--			
China	19,562	18,955	19,868
India	4,608	8,961	5,051
Malaysia	6,773	8,659	7,145
Subtotal	30,943	36,576	32,064
Thailand	5,050	3,666	3,455
Subtotal	35,993	40,242	35,519
All other	103,565	108,280	95,858
Total U.S. imports	139,558	148,522	131,377
Apparent consumption	371,097	366,852	320,360
Source: Compiled from data submitted in response to Commission questionnaires.			

Table IV-3 presents apparent U.S. consumption and market shares during 1997-99.

Table IV-3

Steel wire rope: Apparent U.S. consumption and market shares, 1997-99

Item	Calendar year		
	1997	1998	1999
Quantity (short tons)			
Apparent U.S. consumption	208,511	214,957	189,792
Value (1,000 dollars)			
Apparent U.S. consumption	371,097	366,852	320,360
Share of quantity (percent)			
U.S. producers' U.S. shipments	56.1	50.5	49.1
U.S. imports from--			
China	7.8	7.5	9.5
India	2.2	3.9	2.8
Malaysia	2.5	3.8	3.8
Subtotal	12.5	15.2	16.1
Thailand	1.9	1.4	1.5
All subject countries	14.4	16.6	17.6
Nonsubject countries	29.5	32.9	33.2
All countries	43.9	49.5	50.9
Share of value (percent)			
U.S. producers' U.S. shipments	62.4	59.5	59.0
U.S. shipments of imports from--			
China	5.3	5.2	6.2
India	1.2	2.4	1.6
Malaysia	1.8	2.4	2.2
Subtotal	8.3	10.0	10.0
Thailand	1.4	1.0	1.1
All subject countries	9.7	11.0	11.1
Nonsubject countries	27.9	29.5	29.9
All countries	37.6	40.5	41.0
Note.--Because of rounding, figures may not add to the totals shown.			
Source: Compiled from data submitted in response to Commission questionnaires.			

Table IV-4 presents information on the quantities imported from each of the subject countries and from nonsubject countries for each reporting importer. Twenty-six importers responded to the questionnaire. These importers represent, by quantity, during 1999, approximately 56 percent of imports from China, virtually all imports from India, 96 percent of imports from Malaysia, and about 87 percent of imports from Thailand. The largest importers of product from China are ***, which imported about *** percent, respectively of all product from China. *** imported *** of the product from India. Malaysian imports are dominated by ***, which imported about *** percent of all product from Malaysia. *** imported about *** percent of all imports from Thailand.

Table IV-4
Steel wire rope: U.S. imports in 1999, by importer

* * * * *

Table IV-5 provides data on expected deliveries of steel wire rope from subject countries during 2000.

Table IV-5
Steel wire rope: Reported orders of imports after December 31, 1999, by importer

* * * * *

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

Raw Material Costs

High-carbon steel wire rod and stainless steel wire rod are the primary raw materials for carbon steel and stainless steel wire rope, respectively. There are only three U.S. producers of stainless steel wire rod; therefore, no public data are available. Generally, stainless steel wire rod is more expensive than carbon steel wire rod. In the current investigations, the petitioners provided letters from three steel wire and rod producers that advised of price increases on wire rod products effective April 1, 2000.¹

Transportation Costs to the U.S. Market

Transportation costs for steel wire rope from China, India, Malaysia, and Thailand to the United States (excluding U.S. inland costs) are estimated to be 12, 12, 13, and 11 percent, respectively, of the landed, duty-paid value. These estimates are derived from official U.S. import data and represent the transportation and other charges on imports.²

U.S. Inland Transportation Costs

Transportation costs of steel wire rope within the United States vary from firm to firm but are estimated to account for a relatively small percentage of the total cost of the product. Producers and importers were asked to estimate the percentage of the total delivered cost of the steel wire rope that is accounted for by U.S. inland transportation costs. U.S. producers reported that these costs accounted for between 3 and 7 percent. Importers of steel wire rope reported that these costs accounted for between 1 and 12 percent. U.S. producers also reported that the proportion of their sales occurring within 100 miles of their storage facility or plant ranged from 2 to 80 percent; the proportion of sales within 1,000 miles ranged from 35 to 98 percent. U.S. importers reported that the proportion of their sales occurring within 100 miles of their storage facility or plant ranged from 3 to 100 percent; the proportion of sales within 1,000 miles ranged from 20 to 100 percent. Seven of eight responding U.S. producers indicated that they arranged transportation to the purchaser. Of the 20 importers responding, 13 said that they arranged transportation while 7 said that the purchaser arranged transportation.

Exchange Rates

Quarterly data reported by the International Monetary Fund indicate that the nominal value of the Chinese yuan has varied little relative to the U.S. dollar from 1997 to 1999 (figure V-1). The real exchange rate between the Chinese yuan and the U.S. dollar is not available. Quarterly data indicate that the nominal value of the Indian rupee depreciated by 17 percent relative to the U.S. dollar from January-March 1997 to October-December 1999; adjusting for inflation, the real value of the Indian rupee depreciated by 5 percent during January-March 1997 to July-September 1999, the most recent period for

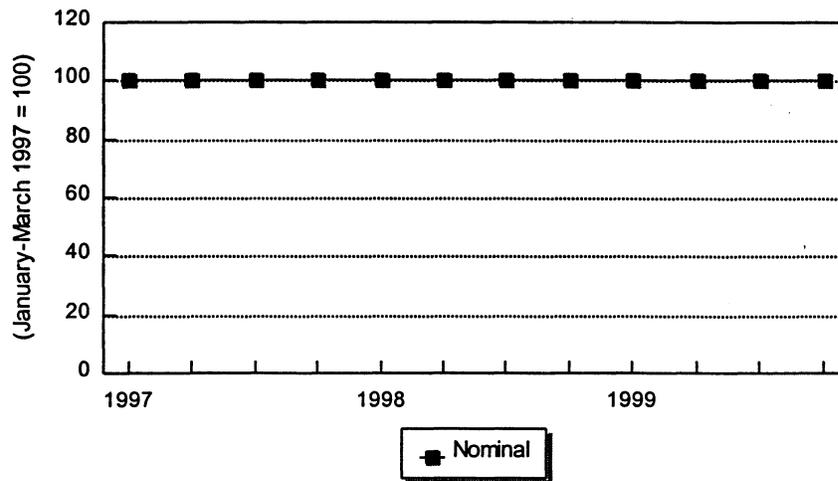
¹ Petitioners' postconference brief, p. 43 and exhibit 13.

² Data for the customs value and the landed, duty-paid value of the imports were used. Staff deducted the amount of the duty paid to report the transportation costs separately.

which data are available (figure V-2). Quarterly data indicate that the nominal value of the Malaysian ringgit depreciated by 35 percent relative to the U.S. dollar from 1997 to 1999; adjusting for inflation, the real value of the Malaysian ringgit depreciated by 25 percent from January-March 1997 to October-December 1998, the most recent period for which data are available (figure V-3). Quarterly data indicate that the nominal value of the Thai baht depreciated by 33 percent relative to the U.S. dollar from 1997 to 1999; adjusting for inflation, the real value of the Thai baht depreciated by 25 percent from January-March 1997 to July-September 1999, the most recent period for which data are available (figure V-4).

Figure V-1

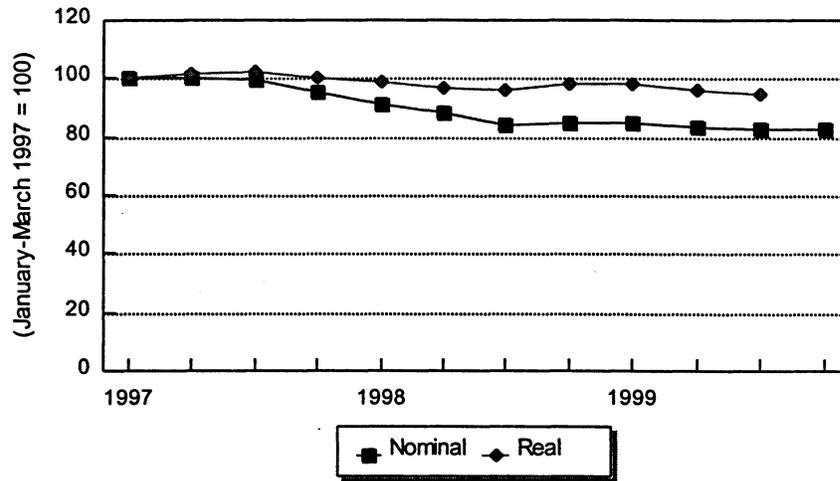
Exchange rates: Index of the nominal exchange rate of the Chinese yuan relative to the U.S. dollar, by quarter, 1997-99



Source: International Monetary Fund, *International Financial Statistics*, February 2000.

Figure V-2

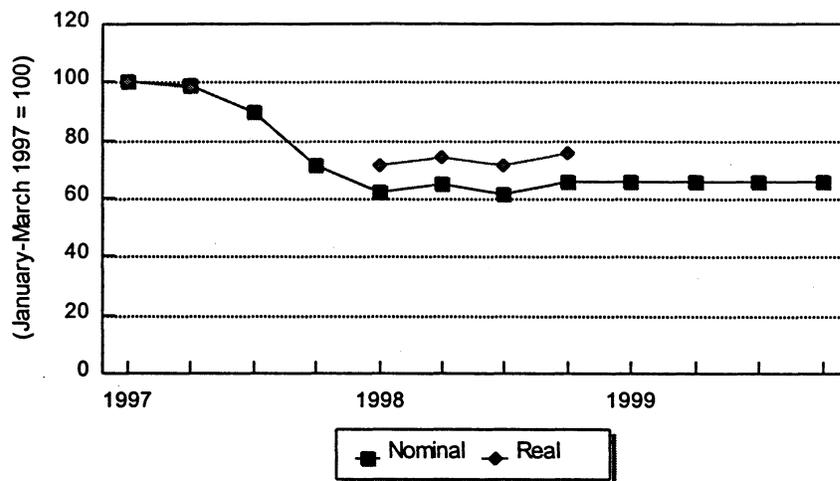
Exchange rates: Indexes of the nominal and real exchange rates of the Indian rupee relative to the U.S. dollar, by quarter, 1997-99



Source: International Monetary Fund, *International Financial Statistics*, February 2000.

Figure V-3

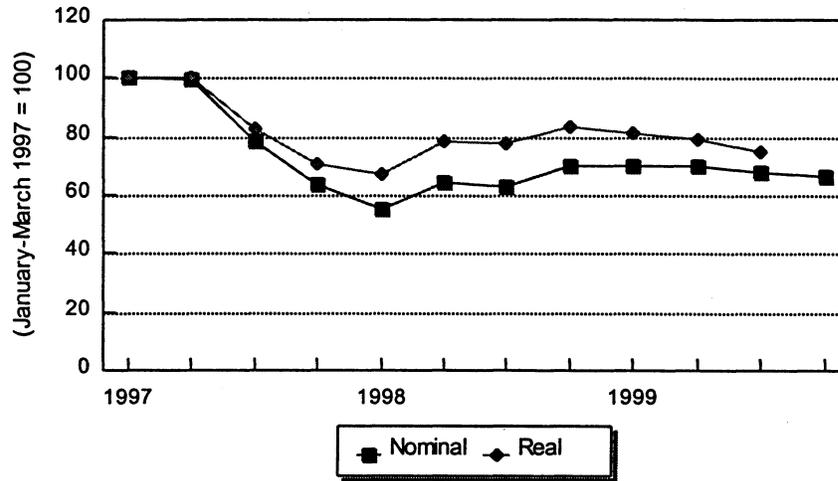
Exchange rates: Indexes of the nominal and real exchange rates of the Malaysian ringgit relative to the U.S. dollar, by quarter, 1997-99



Source: International Monetary Fund, *International Financial Statistics*, February 2000.

Figure V-4

Exchange rates: Indexes of the nominal and real exchange rates of the Thai baht relative to the U.S. dollar, by quarter, 1997-99



Source: International Monetary Fund, *International Financial Statistics*, February 2000.

PRICING PRACTICES

Pricing Methods

Most U.S. producers reported that they had published price lists. Six of 20 responding importers said that they had price lists, but most importers reported that prices were determined on a transaction-by-transaction basis. Most U.S. producers indicated that they offered discounts from list price based on sales quantity and competitive market conditions for purchasers. Eleven importers stated that they had no discount policy; some of the remaining importers stated that they offered discounts based on order quantity or total business done with customers or on a transaction-by-transaction basis. According to respondents, U.S. producers have made or announced price increases in 1997, 1999, and 2000.³

Sales of steel wire rope are usually based on spot market sales; however, annual agreements are also prevalent. Six of the eight responding U.S. producers reported that 20 to 67 percent of their total sales are based on annual contracts. Two responding producers reported that 100 percent of their sales are spot market. Of the responding importers, 15 reported that 100 percent of their sales are spot market and 5 reported that 5 to 100 percent are contract.

Sales Terms and Discounts

All U.S. producers reported that their sales terms were net 30 days; five offered a 1- or 2-percent discount for payment within 15 days. Two producers offered freight allowances on orders over 5,000 pounds. Prices were quoted as f.o.b. warehouse by four producers, delivered by one, and both ways by

³ Respondents' joint postconference brief, exh. 4.

one. Almost all importers reported that their sales terms were also net 30 days, and 7 offered a 1- or 2-percent discount for payment within 10 days. Eight importers quoted prices as delivered and 12 quoted prices as f.o.b. warehouse, point of shipping, or port of entry.

PRICE DATA

The Commission requested U.S. producers and importers of steel wire rope to provide quarterly data for the total quantity and value of specific steel wire rope products that their firms sold for 1997 through 1999. The six products for which pricing data were requested are as follows:

Product 1.—Bright wire rope - ½ inch 6x19 class, Independent Wire Rope Core (IWRC)

Product 2.—Bright wire rope - 1 5/8 inch 6x19 class, IWRC

Product 3.—Galvanized wire rope - 1/8 inch 7x19 Galvanized Cable (GC)

Product 4.—Galvanized wire rope - 3/32 inch 7x7 GC

Product 5.—Galvanized wire rope - 3/4 inch 6x19 IWRC

Product 6.—Stainless steel wire rope - 1/8 inch 7x19

Six U.S. producers and 20 importers of subject steel wire rope provided usable pricing data for sales of the requested products; not all firms reported prices for all products or for all quarters. Of the importers, 19 reported data for imports from China, 6 from India, 6 from Malaysia, and 4 from Thailand. Data accounted for 2.7 percent of producers' U.S. shipments and 5.4 percent of subject imports in 1999.

Price Trends and Price Comparisons

Tables V-1 to V-6 and figures V-5 to V-10 show the weighted-average prices and margins of underselling for U.S.-produced and imported steel wire rope. U.S. producers and importers were asked to supply net quantity and value data for sales made on an f.o.b. plant or U.S. point of shipment basis. There were no reported imports of product 2. For product 6, only China and India were sources of subject imports.

Of the 6 products, numbers 1 and 5 were the products for which the largest amount of domestic producers' shipments were reported. Domestic producers' prices of product 1 fluctuated within a somewhat narrow range between January-March 1997 and October-December 1999, and were 3.2 percent higher in October-December 1999 than in January-March 1997. Domestic producers' prices of product 5 also fluctuated with a narrow range until *** drops in price in January-March 1999 and October-December 1999. Between January-March 1997 and October-December 1999, domestic producers' prices of product 5 decreased by *** percent.

Reported prices for imports from the subject countries were *** below domestic producers' prices in every quarter for which comparisons were available.

Table V-1

Steel wire rope: Weighted-average f.o.b. prices and quantities of product 1 shipped by U.S. producers and importers, by quarters, 1997-99

* * * * *

Table V-2

Steel wire rope: Weighted-average f.o.b. prices and quantities of product 2 shipped by U.S. producers, by quarters, 1997-99

* * * * *

Table V-3

Steel wire rope: Weighted-average f.o.b. prices and quantities of product 3 shipped by U.S. producers and importers, by quarters, 1997-99

* * * * *

Table V-4

Steel wire rope: Weighted-average f.o.b. prices and quantities of product 4 shipped by U.S. producers and importers, by quarters, 1997-99

* * * * *

Table V-5

Steel wire rope: Weighted-average f.o.b. prices and quantities of product 5 shipped by U.S. producers and importers, by quarters, 1997-99

* * * * *

Table V-6

Steel wire rope: Weighted-average f.o.b. prices and quantities of product 6 shipped by U.S. producers and importers, by quarters, 1997-99

* * * * *

Figure V-5

Steel wire rope: Weighted-average f.o.b. prices per short ton of product 1 shipped by U.S. producers and by importers from subject countries

* * * * *

Figure V-6

Steel wire rope: Weighted-average f.o.b. prices per short ton of product 2 shipped by U.S. producers

* * * * *

Figure V-7

Steel wire rope: Weighted-average f.o.b. prices per short ton of product 3 shipped by U.S. producers and by importers from subject countries

* * * * *

Figure V-8

Steel wire rope: Weighted-average f.o.b. prices per short ton of product 4 shipped by U.S. producers and by importers from subject countries

* * * * *

Figure V-9

Steel wire rope: Weighted-average f.o.b. prices per short ton of product 5 shipped by U.S. producers and by importers from subject countries

* * * * *

Figure V-10

Steel wire rope: Weighted-average f.o.b. prices per short ton of product 6 shipped by U.S. producers and by importers from subject countries

* * * * *

The quantities of domestic producers' and importers' shipments, as provided in the price data, are presented in figures V-11 through V-16. The figures show the total quantity of domestic producers' and importers' shipments aggregated for all three years during 1997-99. As may be seen in figure V-11, products 1 and 5 represent the majority of shipments, accounting for *** and *** percent, respectively. Figures V-12 through V-16 show the leading sources for products 1, 3, 4, 5, and 6 (product 2 is not included since no imports were reported in the pricing data). U.S. producers are the primary source for products ***. China is the primary source for products ***; however, for product ***, India, Malaysia, and Thailand all are *** sources and each accounted for a *** share of shipments than did U.S. producers.

Figure V-11

Steel wire rope: Distribution of aggregate shipments of U.S. producers and importers from subject countries, 1997-99

* * * * *

Figure V-12

Steel wire rope: Quantity of shipments of U.S. producers and importers from subject countries for product 1, 1997-99

* * * * *

Figure V-13

Steel wire rope: Quantity of shipments of U.S. producers and importers from subject countries for product 3, 1997-99

* * * * *

Figure V-14

Steel wire rope: Quantity of shipments of U.S. producers and importers from subject countries for product 4, 1997-99

* * * * *

Figure V-15

Steel wire rope: Quantity of shipments of U.S. producers and importers from subject countries for product 5, 1997-99

* * * * *

Figure V-16

Steel wire rope: Quantity of shipments of U.S. producers and importers from subject countries for product 6, 1997-99

* * * * *

LOST SALES AND LOST REVENUES

Petitioners reported three instances of lost sales and one instance of lost revenues due to competition from imports of steel wire rope from China. All instances involved product manufactured by *** and sold directly or by distributors.

* * * * *

PART VI: FINANCIAL CONDITION OF THE U.S. INDUSTRY

BACKGROUND

Nine producers,¹ which together accounted for virtually all U.S. production of steel wire rope during the period of investigation, supplied financial data on their steel wire rope operations. Two of these producers (Macwhyte and Rochester) ceased production of steel wire rope and left the steel wire rope industry.²

The nine producers differ considerably by size in terms of their production, sales volumes, and product mix. However, three producers, ***, accounted for over two-thirds of the combined sales value in 1999. Six companies reported intracompany transfers of rope, although *** accounted for the bulk of these transfers in the industry.³ Industry structure has changed as two firms, Rochester and Macwhyte, exited the industry in August 1998 and May 1999, respectively, and their business assets were purchased by WRCA.⁴

OPERATIONS ON STEEL WIRE ROPE

The aggregate results of operations of the steel wire rope producers are presented in table VI-1 and selected financial data based on per-unit analysis are shown in table VI-2. Total net sales volume and value fell during the periods investigated. However, total operating income increased slightly from 1997 to 1998 and decreased substantially from 1998 to 1999. Accordingly, the operating income margin per short ton for the combined firms increased by \$13 from 1997 to 1998 and declined by \$51 from 1998 to 1999. Both cost of goods sold (COGS) and selling, general and administrative (SG&A) expenses increased continuously over the periods, while sales value per short ton increased in 1998 and fell back slightly in 1999. This resulted in a considerably lower operating margin, i.e., from an operating income of \$100 per short ton in 1998 to an operating income of \$49 per short ton in 1999, a decrease of \$51 per short ton. In summary, both per-unit net sales values and profitability increased from 1997 to 1998 and decreased from 1998 to 1999.

¹ The producers whose fiscal years end other than on December 31 are ***. However, *** reported on a calendar year basis.

² Macwhyte provided data through May 1999 while Rochester provided data through August 1998.

³ They were ***. Because *** reported the values of their transfers at cost, these transfers have been revalued using the unit values of the companies' trade sales.

⁴ In the Macwhyte acquisition, WRCA purchased ***; in the Rochester acquisition, WRCA bought ***, petition, p. 66.

Table VI-1
Results of operations of U.S. producers in the production of steel wire rope, fiscal years 1997-99

Item	Fiscal year		
	1997	1998	1999
	Quantity (short tons)		
Trade sales	***	***	***
Company transfers	***	***	***
Total sales	128,324	120,395	105,922
	Value (\$1,000)		
Trade sales	***	***	***
Company transfers	***	***	***
Total sales	258,316	250,435	219,322
COGS	193,875	185,671	165,616
Gross profit	64,441	64,764	53,706
SG&A expenses	53,325	52,704	48,473
Operating income (loss)	11,116	12,060	5,233
Interest expense	8,120	7,963	9,723
Other expense	790	1,985	588
Other income items	530	272	577
Net income (loss)	2,736	2,384	(4,501)
Depreciation/amortization	5,036	5,744	5,923
Cash flow	7,772	8,128	1,422
	Ratio to net sales (percent)		
COGS	75.1	74.1	75.5
Gross profit	24.9	25.9	24.5
SG&A expenses	20.6	21.0	22.1
Operating income (loss)	4.3	4.8	2.4
	Number of firms reporting		
Operating losses	1	1	3
Data	9	9	8
Source: Compiled from data submitted in response to Commission questionnaires.			

Table VI-2
Results (per short ton) of operations of U.S. producers in the production of steel wire rope, fiscal years 1997-99

Item	Fiscal year		
	1997	1998	1999
	Value (per short ton)		
Net sales	\$2,013	\$2,080	\$2,071
COGS	1,511	1,542	1,564
Gross profit	502	538	507
SG&A expenses	416	438	458
Operating income (loss)	87	100	49

Source: Compiled from data submitted in response to Commission questionnaires.

The results of operations by individual firms are presented in table VI-3. The table presents financial information on a company-by-company basis for net sales (quantity and value), the per-unit values of net sales, operating income, and the ratio of operating income to net sales values. Aggregate operating income and the operating income margin increased from 1997 to 1998 and dropped substantially from 1998 to 1999.

Table VI-3
Results of operations of U.S. producers, by firms, in the production of steel wire rope, fiscal years 1997-99

* * * * *

Table VI-4 presents consolidated industry income excluding the results of operations of the two now-closed companies because there may be differences in the ways the companies calculated these data, there may be a possibility that extraordinary items were included in the financial results, and the data may not be verifiable. The trends of the financial results in this table are similar to those of the financial results indicated in table VI-1, although operating income and the income margin declined *** in 1998 in table VI-4.

Table VI-4
Results of operations of U.S. producers except Macwhyte and Rochester in the production of steel wire rope, fiscal years 1997-99

* * * * *

Selected per-unit cost data of the producers on their operations, i.e., unit COGS and unit SG&A expenses, on a dollar-per-short ton basis, are presented in table VI-5. Total unit costs continuously increased from 1997 through 1999, while only raw material costs decreased slightly from 1998 to 1999. All other cost components continuously increased during the fiscal years.

**Table VI-5
Results (per short ton) of U.S. producers in the production of steel wire rope, fiscal years 1997-99**

Item	Fiscal year		
	1997	1998	1999
COGS:			
Raw materials	\$725	\$738	\$727
Direct labor	338	351	359
Factory overhead	448	453	478
Total COGS	1,511	1,542	1,564
SG&A expenses:			
Selling expenses	271	276	284
G&A expenses	145	162	174
Total SG&A	416	438	458
Total cost	1,926	1,980	2,021

Source: Compiled from data submitted in response to Commission questionnaires.

A variance analysis showing the effects of prices and volume on the producers' sales of steel wire rope, and of costs and volume on their total cost, is shown in table VI-6. The analysis shows that an unfavorable cost/expense variance was the primary cause of the decline in operating income during the periods. The analysis is summarized at the bottom of the table. Operating income improved by \$0.9 million in 1998 from 1997 and decreased sharply by \$6.8 million in 1999 from 1998. The analysis shows that the substantial decrease in operating income (\$5.9 million) between 1997 and 1999 was attributable mainly to higher costs and expenses, i.e., the negative effect of climbing costs and expenses (negative \$10.0 million), which was combined with falling sales volumes (a negative \$1.9 million of volume variance), which was offset somewhat by the positive effect of increasing unit sales values (\$6.1 million). The substantial decrease in operating income between 1998 and 1999 was attributable to all three factors: an unfavorable price variance (a decline in unit sales values), an unfavorable net cost/expense variance (increased unit costs), and an unfavorable net volume variance (decreased sales volume).

Table VI-6
Variance analysis for U.S. producers on their steel wire rope operations between fiscal years
1997 and 1999

Item	Between fiscal years		
	1997-99	1997-98	1998-99
Value (\$1,000)			
Trade sales:			
Price variance	***	***	***
Volume variance	***	***	***
Trade sales variance	***	***	***
Company transfers:			
Price variance	***	***	***
Volume variance	***	***	***
Transfers variance	***	***	***
Total sales:			
Price variance	6,101	8,080	(1,008)
Volume variance	(45,095)	(15,961)	(30,105)
Total sales variance	(38,994)	(7,881)	(31,113)
Cost of sales:			
Cost variance	(5,586)	(3,775)	(2,265)
Volume variance	33,845	11,979	22,320
Total cost variance	28,259	8,204	20,055
Gross profit variance	(10,735)	323	(11,058)
SG&A expenses:			
Expense variance	(4,457)	(2,674)	(2,105)
Volume variance	9,309	3,295	6,336
SG&A variance	4,852	621	4,231
Operating income variance	(5,883)	944	(6,827)
Summarized as:			
Price variance	6,101	8,080	(1,008)
Net cost/expense variance	(10,044)	(6,449)	(4,370)
Net volume variance	(1,941)	(687)	(1,450)
Note: Unfavorable variances are shown in parentheses; all others are favorable.			
Source: Compiled from data submitted in response to Commission questionnaires.			

**CAPITAL EXPENDITURES, R&D EXPENSES, AND
INVESTMENT IN PRODUCTIVE FACILITIES**

The U.S. producers' capital expenditures and R&D expenses, together with the value of their fixed assets, are presented in table VI-7. Capital expenditures increased *** from 1997 to 1998 and further increased from 1998 to 1999. Capital expenditures made by *** accounted for most of the spending in that category.

Only four producers reported R&D expenses; such expenses were insignificant. Aggregated R&D expenses decreased in 1998 from 1997 and fell somewhat in 1999. The original cost and book value of fixed assets increased in 1998 and declined in 1999. The value of property, plant, and equipment of *** accounted for a majority share of the industry's property, plant, and equipment.

Table VI-7			
Capital expenditures, R&D expenses, and assets utilized by U.S. producers in their production of steel wire rope, fiscal years 1997-99			
Item	Fiscal year		
	1997	1998	1999
Value (\$1,000)			
Capital expenditures	***	***	***
R&D expenses	335	187	176
Fixed assets:			
Original cost	124,216	134,232	112,944
Book value	31,015	39,356	39,537
Source: Compiled from data submitted in response to Commission questionnaires.			

CAPITAL AND INVESTMENT

The Commission requested the producers to describe any actual or potential negative effects of imports of steel wire rope from China, India, Malaysia, and Thailand on their growth, investment, ability to raise capital, and/or their development efforts (including efforts to develop a derivative or more advanced version of the product). The producers' comments are presented in appendix D.

PART VII: THREAT CONSIDERATIONS

The Commission analyzes a number of factors in making threat determinations (see 19 U.S.C. § 1677(7)(F)(i)). Information on the volume and pricing of imports of the subject merchandise is presented in Parts IV and V and information on the effects of imports of the subject merchandise on U.S. producers' existing development and production efforts is presented in Part VI. Information on inventories of the subject merchandise; foreign producers' operations, including the potential for "product-shifting;" any other threat indicators, if applicable; and any dumping in third-country markets, follows.

THE INDUSTRY IN CHINA

There are 10 firms identified in the petition filed by the Committee as major producers/exporters of steel wire rope to the United States.¹ The largest producer of steel wire rope in China is believed to be the Fasten Bloc Company.² Table VII-1 presents data from seven manufacturers in China, representing an estimated 60 percent of production in China and 70 percent of exports from China, according to questionnaire data. ***.

Table VII-1

Steel wire rope: China's reported production capacity, production, shipments, and inventories, 1997-99 and projected 2000-01

Item	Actual experience			Projections	
	1997	1998	1999	2000	2001
Quantity (short tons)					
Capacity	115,499	118,246	114,014	114,014	114,014
Production	96,155	101,983	90,532	90,546	90,466
End of period inventories	10,479	10,409	9,658	9,132	9,032
Shipments:					
Internal consumption	100	200	600	600	600
Home market	62,900	69,280	67,206	66,241	66,602
Exports to--					
The United States	10,772	10,186	13,947	12,955	12,820
All other markets	21,869	21,924	10,950	12,206	12,226
Total exports	32,642	32,110	24,897	25,161	25,046
Total shipments	95,641	101,590	92,703	92,002	92,248
Table continued on next page.					

¹ Petition, pp. 21-22.

² Petition, p. 21.

Table VII-1--Continued

Steel wire rope: China's reported production capacity, production, shipments, and inventories, 1997-99 and projected 2000-01

Item	Actual experience			Projections	
	1997	1998	1999	2000	2001
Ratios and shares (percent)					
Capacity utilization	83.3	86.2	79.4	79.4	79.3
Inventories to production	10.9	10.2	10.7	10.1	10.0
Inventories to total shipments	11.0	10.2	10.4	9.9	9.8
Share of total quantity of shipments:					
Internal consumption	0.1	0.2	0.6	0.7	0.7
Home market	65.8	68.2	72.5	72.0	72.2
Exports to--					
The United States	11.3	10.0	15.0	14.1	13.9
All other markets	22.9	21.6	11.8	13.3	13.3
All export markets	34.1	31.6	26.9	27.3	27.2
Note.--Because of rounding, figures may not add to the totals shown.					
Source: Compiled from data submitted in response to Commission questionnaires.					

THE INDUSTRY IN INDIA

The Committee identified seven firms in India that produce steel wire rope.³ The dominant producer in India is Usha Martin.⁴ Usha Martin produces an estimated *** percent of steel wire rope in India and is responsible for *** percent of exports to the United States, according to questionnaire data. ***. Table VII-2 is comprised of data from ***.

Table VII-2

Steel wire rope: India's reported production capacity, production, shipments, and inventories, 1997-99 and projected 2000-01

* * * * *

³ Petition, pp. 35-36.

⁴ Petition, p. 36.

THE INDUSTRY IN MALAYSIA

The petition identifies three producers in Malaysia, with Kiswire SDN.BHD being the largest producer.⁵ ***. It represents an estimated *** percent of steel wire rope production in Malaysia and *** percent of exports to the United States, according to questionnaire data. Table VII-3 is comprised of data from ***.

Table VII-3

Steel wire rope: Malaysia's reported production capacity, production, shipments, and inventories, 1997-99 and projected 2000-01

* * * * *

THE INDUSTRY IN THAILAND

The petition lists six producers of steel wire rope in Thailand, with the dominant producer being Usha Siam Steel.⁶ Table VII-4 includes data from the two producers that responded to the questionnaire, ***. It is estimated that the two firms account for about *** percent of production in Thailand and *** percent of exports to the United States, according to questionnaire data.

Table VII-4

Steel wire rope: Thailand's reported production capacity, production, shipments, and inventories, 1997-99 and projected 2000-01

* * * * *

U.S. IMPORTERS' INVENTORIES

Table VII-5 presents data on inventories of U.S. importers. Importers presenting data accounted for approximately 56 percent of the volume of imports from China in 1999, *** imports from India, about *** percent of the volume from Malaysia, about *** percent of the volume from Thailand, and about 34 percent of the volume from all other sources.

⁵ Petition, pp. 41-43.

⁶ Petition, p. 47.

Table VII-5

Steel wire rope: U.S. importers' end-of-period inventories of imports, 1997-99

Item	1997	1998	1999
Imports from China:			
Inventories (<i>short tons</i>)	1,210	1,461	2,450
Ratio to imports (<i>percent</i>)	22.0	18.6	32.0
Ratio to U.S. shipments of imports (<i>percent</i>)	23.4	19.3	37.4
Imports from India:			
Inventories (<i>short tons</i>)	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***
Imports from Malaysia:			
Inventories (<i>short tons</i>)	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***
Imports from Thailand:			
Inventories (<i>short tons</i>)	***	***	***
Ratio to imports (<i>percent</i>)	***	***	***
Ratio to U.S. shipments of imports (<i>percent</i>)	***	***	***
Imports from subject sources:			
Inventories (<i>short tons</i>)	3,616	4,987	5,993
Ratio to imports (<i>percent</i>)	19.1	20.0	26.3
Ratio to U.S. shipments of imports (<i>percent</i>)	20.7	21.2	27.7
Imports from all other sources:			
Inventories (<i>short tons</i>)	6,375	6,398	6,368
Ratio to imports (<i>percent</i>)	28.2	28.8	30.3
Ratio to U.S. shipments of imports (<i>percent</i>)	27.1	28.9	30.3
Imports from all sources:			
Inventories (<i>short tons</i>)	9,991	11,385	12,361
Ratio to imports (<i>percent</i>)	24.3	24.2	28.2
Ratio to U.S. shipments of imports (<i>percent</i>)	24.4	24.9	29.0
Source: Compiled from data submitted in response to questionnaires of the U.S. International Trade Commission.			

ANTIDUMPING DUTIES IN OTHER COUNTRIES

On August 17, 1999, the European Communities (EC) imposed an antidumping duty of 60.4 percent on imports of steel wire rope from China. Antidumping duties were also imposed on manufacturers in India. All manufacturers in India except Usha Martin are subject to an antidumping duty of 30.8 percent.⁷ The EC accepted a price undertaking from Usha Martin and exempted it from the antidumping duty.⁸ There are no duties imposed by the EC on imports of steel wire rope from Malaysia and Thailand.

⁷ EC Regulation N° 1796/1999.

⁸ European Commission Decision 1999/572/EC.

APPENDIX A
***FEDERAL REGISTER* NOTICES**

**INTERNATIONAL TRADE
COMMISSION**

[Investigations Nos. 731-TA-868-871
(Preliminary)]

**Steel Wire Rope From China, India,
Malaysia, and Thailand**

AGENCY: United States International
Trade Commission.

ACTION: Institution of antidumping
investigations and scheduling of
preliminary phase investigations.

SUMMARY: The Commission hereby gives notice of the institution of investigations and commencement of preliminary phase antidumping investigations Nos. 731-TA-868-871 (Preliminary) under section 733(a) of the Tariff Act of 1930 (19 U.S.C. 1673b(a)) (the Act) to determine whether there is a reasonable indication that an industry in the United States is materially injured or threatened with material injury, or the establishment of an industry in the United States is materially retarded, by reason of imports from China, India, Malaysia, and Thailand of steel wire rope, other than of stranded wire and other than brass plated wire, not fitted with fittings or made up into articles, provided for in subheadings 7312.10.60 and 7312.10.90 of the Harmonized Tariff Schedule of the United States, that are alleged to be sold in the United States at less than fair value. Unless the Department of Commerce extends the time for initiation pursuant to section 732(c)(1)(B) of the Act (19 U.S.C. 1673a(c)(1)(B)), the Commission must reach preliminary determinations in antidumping investigations in 45 days, or in this case by April 17, 2000. The Commission's views are due at the Department of Commerce within five business days thereafter, or by April 24, 2000.

For further information concerning the conduct of these investigations and rules of general application, consult the

Commission's Rules of Practice and Procedure, part 201, subparts A through E (19 CFR part 201), and part 207, subparts A and B (19 CFR part 207).

EFFECTIVE DATE: March 1, 2000.

FOR FURTHER INFORMATION CONTACT:

Karen Taylor (202-708-4101), 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. General information concerning the Commission may also be obtained by accessing its internet server (<http://www.usitc.gov>).

SUPPLEMENTARY INFORMATION:

Background.—These investigations are being instituted in response to a petition filed on March 1, 2000, by the Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers.

Participation in the investigations and public service list.—Persons (other than petitioners) wishing to participate in the investigations as parties must file an entry of appearance with the Secretary to the Commission, as provided in sections 201.11 and 207.10 of the Commission's rules, not later than seven days after publication of this notice in the *Federal Register*. Industrial users and (if the merchandise under investigation is sold at the retail level) representative consumer organizations have the right to appear as parties in Commission antidumping investigations. The Secretary will prepare a public service list containing the names and addresses of all persons, or their representatives, who are parties to these investigations upon the expiration of the period for filing entries of appearance.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and BPI service list.—Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI gathered in these investigations available to authorized applicants representing interested parties (as defined in 19 U.S.C. 1677(9)) who are parties to the investigations under the APO issued in the investigations, provided that the application is made not later than seven days after the publication of this notice in the *Federal Register*. A separate service list will be maintained by the Secretary for those

parties authorized to receive BPI under the APO.

Conference.—The Commission's Director of Operations has scheduled a conference in connection with these investigations for 9:30 a.m. on March 22, 2000, at the U.S. International Trade Commission Building, 500 E Street SW., Washington, DC. Parties wishing to participate in the conference should contact Karen Taylor (202-708-4101) not later than March 20, 2000, to arrange for their appearance. Parties in support of the imposition of antidumping duties in these investigations and parties in opposition to the imposition of such duties will each be collectively allocated one hour within which to make an oral presentation at the conference. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the conference.

Written submissions.—As provided in sections 201.8 and 207.15 of the Commission's rules, any person may submit to the Commission on or before March 27, 2000, a written brief containing information and arguments pertinent to the subject matter of the investigations. Parties may file written testimony in connection with their presentation at the conference no later than three days before the conference. If briefs or written testimony contain BPI, they must conform with the requirements of sections 201.6, 207.3, and 207.7 of the Commission's rules. The Commission's rules do not authorize filing of submissions with the Secretary by facsimile or electronic means.

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

Authority: These investigations are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.12 of the Commission's rules.

Issued: March 3, 2000.

By order of the Commission.

Donna R. Koehnke,

Secretary.

[FR Doc. 00-5784 Filed 3-8-00; 8:45 am]

BILLING CODE 7020-02-P

petitioner). The Department received information supplementing the petitions throughout the initiation period.

In accordance with section 732(b) of the Act, the petitioner alleges that imports of steel wire rope from India, Malaysia, the People's Republic of China (China), and Thailand are being, or are likely to be, sold in the United States at less than fair value within the meaning of section 731 of the Act, and that such imports are materially injuring an industry in the United States.

The Department finds that the petitioner filed these petitions on behalf of the domestic industry because it is an interested party as defined in sections 771(9)(C) and (D) of the Act and has demonstrated sufficient industry support with respect to each of the antidumping investigations that it is requesting the Department to initiate (see *Determination of Industry Support for the Petition* below).

Scope of Investigations

For purposes of these investigations, the product covered is steel wire rope. Steel wire rope encompasses ropes, cables, and cordage of iron or carbon or stainless steel, other than stranded wire, not fitted with fittings or made up into articles, and not made up of brass-plated wire. Imports of these products are currently classifiable under subheadings: 7312.10.6030, 7312.10.6060, 7312.10.9030, 7312.10.9060, and 7312.10.9090 of the Harmonized Tariff Schedule of the United States (HTSUS). Although HTSUS subheadings are provided for convenience and Customs Service purposes, the written description of the scope of this investigation is dispositive.

During our review of the petitions, we discussed the scope with the petitioner to ensure that it accurately reflects the product for which the domestic industry is seeking relief. Moreover, as discussed in the preamble to the Department's regulations (62 FR 27323), we are setting aside a period for parties to raise issues regarding product coverage. The Department encourages all parties to submit such comments by April 7, 2000. Comments should be addressed to Import Administration's Central Records Unit at Room 1870, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230. The period of scope consultations is intended to provide the Department with ample opportunity to consider all comments and consult with parties prior to the issuance of the preliminary determinations.

Determination of Industry Support for the Petitions

Section 732(b)(1) of the Act requires that a petition be filed on behalf of the domestic industry. Section 732(c)(4)(A) of the Act provides that a petition meets this requirement if the domestic producers or workers who support the petition account for: (1) At least 25 percent of the total production of the domestic like product, and (2) more than 50 percent of the production of the domestic like product produced by that portion of the industry expressing support for, or opposition to, the petition.

Section 771(4)(A) of the Act defines the "industry" as the producers of a domestic like product. Thus, to determine whether the petition has the requisite industry support, the statute directs the Department to look to producers and workers who produce the domestic like product. The International Trade Commission (ITC), which is responsible for determining whether "the domestic industry" has been injured, must also determine what constitutes a domestic like product in order to define the industry. While both the Department and the ITC must apply the same statutory definition regarding the domestic like product (section 771(10) of the Act), they do so for different purposes and pursuant to separate and distinct authority. In addition, the Department's determination is subject to limitations of time and information. Although this may result in different definitions of the like product, such differences do not render the decision of either agency contrary to the law.¹

Section 771(10) of the Act defines the domestic like product as "a product which is like, or in the absence of like, most similar in characteristics and uses with, the article subject to an investigation under this subtitle." Thus, the reference point from which the domestic like product analysis begins is "the article subject to an investigation," *i.e.*, the class or kind of merchandise to be investigated, which normally will be the scope as defined in the petition.

The domestic like product referred to in the petitions is the single domestic like product defined in the "Scope of Investigations" section, above. No party has commented on the petitioner's definition of domestic like product, and there is nothing on the record to

¹ See *Algoma Steel Corp. Ltd., United States* 688 F. Supp. 639, 642-44 (CIT 1988); *High Information Content Flat Panel Displays and Display Glass from Japan: Final Determination; Rescission of Investigation and Partial Dismissal of Petition*, 56 FR 32376, 32380-81 (July 16, 1991).

DEPARTMENT OF COMMERCE

International Trade Administration

[A-570-859, A-557-810, A-533-819, A-549-816]

Initiation of Antidumping Duty Investigations: Steel Wire Rope From India, Malaysia, the People's Republic of China, and Thailand

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

EFFECTIVE DATE: March 27, 2000.

FOR FURTHER INFORMATION CONTACT: Abdelali Elouaradia or Gabriel Adler at (202) 482-0498 and (202) 482-1442, respectively; Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, DC 20230.

Initiation of Investigations

The Applicable Statute and Regulations

Unless otherwise indicated, all citations to the statute are references to the provisions effective January 1, 1995, the effective date of the amendments made to the Tariff Act of 1930 (the Act) by the Uruguay Round Agreements Act (URAA). In addition, unless otherwise indicated, all citations to the Department's regulations are references to the provisions codified at 19 CFR part 351 (1999).

The Petitions

On March 1, 2000, the Department of Commerce (the Department) received petitions filed in proper form by the Committee of Domestic Steel Wire Rope and Speciality Cable Manufacturers (the

indicate that this definition is inaccurate. The Department, therefore, has adopted the domestic like product definition set forth in the petitions.

Moreover, the Department has determined that the petitions contain adequate evidence of industry support; therefore, polling is unnecessary (*see Initiation Checklist*, dated March 16, 2000 (*Initiation Checklist*), at Attachment Re: Industry Support). For all four countries covered by the petitions, the petitioner established industry support representing over 50 percent of total production of the domestic like product. Accordingly, the Department determines that these petitions are filed on behalf of the domestic industry within the meaning of section 732(b)(1) of the Act.

Export Price and Normal Value

The following are descriptions of the allegations of sales at less than fair value upon which the Department based its decision to initiate these investigations. The petitioner, in determining normal value (NV) for India, Malaysia and Thailand, relied upon price data contained in confidential market research reports filed with the Department. At the Department's request, the petitioner arranged for the Department to contact the author of the reports to verify the accuracy of the data, the methodology used to collect the data, and the credentials of those gathering the market research. The Department's discussions with the author of the market research reports are summarized in the *Initiation Checklist*. The sources of data for the deductions and adjustments relating to home market price, U.S. price, and factors of production are also discussed in the *Initiation Checklist*. Should the need arise to use any of this information as facts available under section 776 of the Act in our preliminary or final determinations, we may re-examine the information and revise the margin calculations, if appropriate.

China

Export Price

The petitioner identified Fasten Bloc Company (Fasten), Jiangying Wire Rope Plant, Qingdao Steel Wire Rope Plant, Tianjin Wire Rope Factory, Ningxia Shizuishan Steel Plant, Liaoning Metals & Minerals Import and Export Corp, Guizhou Steel Union Metal Limited, Anshan Iron and Steel Company, Wuxi Steel Wire Rope Factory and Sichuan Steel Wire Rope Plant as the major producers and exporters of subject merchandise in China.

The petitioner determined export price (EP) using two different methods. It first calculated EP based on the import average unit value (AUV) for the ten-digit category of the HTSUS (*i.e.*, 7132.10.9030) accounting for the largest volume of in-scope imports from China in 1999. For this HTSUS subheading, the petitioner calculated the AUV using the reported quantity and customs value for imports as recorded in the U.S. Bureau of the Census' IM-146 import statistics for the month of December 1999. The petitioner made a deduction for estimated inland freight charges incurred in moving the subject merchandise from the Chinese plant to the closest port of export.

Second, the petitioner based EP on contemporaneous offers for sale made by Fasten to a U.S. unaffiliated purchaser for seven specific wire rope products, provided through an affidavit. This information was obtained from industry sources in the United States. The petitioner calculated a net U.S. price for each sale by subtracting, where appropriate, estimated international freight and insurance, foreign inland freight, U.S. customs duties, and merchandise processing and harbor maintenance fees.

Normal Value

The petitioner asserts that the Department considers China to be a non-market economy country (NME), and constructed NV based on the factors of production (FOP) methodology pursuant to section 773(c) of the Act. In previous cases, the Department has determined that China is an NME. *See, e.g., Heavy Forged Hand Tools, Finished or Unfinished, With or Without Handles, From the People's Republic of China*, 64 FR 5770, 5773 (February 5, 1999). In accordance with section 771(18)(C)(i) of the Act, the NME status remains in effect until revoked by the Department. The NME status of China has not been revoked by the Department and, therefore, remains in effect for purposes of the initiation of this investigation. Accordingly, the NV of the product appropriately is based on FOP valued in a surrogate market economy country in accordance with section 773(c) of the Act. In the course of this investigation, all parties will have the opportunity to provide relevant information related to the issues of China's NME status and the granting of separate rates to individual exporters.

For the NV calculation, the petitioner based the FOP, as defined by section 773(c)(3) of the Act (raw materials, labor, and energy), for steel wire rope on the quantities of inputs used by petitioning companies. The petitioner

asserted that detailed information was not available regarding the quantities of inputs used by steel wire rope producers in China. It assumed, for purposes of the petition, that the main producer in China (Fasten) uses the same inputs in the same quantities as the petitioner's most similar plant based on plant facilities and equipment. Based on the information provided by the petitioner, we believe that the adjusted FOP represent information reasonably available to the petitioner and is appropriate for purposes of initiation of this investigation.

In accordance with section 773(c)(4) of the Act, the petitioner valued FOP, where possible, on reasonably available, public surrogate country data. Citing past Department practice, the petitioner used India as the surrogate country. Input and packing materials were valued based on India's import values, as published in the *Monthly Statistics of the Foreign Trade of India*. Labor was valued using the regression-based wage rate for China, in accordance with 19 CFR 351.408(c)(3). Electricity was valued using the rate for India published in the International Energy Agency's *Energy Prices and Taxes Quarterly Statistics*. The petitioner conservatively did not include a value for natural gas. For overhead, SG&A and profit, the petitioner applied rates derived from the public annual report of an Indian producer of subject merchandise, Tata Iron and Steel Company.

Based on comparisons of EP to NV, calculated in accordance with section 773(c) of the Act, the estimated dumping margins for steel wire rope from China range from 5 percent to 58 percent.

India

Export Price

The petitioner used two different methods to determine EP for India. First, the petitioner submitted an Indian producer's offer for sale of two specific wire rope products in the United States. The petitioner calculated an ex-factory U.S. price for each sale by subtracting from each price quote, where appropriate, movement related charges, specifically foreign inland freight, international freight and insurance, U.S. import duties, merchandise processing fees, and harbor maintenance fees.

Second, the petitioner calculated EP using AUV data for the following HTSUS: 7312.10.9090 and 7312.10.9060. The petitioner calculated the AUV using the reported quantity and customs value for imports as recorded in the U.S. Bureau of the

Census' IM-146 import statistics for the month of December 1999. Deductions were made for foreign inland freight charges incurred in moving the subject merchandise from the plant in India to the closest port of export.

Normal Value

The petitioner identified Usha Martin Industries Limited, Mohatta & Heckel Ltd., Bombay Wire Ropes Limited, Bharat Wire Ropes Ltd., Asahi Steel Industries Ltd., Wellworth Wire Ropes Pvt. Ltd., and Davangere Wire Rope Industry Pvt. Ltd. as the producers accounting for almost all steel wire rope production in India. NV was based on actual price quotes from several Indian manufacturers to a customer in India for specific wire rope products. This information was obtained principally through the foreign market researcher. The price quotes are provided on an ex-factory basis, exclusive of all taxes. The petitioner subtracted estimated foreign packing costs and added estimated U.S. packing costs to the price quotes.

Based on comparisons of EP to NV, calculated in accordance with section 773(a) of the Act, the estimated dumping margins for steel wire rope from India range from 59 percent to 142 percent.

Malaysia

Export Price

The petitioner based export price on AUV data, using the reported quantity and customs value for imports as recorded in the U.S. Bureau of the Census' IM-146 import statistics for the following ten-digit categories of the HTSUS: 7312.10.9030, 7312.10.9060 and 7312.10.9090. The petitioner used the AUV data from the month of December 1999. The petitioner conservatively did not make any deductions for movement expenses.

Normal Value

The petitioner identified KISWIRE SDN. BHD (KISWIRE), Southern Wire Industries SDN. BHD. (Southern Wire) and Berjaya Kawat Manufacturing SDN. BHD. as the producers accounting for almost all steel wire rope production in Malaysia. NV is based on Malaysian home market price quotes. The foreign market researcher obtained prices offered by Malaysian distributors to unrelated customers. Since the price quotes came from distributors, the petitioner made a deduction for the estimated distributors' mark-up. Additionally, the petitioner subtracted estimated home market packing expenses and added estimated U.S. packing expenses to calculate net price.

Based on comparisons of EP to NV, calculated in accordance with section 773(a) of the Act, the estimated dumping margins for steel wire rope from Malaysia range from 11 percent to 63 percent.

Thailand

Export Price

The petitioner based export price on AUV data, using the reported quantity and customs value for imports as recorded in the U.S. Bureau of the Census' IM-146 import statistics for the following ten-digit categories of the HTSUS: 7312.10.9030 and 7312.10.9060. The petitioner used the information from the month of December 1999. The petitioner conservatively did not make any deductions for movement expenses.

Normal Value

The petitioner identified Usha Siam Steel Industries Public Co., Ltd. (Usha Siam); Lee Thai Mui 1991 Co., Ltd. (Lee Thai Mui); Jinyang Wire Rope (Thailand) Co., Ltd.; Thai Steel Cable Co., Ltd.; Thai Wire Products Pcl, and Steel Processing (Thailand) Co., Ltd. as the producers which account for almost all steel wire rope production in Thailand. The foreign market researcher obtained five prices quotes for sale offers to unrelated customers in Thailand. The petitioner calculated net prices for sales in Thailand by subtracting estimated home market packing expenses and adding estimated U.S. packing expenses.

Based on comparisons of EP to NV, calculated in accordance with section 773(a) of the Act, the estimated dumping margins for steel wire rope from Thailand range from 49 percent to 69 percent.

Fair Value Comparisons

Based on the data provided by the petitioner, there is reason to believe that imports of steel wire rope from China, India, Malaysia and Thailand are being, or are likely to be, sold at less than fair value.

Allegations and Evidence of Material Injury and Causation

The petitions allege that the U.S. industry producing the domestic like product is being materially injured, or is threatened with material injury, by reason of the individual and cumulated imports of the subject merchandise sold at less than NV. The petitioner contends that the industry's injured condition is evident in the declining trends in net operating profits, net sales volumes, profit to sales ratios, and capacity utilization. The allegations of injury and

causation are supported by relevant evidence including U.S. Customs import data, lost sales, and pricing information. We have assessed the allegations and supporting evidence regarding material injury and causation, and have determined that these allegations are properly supported by accurate and adequate evidence and meet the statutory requirements for initiation (see *Initiation Checklist* Attachment Re: Material Injury).

Initiation of Antidumping Investigations

Based upon our examination of the petitions on steel wire rope, we have found that the petitions meet the requirements of section 732 of the Act. Therefore, we are initiating antidumping duty investigations to determine whether imports of steel wire rope from China, India, Malaysia and Thailand are being, or are likely to be, sold in the United States at less than fair value. Unless this deadline is extended, we will make our preliminary determinations no later than 140 days after the date of this initiation.

Distribution of Copies of the Petitions

In accordance with section 732(b)(3)(A) of the Act, a copy of the public version of each petition has been provided to the representatives of China, India, Malaysia and Thailand. We will attempt to provide a copy of the public version of each petition to each exporter named in the petition, as appropriate.

International Trade Commission Notification

We have notified the ITC of our initiations, as required by section 732(d) of the Act.

Preliminary Determinations by the ITC

The ITC will determine, no later than April 17, 2000, whether there is a reasonable indication that imports of certain steel wire rope products from China, India, Malaysia and Thailand are causing material injury, or threatening to cause material injury, to a U.S. industry. A negative ITC determination for any country will result in the investigation being terminated with respect to that country; otherwise, these investigations will proceed according to statutory and regulatory time limits.

This notice is published pursuant to section 777(i) of the Act.

Dated: March 17, 2000.

Robert S. LaRussa,
Assistant Secretary for Import
Administration.

[FR Doc. 00-7384 Filed 3-24-00; 8:45 am]
BILLING CODE 3510-DS-P

APPENDIX B

LIST OF WITNESSES AT THE COMMISSION'S CONFERENCE

CALENDAR OF THE PUBLIC CONFERENCE

Those listed below appeared as witnesses at the United States International Trade Commission's conference held in connection with the following investigations on March 22, 2000.

STEEL WIRE ROPE FROM CHINA, INDIA, MALAYSIA, AND THAILAND

Investigations Nos. 731-TA-868-871 (Preliminary)

The conference was held in Courtroom B of the United States International Trade Commission Building, 500 E Street, SW, Washington, DC.

In Support of the Imposition of Antidumping Duties:

Harris Ellsworth & Levin
Washington, DC
on behalf of

The Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers

Charles W. Salanski, Chairman, Committee of Domestic Steel Wire Rope and Specialty Cable Manufacturers, and President and Chief Operating Officer, Wire Rope Corp. of America, Inc.

Eric Birch, Chief Executive Officer, GlobalLIFT Technologies, Inc.
(parent corporation of Williamsport Wire Rope Works)

Robert Harcke, President, Continental Cable Co.

Richard Connor, Retired, Former President, Macwhyte Co.

Robert Madden, Director of Sales, Bridon American Corp.

Michael Wallace, Vice President, Sales and Marketing, Loos & Co., Inc.

Herbert E. Harris, II)
Cheryl Ellsworth)--OF COUNSEL
John B. Totaro, Jr.)

--Continued--

In Opposition to the Imposition of Antidumping Duties:

Willkie Farr & Gallagher
Washington, DC
on behalf of

Usha Siam Steel
Usha Martin Industries Ltd.

Harry Urech, President Usha Martin Americas, Inc.

Daniel Klett, Capital Trade, Inc.

Christopher Dunn)
Robert LaFrankie)--OF COUNSEL

Manatt Phelps & Phillips, LLP
Washington, DC
on behalf of

Henan Boai Wire Material Factory
Jiangsu Fasten Co., Ltd.
Nantong Wire Rope Group Co., Ltd.
Nantong Zhongde Steel Rope Co., Ltd.
Xinshan City Wire Rope Factory

James Steindecker, President, Dragon Trading Co.

Lizabeth R. Levinson)
Ronald M. Wisla)--OF COUNSEL

Powell, Goldstein, Frazer & Murphy, LLP
Washington, DC
on behalf of

Kiswire SDN.BHD
Kiswire Trading, Inc.

Niall P. Meagher--OF COUNSEL

APPENDIX C
SUMMARY DATA

Table C-1
Steel wire rope: Summary data concerning the U.S. market, 1997-99

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

Item	Reported data			Period changes		
	1997	1998	1999	1997-99	1997-98	1998-99
U.S. consumption quantity:						
Amount	208,511	214,957	189,792	-9.0	3.1	-11.7
Producers' share (1)	56.1	50.5	49.1	-7.0	-5.6	-1.4
Importers' share (1):						
China	7.8	7.5	9.5	1.7	-0.3	2.0
India	2.2	3.9	2.8	0.6	1.7	-1.1
Malaysia	2.5	3.8	3.8	1.2	1.2	-0.0
Thailand	1.9	1.4	1.5	-0.3	-0.5	0.2
Subtotal	14.4	16.6	17.6	3.2	2.2	1.0
Other sources	29.5	32.9	33.2	3.8	3.5	0.3
Total imports	43.9	49.5	50.9	7.0	5.6	1.4
U.S. consumption value:						
Amount	371,097	366,852	320,360	-13.7	-1.1	-12.7
Producers' share (1)	62.4	59.5	59.0	-3.4	-2.9	-0.5
Importers' share (1):						
China	5.3	5.2	6.2	0.9	-0.1	1.0
India	1.2	2.4	1.6	0.3	1.2	-0.9
Malaysia	1.8	2.4	2.2	0.4	0.5	-0.1
Thailand	1.4	1.0	1.1	-0.3	-0.4	0.1
Subtotal	9.7	11.0	11.1	1.4	1.3	0.1
Other sources	27.9	29.5	29.9	2.0	1.6	0.4
Total imports	37.6	40.5	41.0	3.4	2.9	0.5
U.S. imports from--						
China:						
Quantity	16,347	16,219	18,055	10.5	-0.8	11.3
Value	19,562	18,955	19,868	1.6	-3.1	4.8
Unit value	\$1,196.67	\$1,168.67	\$1,100.42	-8.0	-2.3	-5.8
Ending inventory quantity ...	1,210	1,461	2,450	102.5	20.8	67.6
India:						
Quantity	4,511	8,324	5,301	17.5	84.5	-36.3
Value	4,608	8,961	5,051	9.6	94.5	-43.6
Unit value	\$1,021.47	\$1,076.55	\$952.95	-6.7	5.4	-11.5
Ending inventory quantity ...	***	***	***	***	***	***
Malaysia:						
Quantity	5,277	8,108	7,159	35.6	53.6	-11.7
Value	6,773	8,659	7,145	5.5	27.9	-17.5
Unit value	\$1,283.36	\$1,067.98	\$998.03	-22.2	-16.8	-6.5
Ending inventory quantity ...	***	***	***	***	***	***
Thailand:						
Quantity	3,869	2,993	2,928	-24.3	-22.7	-2.1
Value	5,050	3,666	3,455	-31.6	-27.4	-5.8
Unit value	\$1,305.35	\$1,225.19	\$1,179.66	-9.6	-6.1	-3.7
Ending inventory quantity ...	***	***	***	***	***	***
Subtotal:						
Quantity	30,005	35,644	33,443	11.5	18.8	-6.2
Value	35,993	40,242	35,519	-1.3	11.8	-11.7
Unit value	\$1,199.59	\$1,129.00	\$1,062.07	-11.5	-5.9	-5.9
Ending inventory quantity ...	3,616	4,987	5,993	65.7	37.9	20.2
Other sources:						
Quantity	61,442	70,773	63,082	2.7	15.2	-10.9
Value	103,565	108,280	95,858	-7.4	4.6	-11.5
Unit value	\$1,685.56	\$1,529.95	\$1,519.58	-9.8	-9.2	-0.7
Ending inventory quantity ...	6,375	6,398	6,368	-0.1	0.4	-0.5
All sources:						
Quantity	91,447	106,417	96,525	5.6	16.4	-9.3
Value	139,558	148,522	131,377	-5.9	6.4	-11.5
Unit value	\$1,526.11	\$1,395.65	\$1,361.06	-10.8	-8.5	-2.5
Ending inventory quantity ...	9,991	11,385	12,361	23.7	14.0	8.6

Table continued on next page.

Table C-1--Continued

Steel wire rope: Summary data concerning the U.S. market, 1997-99

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

Item	Reported data			Period changes		
	1997	1998	1999	1997-99	1997-98	1998-99
U.S. producers:						
Average capacity quantity	218,727	218,817	203,217	-7.1	0.0	-7.1
Production quantity	127,289	118,302	108,286	-14.9	-7.1	-8.5
Capacity utilization (1)	58.2	54.1	53.3	-4.9	-4.1	-0.8
U.S. shipments:						
Quantity	117,064	108,539	93,267	-20.3	-7.3	-14.1
Value	231,539	218,330	188,984	-18.4	-5.7	-13.4
Unit value	\$1,977.88	\$2,011.53	\$2,026.27	2.4	1.7	0.7
Export shipments:						
Quantity	11,856	10,294	8,048	-32.1	-13.2	-21.8
Value	22,464	19,340	13,943	-37.9	-13.9	-27.9
Unit value	\$1,894.78	\$1,878.82	\$1,732.33	-8.6	-0.8	-7.8
Ending inventory quantity	39,666	37,638	43,880	10.6	-5.1	16.6
Inventories/total shipments (1)	30.8	31.7	43.3	12.5	0.9	11.6
Production workers	1,603	1,649	1,588	-0.9	2.9	-3.7
Hours worked (1,000s)	3,420	3,468	3,205	-6.3	1.4	-7.6
Wages paid (\$1,000s)	43,270	50,655	45,580	5.3	17.1	-10.0
Hourly wages	\$12.65	\$14.61	\$14.22	12.4	15.5	-2.7
Productivity (tons/1,000 hours)	37.2	34.1	33.8	-9.2	-8.3	-1.0
Unit labor costs	\$339.93	\$428.18	\$420.92	23.8	26.0	-1.7
Net sales:						
Quantity	128,324	120,395	105,922	-17.5	-6.2	-12.0
Value	258,316	250,435	219,322	-15.1	-3.1	-12.4
Unit value	\$2,013.00	\$2,080.11	\$2,070.60	2.9	3.3	-0.5
Cost of goods sold (COGS)	193,875	185,671	165,616	-14.6	-4.2	-10.8
Gross profit or (loss)	64,441	64,764	53,706	-16.7	0.5	-17.1
SG&A expenses	53,325	52,704	48,473	-9.1	-1.2	-8.0
Operating income or (loss)	11,116	12,060	5,233	-52.9	8.5	-56.6
Capital expenditures	***	***	***	***	***	***
Unit COGS	\$1,510.82	\$1,542.18	\$1,563.57	3.5	2.1	1.4
Unit SG&A expenses	\$415.55	\$437.76	\$457.63	10.1	5.3	4.5
Unit operating income or (loss)	\$86.62	\$100.17	\$49.40	-43.0	15.6	-50.7
COGS/sales (1)	75.1	74.1	75.5	0.5	-0.9	1.4
Operating income or (loss)/ sales (1)	4.3	4.8	2.4	-1.9	0.5	-2.4

(1) "Reported data" are in percent and "period changes" are in percentage points.

Note.--Financial data are reported on a fiscal year basis and may not necessarily be comparable to data reported on a calendar year basis. Because of rounding, figures may not add to the totals shown. Unit values and shares are calculated from the unrounded figures.

Source: Compiled from data submitted in response to Commission questionnaires and from official Commerce statistics.

APPENDIX D

**EFFECTS OF IMPORTS ON PRODUCERS'
EXISTING DEVELOPMENT AND PRODUCTION
EFFORTS, GROWTH, INVESTMENT, AND
ABILITY TO RAISE CAPITAL**

The Commission requested U.S. producers to describe any actual or potential negative effects on their return on investment, growth, investment, ability to raise capital, existing development and production efforts (including efforts to develop a derivative or more advanced version of the product), or the scale of capital investments as a result of imports of steel wire rope from China, India, Malaysia, and Thailand. (Questions III-8 and III-9). Their responses are as follows:

Actual Negative Effects

* * * * *

Anticipated Negative Effects

* * * * *

