Stainless Steel Bar From Brazil, India, Japan, and Spain

Investigation Nos. 731-TA-678, 679, 681, and 682
(Second Review)

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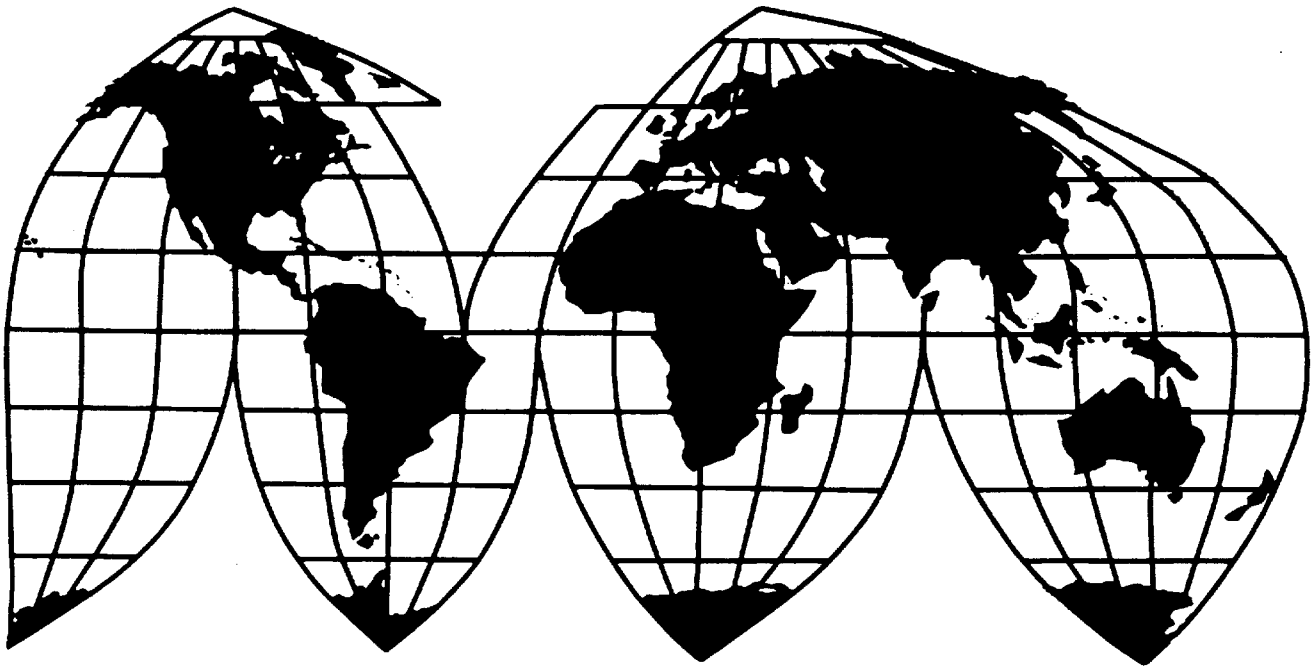

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CONTENTS

CONTENTS

CONTENTS

Note.–Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

Investigation Nos. 731-TA-678, 679, 681, and 682 (Second Review)

STAINLESS STEEL BAR FROM BRAZIL, INDIA, JAPAN, AND SPAIN

DETERMINATIONS

On the basis of the record[1] developed in the subject five-year reviews, the United States International Trade Commission (Commission) determines, pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. § 1675(c)) (the Act), that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[2]

BACKGROUND

The Commission instituted these reviews on March 1, 2006 (71 F.R. 10552) and determined on June 5, 2006 that it would conduct full reviews (71 F.R. 34391, June 14, 2006). Notice of the scheduling of the Commission's reviews and of a public hearing to be held in connection therewith was given by posting copies of the notice in the Office of the Secretary, U.S. International Trade Commission, Washington, DC, and by publishing the notice in the *Federal Register* on June 20, 2006 (71 F.R. 36359). The hearing was held in Washington, DC, on October 12, 2006, and all persons who requested the opportunity were permitted to appear in person or by counsel.

[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] Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun dissenting with respect to Brazil and Spain.

VIEWS OF THE COMMISSION

Based on the record in these five-year reviews, we determine under section 751(c) of the Tariff Act of 1930, as amended ("the Act"), that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain is likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1]

I. BACKGROUND

In February 1995, the Commission found that an industry in the United States was materially injured by reason of imports of stainless steel bar from Brazil, India, Japan, and Spain.[2] The Department of Commerce ("Commerce") issued antidumping duty orders with respect to stainless steel bar from Brazil, India, and Japan on February 21, 1995, and an antidumping duty order with respect to imports from Spain on March 2, 1995.[3]

On December 30, 1999, the Commission instituted reviews pursuant to section 751(c) of the Act to determine whether revocation of the antidumping duty orders would likely lead to continuation or recurrence of material injury to the domestic industry.[4] On March 14, 2001, the Commission determined that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury.[5]

The Commission instituted these second reviews of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain on March 1, 2006.[6] The Commission received an adequate joint response on behalf of six domestic producers: Carpenter Technology Corp. ("Carpenter"); Crucible Specialty Metals Division of Crucible Materials Corp. ("Crucible"); Electralloy Corp. ("Electralloy"); North American Stainless ("NAS"); Universal Stainless & Alloy Products, Inc.; and Valbruna Slater Stainless, Inc. ("Slater"). Because the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.[7]

In the review concerning subject imports from Brazil, the Commission received an adequate response from a producer and exporter of the subject merchandise in Brazil, Villares Metals S.A. ("Villares"), which stated that it represents *** percent of the production of stainless steel bar in Brazil. Because the Commission received an adequate response from Villares, the Commission determined that the respondent interested party group response for Brazil was adequate.[8] Accordingly, the Commission determined to proceed to a full review of the order on subject imports from Brazil. The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports

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[1] Chairman Pearson and Commissioner Okun dissent with respect to imports from Brazil and Spain. See Additional and Dissenting Views of Chairman Daniel R. Pearson and Commissioner Deanna Tanner Okun. Chairman Pearson and Commissioner Okun join only section III (Domestic Like Product and Industry) of these Views.

[2] Stainless Steel Bar From Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final), USITC Pub. 2856 (Feb. 1995) ("USITC Pub. 2856").

[3] 60 Fed. Reg. 9661 (Feb. 21, 1995), 60 Fed. Reg. 11656 (Mar. 2, 1995).

[4] 64 Fed. Reg. 73579 (Dec. 30, 1999).

[5] 66 Fed. Reg. 17927 (April 4, 2001). See Stainless Steel Bar From Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Review), USITC Pub. 3404 (March 2001) ("USITC Pub. 3404").

[6] 71 Fed. Reg. 10552 (March 1, 2006).

[7] See Commission's Statement on Adequacy in the Final Confidential Staff Report, INV-DD-157 (November 14, 2006) ("CR"), Public Staff Report ("PR") at Appendix A.

[8] Id.

from India, Japan, or Spain, and it therefore determined that the respondent interested party group response was not adequate in those reviews. However, the Commission determined to conduct full reviews of the orders on subject imports from India, Japan, and Spain to promote administrative efficiency in light of its decision to conduct a full review of the order on subject imports from Brazil.[9]

During these reviews, the Commission received responses to its domestic producer questionnaires from eight firms accounting for virtually all domestic production of stainless steel bar.[10] In response to the purchasers' questionnaires sent by the Commission to 49 firms, 16 purchasers indicated they purchased stainless steel bar and supplied information.[11] The Commission received responses to the foreign producers' questionnaires from the larger of the two subject producers in Brazil, Villares.[12] Three Indian subject producers also provided questionnaire responses to the Commission, but they accounted for only an estimated *** percent of Indian stainless steel bar production in 2005.[13] One of the three Spanish producers identified by the Commission as producers of stainless steel bar, Roldan, S.A. ("Roldan"), also provided a questionnaire response to the Commission;[14] it estimated that it accounted for roughly *** percent of Spanish production of stainless steel bar.[15] None of the seven Japanese subject producers that were identified as producers of stainless steel bar provided information to the Commission.[16] No respondents entered appearances before the Commission or submitted prehearing or posthearing briefs.[17]

II. MARKET BACKGROUND

Stainless steel bar is an article of stainless steel[18] in straight lengths having a uniform solid cross section along their whole length, in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, or other convex polygons. Stainless steel bar is used to produce a wide variety of parts for use where corrosion resistance, heat resistance, and certain appearance characteristics are desired. Applications include, but are not limited to, the automotive industry; the aerospace industry; chemical and petrochemical processing equipment; dairy, food processing, and pharmaceutical equipment; marine applications such as shafts and propellers; pumps and connectors for fluid-handling

[9] Id.

[10] CR at I-23, PR at I-18. Domestic producers Carpenter, Crucible, Dunkirk Specialty Steel ("Dunkirk"), Electralloy, NAS, and Slater entered a joint appearance in these reviews.

[11] CR at I-26, PR at I-20.

[12] CR at IV-14, PR at IV-12.

[13] CR at IV-20, PR at IV-15.

[14] CR at IV-30, PR at IV-21.

[15] See Domestic Producers' Posthearing Brief, Exhibit 2 at 8.

[16] CR at IV-26, PR at IV-18.

[17] As an attachment to its foreign producer questionnaire response, Villares submitted a set of arguments in favor of revocation of the order on Brazil. The Commission has considered these arguments in its analysis.

[18] Stainless steel is defined as alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. Stainless steel is distinguished from carbon steel and alloy steels chiefly by its superior resistance to corrosion, which is achieved through the addition of chromium. Stainless steel is produced in many grades, each containing a different combination of chemical elements. In addition to chromium, other alloying elements commonly used in stainless steel include nickel, molybdenum, and manganese, which are added based on the desired physical and mechanical properties of the end-use product.

systems; and medical products. Bar is distinguished from rod and wire in that bar is in straight lengths as opposed to being coiled.[19]

There are 10 known domestic producers of stainless steel bar, eight of which provided questionnaire responses to the Commission. All responding domestic producers are located in the eastern United States, from as far south as Richburg, South Carolina, to as far north as Syracuse, New York.[20] The majority of both domestic production and imports was sold to distributors, with the remainder sold directly to end users.[21]

Domestic production accounted for more than one-half of U.S. stainless steel bar consumption over the period of review.[22] For the latter part of the period, the next largest source was imports from India. Imports from nonsubject sources, such as Italy and Taiwan, were also present in the market.[23]

III. DOMESTIC LIKE PRODUCT AND INDUSTRY

A. Domestic Like Product

In making its determination under section 751(c), the Commission defines the "domestic like product" and the "industry."[24] 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."[25] The Commission practice in five-year reviews is to look to the like product definitions from the original investigations and previous reviews and consider whether the record indicates any reason to revisit those definitions.

In its recent expedited second five-year review determinations, Commerce defined the subject merchandise in these reviews as:

> articles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold- finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. SSB [stainless steel bar] includes cold-finished SSBs that are turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process. Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (i.e., cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least

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[19] CR at I-17, PR at I-15.

[20] CR/PR at Table I-3.

[21] CR at II-2, PR at II-1.

[22] CR/PR at Table I-I.

[23] CR/PR at Table IV-1.

[24] 19 U.S.C. § 1677(4)(A).

[25] 19 U.S.C. § 1677(10). See Nippon Steel Corp. v. United States, 19 CIT 450, 455 (1995); Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996); Torrington Co. v. United States, 747 F. Supp. 744, 748-49 (Ct. Int'l Trade 1990), aff'd, 938 F.2d 1278 (Fed. Cir. 1991). See also S. Rep. No. 249, 96th Cong., 1st Sess. 90-91 (1979). The Commission generally considers the following factors: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) common manufacturing facilities, production processes and production employees; (5) customer or producer perceptions; and, when appropriate, (6) price. See Timken Co. v. United States, 913 F. Supp. 580, 584 (Ct. Int'l Trade 1996).

> 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes, and sections.[26]

The above scope definition is essentially unchanged from Commerce's previous definitions of the scope in its original investigations and its first five-year review determinations.[27]

In the original investigations, the Commission defined the domestic like product as all stainless steel bar within Commerce's scope definition. The Commission rejected arguments that it should find cold-finished and hot-finished stainless steel bar to be separate like products.[28] In the first five-year reviews of these orders conducted in 2001, the Commission defined the domestic like product as it had in the original investigations, including all stainless steel bar within the scope definition.[29]

The domestic producers urge the Commission to again define the domestic like product as it had in the original investigations and the first reviews.[30] There is no new information obtained during these second reviews that would suggest any reason for revisiting the Commission's like product definition in the original investigations and the first five-year reviews.[31] Accordingly, for purposes of these five-year reviews, we find a single domestic like product consisting of all stainless steel bar within the scope of the orders.

B. Domestic Industry and Related Parties

Section 771(4)(A) of 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."[32]

In both the original investigations and first reviews, the Commission found a single domestic industry, consisting of all domestic producers of stainless steel bar.[33] No party in these reviews has argued that the Commission define the domestic industry differently from the definition in the original investigations and the first reviews. Given our definition of the domestic like product, and because there is no new information obtained during these second reviews that would suggest any reason for revisiting the Commission's domestic industry definition in the original investigations and first reviews, we find a single domestic industry consisting of all domestic producers of stainless steel bar.[34]

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[26] 71 Fed. Reg. 38372, 38373 (July 6, 2006).

[27] See USITC Pub. 3404 at 4; USITC Pub. 2856 at II-4.

[28] USITC Pub. 2856 at I-6 to I-9 (applying the five-factor, semifinished products analysis).

[29] See USITC Pub. 3404 at 5.

[30] Domestic Producers' Prehearing Brief at 8-9.

[31] See CR at I-22, PR at I-18.

[32] 19 U.S.C. § 1677(4)(A). In defining the domestic industry, the Commission's general practice has been to include in the industry producers of all domestic production of the like product, whether toll-produced, captively consumed, or sold in the domestic merchant market, provided that adequate production-related activity is conducted in the United States. See United States Steel Group v. United States, 873 F. Supp. 673, 682-83 (Ct. Int'l Trade 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996).

[33] See USITC Pub. 3404 at 5-6; USITC Pub. 2856 at I-9.

[34] Both NAS and Roldan (a subject producer in Spain) are owned by the Acerinox Group, a Spanish holding company. CR at IV-30 n.13, PR at IV-21 n.13. NAS is therefore a related party under the statute. See 19 U.S.C. § 1677(4)(B)(ii)(III). However, there is no evidence that NAS was shielded from the effects of the subject imports

(continued...)

IV. CUMULATION

A. Overview

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[35]

Thus, cumulation is discretionary in five-year reviews. The Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market.[36] The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[37] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") Statement of Administrative Action ("SAA") provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[38] With respect to this provision, the Commission generally considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.[39]

B. Likelihood of No Discernible Adverse Impact

In these reviews, we find that subject imports from each of the four countries are not likely to have no discernible adverse impact if the orders are revoked. As an initial matter, we note that no party in these reviews has argued that the subject producers would likely have no discernible adverse impact if the orders were revoked.

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[34] (...continued)
during the period of review. Moreover, NAS has invested heavily in modern production facilities in the United States and is clearly dedicated to serving the U.S. market as a producer of stainless steel bar. See CR/PR at Table III-15. Accordingly, we do not find that appropriate circumstances exist to exclude NAS from the definition of the domestic industry.

[35] 19 U.S.C. § 1675a(a)(7).

[36] In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as Commerce initiated the three reviews on July 1, 2005. 70 Fed. Reg. 38101 (July 5, 2005).

[37] 19 U.S.C. § 1675a(a)(7).

[38] SAA, H.R. Rep. No. 103-316, vol. I (1994).

[39] For a discussion of the analytical framework of Commissioners Hillman and Koplan regarding the application of the "no discernible adverse impact" provision, see Malleable Cast Iron Pipe Fittings from Brazil, Japan, Korea, Taiwan, and Thailand, Inv. Nos. 731-TA-278-280 (Review) and 731-TA-347-348 (Review) USITC Pub. 3274 (Feb. 2000). For a further discussion of Commissioner Koplan's analytical framework, see Iron Metal Construction Castings from India; Heavy Iron Construction Castings from Brazil; and Iron Construction Castings from Brazil, Canada, and China, Inv. Nos. 303-TA-13 (Review); 701-TA-249 (Review); and 731-TA-262, 263, and 265 (Review) USITC Pub. 3247 (Oct. 1999) (Views of Commissioner Stephen Koplan Regarding Cumulation).

With respect to Brazil, available information indicates that Brazilian production capacity was *** short tons in 2005 and that the industry was operating at only *** percent of its capacity in 2005.[40] Brazilian producers also exported almost *** of their production in 2005.[41] In the original investigations, subject imports from Brazil undersold domestic bar in 118 of 179 price comparisons.[42] Based upon Brazilian producers' export orientation, excess capacity, and history of underselling, we find that subject imports from Brazil are not likely to have no discernible adverse impact if the order were revoked.

The current level of subject imports from India is greater than it was during the original investigations,[43] and they have generally increased during the period of review, from *** short tons in 2001 to *** short tons in 2005.[44] Indian subject producers reportedly had *** short tons of production capacity, and they exported *** short tons of stainless steel bar in 2005.[45] Their rate of capacity utilization is also reportedly *** percent.[46] In the original investigations, subject imports from India undersold domestic bar in 70 of 78 price comparisons.[47] Given the large capacity of the Indian subject producers, their excess capacity, their continued presence in the U.S. market, and their history of underselling, we find that subject imports from India are not likely to have no discernible adverse impact should the order be revoked.

We have no questionnaire response information from the Japanese producers, but they are estimated to have production capacity of *** short tons.[48] Their rate of capacity utilization is reportedly *** percent.[49] Information from public sources indicates that Japanese exports of stainless steel bar have totaled approximately 50,000 short tons over the past three years.[50] Given the large capacity of the Japanese subject producers, their excess capacity, and their export orientation, we find that subject imports from Japan are not likely to have no discernible adverse impact should the order be revoked.

With respect to Spain, subject producers are estimated to have production capacity of *** short tons and be operating at *** percent of production capacity.[51] Spanish exports were reportedly 120,949 short tons in 2005.[52] In the original investigations, subject imports from Spain undersold domestic bar in 15 of 23 price comparisons.[53] Given the industry's production capacity, export orientation, and underselling in the original investigations, we conclude that subject imports from Spain are not likely to have no discernible adverse impact if the order were revoked.

Therefore, in these reviews, we find that subject imports from each of the four countries are not likely to have no discernible adverse impact if the orders were revoked.

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[40] See CR/PR at Tables IV-20, IV-7.

[41] CR/PR at Tables IV-20, IV-8.

[42] USITC Pub. 2856 at II-94.

[43] CR/PR at Table I-1.

[44] CR/PR at Table I-1.

[45] CR/PR at Tables IV-20, IV-12. We note that the antidumping order was revoked with respect to the Viraj Group, effective February 1, 2003. 69 Fed. Reg. 55409; CR at I-13, PR at I-11. Viraj appears to account for just over *** of total Indian capacity. See Domestic Producers' Posthearing Brief, Exhibit 2 at 8.

[46] CR/PR at Table IV-20.

[47] USITC Pub. 2856 at II-96.

[48] CR/PR at Table IV-20.

[49] CR/PR at Table IV-20.

[50] CR/PR at Table IV-14.

[51] CR/PR at Table IV-20.

[52] CR/PR at Table IV-17.

[53] USITC Pub. 2856 at II-96.

C. Reasonable Overlap of Competition

1. Background

In assessing likely competition, the Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[54] Only a "reasonable overlap" of competition is required.[55] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market. With regard to likely overlap of competition, we note that the relevant inquiry is whether there likely would be competition even if there are no current imports from a subject country.[56]

In the original investigations, the Commission found that all four factors indicated a likely reasonable overlap of competition.[57] Similarly, in the first five-year reviews completed in 2001, the Commission concluded that there likely would be a reasonable overlap of competition between the subject imports and the domestic like product, and among the subject imports themselves, if the orders were revoked.[58] In these reviews, the domestic producers assert that the four factors again indicate that there would be competition among subject imports and between the subject imports and the domestic like product if the orders were revoked.[59]

2. Analysis

Fungibility. The majority of responding purchasers, domestic producers, and importers in these reviews reported that subject imports from each country were "always" or "frequently" interchangeable with domestic stainless steel bar.[60] Although there are allegations that Indian stainless steel bar is of lower quality, 9 of 12 purchasers indicated that it is "always" or "frequently" interchangeable with domestic stainless steel bar.[61] We therefore find that domestic stainless steel bar and the subject imports are fungible for purposes of finding a reasonable overlap of competition.

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[54] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

[55] See Mukand Ltd. v. United States, 937 F. Supp. 910, 916 (CIT 1996); Wieland Werke, AG, 718 F. Supp. at 52 ("Completely overlapping markets are not required."); United States Steel Group v. United States, 873 F. Supp. 673, 685 (CIT 1994), aff'd, 96 F.3d 1352 (Fed. Cir. 1996). We note, however, that there have been investigations where the Commission has found an insufficient overlap in competition and has declined to cumulate subject imports. See, e.g., Live Cattle from Canada and Mexico, Inv. Nos. 701-TA-386 (Preliminary) and 731-TA-812-813 (Preliminary), USITC Pub. 3155 at 15 (Feb. 1999), aff'd sub nom, Ranchers-Cattlemen Action Legal Foundation v. United States, 74 F. Supp.2d 1353 (CIT 1999); Static Random Access Memory Semiconductors from the Republic of Korea and Taiwan, Inv. Nos. 731-TA-761-762 (Final), USITC Pub. 3098 (Apr. 1998) at 13-15.

[56] See generally Chefline Corp. v. United States, 219 F. Supp.2d 1313, 1314 (Ct. Int'l Trade 2002).

[57] USITC Pub. 2856 at I-15.

[58] USITC Pub. 3404 at 11.

[59] Domestic Producers' Prehearing Brief at 13.

[60] See CR/PR at Table II-8.

[61] See CR/PR at Table II-8.

Channels of Distribution and Geographic Overlap. Information gathered in these reviews indicates that domestic stainless steel bar and the subject imports share the same channels of distribution as both are generally sold to distributors or service centers.[62] With respect to geographic overlap, six of seven U.S. producers and three of seven importers reported nationwide sales during the period of review.[63] Thus, both factors point to a likely reasonable overlap of competition if the antidumping orders were revoked.

Simultaneous Presence in the Market. Subject imports from all four countries were present in the U.S. market throughout the original period of investigation. In addition, subject imports from all four subject countries have been present during the period of review, albeit on only a limited basis except for subject imports from India.[64] Given the continued significant level of production and the export orientation of producers in all four subject countries, we find that this factor also suggests a reasonable overlap of competition.

Conclusion. Based upon our analysis of the four factors, we conclude that subject imports from Brazil, India, Japan, and Spain will likely compete with each other and with the domestic like product should the orders under review be revoked.

C. Other Considerations

In determining whether to exercise our discretion to cumulate the subject imports from the four countries, we assess whether the subject imports from Brazil, India, Japan, and Spain are likely to compete under similar or different conditions in the U.S. market.

The domestic producers maintain that the record in these reviews demonstrates that all of the subject countries would face similar conditions of competition if the orders were revoked. Specifically, the domestic industry points to similarities in competitive conditions with respect to imports from each subject country, including: (1) sales of interchangeable products that compete directly on the basis of price; (2) similar channels of distribution; (3) expansions of production capacity in each of the subject countries; (4) existence of excess capacity in each country; (5) export-oriented industries; and (6) the continued presence in the U.S. market of the subject imports from each country after imposition of the orders.[65]

We do not find that there are likely to be significant differences with respect to how imports from each subject country would compete in the United States, and no party has identified different conditions of competition that would warrant an exercise of our discretion not to cumulate the subject countries for purposes of these reviews. Subject producers in all four countries export a substantial portion of their production and have excess capacity. As we discuss in more detail below, the record indicates that they would likely shift their exports to the United States if the orders were revoked. As one example, although Brazilian producers have shifted their exports to the European Union from the United States following imposition of the order on imports of Brazilian stainless steel bar, we find that they are likely to resume shipments to the U.S. market should the order be revoked, as would the other subject industries.[66] Furthermore, although the Brazilian industry is smaller than the other three subject industries, the smaller likely volume of subject imports from Brazil alone, in our view, does not provide a reasoned basis for

[62] CR at II-2, PR at II-1.

[63] CR/PR at II-1; CR/PR at Table IV-3; CR at IV-8, PR at IV-7.

[64] See CR/PR at Table I-1.

[65] Domestic Producers' Posthearing Brief at 2.

[66] See CR/PR at Table IV-5.

declining to exercise our discretion to cumulate the subject countries for purposes of these reviews.[67] Because we find that the subject imports from the four subject countries are likely to compete similarly in the U.S. market, we exercise our discretion to cumulate subject imports from all four countries.[68]

V. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING DUTY ORDERS ARE REVOKED

A. Legal Standard In A Five-Year Review

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke an antidumping order unless: (1) it makes a determination that dumping is likely to continue or recur, and (2) the Commission makes a determination that revocation of the antidumping order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[69] The SAA states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[70] Thus, the likelihood standard is prospective in nature.[71] The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[72] [73]

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[67] See Neenah Foundry Co. v. United States, 155 F. Supp. 2d 766, 773 (Ct. Int'l. Trade 2001) (warning that "cumulation of imports from the countries with relatively small likely volume and price impact would not only be appropriate, a refusal to do so without some additional justification could constitute an abuse of discretion").

[68] Compare Stainless Steel Wire Rod from Brazil, France, and India, Inv. Nos. 731-TA-636-638 (Second Review) USITC Pub. 3866 (July 2006) (noting that conditions of competition differed for subject Brazilian producers compared to subject producers in the other countries– in particular, unlike the other subject industries, subject Brazilian producers were dedicated to serving the Brazilian home market, with few exports and Brazil was a net importer, unlike the other countries).

[69] 19 U.S.C. § 1675a(a).

[70] SAA, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994). The SAA states that "[t]he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[71] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued [sic] prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[72] See NMB Singapore Ltd. v. United States, 288 F. Supp. 2d 1306, 1352 (Ct. Int'l Trade 2003) ("'likely' means probable within the context of 19 U.S.C. § 1675(c) and 19 U.S.C. § 1675a(a)"); Nippon Steel Corp. v. United States, Slip Op. 02-153 at 7-8 (Ct. Int'l Trade Dec. 24, 2002) (same); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 4 n.3 & 5-6 n.6 (Ct. Int'l Trade Dec. 20, 2002) ("more likely than not" standard is "consistent with the court's opinion"; "the court has not interpreted 'likely' to imply any particular degree of 'certainty'"); Indorama Chemicals (Thailand) Ltd. v. United States, Slip Op. 02-105 at 20 (Ct. Int'l Trade Sept. 4, 2002) ("standard is based on a likelihood of continuation or recurrence of injury, not a certainty"); Usinor v. United States, Slip Op. 02-70 at 43-44 (Ct. Int'l Trade July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'").

[73] Commissioner Lane notes that, consistent with her views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 15-17, she does not concur with the U.S. Court of International Trade's interpretation of "likely" but she will apply the Court's standard in these reviews and all subsequent reviews until either Congress clarifies the meaning or the U.S. Court of Appeals for the Federal Circuit

(continued...)

The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[74] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' timeframe applicable in a threat of injury analysis [in antidumping investigations]."[75] [76]

Although the standard in a five-year review is not the same as the standard applied in an original antidumping investigation, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the orders are revoked or the suspended investigation is terminated."[77] It directs the Commission to take into account its prior injury determination, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[78]

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[73] (...continued)
addresses the issue.

[74] 19 U.S.C. § 1675a(a)(5).

[75] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." SAA at 887.

[76] In analyzing what constitutes a reasonably foreseeable time, Commissioner Koplan examines all the current and likely conditions of competition in the relevant industry. He defines "reasonably foreseeable time" as the length of time it is likely to take for the market to adjust to a revocation or termination. In making this assessment, he considers all factors that may accelerate or delay the market adjustment process including any lags in response by foreign producers, importers, consumers, domestic producers, or others due to: lead times; methods of contracting; the need to establish channels of distribution; product differentiation; and any other factors that may only manifest themselves in the longer term. In other words, this analysis seeks to define "reasonably foreseeable time" by reference to current and likely conditions of competition, but also seeks to avoid unwarranted speculation that may occur in predicting events into the more distant future.

[77] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886.

[78] There have been no duty absorption findings by Commerce with respect to the orders under review. CR at I-11, PR at I-9.

Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887.

In the final results of its expedited sunset review of the order on Brazil, Commerce found a likely dumping margin of 19.43 percent for all producers in Brazil. 71 Fed. Reg. 38372, 38373 (July 6, 2006). With respect to subject producers in India, Commerce found a likely margin of dumping of 3.87 percent for Grand Foundry, Ltd., 21.02 percent for Mukand Ltd., and 12.45 percent for all other subject producers in India. 70 Fed. Reg. 67447, 67448 (Nov. 7, 2005). As noted, the antidumping order has been revoked with respect to the Viraj Group. 69 Fed. Reg. 55409. Commerce found a likely margin of dumping of 61.47 percent for all subject producers in Japan. 71 Fed. Reg. 38372, 38373 (July 6, 2006). With respect to Spain, Commerce found a likely margin of dumping of 62.85 percent for Acenor S.A., 7.72 percent for Roldan, and 25.77 percent for all other subject producers. 71 Fed. Reg. 38372, 38373 (July 6, 2006).

B. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[79] The following conditions of competition are relevant to our determination.

1. Demand Conditions

As stainless steel bar is used in many sectors of the economy, including the aerospace, automotive, oil, and energy industries, demand for stainless steel bar largely depends on the general level of economic activity.[80] In the original investigations, apparent U.S. consumption declined from 181,303 short tons in 1991 to 180,218 short tons in 1992, but increased to 202,376 short tons in 1993.[81] In the first five-year reviews, the Commission found that although there had been an increase in demand for stainless steel bar generally, apparent consumption declined from 246,436 short tons in 1995 to 236,927 short tons in 1999.[82]

Apparent U.S. consumption during the current period of review fell from 2000 to 2003 and then rebounded at the end of the period. Total apparent U.S. consumption fell from 279,543 short tons in 2000 to 208,358 short tons in 2003, and then increased to 295,751 short tons in 2005.[83] Domestic producers attribute this trend to the manufacturing recession that began in 2001.[84] With regard to trends in future U.S. consumption, forecasts indicate that the strong growth in demand of the past few years is unlikely to continue.[85]

2. Supply Conditions

While there are presently eight domestic producers of stainless steel bar, there were 12 U.S. producers during the Commission's first five-year reviews. These companies included: (1) Allvac; (2) Avesta; (3) Carpenter; (4) Crucible; (5) Electralloy; (6) Empire/AL Tech; (7) Hi Specialty; (8) Industrial Alloys; (9) Handy & Harman; (10) Republic; (11) Slater; and (12) Talley.[86]

In 1997, Empire/AL Tech filed for bankruptcy, and its assets were liquidated. However, its production facility was purchased by Universal in 2003.[87] In 2000, Republic closed its stainless steel bar facility. In 1998, Carpenter purchased Talley, and Talley is now a wholly owned subsidiary of Carpenter.[88] In 2001, Avesta merged with Outokumpu, and Slater filed for bankruptcy in 2003. In 2003, NAS constructed and began production of stainless steel bar at its Ghent, Kentucky, production facility.

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[79] 19 U.S.C. § 1675a(a)(4).

[80] CR/PR at II-1.

[81] USITC Pub. 2856 at I-10.

[82] USITC Pub. 3404 at 13.

[83] CR/PR at Table I-1.

[84] CR at I-27, PR at I-20.

[85] See CR at II-17, PR at II-11.

[86] CR at I-24, PR at I-19. The current domestic producers are Allvac, Carpenter, Crucible, Dunkirk, Electralloy, NAS, Outokumpu, and Slater. CR/PR at Table I-3.

[87] CR at I-24, PR at I-19.

[88] CR at I-25, PR at I-19.

In 2004, Acciaerie Valbruna, S.P.A., an Italian company, purchased Slater's stainless steel production facility in Fort Wayne, Indiana, and resumed production.[89]

The domestic industry has added capacity since the first reviews. Total capacity rose from 215,609 short tons in 2001 to 337,296 short tons in 2005.[90] The domestic industry's production has also increased over the period but not by as much as its production capacity.[91]

Imports accounted for approximately one-third of apparent consumption during the period of review.[92] Total import volume increased from 101,424 short tons in 2001 to124,496 short tons in 2005.[93] Total subject imports fluctuated over the period, but in most years of the period were approximately 10,000 short tons.[94] Nonsubject imports increased from 91,544 short tons in 2001 to *** short tons in 2005.[95]

There are currently antidumping or countervailing duty orders on stainless steel bar from France, Germany, Italy, and the United Kingdom.[96] Also, as part of the broad safeguard investigations involving steel products (including stainless steel bar), the President imposed temporary import relief via proclamation on March 5, 2002. Import relief relating to stainless steel bar consisted of an additional tariff of 15 percent ad valorem in the first year, 12 percent in the second year, and 9 percent in the third year.[97] The relief, however, was terminated by the President on December 4, 2003.[98]

3. Other Considerations

The subject imports are generally highly substitutable for domestic stainless steel bar, although stainless steel bar from India is viewed as lower quality by certain purchasers.[99] Quality and price are the most important factors in purchasing decisions, and most purchasers require prequalification of their suppliers.[100] There are substitutes for stainless steel bar, but they tend to be much more expensive.[101] Sales typically are made on a spot basis, and domestic producers typically use price lists.[102] Domestic producers sell predominantly to service centers, but also sell to end users, while importers' shipments of subject imports are solely to service centers and master distributors rather than end users.[103]

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[89] CR at I-25, PR at I-19.

[90] CR/PR at Table III-1.

[91] See CR/PR at Table III-1.

[92] See CR/PR at Table I-1.

[93] CR/PR at Table I-1.

[94] See CR/PR at Table I-1.

[95] CR/PR at Table I-1.

[96] Stainless Steel Bar from France, Germany, Italy, Korea, and the United Kingdom, Inv. Nos. 701-TA-413 and 731-TA-913-916 and 918 (Final) (Feb. 2002).

[97] See CR at I-10 to I-11, PR at I-9.

[98] See CR at I-10 to I-11, PR at I-9.

[99] CR II-19, PR at II-17. The great majority of purchasers found the subject imports from each country interchangeable with domestic product. See CR/PR at Table II-8.

[100] CR at II-19, and II-23, PR at II-13, and II-14.

[101] CR at II-14, PR at II-9.

[102] CR at V-8, PR at V-7.

[103] CR at II-4, PR at II-1.

There are three basic steps in stainless steel bar production, regardless of the particular product: (1) melting and casting, (2) hot-forming, and (3) finishing.[104] Stainless steel bar is produced in a variety of sizes, grades, and finishes.[105] Although some stainless steel bar is sold as "hot-finished," most bar is sold as "cold-finished."[106] Three of the eight domestic producers also reported using the same equipment and employees used to produce stainless steel bar to produce stainless steel wire rod.[107]

Raw materials constitute a substantial portion of the cost of producing stainless steel bar. Metals such as nickel, chromium, and molybdenum are used in the production of stainless steel.[108] Prices for nickel, chromium, and molybdenum have increased sharply during the period,[109] and domestic producers' raw material costs per short ton have more than doubled from 2001 to 2005.[110] Many domestic producers reported using surcharges in order to pass increased raw material and energy costs through to customers.[111]

We find that these conditions in the market for stainless steel bar are likely to persist in the reasonably foreseeable future and provide us with a reasonable basis on which to assess the effects of revocation of the orders.

C. Revocation of the Orders on Subject Imports of Stainless Steel Bar from Brazil, India, Japan, and Spain Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of the Subject Imports

In evaluating the likely volume of imports of subject merchandise if the antidumping duty orders are revoked, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[112] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[113]

In the original investigations, the Commission found the subject import volumes to be significant.[114] The cumulated subject import volume for these four countries was 25,983 short tons in 1991, 26,551 short tons in 1992, and 31,687 short tons in 1993. By 1993, the cumulated market

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[104] CR at I-19, PR at I-16.

[105] CR at I-18, PR at I-17.

[106] CR at I-18, PR at I-17.

[107] CR at II-7, PR at II-5.

[108] CR/PR at V-1.

[109] See CR/PR at Figs. V-2, V-3, and V-4.

[110] See CR/PR at Table III-7.

[111] CR/PR at V-1.

[112] 19 U.S.C. § 1675a(a)(2).

[113] 19 U.S.C. § 1675a(a)(2)(A-D).

[114] USITC Pub. 2856 at I-15.

penetration for these four countries, measured by quantity, had increased by 1.4 percentage points to 15.7 percent.[115]

In the first five-year reviews, the Commission found that the volume of subject imports was likely to be significant if the orders under review were revoked. The record indicated that there was significant unused capacity in the subject countries. Moreover, all of the subject countries exported a significant share of their production. There were U.S. antidumping duty orders or cash deposit requirements in place on two other stainless products—stainless steel wire rod and stainless steel angle—and the Commission found that subject producers had an incentive to shift production from those other products to stainless steel bar if the subject orders were revoked.[116]

In the current reviews, the Commission received limited information from the producers in the subject countries, so we rely upon those limited questionnaire responses, information gathered during the original investigations and first reviews, and publicly available information provided by the domestic producers.[117] In 2005, total production capacity in the four subject countries was estimated to be *** short tons, and production totaled *** short tons.[118] Excess capacity in the four subject countries was estimated to be *** short tons in 2005, which was equivalent to *** percent of U.S. apparent consumption that year.[119] Available information indicates that a substantial portion of the production in each country is exported.[120] There is also evidence of ongoing and planned capacity expansion in the subject countries.[121] Stainless steel bar prices in the United States are likely to be relatively attractive for the subject imports. For instance, available information suggests that prices are typically higher in the United States than in Asian markets and that U.S. prices are at least comparable to those of European markets.[122] Purchasers have expressed interest in increasing their purchases of the subject imports if the orders are revoked and the imports are attractively priced.[123] The domestic industry presented evidence that Brazilian subject producer Villares planned to increase its shipments of stainless steel bar to the U.S. market following the antidumping duty order's revocation, and Villares representatives reportedly told U.S. representatives that the revocation was a "done deal."[124]

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[115] USITC Pub. 2856 at I-15.

[116] USITC Pub. 3404 at 15-16.

[117] See CR/PR at Table IV-20 (***).

[118] CR/PR at Table IV-20; CR/PR at Table I-1. Nonsubject producer Viraj was estimated to have capacity of *** short tons in 2005, and its production totaled *** short tons. It therefore only accounted for *** short tons of the estimated excess capacity in the subject countries. Domestic Producers' Posthearing Brief, Exhibit 2.

[119] See CR/PR at Tables I-1, and IV-20. We note that information the Commission obtained concerning production capacity in Brazil from Villares and the other producer in Brazil, Gerdau-Acos Especiais, indicated *** production capacity in Brazil compared to the data obtained from ***. Compare CR/PR at Table IV-5; CR at IV-14 n.6, PR at IV-12 n.6 with CR/PR at Table IV-20. However, in light of the large subject production capacity in the cumulated subject countries, 852,387 short tons, we do not view the discrepancy as significant for purposes of our decision.

[120] Brazilian producers export almost *** of their stainless steel bar production. See CR/PR at Tables IV-7 and IV-20. Indian producers export approximately *** of their production. See CR/PR at Tables IV-12 and IV-20. Japanese producers export almost *** of their shipments. See CR/PR at Tables IV-13 and IV-20. Spanish producers export *** of their shipments. See CR/PR at Tables IV-17 and IV-20.

[121] See CR/PR at Table IV-20.

[122] See CR/PR at Tables IV-24, IV-25, IV-26 and IV-27. Due to ***, we do not rely on the *** data for prices in different markets. See CR at IV-50 n.38, PR at IV-35 n.38.

[123] CR/PR at D-9 to D-10.

[124] Hearing Transcript at 32, 67-69 (testimony of Edward Blot); Domestic Producers' Prehearing Brief, Exhibit 6.

Other factors also suggest that subject imports will be able to rapidly increase their share of the U.S. market. The subject imports are highly substitutable for domestic stainless steel bar.[125] They have remained in the U.S. market to a limited degree even with the orders in place, indicating that purchasers are likely to be familiar with subject producers' products.[126] Moreover, imports typically are sold to service centers and master distributors, so the subject imports are likely to have purchasers and distributors already in place that will facilitate the entry and distribution of subject imports in the U.S. market.[127] There are antidumping duty orders on Indian exports of stainless steel bar in Brazil, Canada, the European Union, and South Korea.[128] Canada also has an order on stainless steel bar from India, Japan, and Spain.[129]

Given the above, in particular, the significant production capacity and excess capacity in the subject countries, the export orientation of the subject producers, subject imports' continued presence in the U.S. market with the orders in place, the attractiveness of the U.S. market, and the stated interest of purchasers in the subject imports, we conclude that the likely volume of subject imports from Brazil, India, Japan, and Spain, both in absolute terms and relative to production and consumption in the United States, would be significant if the antidumping duty orders were revoked.

D. Likely Price Effects of the Subject Imports

In evaluating the likely price effects of cumulated subject imports if the antidumping duty orders are revoked, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[130]

In the original investigations, the Commission found that subject imports undersold the domestic like product in 292 of 518 price comparisons, and that underselling averaged 11.2 percent. The Commission found that subject imports had depressed or suppressed domestic prices to a significant degree.[131]

Information from U.S. producers and importers gathered in the first reviews indicated that domestically produced stainless steel bar and subject imports were generally substitutable; that most producers, both domestic and subject, met purchasers' qualification requirements; and that price was an important factor in purchasing decisions.[132] Prices for stainless steel bar in the United States generally

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[125] CR at II-19, PR at II-13.

[126] See CR/PR at I-1. See also CR/PR at Table II-8 (indicating most purchasers are familiar with subject imports from each country)

[127] CR at II-4, PR at II-3.

[128] CR at IV-39, PR at IV-27.

[129] CR at IV-39, PR at IV-27. While the domestic producers assert that Indian producers are likely to shift from stainless steel angle to stainless steel bar if the order on Indian bar is revoked, we find the evidence is insufficient to show that such shifting is likely. Domestic Producers' Prehearing Brief at 35. Inventories also do not appear to be a likely significant source of increased subject imports. See CR/PR at IV-7.

[130] 19 U.S.C. § 1675a(a)(3). The SAA states that "[c]onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

[131] USITC Pub. 2856 at I-17.

[132] USITC Pub. 3404 at 17.

trended downward during that period of review.[133] Given the substitutability of the subject imports for domestic stainless steel bar and the likely significant volume of subject imports, the Commission found that subject imports would be likely to have significant depressing and suppressing effects on the prices of the domestic like product.[134]

The record in these reviews also indicates that price remains an important consideration in purchasing decisions and that the subject imports are highly substitutable for domestic stainless steel bar.[135] Price competition is facilitated by distribution of stainless steel bar through master distributors and service centers and the widespread use of the spot market for purchases rather than longer-term contractual arrangements.[136]

Domestic prices for the eight pricing products for which the Commission sought information generally declined through mid-2003 and then rose to a peak in mid-2005, before falling slightly.[137] The higher prices for stainless steel bar late in the period of review reflected rising raw material and energy prices.[138] As in the first reviews, the Commission has only very limited current information with respect to subject imports' relative pricing in the U.S. market due to the limited presence of the subject imports and the variety of stainless steel bar products.[139] However, we take into account the fact that, in the original investigations, the subject imports undersold domestic bar in the majority of comparisons.[140]

Given the likely significant volume of subject imports, the substitutability between the subject imports and domestic like product, and the importance of price in purchasing decisions, we find that in the absence of the orders, subject imports would likely significantly undersell the U.S. product in order to gain market share as occurred during the original investigations.

As discussed above, the domestic industry is facing elevated raw material and energy costs towards the end of the period of review. Growth in domestic demand is also forecast to be weak. The likely underselling by the subject imports would therefore likely suppress price increases or depress domestic prices to a significant degree, causing the domestic industry to have difficulty recovering its costs. Consequently, on the basis of the record in these reviews, including information collected in the original investigations and the earlier reviews, we find that revocation of the antidumping duty orders would be likely to lead to significant underselling by the subject imports and significant price depression or suppression within a reasonably foreseeable time.

E. Likely Impact of the Subject Imports

In evaluating the likely impact of the subject merchandise if the antidumping orders are revoked, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more advanced version of the domestic like

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[133] USITC Pub. 3404 at 18.

[134] USITC Pub. 3404 at 18.

[135] CR at II-19, PR at II-12; CR/PR at Tables II-4 and II-5.

[136] CR/PR at V-1; CR at II-4, PR at II-1.

[137] CR/PR at Figs. V-9 to V-18.

[138] CR at III-13, PR at III-8.

[139] CR V-11; USITC Pub. 3404 at 17 n.91.

[140] USITC Pub. 2856 at II-93 (underselling in 292 of 518 comparisons).

product.[141] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[142] As instructed by the statute, we have considered the extent to which any improvement in the state of the domestic industry is related to the order at issue and whether the industry is vulnerable to material injury if the orders are revoked.[143]

The domestic industry's performance improved during the current period of review. It reported operating losses during 2001, 2002, and 2003, but it recovered during 2004 and 2005 when apparent U.S. consumption grew strongly.[144] The industry was able to improve its financial performance during the period and increase its net sales values by raising base prices and utilizing surcharges in order to compensate for increasing raw material and energy costs.[145] Consequently, the industry's cost of goods sold as a ratio to net sales fell from *** percent in 2001 to *** percent in 2005.[146]

During the period of increasing demand for stainless steel bar later in the period of review, the domestic industry increased its revenues, shipments, and sales despite an increase in total imports during 2004 and 2005.[147] The domestic industry's market share rose during the period but then fell in 2005, due to an increase in total imports.[148] The industry's capacity utilization also fell during the period as new producers began production and added capacity.[149] Employment in the industry declined as well, from *** workers in 2001 to *** workers in 2005.[150] However, given the domestic industry's profitability

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[141] 19 U.S.C. § 1675a(a)(4).

[142] 19 U.S.C. § 1675a(a)(4).

[143] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[144] Its operating income to sales ratio was *** percent in 2001, *** percent in 2002, *** percent in 2003, *** percent in 2004, and *** percent in 2005. CR/PR at Table III-11. In the first half of 2006, the industry also was ***. Id. Return on investment followed a similar trend. See CR/PR at Table III-16.

As in the original investigations and the first five-year reviews, we rely primarily upon the domestic industry data reflecting production operations only. See USITC Pub. 2856 at I-11 n. 46; USITC Pub. 3404 at 19 n. 106. Because a substantial portion of the domestic industry's sales are at transfer prices, we have also used the information concerning distribution and production operations to ensure that these prices are accurate. See CR/PR at Tables III-7, III-8 and III-9. The two sets of data are very similar and reflect the same trends. Compare CR/PR at Tables III-7, III-8 and III-9 with CR/PR at Tables III-10, III-11 and III-12.

[145] See CR at III-30, PR at III-12. The unit value of the cost of goods sold for domestic producers increased from $*** to $*** from 2001 to 2005. However, the industry's average net sales value increased from $*** to $*** from 2001 to 2005, resulting in improved profitability despite rising costs. CR/PR at Table III-11.

[146] CR/PR at Table I-1.

[147] The industry's U.S. shipments increased from 135,990 short tons in 2001 to 171,255 short tons in 2005. CR/PR at Table III-4. Similarly, the industry's net sales increased from *** short tons in 2001 to *** short tons in 2005. CR/PR at Table III-11. Total revenues increased from $*** million in 2001 to $*** million in 2005. Id.

[148] See CR/PR at Table I-1. The industry's market share in terms of quantity increased overall in the period, from 57.3 percent in 2001 to 57.9 percent in 2005. Id.

[149] CR/PR at Table III-1. The industry's capacity utilization fell from *** percent in 2001 to *** percent in 2005. Id. Total capacity increased from *** in 2001 to *** short tons in 2005. Id.

[150] CR/PR at Table III-6. The industry's productivity increased from 43.1 short tons per 1,000 hours in 2001 to 71.4 short tons per 1,000 hours in 2005. CR/PR at Table III-6. Total capital expenditures fluctuated widely during the period as domestic producers began operations and invested in new plants and in equipment during particular years. See CR/PR at Table III-15.

during 2004 and 2005 and the industry's ability to pass through its increased costs to purchasers at a time of increased imports, we do not find the industry to be vulnerable as the term is defined in the statute.[151]

Nonetheless, as described above, revocation of the antidumping duty orders likely would lead to a significant increase in the volume and market share of the subject imports. Given the forecasts of weak demand growth and the importance of price in purchasing decisions, the significant increase in subject imports is likely to cause a significant decline in the volume of the domestic producers' shipments as well as an adverse impact on prices at a time when the industry faces elevated energy and raw material prices. We find that this would be likely to have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. This likely reduction in the industry's production, shipments, sales, market share, and revenues would result in erosion of the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. In addition, we find it likely that revocation of the orders will result in continued employment declines for the industry.

CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[151] 19 U.S.C. §1675a(a)(1)(c). See also SAA at 885.

ADDITIONAL AND DISSENTING VIEWS OF CHAIRMAN DANIEL R. PEARSON AND COMMISSIONER DEANNA TANNER OKUN

I. Introduction

Based on the record in these second five-year reviews, we determine that material injury is not likely to continue or recur within a reasonably foreseeable time if the orders on subject imports of stainless steel bar ("SSB") from Brazil and Spain are revoked. We determine that material injury is likely to continue or recur within a reasonably foreseeable time if the orders on subject imports of SSB from India and Japan are revoked.

We join our colleagues' discussion regarding domestic like product and domestic industry. We write separately to discuss the legal standard governing five-year reviews, cumulation, conditions of competition, and to provide our analysis of the statutory factors.

II. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ORDERS ARE REVOKED

A. Legal Standard

1. In General

In a five-year review conducted under section 751(c) of the Act, Commerce will revoke a countervailing or antidumping duty order or terminate a suspended investigation unless: (1) it makes a determination that dumping or a countervailable subsidy is likely to continue or recur, and (2) the Commission makes a determination that revocation of an order or termination of a suspended investigation would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time.[1] The Statement of Administrative Action ("SAA") states that "under the likelihood standard, the Commission will engage in a counter-factual analysis; it must decide the likely impact in the reasonably foreseeable future of an important change in the status quo – the revocation or termination of a proceeding and the elimination of its restraining effects on volumes and prices of imports."[2] Thus, the likelihood standard is prospective in nature.[3] The statute states that "the Commission shall consider that the effects of revocation or termination may not be imminent, but may manifest themselves only over a longer period of time."[4] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-

[1] 19 U.S.C. § 1675(d)(2).

[2] Statement of Administrative Action, H.R. Rep. No. 103-316, vol. I, at 883-84 (1994) (SAA). The SAA states that "{t}he likelihood of injury standard applies regardless of the nature of the Commission's original determination (material injury, threat of material injury, or material retardation of an industry). Likewise, the standard applies to suspended investigations that were never completed." SAA at 883.

[3] While the SAA states that "a separate determination regarding current material injury is not necessary," it indicates that "the Commission may consider relevant factors such as current and likely continued depressed shipment levels and current and likely continued {sic} prices for the domestic like product in the U.S. market in making its determination of the likelihood of continuation or recurrence of material injury if the order is revoked." SAA at 884.

[4] 19 U.S.C. § 1675a(a)(5).

case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis in antidumping and countervailing duty investigations."[5]

Although the standard in five-year reviews is not the same as the standard applied in original antidumping or countervailing duty investigations, it contains some of the same fundamental elements. The statute provides that the Commission is to "consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated."[6] It directs the Commission to take into account its prior injury determinations, whether any improvement in the state of the industry is related to the order or the suspension agreement under review, whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[7]

2. Facts Available

The statute authorizes the Commission to take adverse inferences in five-year reviews, but such authorization does not relieve the Commission of its obligation to consider the record evidence as a whole in making its determination.[8] We generally give credence to the facts supplied by the participating parties and certified by them as true, but base our decision on the evidence as a whole, and do not automatically accept the participating parties' suggested interpretation of the record evidence. Regardless of the level of participation and the interpretations urged by participating parties, the Commission is obligated to consider all evidence relating to each of the statutory factors and may not draw adverse inferences that render such analysis superfluous. "In general, the Commission makes determinations by weighing all of the available evidence regarding a multiplicity of factors relating to the domestic industry as a whole and by drawing reasonable inferences from the evidence it finds most persuasive."[9]

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[5] SAA at 887. Among the factors that the Commission should consider in this regard are "the fungibility or differentiation within the product in question, the level of substitutability between the imported and domestic products, the channels of distribution used, the methods of contracting (such as spot sales or long-term contracts), and lead times for delivery of goods, as well as other factors that may only manifest themselves in the longer term, such as planned investment and the shifting of production facilities." Id.

[6] 19 U.S.C. § 1675a(a)(1).

[7] 19 U.S.C. § 1675a(a)(1). The statute further provides that the presence or absence of any factor that the Commission is required to consider shall not necessarily give decisive guidance with respect to the Commission's determination. 19 U.S.C. § 1675a(a)(5). While the Commission must consider all factors, no one factor is necessarily dispositive. SAA at 886. We note that no duty absorption findings have been made by Commerce. Confidential Staff Report (INV-DD-157, November 14, 2006, as modified by INV-DD-160, November 29, 2006) (hereinafter CR) at I-10, Public Staff Report (hereinafter PR) at I-4.

[8] Section 776 of the Act authorizes the Commission to "use the facts otherwise available" in reaching a determination when: (1) necessary information is not available on the record or (2) an interested party or other person withholds information requested by the agency, fails to provide such information in the time, form, or manner requested, significantly impedes a proceeding, or provides information that cannot be verified pursuant to section 782(I) of the Act. 19 U.S.C. § 1677e(a). The verification requirements in section 782(i) are applicable only to Commerce. 19 U.S.C. § 1677m(i). See Titanium Metals Corp., 155 F. Supp. 2d at 765 ("the ITC correctly responds that Congress has not required the Commission to conduct verification procedures for the evidence before it, or provided a minimum standard by which to measure the thoroughness of a Commission investigation.").

[9] SAA at 869.

3. The "Likely" Standard

The legal standard the Commission is to apply is whether revocation of an order "would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time."[10] The U.S. Court of International Trade has found that "likely," as used in the sunset review provisions of the Act, means "probable," and the Commission applies that standard in five-year reviews.[11] [12] [13]

In evaluating the likely volume of imports of subject merchandise if an order is revoked or a suspended investigation is terminated, the Commission is directed to consider whether the likely volume of imports would be significant either in absolute terms or relative to production or consumption in the United States.[14] In doing so, the Commission must consider "all relevant economic factors," including four enumerated factors: (1) any likely increase in production capacity or existing unused production capacity in the exporting country; (2) existing inventories of the subject merchandise, or likely increases in inventories; (3) the existence of barriers to the importation of the subject merchandise into countries other than the United States; and (4) the potential for product shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.[15]

In evaluating the likely price effects of subject imports if an order is revoked or a suspended investigation is terminated, the Commission is directed to consider whether there is likely to be significant underselling by the subject imports as compared to domestic like products and whether the subject imports are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.[16]

In evaluating the likely impact of imports of subject merchandise if an order is revoked or a suspended investigation is terminated, the Commission is directed to consider all relevant economic factors that are likely to have a bearing on the state of the industry in the United States, including but not limited to: (1) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity; (2) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment; and (3) likely negative effects on the existing development and production efforts of the industry, including efforts to develop a derivative or more

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[10] 19 U.S.C. § 1675a(a).

[11] See NMB Singapore Ltd. V. United States, 288 F. Supp. 2d 1306, 1352 (2003) ("'likely' means probable within the context of 19 U.S.C. §§ 1675(c)) and 1675a(a)"); Nippon Steel Corp., et al. v. United States, Slip Op. 02-153 at 7-8 (Dec. 24, 2002) (same) (Nippon); Usinor Industeel, S.A. v. United States, Slip Op. 02-152 at 6 n.6 (Dec. 20, 2002) (Usinor Industeel III); and Usinor v. United States, Slip Op. 02-70 at 43-44 (July 19, 2002) ("'likely' is tantamount to 'probable,' not merely 'possible'") (Usinor).

[12] For a complete statement of Commissioner Okun's interpretation of the likely standard, see Additional Views of Vice Chairman Deanna Tanner Okun Concerning the "Likely" Standard in Certain Seamless Carbon and Alloy Steel Standard, Line and Pressure Pipe from Argentina, Brazil, Germany, and Italy, INV Nos. 701-TA-362 (Review) and 731-TA-707-710 (Review) (Remand), USITC Pub. 3754 (Feb. 2005).

[13] While, for purposes of these reviews, Chairman Pearson does not take a position on the correct interpretation of "likely," he notes that he would have made negative determinations under any interpretation of "likely" other than that equating "likely" with merely "possible."

[14] 19 U.S.C. § 1675a(a)(2).

[15] 19 U.S.C. § 1675a(a)(2)(A-D).

[16] 19 U.S.C. § 1675a(a)(3). The SAA states that "{c}onsistent with its practice in investigations, in considering the likely price effects of imports in the event of revocation and termination, the Commission may rely on circumstantial, as well as direct, evidence of the adverse effects of unfairly traded imports on domestic prices." SAA at 886.

advanced version of the domestic like product.[17] All relevant economic factors are to be considered within the context of the business cycle and the conditions of competition that are distinctive to the industry.[18] The statute also instructs the Commission to consider the extent to which any improvement in the state of the domestic industry is related to the orders at issue and whether the industry is vulnerable to material injury if the orders are revoked.[19] [20]

B. Cumulation

1. Framework

Section 752(a) of the Act provides that:

> the Commission may cumulatively assess the volume and effect of imports of the subject merchandise from all countries with respect to which reviews under section 1675(b) or (c) of this title were initiated on the same day, if such imports would be likely to compete with each other and with domestic like products in the United States market. The Commission shall not cumulatively assess the volume and effects of imports of the subject merchandise in a case in which it determines that such imports are likely to have no discernible adverse impact on the domestic industry.[21]

Thus, cumulation is discretionary in five-year reviews. However, the Commission may exercise its discretion to cumulate only if the reviews are initiated on the same day and the Commission determines that the subject imports are likely to compete with each other and the domestic like product in the U.S. market.[22] The statute precludes cumulation if the Commission finds that subject imports from a country are likely to have no discernible adverse impact on the domestic industry.[23] We note that neither the statute nor the Uruguay Round Agreements Act ("URAA") SAA provides specific guidance on what factors the Commission is to consider in determining that imports "are likely to have no discernible adverse impact" on the domestic industry.[24] With respect to this provision, the Commission generally

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[17] 19 U.S.C. § 1675a(a)(4).

[18] 19 U.S.C. § 1675a(a)(4). Section 752(a)(6) of the Act states that "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy" in making its determination in a five-year review. 19 U.S.C. § 1675a(a)(6). The statute defines the "magnitude of the margin of dumping" to be used by the Commission in five-year reviews as "the dumping margin or margins determined by the administering authority under section 1675a(c)(3) of this title." 19 U.S.C. § 1677(35)(C)(iv). See also SAA at 887. In its expedited final results of these five-year reviews the Department of Commerce found the following likely dumping margins: Brazil 19.43 percent; India 3.87 to 21.02 percent; Japan 61.47 percent; and Spain 7.72 to 62.85 percent. CR/PR at Table I-2.

[19] The SAA states that in assessing whether the domestic industry is vulnerable to injury if the order is revoked, 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 may also demonstrate that an industry is facing difficulties from a variety of sources and is vulnerable to dumped or subsidized imports." SAA at 885.

[20] 19 U.S.C. § 1675a(6).

[21] 19 U.S.C. § 1675a(a)(7).

[22] In these reviews, the statutory requirement for cumulation that all reviews be initiated on the same day is satisfied as Commerce initiated all the reviews on March 1, 2006.

[23] 19 U.S.C. § 1675a(a)(7).

[24] SAA, H.R. Rep. No. 103-316, vol. I (1994).

considers the likely volume of the subject imports and the likely impact of those imports on the domestic industry within a reasonably foreseeable time if the orders are revoked.

In determining whether to exercise our discretion to cumulate the subject imports from the four countries, we assess whether the subject imports from these countries are likely to compete under conditions similar to, or different from, those faced during the original investigations. In these reviews, the domestic industry contends that all of the subject countries will face similar conditions of competition if the orders are revoked.[25] We have determined that certain factors, discussed below, indicate that subject imports from Brazil and Spain will likely compete under significantly different conditions of competition and, therefore, we do not exercise our discretion to cumulate subject imports from Brazil and Spain for purposes of our injury analysis.[26] We determine that many of the conditions of competition faced by subject imports from India and Japan are similar to those faced during the original investigations. Therefore, we exercise our discretion to cumulate subject imports from India and Japan.

Because we decline to cumulate subject imports from Brazil and Spain on the basis of differences in conditions of competition we find it unnecessary to decide the issue of no discernible adverse impact. [27]

1. Brazil

The conditions faced by subject imports from Brazil if the order is lifted are likely to be different from those faced during the original investigations and are likely to be different from those faced by other subject imports. Since the original investigations, Brazil's production capacity has declined, its home market has grown, and the Brazilian industry's export orientation has declined. During the original period of investigation (POI) total Brazilian production capacity peaked at *** short tons in 1991.[28] In contrast, even after Villares' expected capacity expansions in 2007 and 2008, total Brazilian production capacity will be *** short tons.[29] During the original investigations the Brazilian industry reported capacity utilization rates between *** and *** percent.[30] During the current period of review (POR) the Brazilian industry reported capacity utilization rates of at least *** percent and a capacity utilization rate of *** percent in 2005.[31]

The Brazilian industry is now less export oriented than during the POI. The Brazilian home market accounted for *** percent of the Brazilian industry's total shipments in 1991.[32] This share declined to *** percent in 1993.[33] In contrast, as consumption in Brazil has increased, the share of the Brazilian industry's total shipments to its home market increased from *** percent in 2000 to *** percent in 2005. This share increased further in the interim periods, from *** percent in interim 2005 to ***

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[25] Domestic Industry's Posthearing brief at 2.

[26] See Allegheny Ludlum Corp. and AK Steel Corp. V. United States, Slip Op. 06-188, U.S. Court of International Trade, Dec. 22, 2006.

[27] Cf. Top-of-the-Stove Stainless Steel Cooking Ware from Korea, INV Nos. 701-TA-267 and 731-TA-304 (Review) (Remand), USITC Pub. 3485 (Jan. 2002) at 5 (declining to address criterion of no discernible adverse impact in the absence of evidence of a reasonable overlap of competition).

[28] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 30.

[29] CR at IV-14 n. 6, PR at IV-12 n. 6; CR/PR at Table IV-5; and CR at IV-17, PR at IV-12.

[30] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 30.

[31] CR/PR at Table IV-5.

[32] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 30.

[33] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 30.

percent in interim 2006.[34] Another indicator of the increase in Brazil's home market consumption is that Brazil's imports of SSB increased by approximately 211 percent from 2000 to 2005.[35] Over the same period Brazil's total exports of SSB declined by approximately 11 percent.[36]

Because of the differences in the conditions of competition likely to be faced by the Brazilian industry, we decline to exercise our discretion to cumulate subject imports from Brazil with imports from the other subject countries.

2. Spain

Since the original investigations, there have been two important changes in the Spanish industry. First, and unlike the other three subject countries, the industry in Spain now has related production operations in the U.S. market. Spain invested in production facilities in the U.S. in 2003. The *** domestic producer North American Stainless ("NAS") is part of the Acerinox Group.[37] The Spanish producer Roldan is also part of the Acerinox Group and is therefore related to NAS through their common parent. Secondly, unlike the other subject producers, the Spanish industry now benefits from its preferential treatment in the unified 25-member EU market. The common market regime in the EU was not finalized until the end of 1992 and the euro was not adopted as a common currency until the beginning of 2002.

Because of this preferential access to, and an increase in consumption in, the EU market the Spanish industry is predominantly focused on the EU market.[38] Shipments by the Spanish industry to the EU market (Spain and all other EU markets) accounted for *** percent of the Spanish industry's total shipments in 2005.[39] We find that this focus on the EU market will likely continue in the reasonably foreseeable future.

In addition, the Spanish industry is operating at higher rates of capacity utilization than during the POI and higher than the capacity utilization rates for India and Japan. The Spanish industry reported capacity utilization rates between *** percent between 1991 and 1993.[40] In contrast, during the POR, the Spanish industry reported capacity utilization rates between *** percent.[41] The available data indicate that the Japanese industry's capacity utilization rate in 2005 was *** percent while the Indian industry reported capacity utilization rates between *** and *** percent.[42]

Because of the differences in the conditions of competition likely to be faced by the Spanish industry, we decline to exercise our discretion to cumulate subject imports from Spain with imports from the other subject countries.

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[34] CR/PR at Table IV-5. Consumption in Brazil increased from *** short tons in 2000 to *** short tons in 2005, or by approximately *** percent. CR/PR at Table IV-23.

[35] CR/PR at Table IV-8.

[36] CR/PR at Table IV-8.

[37] CR/PR at Table I-3.

[38] Consumption in the EU market increased from approximately *** short tons in 2000 to *** short tons in 2005 or by approximately *** percent. CR/PR at Table IV-23.

[39] CR/PR at Table IV-15. The questionnaire data are corroborated by publicly available data which show that in 2005 shipments to the EU market accounted for 90.5 percent of Spain's total exports of SSB. EDIS Doc. ID: 266977.

[40] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 35.

[41] CR/PR at Table IV-15.

[42] CR/PR at Table IV-20 and CR/PR at Table IV-9.

3. India and Japan

a. Conditions of Competition

While subject producers in Brazil and Spain have experienced changes since the original investigations that make those industries less likely to focus on the U.S. market, the subject producers in Indian and Japan remain highly dependent on export markets and are likely to view the U.S. as an important export market. Thus, the conditions under which the subject producers in India and Japan will compete in the U.S. market are likely to be similar to those in the original investigations.

Japan's production capacity has apparently increased since the original investigations. The available information shows that in 1992 Japan's total production capacity for subject SSB was 185,550 short tons.[43] More recent data estimate SSB production in 2005 at *** short tons.[44] During the POI the Japanese industry reported capacity utilization rates ranging from 110.2 percent in 1990 to 88.2 percent in 1993.[45] The available data in these reviews indicate that the Japanese industry's capacity utilization in 2005 was *** percent.[46]

Although the Japanese industry was not heavily export oriented during the original period of investigation, exports to the U.S. market increased in importance over the period. The ratio of exports to the U.S. market to total shipments increased from 7.3 percent in 1991 to 8.3 percent in 1993.[47] The available data indicate that during the POR Japan's total exports of SSB declined by 1.6 percent from 2000 to 2005.[48] However, the available information also indicates that consumption in the Japanese market declined more significantly. Between 2000 and 2005 consumption of SSB in the Japanese market declined from *** short tons to *** short tons, or by *** percent.[49] Over the same period the available data indicate that exports as a share of production increased from *** percent in 2000 to *** percent in 2005.[50] The more significant decline in home market consumption increased the relative importance of Japan's export markets, and the Japanese industry has become more export oriented.

The available information indicates that the Indian industry's production capacity has increased significantly. During the POI the Indian industry reported production capacity of *** shot tons.[51] In contrast, production in India in 2005 reportedly was *** short tons.[52] During the original investigations the Indian industry reported capacity utilization rates between *** percent in 1990 and *** percent in 1993.[53] During the POR the Indian industry reported capacity utilization rates between *** and *** percent.[54]

Exports remain important to the Indian industry. During the POI home market shipments accounted for *** percent of total shipments in 1991, *** percent of total shipments in 1992, and ***

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[43] USITC Pub. 2856 at Table 34.

[44] CR/PR at Table IV-20.

[45] USITC Pub. 2856 at Table 34.

[46] CR/PR at Table IV-20.

[47] USITC Pub. 2856 at Table 34.

[48] CR/PR at Table IV-13.

[49] CR/PR at Table IV-23.

[50] CR/PR at Table IV-23 and CR/PR at Table IV-13.

[51] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 33.

[52] CR/PR at Table IV-23.

[53] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 33.

[54] CR/PR at Table IV-9.

percent of total shipments in 1993.[55] By comparison the questionnaire data in these reviews report that home market shipments accounted for *** percent of total shipments in 2000.[56] This share increased irregularly during the POR to *** percent in 2005.[57]

In assessing likely competition for purposes of cumulation in original investigations, the Commission generally has considered four factors intended to provide a framework for determining whether the imports compete with each other and with the domestic like product.[58] We consider these factors in addition to those discussed above. In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists because the subject imports are absent from the U.S. market. With regard to likely overlap of competition, we note that the relevant inquiry is whether there likely would be competition even if there are no current imports from a subject country.[59] In the original investigations, the Commission found that all four factors indicated a likely reasonable overlap of competition.[60]

Fungibility. The majority of responding purchasers, domestic producers, and importers in these reviews reported that subject imports from India and Japan were "always" or "frequently" interchangeable with domestic stainless steel bar.[61] Although there are allegations that Indian stainless steel bar is of lower quality, 9 of 12 purchasers indicated that it is "always" or "frequently" interchangeable with domestic stainless steel bar.[62] We therefore find that domestic stainless steel bar and subject imports from India and Japan are fungible for purposes of finding a reasonable overlap of competition.

Channels of Distribution and Geographic Overlap. We have limited data with regard to the channels of distribution through which subject imports from India and Japan are shipped during the period of review. The available information indicates that domestic stainless steel bar and subject imports from Indian and Japan share the same channels of distribution as both are generally sold to distributors or service centers.[63] With respect to geographic overlap, six of seven U.S. producers and three of seven importers reported nationwide sales during the period of review.[64] Thus, both factors point to a likely reasonable overlap of competition if the antidumping orders were revoked.

Simultaneous Presence in the Market. Subject imports from India and Japan were present in the U.S. market throughout the original period of investigation. In addition, subject imports from India and

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[55] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 33.

[56] CR/PR at Table IV-9.

[57] CR/PR at Table IV-9.

[58] The four factors generally considered by the Commission in assessing whether imports compete with each other and with the domestic like product are: (1) the degree of fungibility between the imports from different countries and between imports and the domestic like product, including consideration of specific customer requirements and other quality related questions; (2) the presence of sales or offers to sell in the same geographical markets of imports from different countries and the domestic like product; (3) the existence of common or similar channels of distribution for imports from different countries and the domestic like product; and (4) whether the imports are simultaneously present in the market. See, e.g., Wieland Werke, AG v. United States, 718 F. Supp. 50 (CIT 1989).

[59] See generally Chefline Corp. v. United States, 219 F. Supp.2d 1313, 1314 (Ct. Int'l Trade 2002).

[60] USITC Pub. 2856 at I-15.

[61] See CR/PR at Table II-8.

[62] See CR/PR at Table II-8.

[63] CR/PR at Table II-1.

[64] CR/PR at II-1; CR/PR at Table IV-3; and CR at IV-8, PR at IV-7.

Japan have been present during the period of review, albeit on only a limited basis except for subject imports from India.[65]

Conclusion. Based upon our analysis of the four factors, we conclude that subject imports from India and Japan will likely compete with each other and with the domestic like product should the orders under review be revoked.

b. Likelihood of No Discernible Adverse Impact

We find that subject imports from India and Japan are not likely to have no discernible adverse impact if the orders are revoked. The volume of subject imports from India is currently greater than the volume of subject imports from India during the original period of investigation. During the POI subject import volume from India peaked at 4,243 short tons in 1993.[66] Subject import volume from India was *** in 2005.[67] Production capacity in India appears to have increased since the original investigations. During the original investigations the Indian industry reported production capacity of *** short tons.[68] Based on the available data, actual production in India was *** short tons in 2005.[69] Given the increase in subject imports from India and the size of the Indian industry we find that subject imports from India are not likely to have no discernible adverse impact if the order were revoked.

No Japanese producer responded in these reviews. Based on the data from the original investigations Japan reported production capacity of 185,550 short tons.[70] Japan exported a significant volume of SSB during the current period of review. Japan's exports of SSB in 2005 were 52,212 short tons.[71] Given the large size and significant exports of the Japanese industry, we find that subject imports from Japan are not likely to have no discernible adverse impact if the order were revoked.

Therefore, we find that subject imports from Indian and Japan are not likely to have no discernible adverse impact if the orders were revoked.

In conclusion, we find that subject imports from India and Japan will compete with each other and with the domestic like product in the U.S. market. Further, we determine that such imports are eligible for cumulation because the reviews were initiated on the same day. Moreover, we are not precluded from exercising our discretion to cumulate subject imports from India and Japan because imports from each of these countries are not likely to have no discernible adverse impact on the domestic industry. Therefore, we exercise our discretion to cumulate subject imports from India and Japan for purposes of our injury analysis.

C. Conditions of Competition and the Business Cycle

In evaluating the likely impact of the subject imports on the domestic industry, the statute directs the Commission to consider all relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[72]

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[65] See CR/PR at Table I-1.

[66] CR/PR at Table I-1.

[67] CR/PR at Table I-1.

[68] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 33.

[69] CR/PR at Table IV-23.

[70] USITC Pub. 2856 at Table 34.

[71] CR/PR at Table IV-13.

[72] 19 U.S.C. § 1675a(a)(4).

Demand for SSB largely depends on the level of demand for downstream products which use SSB.[73] SSB is used to produce cylinders, shafts, fittings, fasteners, and other parts used in a variety of industries including automotive, aerospace, dairy, food processing, energy, chemical, and others.[74]

In the original investigations, apparent U.S. consumption increased by 11.6 percent between 1991 and 1993.[75] In the first review of the orders, consumption declined by approximately 3.9 percent.[76] During the current period of review, apparent U.S. consumption declined from 2000 to 2003 before recovering in 2004 and 2005. U.S. consumption in 2005 was higher than at any point in either review periods or the original period examined. U.S. consumption declined by 10.3 percent in the January-June 2006 period compared to the same period in 2005.[77]

The domestic industry reports that "demand in the United States will remain strong in the reasonably foreseeable future, despite a slight decline in 2006.[78] Projections provided by the domestic industry show that SSB demand in 2007 will remain generally at 2006 levels and then demand will increase in 2008 and 2009 by *** percent over 2007 levels, respectively.[79] The domestic industry also provided forecasts of demand in the automotive and aerospace markets; two principle markets for SSB. These forecasts show a steady increase in North American automotive production from 2007 to 2011.[80] These forecasts also show increases in aerospace production in 2007 and 2008 and continued high production levels through 2011.[81]

When asked about the potential for future changes in U.S. demand, four purchasers anticipated continued strong demand.[82] One purchaser suggested growth of 5 to 8 percent per year.[83] One purchaser anticipated the increased use of cheaper substitutes due to the rising price of stainless steel.[84]

The domestic industry has undergone substantial restructuring since the original investigations and the first reviews. The total number of domestic producers has declined from 12 to eight as the result of the exit of several producers and the entry of one new producer.[85] Despite the reduction in the number of domestic producers, total domestic production capacity increased significantly. Total production capacity increased from 211,208 short tons in 2000 to 337,296 short tons in 2006, an increase of 59.7 percent.[86] Domestic production capacity increased further in the interim periods.[87]

The entry of NAS into the U.S. market accounted for an important share of the increase in domestic production capacity. NAS began producing SSB in 2003 and its production capacity increased from *** short tons in 2003 to *** short tons in 2005. As a result, NAS has become the *** U.S. producer of SSB. The entry of NAS into the market has impacted prices in the U.S. market as well. Nine

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[73] CR at II-14, PR at II-19.

[74] CR at II-14 and II-15, PR at II-9 and II-10.

[75] CR/PR at Table I-1.

[76] CR/PR at Table I-1.

[77] CR/PR at Table I-5.

[78] Domestic Industry Posthearing brief, exhibit 1 at 2.

[79] EDIS Doc. ID: 264189.

[80] Domestic Industry Posthearing brief at exhibit 9.

[81] Domestic Industry Posthearing brief at exhibit 9..

[82] CR at II-16, PR at II-10.

[83] CR at II-16, PR at II-10.

[84] CR at II-16, PR at II-10.

[85] CR at I-24 and I-25, PR at I-19.

[86] CR/PR at Table III-1.

[87] CR/PR at Table III-1.

of the 15 responding purchasers identified NAS as a price leader.[88] Based on the price data gathered by the Commission, ***.[89] The entry of NAS as a large and low-priced producer in the U.S. market is an important change in the conditions of competition since the original investigations and the first reviews.

The domestic industry's market share increased from 54.8 percent in 2000 to 67.4 percent in 2003.[90] The domestic industry's market share declined slightly to 66.1 percent in 2004 and declined further to 57.9 percent in 2005. The increase in U.S. market share from 2000 to 2003 coincided with a decline in apparent U.S. consumption from 279,543 short tons in 2000 to 208,358 short tons in 2003.[91] The decline in domestic market share occurred as consumption increased significantly in 2004 to 246,971 short tons and increased even further in 2005 to 295,751 short tons.[92] Domestic market share increased in interim 2006 over interim 2005, from 59.0 to 61.4 percent, as consumption declined over the interim periods.[93]

Subject import market share fluctuated somewhat but generally remained at a low level during the POR. Total import market share also fluctuated and declined slightly over the POR. Subject import market share peaked at 6.7 percent in 2002 and then declined to *** percent in 2005.[94] The subject import market share of imports from Brazil, Japan, and Spain each remained below *** percent during the POR. In contrast, subject imports from India increased their market share from 1.3 percent in 2000 to 4.9 percent in 2002 and then declined somewhat to *** percent in 2005.[95] The decline in the market share of subject imports from India in 2004 and 2005 is largely due to the fact that the Indian producer Viraj Group is no longer subject to the antidumping duty order on India. Total Indian market share continued to increase after 2003 to *** percent in 2005.[96]

Nonsubject import market share fluctuated during the POR and declined overall from 42.0 percent in 2000 to *** percent in 2005.[97] Nonsubject import market share declined further in the interim periods, from *** percent in interim 2005 to *** percent in interim 2006.[98] The volume and market share of nonsubject imports during the POR was positively correlated with consumption. As consumption declined from 2000 to 2003 nonsubject import volume and market share declined. As consumption increased in 2004 and 2005 nonsubject import volume and market share increased although both remained below 2000 levels in 2005 even as consumption in 2005 exceeded consumption in 2000.As consumption declined in interim 2006 nonsubject import volume also declined.

We find that these conditions in the market for SSB are likely to persist in the reasonably foreseeable future and provide us with a reasonable basis on which to assess the effects of revocation of the orders.

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[88] CR at V-9, PR at V-7.

[89] CR at V-27, PR at V-21.

[90] CR/PR at Table I-6.

[91] CR/PR at Table I-6.

[92] CR/PR at Table I-6.

[93] CR/PR at Table I-6.

[94] CR/PR at Table I-1.

[95] CR/PR at Table I-1.

[96] CR/PR at Table I-1.

[97] CR/PR at Table I-6.

[98] CR/PR at Table I-6.

D. Revocation of the Order on Subject Imports From Brazil Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports from Brazil

In the original investigations subject imports from Brazil were cumulated with subject imports from India, Japan, and Spain. On a decumlated basis, subject imports from Brazil increased from 3,334 short tons in 1991 to 4,209 short tons in 1992, and increased further to 4,594 short tons in 1993.[99]Brazilian production capacity declined from *** short tons in 1991 to *** short tons in 1992 to *** short tons in 1993.[100] The Brazilian industry reported capacity utilization rates between *** and *** percent between 1991 and 1993.[101]

In the first reviews, subject import volume from Brazil increased irregularly from 51 short tons in 1995 to 1,355 short tons in 1999.[102] No Brazilian producer submitted responses to the Commission's questionnaire in the first reviews and thus no capacity data were collected.[103]

In these review investigations, subject imports from Brazil declined irregularly from 1,415 short tons in 2000 to 373 short tons in 2005.[104] The U.S. market share accounted for by subject imports from Brazil declined from 0.5 percent to 0.1 percent.[105] Reported Brazilian production capacity during the POR declined slightly from *** short tons in 2000 to *** short tons in 2005.[106] Thus, reported production capacity during the POR was less than half the capacity reported during the original investigations.

The Commission received a complete foreign producers' questionnaire response from the Brazilian producer Villares Metals, S.A. ("Villares") which accounted for *** percent of SSB production in Brazil and *** percent of exports of SSB to the U.S. market.[107] The Commission also received data on production capacity from the only other Brazilian producer, Piratini Gerdau ("Gerdau").[108] Based on these data, production capacity for SSB in Brazil will increase to approximately *** short tons as a result of capacity expansions in 2007 and 2008. By comparison, peak production capacity in Brazil during the original period of investigation was *** short tons.[109] Thus, total Brazilian production capacity in the reasonably foreseeable future is expected to be lower than in the original investigations. During the POR, Villares reported capacity utilization rates of at least *** percent.[110] Villares reported a capacity

[99] CR/PR at Table I-1.

[100] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 30.

[101] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 30.

[102] CR/PR at Table I-1.

[103] CR at IV-14 n.4, PR at IV-12 n.4.

[104] CR/PR at Table I-1.

[105] CR/PR at Table I-1.

[106] CR/PR at Table IV-5.

[107] CR at IV-14, PR at IV-12.

[108] CR at IV-14 n.6, PR at IV-12 n.6.

[109] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 30.

[110] CR/PR at Table IV-5.

utilization rate of *** percent in 2005 and a capacity utilization rate of *** percent in interim 2006.[111] [112] Because Villares accounts for a large share of a two-producer Brazilian industry we find that Villares' high rate of capacity utilization in the most recent periods indicates that the Brazilian industry is operating at a high rate of capacity utilization.

The available data indicate that Brazilian producers are less export-oriented than during the original investigations because of a growing home market. Consumption of SSB in Brazil increased irregularly from *** short tons in 2000 to *** short tons in 2005, or by *** percent.[113] Brazil's imports of SSB increased from 1,884 short tons in 2000 to 5,858 short tons in 2005, or by 211 percent.[114] Brazil's total exports of SSB declined from 13,494 short tons in 2000 to 12,018 short tons in 2005, or by 11 percent.[115] As a result, Brazil's shipments to its home market as a share of total shipments increased from *** percent in 2000 to *** percent in 2005.[116]

Inventory held by the Brazilian industry remained at a modest level throughout the POR. Although the Brazilian industry reported a moderate increase in inventory levels during the POR, the ratio of inventory to production declined in 2005 and in the interim periods.[117] U.S. importers reported holding only *** short tons of subject imports from Brazil in inventory.[118] U.S. importers reported having arranged for the delivery of only *** tons of subject imports from Brazil after June 30, 2006.[119] Brazil had been subject to an antidumping duty order in Canada, however, this order was rescinded on January 18, 2005.[120] Brazil did not increase its exports to the Canadian market after the order was revoked.[121]

The domestic industry has alleged that product shifting by subject producers is likely to occur if the order is revoked.[122] Subject producers' facilities are capable of producing other products besides the subject SSB. Thus, subject producers could engage in product-shifting in order to increase the volume of subject SSB exported to the U.S. market. In determining whether or not subject producers are likely to engage in product-shifting the Court of International Trade has held that while the physical ability to

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[111] CR/PR at Table IV-5.

[112] We note that the domestic industry has provided alternative estimates of capacity and production that show capacity utilization in Brazil of only *** percent in 2005. CR at Table IV-20. The production capacity estimates provided differ significantly from those provided by the Brazilian producers. Compare CR/PR at Table IV-20 to CR/PR at Table IV-5 and CR at IV-14 n. 6, PR at IV-12 n.6. As noted above, we have essentially complete coverage of the Brazilian industry with regard to production capacity. Additionally, the methodology used to estimate the production capacity data provided by the domestic industry is unclear. Therefore, we give more weight to the actual production capacity data provided by the subject Brazilian producers.

[113] CR/PR at Table IV-23.

[114] CR/PR at Table IV-23.

[115] CR/PR at IV-23 and CR/PR at Table IV-8.

[116] CR/PR at Table IV-5.

[117] CR/PR at Table IV-5. Inventory levels increased irregularly from *** short tons in 2000 to *** short tons in 2005. The ratio of inventory to production fluctuated but increased from *** percent in 2000 to *** percent in 2005. The ratio declined from *** percent in interim 2005 to *** percent in interim 2006.

[118] CR/PR at Table IV-2.

[119] CR at IV-39, PR at IV-26.

[120] CR at IV-39, PR at IV-27.

[121] Brazilian exports remained at minor levels notwithstanding the fact that the average unit value ("AUV") of Brazilian exports to Canada were generally higher than the AUV of exports to other markets. The data also show that the AUV of Brazil's exports to Canada was generally equivalent to the AUV of U.S. exports to Canada in the Jan.-June 2006 period, $4,654 and $4,708 per short ton, respectively. Domestic Industry Posthearing brief at exhibit 3.

[122] Domestic Industry Posthearing brief at exhibit 1 at 1.

produce subject merchandise using facilities now otherwise occupied is the necessary condition for considering the potential for product shifting, the Commission must also show that it would be economically rational for subject producers to engage in product-shifting.[123] Our analysis based on the record evidence indicates that the Brazilian industry is not likely to engage in product shifting.

While presumably the Brazilian industry has the physical ability to rededicate machinery to the production of SSB, the record evidence indicates that such rededication is time consuming, difficult, and reduces the overall efficiency of the production operation. Indeed those members of the domestic industry that have the physical ability to engage in product shifting indicated a preference for not doing so nor have they engaged in the practice recently.[124]

Moreover, while U.S. demand has increased and is expected to remain strong, the record also shows that demand in Brazil's home market and in third-country markets has also increased. Also, as noted above, the strong demand and prices in Brazil's home market have resulted in a decline in the export orientation of the Brazilian industry as it increasingly focuses on its home market. The AUV of Brazil's shipments to its home market exceeded the AUV of shipments to the U.S. market in every full year period except 2002. The AUV of Brazil's exports to the EU exceeded the AUV of Brazil's exports to the U.S. market in every year except 2000. The AUV of Brazil's home market shipments and exports to the EU remained at high levels in interim 2006 as well. There are no other factors that would indicate that Brazilian producers are likely to engage in product shifting.

Because of the decline in production capacity, high rates of capacity utilization, low inventory levels in the Brazilian industry, and the strong demand and attractive prices in Brazil's home market and third-country export markets, we do not find that the volume of subject imports from Brazil is likely to be significant if the order is revoked.

2. Likely Price Effects

During the original investigations, on a decumulated basis, subject imports from Brazil significantly undersold the domestic like product. No price data were reported by importers of SSB from Brazil in the first reviews. No price data were reported by importers of SSB from Brazil in these reviews. The record in these reviews continues to indicate that domestically produced SSB and subject imports from Brazil are generally substitutable and that price is an important factor in purchasing decisions. However, no purchaser reported that they always purchase the lowest-price product.[125]

Purchasers have noted that NAS has become a price leader in the U.S. market.[126] NAS significantly *** other U.S. producers.[127] In 2005, NAS reported U.S. shipments of *** short tons.[128] In comparison, subject imports from Brazil were only 373 short tons and the highest level of subject imports

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[123] Specifically the Court stated that the Commission should consider whether (a) strong U.S. demand and high U.S. price such that the market is attractive, (b) subject producers having shown themselves responsive to market pressures in past, (c) subject producers' physical ability to rededicate machinery, and (d) factors counseling that product-shifting away from less profitable products would be an attractive option for entering the U.S. market. *Siderca, S.A.I.C. v. United States*, Court No. 01-00603, Slip Op. 04-133 (Oct. 27, 2004).

[124] See Hearing transcript ("Tr.") at 52 (Mr. Romans "It is a big effort to change"); Tr. at 53 (Mr. McElwee "It is difficult. It is inefficient"); Tr. at 54 Mr. McElwee "Over the last five years we have not had any significant shift in production").

[125] CR at II-20, PR at II-13.

[126] CR at V-9, PR at V-7.

[127] CR at V-27, PR at V-21.

[128] NAS' Domestic Producers' Questionnaire.

from Brazil was 4,594 short tons in 1993.[129] Given NAS' more significant presence in the U.S. market, NAS is likely to have a more significant impact on prices in the U.S. market than subject imports from Brazil.

U.S. prices for SSB increased at the end of the POR. For all products for which the Commission gathered product-specific price data, prices increased significantly from their low point, generally in early to mid-2003, through the end of the POR. For half the products for which the Commission gathered product specific prices (product 3, product 4, product 5, product 8, and product 10), prices increased from the beginning of the POR to the end of the POR.

Because of the significant increases in U.S. prices, our determination that the volume of subject imports from Brazil is not likely to be significant, and the presence of a low-priced U.S. producer, we do not find that subject imports from Brazil are likely to have any significant negative price effects.

3. Likely Impact

During the original period of investigation, domestic production capacity declined from 276,643 short tons in 1991 to 262,483 short tons in 1993.[130] U.S. shipments increased from 136,293 short tons to 143,320 short tons over the same period.[131] The number of production related workers and hours worked declined from 1991 to 1993. The domestic industry's operating profits declined from *** million in 1991 to *** million in 1993.[132] The domestic industry's operating margin declined from *** percent to *** percent over the same period.[133]

As discussed in more detail in our analysis of the conditions of competition, the domestic industry has undergone significant restructuring during the period of review. During the current period of review, domestic production capacity increased steadily as existing domestic producers have expanded and as NAS entered the market as a large and low-priced producer. While production declined from 2000 to 2001, domestic production increased significantly from 126,241 short tons in 2001 to 175,507 short tons in 2005.[134] U.S. shipments similarly increased, from 135,990 short tons in 2001 to 171,255 short tons in 2005.[135] While both U.S. production and shipments declined somewhat from interim 2005 to interim 2006 these declines are consistent with the reduction in consumption in interim 2006. Further, although production and shipments declined in interim 2006 as consumption declined, the domestic industry was able to take market share from imports. U.S. market share increased from 59.0 percent in interim 2005 to 61.4 percent in interim 2006.[136]

U.S. inventories have declined both absolutely and as a ratio to production and shipments. U.S. inventories declined from 23,945 short tons in 2000 to 19,517 short tons in 2005.[137] While the number of production related workers declined during the POR, productivity increased and unit labor costs declined from 2000 to 2005.[138] As noted above, U.S. prices have also increased. As a result of the improvements in these indicia the domestic industry experienced increased profitability. The domestic industry's

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[129] CR/PR at Table I-1.

[130] CR/PR at Table I-1.

[131] CR/PR at Table I-1.

[132] CR/PR at Table I-1.

[133] CR/PR at Table I-1.

[134] CR /PR at Table III-2.

[135] CR/PR at Table III-4.

[136] CR/PR at Table I-6.

[137] CR/PR at Table III-5.

[138] CR/PR at Table III-6.

operating margin increased from a loss of 15.4 percent in 2003 to a profit of 8.8 percent in 2005.[139] The domestic industry's operating margin increased further in the interim periods, from 8.9 to 9.9 percent.[140] The domestic industry's return on investment ("ROI") increased from a negative return of *** percent in 2003 to a positive return of *** percent in 2005.[141] The domestic industry's ROI increased further in the interim periods from *** to *** percent.[142]

The domestic industry has alleged that its cumulated profits over the course of the period of review have not been sufficient to justify necessary capital expenditures.[143] The domestic industry's assertion is belied by the actual capital expenditure data provided by the domestic industry and the significant increases in domestic production capacity undertaken during the period of review. While capital expenditures have fluctuated during the period of review, the domestic industry made large capital investments. The fluctuations in capital expenditures are largely a result of the significant surge in capital expenditures in 2003 as NAS entered the industry. The significant expansion in production capacity by the domestic producers *** and the entry of NAS into the industry indicate that the domestic industry's financial circumstances have allowed for significant capital expenditures.

As a result of the significant restructuring in the domestic industry and the improvement in the domestic industry indicia, we do not find that the domestic industry is vulnerable to material injury if the order is revoked.[144]

Consistent with our findings that the likely volume and likely price effects of subject imports from Brazil will not be significant, we find that subject imports would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the order were revoked. Based on the strong and improving demand in the U.S. market and the strong and improving condition of the domestic industry, the small volume of subject imports that would be likely upon revocation would not be likely to have a significant adverse impact on the domestic industry. Therefore, we find that revocation of the antidumping duty order on subject imports from Brazil is not likely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

E. Revocation of the Order on Subject Imports From Spain is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports from Spain

In the original investigations, subject imports from Spain were cumulated with subject imports from Brazil, India, and Japan. On a decumulated basis, subject imports from Spain remained steady at

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[139] CR/PR at Table III-10.

[140] CR/PR at Table III-10.

[141] CR/PR at Table III-16.

[142] CR/PR at Table III-16.

[143] Domestic Industry Posthearing brief at 14 and 15.

[144] Given the length of time and the significant changes to the domestic industry since the imposition of the original orders, the extent to which any improvement in the state of the domestic industry is related to the orders is unclear. See Sugar from the European Union; Sugar from Belgium, France, and Germany; and Sugar and Syrups from Canada, INV Nos. 104-TAA-7 (Review); AA1921-198-200 (Review; and 731-TA-3 (Review), USITC Pub. 3238 (Sept. 199).

5,626 short tons in 1991 and 5,645 short tons in 1992, and then increased to 7,335 short tons in 1993.[145] Spain's production capacity was stable at *** short tons in 1991 and 1992 before declining to *** short tons in 1993.[146]

In the first reviews, subject import volume from Spain increased irregularly from 1,276 short tons in 1995 to 2,401 short tons in 1999.[147] In the first reviews, producers in Spain had a reported capacity ranging from *** short tons in 1995 to *** short tons in 1999.[148]

The Commission received a complete foreign producers' questionnaire response from the Spanish producer Roldan S.A. ("Roldan") which accounted for a substantial portion of stainless steel bar produced in Spain in 2005.[149] In these review investigations, subject imports from Spain declined steadily from 3,391 short tons in 2000 to 140 short tons in 2005.[150] The U.S. market share accounted for by subject imports from Spain increased from 1.2 percent in 2000 to 1.3 percent in 2001 and then declined steadily to essentially zero in 2005.[151]

The industry in Spain reported significant increases in production capacity from 2000 to 2005 and projects a further increase in 2007.[152] Reported Spanish production capacity during the POR increased from *** short tons in 2000 to *** short tons in 2005.[153] Although the industry in Spain added significant additional production capacity, capacity utilization rates remained relatively high. Capacity utilization rates were *** percent in 2004, *** percent in 2005, and *** percent in interim 2006.[154] As these figures indicate, Spain's reported production capacity in the POR is approximately half that reported during the first reviews.[155] Spain's current production capacity is similar to the level reported in the original investigations.[156]

As noted above, subject import volume from Spain declined during the POR. Between 2000 and 2002 subject import volume from Spain averaged 2,854 short tons.[157] Between 2003 and 2005 subject import volume averaged only 130 short tons.[158] We find it significant that the decline in subject import

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[145] CR/PR at Table I-1.

[146] Confidential Staff Report, Jan. 24, 1994, INV-S-011 at Table 36.

[147] CR/PR at Table I-1.

[148] CR at IV-30 n. 12, PR at IV-21 n. 12.

[149] CR at IV-30, PR at IV-21.

[150] CR/PR at Table I-1.

[151] CR/PR at Table I-1.

[152] CR/PR at Table IV-15. Although the Commission received data from only one producer in Spain, the data gathered by the Commission with regard to the increase in production capacity and the high capacity utilization rates of the Spanish industry is corroborated by data submitted by the domestic industry. The data submitted by the domestic industry includes estimates for three other producers in Spain. Domestic Industry Posthearing brief at exhibit 2.

[153] CR/PR at Table IV-15.

[154] CR/PR at Table IV-15. The data on capacity utilization rates submitted by the domestic industry show even higher rates of capacity utilization. These data report capacity utilization at *** percent in 2005. CR/PR at Table IV-20.

[155] Spanish production capacity was *** short tons in 2005 versus *** short tons in 1999. CR/PR at Table IV-5 and CR at IV-30 n12, PR at IV-21 n. 12.

[156] Spanish production capacity was 44,000 short tons in 1993. USITC Pub. 2856 at Table IV-9.

[157] CR/PR at Table IV-1.

[158] CR/PR at Table IV-1.

volume from Spain after 2003 occurred when ***.[159] The ***. The relationship between Roldan and NAS is likely to dampen any post-revocation changes in subject import volume, as Roldan now can participate in the U.S. market in a more direct manner.

Another important change since the original investigations that will reduce the likely volume of Spain's exports to the U.S. market is Spain's preferential access to the EU-25 market. The common market regime in the EU was not finalized until the end of 1992 and the euro was not adopted as a common currency until the beginning of 2002. The growth in consumption in the EU has contributed to the focus of the Spanish industry on the EU market.[160] Between 2000 and 2005 the share of shipments by the Spanish industry to the EU market (Spain and all other EU markets) increased from *** percent to *** percent.[161] Over the same period, exports from Spain to the EU market increased from 75,721 short tons to 109,480 short tons, an increase of 44.6 percent.[162] Over the same period, exports from Spain to non-EU markets declined from 12,731 short tons in 2000 to 11,468 short tons in 2005, a decline of 9.9 percent.[163]

The strong demand in the EU market has contributed to strong prices for SSB in that market. Recent price data show that prices for SSB in the EU market have increased considerably and are generally higher than prices in the U.S. market.[164] Between January 2005 and September 2006 prices in the EU for cold-drawn stainless steel bar, grade 304, increased from *** per short ton to *** per short ton, an increase of *** percent.[165] The increase in prices in the EU market was particularly sharp during the first nine months of 2006. Between January 2006 and September 2006 prices in the EU market increased by *** percent.[166] Prices for cold-drawn, grade 304, SSB in the EU market are now higher than prices in the U.S. market.[167] Prices for cold-drawn, grade 316 and peeled, grade 316, SSB in the EU were higher than prices in the U.S. market in every month of the January 2005 - September 2006 period. Prices in the EU market for peeled, grade 304, SSB were generally somewhat lower than prices in the U.S. market, however, the difference in price was generally small. For example, between January 2005 and September 2006 prices for peeled, grade 304 bar in the EU averaged only *** percent less than U.S. prices. The AUV data for Spanish exports corroborates the price data described above. The AUV of Spanish exports to the EU-25 market exceeded the AUV of exports to all other markets in every year of the POR except 2001. Thus, prices in the U.S. market would not provide an incentive for the Spanish industry to shift a significant volume of exports to the U.S. market if the order is revoked.

The reported inventory levels of Spanish industry fluctuated during the POR and increased somewhat from 2000 to 2005. Inventory levels declined in the interim periods and are projected to decline in 2006 and 2007. No U.S. importer reported holding subject imports from Spain in inventory.

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[159] CR at IV-32, PR at IV-21.

[160] CR/PR at Table IV-23.

[161] CR/PR at Table IV-15.

[162] EDIS Doc. ID: 266977.

[163] EDIS Doc. ID: 266977.

[164] We note that the *** price data for the EU market presented in the staff report may be at a different level of trade than the comparable U.S. prices. CR at IV-49 and IV-50, PR at IV-35. While this difference in the level of trade may account for some of the difference between prices in U.S. and EU market it does not change the fact that prices in the EU market have increased rapidly. Also, in many cases the effect of any difference in the level of trade would not be sufficient to account for all of the difference in prices. Additionally, the price data presented in Table VI-24 of the staff report for the EU market do not account for any transportation costs that would have to be added to the reported prices if product was exported to the U.S. market.

[165] CR/PR at Table IV-24.

[166] CR/PR at Table IV-24.

[167] CR/PR at Table IV-24.

No importer reported having arranged for the delivery of imports from Spain after June 30, 2006. Although Spain is subject to an antidumping duty order on SSB in Canada, given Spain's focus on the EU market, we do not expect this order to have a significant effect on Spain's exports.

We have explained our analysis with regard to product shifting above with regard to Brazil. That analysis applies equally to the Spanish industry. Because of the absence of incentives for, and the difficulties of engaging in, product shifting we do not find that subject producers in Spain are likely to engage in significant product shifting if the order is revoked.

Because of the Spanish industry's increased focus on the EU market, Roldan's relationship with the U.S. producer NAS, the lack of significant inventories, relatively high capacity utilization rates, and the lack of any significant incentives for the Spanish industry to shift production or exports away from the EU market to the U.S. market, we find that the volume of subject imports from Spain is not likely to be significant if the order is revoked.

2. Likely Price Effects

During the original investigations, the Commission found that subject imports from Spain, on a decumulated basis, undersold the domestic like product. No price data were reported by importers of SSB from Spain in the first reviews. No price data were reported by importers of SSB from Spain in these reviews. The record in these reviews continues to indicate that domestically produced SSB and subject imports from Spain are generally substitutable and that price is an important factor in purchasing decisions. However, no purchaser reported that they always purchase the lowest-price product.[168]

As we discussed above in describing why the volume of imports from Spain likely will not be significant upon revocation, prices in the EU market have increased significantly and are generally higher than prices in the U.S. market.[169] Prices for cold-drawn, grade 304, SSB, cold-drawn, grade 316 and peeled, grade 316, SSB in the EU were higher than prices in the U.S. market in every month of the January 2005 - September 2006 period. Prices in the EU market for peeled, grade 304, SSB were generally competitive with prices in the U.S. market.

As noted in our discussion above with regard to Brazil, U.S. prices for SSB increased at the end of the POR. For all products for which the Commission gathered product specific price data, prices increased significantly from their low point, generally in early to mid-2003, through the end of the POR. For half the products the Commission gathered product specific prices (product 3, product 4, product 5, product 8, and product 10), prices increased from the beginning of the POR to the end of the POR.

Further, purchasers have noted that NAS has become a price leader in the U.S. market.[170] NAS significantly *** other U.S. producers.[171] In 2005, NAS reported U.S. shipments of *** short tons.[172] In comparison, subject imports from Spain were only 140 short tons and the highest level of subject imports from Spain was 7,335 short tons in 1993.[173] Given NAS' more significant presence in the U.S. market,

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[168] CR at II-20, PR at II-13.

[169] The domestic industry has provided alternative price series that show that prices in the U.S. market are higher than prices in the EU market. CR/PR at Table IV-28. We note that both price series show that prices in both the U.S. and EU market have increased significantly. We give more weight to the *** price data. As noted in the staff report, the methodology used in collecting the *** price data are more methodical and accurate. CR at IV-50 n.38, PR IV-35 n.38.

[170] CR at V-9, PR at V-7.

[171] CR at V-27, PR at V-21.

[172] NAS' Domestic Producers' Questionnaire.

[173] CR/PR at Table I-1.

NAS is likely to have a more significant impact on prices in the U.S. market than subject imports from Spain.

Because of the significant increases in U.S. and EU prices, our determination that the volume of subject imports from Spain is not likely to be significant, and the presence of a low-priced domestic competitor, we do not find that subject imports from Spain are likely to have any significant negative price effects.

3. Likely Impact

We have already discussed the improvement in the condition of the domestic industry and our determination that the domestic industry is not vulnerable to the continuation or recurrence of material injury in our discussion above on Brazil. Consistent with our findings that the likely volume and likely price effects of subject imports from Spain will not be significant, we find that subject imports from Spain would not be likely to have a significant adverse impact on the domestic industry's output, sales, market share, profits, or return on investment, if the order were revoked. Based on the strong and improving demand in the U.S. market and the strong and improving condition of the domestic industry, the small volume of subject imports that would be likely upon revocation would not be likely to have a significant adverse impact on the domestic industry. Therefore, we find that revocation of the antidumping duty order on subject imports from Spain is not likely to lead to the continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

E. Revocation of the Order on Cumulated Subject Imports From India and Japan is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports from India and Japan

In the original investigations, the volume of subject imports from India and Japan increased from 17,023 short tons in 1991 to 19,758 short tons in 1993.[174] [175] Production capacity in India and Japan remained unchanged while capacity utilization fell during 1990-93.[176]

In the first review investigations, the volume of subject imports from India and Japan declined from 4,466 short tons in 1995 to 2,790 short tons in 1999.[177] Reported Indian capacity and capacity utilization increased during 1998-99. Reported Indian production ***.[178] Reported Japanese production rose during 1995-97, then fell to lower levels during 1995-99.[179]

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[174] CR/PR at Table I-1.

[175] We note that in the original investigations, subject imports from India and Japan were cumulated with subject imports from Brazil and Spain. India and Japan accounted for 62.4 percent of total subject imports in 1993. CR/PR at Table I-1.

[176] USITC Pub. 2856 at Tables 33 and 34.

[177] CR/PR at Table I-1.

[178] USITC Pub. 3404 at Table IV-7.

[179] During the first review investigations, Japanese producers did not provide information concerning Japanese capacity. The U.S. embassy in Tokyo provided data concerning Japanese production and total exports during 1995-99. Japanese production was 170,654 short tons in 1995, 175,316 short tons in 1996, 184,136 short tons in 1997, 153,090 short tons in 1998, and 155,538 short tons in 1999. USITC Pub. 3404 at Table IV-8.

In these review investigations, subject import volume from India and Japan increased irregularly from 4,128 short tons in 2000 to *** short tons in 2005.[180] The U.S. market share accounted for by subject imports from India increased irregularly from 1.3 percent in 2000 to *** percent in 2005.[181] Nonsubject imports from India ***. The U.S. market share accounted for by nonsubject imports from India ***.[182]

The Commission received only a limited number of questionnaire responses from Indian producers and no responses from Japanese producers.[183] The available information indicates that cumulated production capacity for India and Japan is large and capacity in India is increasing rapidly. Reported Indian capacity to produce stainless steel bar ***.[184] Reported Indian production of stainless steel bar ***.[185] Other data reported by *** indicates that ***.[186] The available data indicate that Japan produced *** short tons in 2005.[187] Thus, production in India and Japan increased from *** short tons in 2000 to *** short tons in 2005, or equivalent to more than one and half times U.S. consumption in that year.[188]

Reported Indian capacity utilization ***.[189] Japanese producers reported declining capacity utilization rates in the original investigations.[190]

Export markets remain important to both the Indian and Japanese industries. India's total exports of SSB increased by 150.3 percent from 2000 to 2005.[191] Although Japan's total exports declined slightly over the POR, Japan continues to export a significant volume of SSB.[192] Because Japanese consumption has declined more rapidly than exports, export markets have increased in importance to the Japanese industry.[193]

Furthermore, the U.S. market is relatively more attractive than either country's home market or other export markets. The AUVs of Indian producers' exports to the United States were higher than the AUVs of exports to other markets in all years except 2004, and were substantially higher than the AUVs of home market shipments every year during 2000-05.[194] The AUVs of Japanese exports of stainless steel

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[180] CR/PR at Table I-1.

[181] CR/PR at Table IV-1.

[182] CR/PR at Tables I-6 and IV-1.

[183] The Commission received data from three firms, Mukand Ltd., Raajratna Metal Industries Pvt., Ltd., and Sindia Steels Limited, which accounted for approximately *** percent of stainless steel bar produced in India in 2005. CR at IV-20, PR at IV-15.

[184] CR/PR at Table IV-9.

[185] CR/PR at Table IV-23.

[186] CR/PR at Table IV-20.

[187] CR/PR at Table IV-23.

[188] CR/PR at Table IV-23 and CR/PR Table I-1.

[189] CR/PR at Table IV-9.

[190] USITC Pub. 2856 at Table 34.

[191] CR/PR at Table IV-11.

[192] CR/PR at Table IV-13.

[193] Japan's exports declined by 1.6 percent from 2000 to 2005 while consumption declined by 15.8 percent. CR/PR at Table IV-13 and Table IV-23.

[194] CR/PR at Table IV-9.

bar to the United States were higher than the AUVs of Japanese exports of stainless steel bar to its other markets in every year except 2001 during 2000-05.[195] In addition, ***.[196]

The attractive stainless steel bar pricing in the U.S. market relative to other export markets and the subject producers' home markets suggests that Indian and Japanese producers would have the incentive to shift sales from other export markets and from their home markets to the U.S. market if the antidumping duty order were revoked. India is also subject to antidumping duty orders on SSB in Brazil, Canada, the EU, and South Korea.[197]

In view of India and Japan's apparent large capacity, high and increasing levels of production, and given the attractive pricing in the U.S. market relative to other export markets and the subject producers' home markets, we find that subject import volume would likely be significant if the antidumping duty order were revoked.

2. Likely Price Effects of Subject imports from India and Japan

In the original investigations, the Commission found that subject imports from India undersold the domestic like product in 70 of 78 price comparisons, and that underselling margins averaged 16.3 percent.[198] In the original investigations, the Commission found that subject imports from Japan undersold the domestic like product in 90 of 238 price comparisons, and that underselling margins averaged 7.1 percent.[199] In the first review investigations, the Commission found that subject imports from India undersold the domestic like product in all 53 price comparisons, and that underselling averaged 22.0 percent. No price data were available for subject imports from Japan in the first reviews.

In these review investigations, the Commission received only very limited price data for subject imports from India, and the paucity of the price data makes meaningful comparisons difficult. Subject imports from India undersold comparable U.S.-produced product in six of eight quarters for which comparisons were available, with margins of underselling ranging from *** percent to *** percent.[200]

There is some indication that stainless steel bar from India may be perceived as being of lower quality than domestic or other subject imported stainless steel bar.[201] However, as noted above, Indian producers have been able to sell significant quantities of stainless steel bar in the U.S. market during the period of review, which indicates that any perceived differences in quality are not significant barriers to entry.

The AUV of subject imports from India remained well below the AUV of U.S. shipments. In 2005 the AUV of subject imports from India was *** per short ton while the AUV of U.S. shipments was $4,416 per short ton.[202] In the interim 2006 period, the AUV of subject imports from India was *** per short ton versus $4,220 per short ton for U.S. shipments.[203] As discussed above in our analysis of the likely volume of subject imports from India and Japan, the AUV of shipments to other export markets and to the subject producers' home markets are below the AUV of U.S. shipments and that the *** data indicate that prices in the Japanese market are lower than those in the U.S. market.

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[195] CR/PR at Table IV-13.

[196] CR/PR at Table IV-2.

[197] CR at IV-39, PR at IV-27.

[198] USITC Pub. 2856 at II-96.

[199] USITC Pub. 2856 at II-96.

[200] CR at V-27, PR at V-21.

[201] CR at II-19, PR at II-17.

[202] CR/PR at Tables III-4 and IV-1.

[203] CR/PR at Tables III-4 and IV-1.

During the original investigations cumulated subject import volume from Indian and Japan fluctuated between 16,697 short tons and 19,758 short tons.[204] During the current POR subject import volume from India has increased steadily. The likely significant volume of cumulated imports from India and Japan is likely to be sufficient to impact prices in the U.S. market, notwithstanding the presence of low-priced shipments by NAS.

We find that data from the original investigations, the first reviews, and the current record indicate that the likely significant volume of subject imports from India and Japan is likely to enter the U.S. market at prices that would depress or suppress domestic prices to a significant degree within a reasonably foreseeable time if the order were revoked.

3. Likely Impact of Subject Imports from India and Japan

We concluded above that the volume of subject imports from India and Japan is likely to be significant upon revocation of the antidumping duty orders and that subject imports will likely depress or suppress U.S. prices to a significant degree. Although we do not find the domestic industry to be vulnerable, we find that the likely significant volume and price effects of the subject imports from India and Japan would be sufficient to have a significant negative impact on the production, shipment, sales, and revenue levels of the domestic industry. These reductions would likely have an adverse impact on the industry's profitability as well as its ability to raise capital and maintain necessary capital investments, and it is likely that revocation of the orders would also result in commensurate employment declines for domestic firms.

For the foregoing reasons, we determine that revocation of the antidumping duty orders on stainless steel bar from India and Japan would likely lead to the continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping orders on SSB from Brazil and Spain would not be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time, but that revocation of the antidumping duty orders on SSB from Japan and India would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

[204] CR/PR at Table I-1.

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On March 1, 2006, the U.S. International Trade Commission ("Commission") gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted five-year reviews to determine whether revocation of the antidumping duty orders on stainless steel bar[1] from Brazil, India, Japan, and Spain would likely lead to the continuation or recurrence of material injury to a domestic industry within a reasonably foreseeable time. Effective June 5, 2006, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act.[2] Information relating to the background and schedule of the reviews is provided in the following tabulation.[3]

Effective date	Action
February 21, 1995	U.S. Department of Commerce ("Commerce") antidumping duty orders with respect to imports from Brazil, India, and Japan (60 FR 9661)
March 2, 1995	Commerce's antidumping duty order with respect to imports from Spain (60 FR 11656)
April 18, 2001	Commerce's continuation of antidumping duty orders after the first five-year reviews (66 FR 19919)
March 1, 2006	Commission's institution of second five-year reviews (71 FR 10552)
June 5, 2006	Commission's decision to conduct full second five-year reviews (71 FR 34391, June 14, 2006)
June 20, 2006	Commission's scheduling of the second five-year reviews (71 FR 36359, June 26, 2006)
July 6, 2006	Commerce's final results of expedited second five-year reviews (71 FR 38372)
October 12, 2006	Commission's hearing[1]
December 4, 2006	Commission's vote
January 5, 2007	Commission's determinations transmitted to Commerce
[1] App. B contains the list of witnesses who appeared at the hearing.	

[1] A complete description of the imported products subject to these reviews is presented in the "Subject Product" section of this part of the report.

[2] The Commission received adequate responses from six U.S. producers, which accounted for a substantial portion of U.S. production of stainless steel bar, and therefore determined that the domestic industry response was adequate. The Commission determined that it received an adequate response from a foreign producer in Brazil that accounted for a substantial portion of the production of stainless steel bar in Brazil. With regard to India, Japan, and Spain, the Commission did not receive responses from any foreign producers, and therefore determined that the respondent interested party group response for those countries was inadequate, but determined to conduct a full review to promote administrative efficiency. *See Explanation of Commission Determination on Adequacy*, app. A.

[3] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. A and may also be found at the Commission's web site (internet address *www.usitc.gov*). Commissioners' votes on whether to conduct expedited or full reviews may also be found at the web site.

STATUTORY CRITERIA AND ORGANIZATION OF THE REPORT

Section 751(c) of the Act requires Commerce and the Commission to conduct a review no later than five years after the issuance of an antidumping or countervailing duty order or the suspension of an investigation to determine whether revocation of the order or termination of the suspended investigation "would be likely to lead to continuation or recurrence of dumping or a countervailable subsidy (as the case may be) and of material injury."

Section 752(a) of the Act provides that in making its determination of likelihood of continuation or recurrence of material injury--

> *(1) IN GENERAL.-- . . . the Commission shall determine whether revocation of an order, or termination of a suspended investigation, would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission shall consider the likely volume, price effect, and impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated. The Commission shall take into account--*
>
> *(A) its prior injury determinations, including the volume, price effect, and impact of imports of the subject merchandise on the industry before the order was issued or the suspension agreement was accepted,*
> *(B) whether any improvement in the state of the industry is related to the order or the suspension agreement,*
> *(C) whether the industry is vulnerable to material injury if the order is revoked or the suspension agreement is terminated, and*
> *(D) in an antidumping proceeding . . ., (Commerce's findings) regarding duty absorption . . ..*
>
> *(2) VOLUME.--In evaluating the likely volume of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether the likely volume of imports of the subject merchandise would be significant if the order is revoked or the suspended investigation is terminated, either in absolute terms or relative to production or consumption in the United States. In so doing, the Commission shall consider all relevant economic factors, including--*
>
> *(A) any likely increase in production capacity or existing unused production capacity in the exporting country,*
> *(B) existing inventories of the subject merchandise, or likely increases in inventories,*
> *(C) the existence of barriers to the importation of such merchandise into countries other than the United States, and*
> *(D) the potential for product-shifting if production facilities in the foreign country, which can be used to produce the subject merchandise, are currently being used to produce other products.*
>
> *(3) PRICE.--In evaluating the likely price effects of imports of the subject merchandise if the order is revoked or the suspended investigation is terminated, the Commission shall consider whether--*
>
> *(A) there is likely to be significant price underselling by imports of the subject merchandise as compared to domestic like products, and*

(B) imports of the subject merchandise are likely to enter the United States at prices that otherwise would have a significant depressing or suppressing effect on the price of domestic like products.

(4) IMPACT ON THE INDUSTRY.--In evaluating the likely impact of imports of the subject merchandise on the industry if the order is revoked or the suspended investigation is terminated, the Commission shall consider all relevant economic factors which are likely to have a bearing on the state of the industry in the United States, including, but not limited to--

(A) likely declines in output, sales, market share, profits, productivity, return on investments, and utilization of capacity,

(B) likely negative effects on cash flow, inventories, employment, wages, growth, ability to raise capital, and investment, and

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

The Commission shall evaluate all such relevant economic factors . . . within the context of the business cycle and the conditions of competition that are distinctive to the affected industry.

Section 752(a)(6) of the Act states further that in making its determination, "the Commission may consider the magnitude of the margin of dumping or the magnitude of the net countervailable subsidy." Information obtained during the course of these reviews that relates to the above factors is presented throughout this report.

SUMMARY DATA

A summary of data collected in the reviews is presented in appendix C. U.S. industry data are based on questionnaire responses of eight firms that accounted for virtually all of known U.S. production of stainless steel bar during the review period (January 2000-June 2006). U.S. import data are based on official Commerce statistics.[4] Responses by U.S. producers, importers, and purchasers of stainless steel bar in Brazil, India, Japan, and Spain to a series of questions concerning the significance of the existing antidumping duty orders and the likely effects of revocation are presented in appendix D. Table I-1 presents a summary of data from the original investigations, the first five-year reviews, and the second five-year reviews.

[4] U.S. import data for stainless steel bar from India are based on official Commerce statistics, with U.S. imports from the Viraj Group removed for the period from January 2003 to June 2006. Commerce revoked the antidumping duty order on the Viraj Group effective February 1, 2003.

Table I-1
Stainless steel bar: Summary data from the original investigations, first five-year reviews, and second five-year reviews, 1991-93, 1995-99, and 2000-05

(Quantity in *short tons*; value in *1,000 dollars*; and unit values are per *short ton*)														
Item	**1991**	**1992**	**1993**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
U.S. consumption quantity:	181,303	180,218	202,376	246,436	249,440	262,846	254,700	236,927	279,543	237,414	215,367	208,358	246,971	295,751
Producers' share[1]	75.2	74.1	70.8	70.7	68.7	64.7	62.9	63.1	54.8	57.3	60.5	67.4	66.1	57.9
Importer's share: Brazil[1]	1.8	2.3	2.3	(2)	(2)	0.5	0.3	0.6	0.5	0.2	0.4	0.5	0.1	0.1
India[1]	0.8	1.2	2.1	1.7	0.8	0.3	0.8	1.1	1.3	2.0	4.9	***	***	***
Japan[1 3]	8.6	8.1	7.7	0.1	0.1	(2)	0.1	0.1	0.2	0.7	0.4	0.2	0.2	0.1
Spain[1 3]	3.1	3.1	3.6	0.5	0.6	0.7	0.7	1.0	1.2	1.3	1.0	0.1	0.0	0.0
Subtotal	14.3	14.7	15.7	2.4	1.5	1.5	2.0	2.8	3.2	4.2	6.7	***	***	***
India (nonsubject)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	***	***	***
All other sources[1]	10.5	11.2	13.5	26.9	29.7	33.7	35.1	34.1	42.0	38.6	32.8	26.5	28.2	35.8
Total imports[1]	24.8	25.9	29.2	29.3	31.3	35.3	37.1	36.9	45.2	42.7	39.5	32.6	33.9	42.1
U.S. consumption value:	618,305	576,025	599,309	872,574	917,970	877,589	814,288	672,804	822,342	700,734	584,353	562,408	845,448	1,214,279
Producers' share[1]	78.9	78.8	76.4	77.1	75.0	71.9	70.2	70.5	64.5	65.3	66.8	72.3	70.7	62.3
Importer's share: Brazil[1]	1.4	1.7	1.5	(2)	(2)	0.3	0.3	0.4	0.4	0.1	0.3	0.3	0.1	0.1
India[1]	0.6	0.9	1.5	1.1	0.5	0.2	0.5	0.6	0.8	1.2	3.2	***	***	***
Japan[1 3]	7.2	6.6	6.7	0.2	0.1	0.1	0.2	0.1	0.3	0.6	0.4	0.3	0.3	0.3
Spain[1 3]	2.6	2.4	2.9	0.5	0.5	0.6	0.5	0.7	0.8	0.9	0.7	0.1	0.0	0.0
Subtotal	11.8	11.6	12.7	1.8	1.1	1.2	1.5	1.8	2.2	2.9	4.6	***	***	***
India (nonsubject)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	***	***	***
All other sources[1]	9.4	9.6	10.9	21.2	23.9	26.9	28.4	27.7	33.3	31.8	28.5	23.4	25.3	33.1
Total imports[1]	21.1	21.2	23.6	22.9	25.0	28.1	29.8	29.5	35.5	34.7	33.2	27.7	29.3	37.7

Table continued on next page.

Table I-1--*Continued*
Stainless steel bar: Summary data from the original investigations, first five-year reviews, and second five-year reviews, 1991-93, 1995-99, and 2000-05

(Quantity in *short tons*; value in *1,000 dollars*; and unit values are per *short ton*)														
Item	**1991**	**1992**	**1993**	**1995**	**1996**	**1997**	**1998**	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**
U.S. imports from--														
Brazil:														
Quantity	3,334	4,209	4,594	51	51	1,250	871	1,355	1,415	524	953	985	295	373
Value	8,529	9,697	9,267	110	135	2,965	2,189	2,386	2,964	997	1,711	1,914	747	1,414
Unit value	$2,558	$2,304	$2,017	$2,157	$2,654	$2,371	$2,514	$1,762	$2,095	$1,904	$1,795	$1,942	$2,529	$3,789
India:														
Quantity	1,402	2,186	4,243	4,142	1,952	747	2,047	2,626	3,641	4,693	10,593	***	***	***
Value	3,607	5,220	9,089	9,741	4,427	1,597	4,027	4,238	6,470	8,396	18,886	***	***	***
Unit value	$2,574	$2,388	$2,142	$2,352	$2,268	$2,136	$1,967	$1,614	$1,777	$1,789	$1,783	$***	$***	$***
Japan:[3]														
Quantity	15,621	14,511	15,515	324	245	116	353	164	487	1,571	864	476	516	385
Value	44,811	37,791	40,160	1,392	1,132	654	1,293	593	2,147	4,378	2,533	1,950	2,438	3,080
Unit value	$2,869	$2,604	$2,588	$4,301	$4,627	$5,620	$3,667	$3,605	$4,410	$2,787	$2,933	$4,098	$4,724	$8,008
Spain:[3]														
Quantity	5,626	5,645	7,335	1,276	1,554	1,949	1,784	2,401	3,391	3,093	2,078	154	95	140
Value	15,844	13,939	17,508	4,038	4,484	4,899	4,419	4,622	6,717	6,396	3,858	322	257	483
Unit value	$2,816	$2,469	$2,387	$3,165	$2,885	$2,514	$2,477	$1,925	$1,981	$2,068	$1,856	$2,089	$2,694	$3,458
Subtotal:														
Quantity	25,983	26,551	31,687	5,792	3,802	4,063	5,055	6,546	8,933	9,880	14,489	***	***	***
Value	72,792	66,647	76,025	15,280	10,178	10,115	11,928	11,839	18,299	20,167	26,987	***	***	***
Unit value	$2,802	$2,510	$2,399	$2,638	$2,677	$2,490	$2,360	$1,809	$4,509	$4,777	$7,806	$***	$***	$***

Table continued on next page.

Table I-1--*Continued*
Stainless steel bar: Summary data from the original investigations, first five-year reviews, and second five-year reviews, 1991-93, 1995-99, and 2000-05

(Quantity in *short tons*; value in *1,000 dollars*; and unit values are per *short ton*)

Item	1991	1992	1993	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
India (nonsubject)														
Quantity	0	0	0	0	0	0	0	0	0	0	0	***	***	***
Value	0	0	0	0	0	0	0	0	0	0	0	***	***	***
Unit value	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)	$***	$***	$***
All other sources:														
Quantity	19,027	20,168	27,368	66,304	74,196	88,612	89,520	80,774	117,303	91,544	70,578	55,140	69,552	105,922
Value	57,877	55,418	65,426	184,765	219,351	236,138	230,875	186,436	273,767	222,668	166,738	131,797	213,783	402,468
Unit value	$3,042	$2,748	$2,391	$2,787	$2,956	$2,665	$2,579	$2,308	$2,334	$2,432	$2,362	$2,390	$3,074	$3,800
All countries:														
Quantity	45,010	46,719	59,056	72,096	77,998	92,675	94,575	87,320	126,235	101,424	85,067	67,993	83,666	124,496
Value	130,669	122,065	141,450	200,045	229,529	246,253	242,803	198,275	292,066	242,835	193,725	156,050	247,412	458,037
Unit value	$2,903	$2,613	$2,395	$2,775	$2,943	$2,657	$2,567	$2,271	$2,314	$2,394	$2,277	$2,295	$2,957	$3,679
U.S. producers'--														
Capacity quantity	276,643	273,143	262,483	289,002	285,352	285,127	285,767	304,777	211,208	215,609	245,779	270,023	273,700	337,296
Production quantity	134,832	135,318	138,284	175,764	182,431	170,625	166,545	154,711	144,162	126,241	126,505	140,264	163,824	175,507
Capacity utilization[1]	48.7	49.4	52.6	60.8	63.9	59.8	58.3	50.8	68.3	58.6	51.5	51.9	59.9	52.0
U.S. shipments:														
Quantity	136,293	133,499	143,320	174,340	171,442	170,171	160,125	149,607	153,308	135,990	130,300	140,365	163,305	171,255
Value	487,636	453,960	457,859	672,529	688,441	631,336	571,485	474,529	530,276	457,899	390,628	406,358	598,036	756,242
Unit value	$3,578	$3,400	$3,195	$3,858	$4,016	$3,710	$3,569	$3,172	$3,459	$3,367	$2,998	$2,895	$3,662	$4,416
Ending inventory quantity	26,185	27,597	21,659	22,081	28,314	23,936	24,772	24,407	23,945	19,137	20,815	18,948	17,603	19,517
Inventories/total shipments[1]	19.2	20.7	15.0	***	***	***	***	***	***	***	***	***	10.1	10.8
Production workers	2,189	2,066	2,159	2,150	2,234	2,142	2,056	1,873	***	***	***	***	***	***
Hours worked (*1,000 hours*)	4,387	4,222	4,281	4,795	4,940	4,760	4,512	3,939	***	***	***	***	***	***
Wages paid (*1,000 dollars*)	77,098	75,267	80,780	97,080	104,641	106,034	100,526	85,906	***	***	***	***	***	***
Hourly wages	$17.57	$17.83	$18.87	$20.25	$21.18	$22.28	$22.28	$21.81	***	$***	$***	$***	$***	$***
Productivity (*short tons per 1,000 hours*)	28.2	29.5	31.4	36.7	36.9	35.8	36.9	39.3	***	***	***	***	***	***

Table continued on next page.

Table I-1--*Continued*
Stainless steel bar: Summary data from the original investigations, first five-year reviews, and second five-year reviews, 1991-93, 1995-99, and 2000-05

(Quantity in *short tons*; value in *1,000 dollars*; and unit values are per *short ton*)

Item	1991	1992	1993	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net sales:														
Quantity[4]	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value[4]	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value[4]	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***
Cost of goods sold[4]	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)[4]	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)[4]	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit cost of goods sold[4]	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***
Unit operating income or (loss)[4]	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***	$***
Cost of goods sold/sales[1 4]	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/sales[1 4]	***	***	***	***	***	***	***	***	***	***	***	***	***	***

[1] In *percent*.
[2] Less than 0.05 percent.
[3] Official Commerce statistics were adjusted for Japan in 1995 through September 2000 and for Spain in 1997-98 to exclude data for firms that reported that they did not import stainless steel bar.
[4] Financial data are on a fiscal-year basis. Financial values shown include revenues and related costs with the sale of stainless steel bar from producers' integrated service centers to their customers.

Source: Data for 1991 through 1993 are compiled from information collected in the Commission's original antidumping duty investigations. *See* confidential staff report, January 24, 1994, INV-S-011*; see also Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final)*, USITC Publication 2856, February 1995. Data for 1995-1999 are compiled from information collected in the Commission's first five-year reviews. *See* Confidential staff report, February 23, 2001, INV-Y-034*; see also Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Review)*, USITC Publication 3404, March 2001. Data for 2000 through 2005 are compiled from data submitted in response to Commission questionnaires in the present five-year reviews, from official Commerce statistics, and proprietary data obtained from Customs.

THE ORIGINAL INVESTIGATIONS

The original investigations resulted from a petition filed on December 30, 1993, by AL Tech Specialty Steel Corp. ("AL Tech"); Carpenter Technology Corp. ("Carpenter"); Crucible Specialty Metals ("Crucible"); Electralloy Corp. ("Electralloy"); Republic Technologies International/Republic Engineered Steels, Inc. ("Republic"); Slater Steels Corp. ("Slater"); Talley Metals Technology, Inc. ("Talley"); and the United Steel Workers of America ("United Steel Workers"). The petition alleged that an industry in the United States was materially injured and threatened with material injury by reason of less-than-fair-value ("LTFV") imports of stainless steel bar from Brazil, India, Japan, and Spain.[5] In February 1995, the Commission determined that an industry in the United States was materially injured by reason of LTFV imports of stainless steel bar from Brazil, India, Japan, and Spain.[6]

In February 1995, Commerce issued antidumping duty orders on imports of stainless steel bar from Brazil, India, and Japan.[7] In March 1995, it issued an antidumping duty order on imports of stainless steel bar from Spain.[8]

THE FIRST FIVE-YEAR REVIEWS

On April 6, 2000, the Commission determined that it would conduct full five-year reviews of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain.[9] In March 2001, the Commission determined that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[10] On April 18, 2001, Commerce published its notice of continuation of the antidumping duty orders.[11]

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[5] The petition also alleged material injury and threat of further material injury by reason of LTFV imports of stainless steel bar from Italy. Commerce, however, made a negative final LTFV determination with respect to Italy and, on January 23, 1995, the Commission terminated its investigation (Inv. No. 731-TA-680 (Final)) concerning imports of stainless steel bar from Italy.

[6] *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final),* USITC Publication 2856, February 1995, p. I-3.

[7] *Notice of Antidumping Duty Orders: Stainless Steel Bar from Brazil, India, and Japan*, 60 FR 9661, February 21, 1995.

[8] *Amended Final Determination and Antidumping Duty Order: Stainless Steel Bar from Spain*, 60 FR 11656, March 2, 1995.

[9] *Stainless Steel Bar from Brazil, India, Japan, and Spain*, 65 FR 20834, April 18, 2000.

[10] *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Review),* USITC Publication 3404, March 2001, p. 1.

[11] *Continuation of Antidumping Duty Orders: Stainless Steel Bar from Brazil, India, Japan, and Spain*, 66 FR 19919, April 18, 2001.

RELATED INVESTIGATIONS

Title VII Investigations

Stainless steel bar has been the subject of several Commission investigations. A listing of these investigations is presented in the tabulation below.

Investigation/source[1]	Inv. No.	Date of Inv.	Pub. No.	Action/status
Stainless steel bar from Brazil	701-TA-179-181 (F)[2]	1983	USITC 1398	Affirmative (suspension agreements in 1983 and 1986; terminated 1988)
Stainless steel bar from Spain	701-TA-176-178 (F)[2]	1983	USITC 1333	Negative [3]
Stainless steel bar from France, Germany, Italy, Korea, and the United Kingdom	701-TA-413 (F) and 731-TA-913-916 and 918 (F)	2002	USITC 3488	Affirmative

[1] Stainless steel wire rod orders were continued for India on August 8, 2006, and continued for Italy, Japan, Korea, Spain, Sweden, and Taiwan on August 13, 2004. The orders on stainless steel wire rod were revoked for Brazil and France on August 8, 2005. The orders on stainless steel angle for Japan, Korea, and Spain were revoked May 18, 2006.
[2] Investigation also included stainless steel wire rod.
[3] The Commission voted in the affirmative with regard to stainless steel wire rod.

Source: Compiled from U.S. International Trade Commission publications.

Safeguard Investigations

In 2001, the Commission conducted a global safeguard investigation of steel products that included stainless steel bar.[12] With regard to this product category, the Commission made an affirmative determination and found that the U.S. stainless steel bar industry was seriously injured by reason of increased U.S. imports.[13] The Presidential Proclamation included an increase in duties on stainless steel bar of 15 percent *ad valorem* in the first year of the safeguard measure, reduced to 12 percent in the second year, and reduced further to 9 percent in the third year. On December 4, 2003, the safeguard duties were terminated.[14]

COMMERCE'S RESULTS OF EXPEDITED REVIEWS

On July 6, 2006, Commerce published its findings that revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would likely lead to continuation or recurrence of dumping.[15] Commerce has not conducted any duty absorption determinations with respect to these orders. The weighted-average dumping margins (in percent *ad valorem*), as reported by Commerce, for the original investigations and the five-year reviews for stainless steel bar are presented in table I-2.

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[12] *Steel,* Inv. No. TA-201-73, USITC Publication 3479, volume 1, December 2001, p. 205.

[13] Ibid.

[14] *Steel: Evaluation of the Effectiveness of Import Relief,* Inv. No. TA-204-12, USITC Publication 3797, September 2005, p. 16.

[15] *Stainless Steel Bar from Brazil, India, Japan, and Spain; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders,* 71 FR 38372, July 6, 2006.

Table I-2
Stainless steel bar: Weighted-average dumping margins, as reported by Commerce, for the original investigations, the first five-year reviews, and the second five-year reviews, by country and firm

Country and firm	Original investigations	First reviews	Second reviews
	Margin (*percent ad valorem*)		
Brazil			
Acos Villares, S.A.	19.43	19.43	19.43
All other exporters	19.43	19.43	19.43
India			
Grand Foundry, Ltd.	3.87	3.87	3.87
Mukand, Ltd.	21.02	21.02	21.02
All other exporters	12.45	12.45	12.45
Japan			
Aichi Steel Works, Ltd.	61.47	61.47	61.47
Daido Steel Co., Ltd.	61.47	61.47	61.47
Sanyo Special Steel Co., Ltd.	61.47	61.47	61.47
All other exporters	61.47	61.47	61.47
Spain			
Acenor, S.A. (including successor companies, including Digeco, S.A. and Clorimax, S.R.L.)	62.85	62.85	62.85
Roldan, S.A.	7.72	7.72	7.72
All other exporters	25.77	25.77	25.77

Source: Compiled from various *Federal Register* notices.

COMMERCE'S ADMINISTRATIVE REVIEWS

Brazil and Spain

Commerce has not conducted any administrative reviews of the antidumping duty orders on stainless steel bar from Brazil or Spain since the imposition of the antidumping orders in 1995.

India

Since the first five-year review, Commerce has conducted six administrative reviews of the antidumping duty order on stainless steel bar from India,[16] as shown in the following tabulation:

Period of review	Date results published	Exporter	Margins *(percent ad valorem)*
February 1, 1999 to January 31, 2000	June 11, 2001 (66 FR 31208)	Panchmahal Steel, Ltd.	19.54
February 1, 2000 to January 31, 2001	August 15, 2002 (67 FR 53336)	Viraj Group, Ltd.[1]	0.47
February 1, 2001 to January 31, 2002	August 11, 2003 (68 FR 47543)	Isibars, Ltd.	4.59
		Mukand, Ltd.	21.02
		Venus Wire Industries, Ltd.	0.02
		Viraj Group, Ltd.	0
February 1, 2002 to January 31, 2003	September 14, 2004 (69 FR 55409)	Chandan Steel, Ltd.	21.02
		Isibars, Ltd.	21.02
		Jyoti Steel Industries	21.02
		Venus Wire Industries, Ltd.	0.06
		Viraj Group, Ltd.	0
February 1, 2003 to January 31, 2004	September 13, 2005 (70 FR 54023)	Chandan Steel, Ltd.	19.80
February 1, 2004 to January 31, 2005	July 3, 2006 (71 FR 37905)	Chandan Steel, Ltd.	21.02

[1] Effective February 1, 2003, Commerce revoked the antidumping duty order with regard to the Viraj Group, Ltd. 69 FR 55409, 55411.

[16] Commerce recently instituted a new shipper review of Ambica Steels Limited from India (71 FR 56105, September 26, 2006).

Japan

Since the first five-year review, Commerce has conducted one administrative review of the antidumping duty order on stainless steel bar from Japan,[17] as shown in the following tabulation:

Period of review	Date results published	Exporter	Margins *(percent ad valorem)*
February 1, 2001 to January 31, 2002	October 4, 2002 (67 FR 62227)	Aichi Steel Works, Ltd.	61.47

COMMERCE'S SCOPE RULINGS

Since the issuance of the antidumping orders, Commerce has issued three scope rulings with regard to stainless steel bar. On October 15, 1997, Commerce ruled that "Keystone 2000," a specialty stainless steel bar product imported from Japan, was within the scope of the antidumping duty order.[18] On September 16, 1999, it determined that imports of K-M35FL steel bar manufactured by Tohoku and exported from Japan should be excluded from the scope of the antidumping duty order on stainless steel bar from Japan. Tohoku indicated to Commerce that the leaded steel product in question is not produced in commercial quantities in the United States; petitioners agreed to Tohoku's request.[19] On May 23, 2005, Commerce determined that stainless steel bar manufactured in the United Arab Emirates from stainless steel wire rod that is manufactured in India, is not within the scope of the antidumping duty order on stainless steel bar from India.[20]

[17] Commerce, in a changed circumstances review, preliminarily concluded that absent comments by domestic producers and a statement of no interest in the continuation of the order by petitioners and other domestic interested parties, that it is appropriate to revoke the order on 21-2N modified valve/stem stainless steel round bar (71 FR 65465, November 8, 2006). Commerce instituted this changed circumstances review on stainless steel bar from Japan (71 FR 60691, October 16, 2006) because TRW Fuji Valve, Inc. ("TRW") filed a request to review the antidumping duty order on stainless steel bar from Japan, modifying the scope to exclude 21-2N modified valve/stem stainless steel round bar.

[18] *Notice of Scope Rulings*, 63 FR 6722, February 10, 1998.

[19] *Notice of Changed Circumstances/Revocation*, 64 FR 50274, September 16, 1999.

[20] *Notice of Scope Rulings*, 70 FR 55110, September 20, 2005.

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS

Under the provisions of the Continued Dumping and Subsidy Offset Act of 2000 ("CDSOA"), commonly known as the "Byrd Amendment," duties assessed pursuant to an antidumping or countervailing duty order are distributed on an annual basis by the U.S. Customs and Border Protection ("Customs") to "affected domestic producers."[21] Among the antidumping orders imposed on stainless steel bar, the order from Japan generated the majority of the revenue. Since enactment of the CDSOA, the following U.S. producers of stainless steel bar have received the following disbursements:

Firm/source	2001	2002	2003	2004	2005	Total	Share of total
By firm:	**U.S. dollars *(actual)***						**(*Percent*)**
AL Tech	0	1,153	0	0	0	1,153	[1]
Carpenter	460,208	410,376	2,529,293	705,791	1,123,568	5,229,236	62.3
Crucible	144,999	0	572,961	136,901	198,717	1,053,578	12.6
Electralloy	8,793	7,913	33,120	7,063	17,238	74,127	0.9
Republic	60,310	0	0	0	0	60,310	0.7
Slater	213,938	185,597	844,294	0	246,759	1,490,588	17.8
Talley	126,027	121,803	0	0	0	247,830	3.0
United Steelworkers	93	44	215	39	0	391	[1]
Universal Stainless	0	70,904	9,826	62,573	86,608	229,911	2.7
By country:							
Brazil	473,578	12,776	337,313	238,706	241,535	1,303,908	15.5
India	48,518	88,631	144,684	108,431	572,806	963,070	11.5
Japan	492,272	327,711	3,039,677	524,234	804,502	5,188,396	61.9
Spain	0	368,672	468,035	40,996	54,047	931,750	11.1
Total	1,014,368	797,790	3,989,709	912,367	1,672,890	8,387,124	100.0

[1] Less than 0.05 percent.

Source: Compiled from Customs CDSOA Annual Reports at www.cbp.gov/xp/cgov/import/add-cvd/, retrieved on January 11, 2006.

[21] Under the provisions of the CDSOA (19 U.S.C. 1675(c)), the term "affected domestic producer" refers to any producer or worker representative that (1) was a petitioner or interested party in support of the petition leading to imposition of an antidumping or countervailing duty order, or antidumping finding, and (2) remains in operation.

THE SUBJECT PRODUCT

Scope of the Orders

The imported product subject to the antidumping orders under review is stainless steel bar, which was defined by Commerce as:

> *{A}rticles of stainless steel in straight lengths that have been either hot-rolled, forged, turned, cold-drawn, cold-rolled or otherwise cold-finished, or ground, having a uniform solid cross section along their whole length in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons or other convex polygons. Stainless steel bar includes cold-finished stainless steel bar that is turned or ground in straight lengths, whether produced from hot-rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process. Except as specified above, the term does not include stainless steel semi-finished products, cut length flat-rolled products (i.e., cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (i.e., cold-formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat-rolled products), and angles, shapes and sections.*[22]

Stainless steel bar is covered by HTS statistical reporting numbers 7222.11.0005, 7222.11.0050, 7222.19.0005, 7222.19.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075, and 7222.30.0000. The column-1 general (normal trade relations) rates of duty for the subject product are free.

[22] *Stainless Steel Bar from Brazil, India, Japan, and Spain; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders*, 71 FR 38372, July 6, 2006. On October 15, 1997, Commerce ruled that "Keystone 2000," a specialty stainless steel bar product imported from Japan, was within the scope of the antidumping duty order. 63 FR 6722, February 10, 1998. Effective September 16, 1999, it determined that imports of K-M35FL steel bar manufactured by Tohoku and exported from Japan should be excluded from the scope of the antidumping duty order on stainless steel bar from Japan. Tohoku indicated to Commerce that the leaded steel product in question is not produced in commercial quantities in the United States; petitioners agreed to Tohoku's request. 64 FR 50273, September 16, 1999.

Physical Characteristics and Uses[23]

Stainless steel bars are articles of stainless steel[24] in straight lengths having a uniform solid cross section along their whole length, in the shape of circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, or other convex polygons. The subject product includes stainless steel concrete reinforcing bar, which has indentations, ribs, grooves, or other deformations produced during the rolling process.[25]

Stainless steel bar is used to produce a wide variety of parts for use where its corrosion resistance, heat resistance, and/or appearance are desired. Applications include, but are not limited to, the automotive industry; the aerospace industry; chemical and petrochemical processing equipment; dairy, food processing, and pharmaceutical equipment; marine applications such a shafts and propellers; pumps and connectors for fluid handling systems; and medical products.[26] Stainless steel concrete reinforcing bar is used in highly corrosive environments such as bridges and highway systems where road salts are used for ice control. Stainless steel concrete reinforcing bar is also used where nonmagnetic reinforcing bars are needed, such as for certain military applications.

Bar is distinguished from rod and wire in that bar is cut in straight lengths as opposed to being coiled. However, small-diameter bar can be produced from rod or wire by the processes of straightening and cutting-to-length. Although there are no dimensional limitations of the subject product specified in the scope, round bar is generally available from about 0.032 inch (1/32 inch (0.8128 mm)) through 25 inches (635 mm) in diameter. Flat (rectangular) bar is available in thicknesses of from about 0.125 inch (3.175 mm) through about 10 inches (254 mm).[27] Square, octagonal, and hexagonal bar is available as cold-drawn bar in sizes from about 0.125 inch (3.175 mm) up to about 3 inches (76.2 mm).

Stainless steel bar is available in several finishes, which are (a) scale not removed (excluding spot conditioning); (b) rough turned, in which the skin of the bar is removed as the bar rotates in a process similar to that of a lathe; (c) pickled (bathed in an acid solution) or blast cleaned (shot with a solution or steel pellets) to remove surface imperfections; (d) cold-drawn or cold-rolled to reduce bar diameter and to achieve closer dimensional tolerances; (e) centerless ground; and (f) polished (polished on rolls).[28] Product produced to finishes (a), (b), or (c) is considered to be "hot-finished." However, because the

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[23] The information in this section of the report is derived from the original investigations and the first five-year reviews. *See Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final)*, USITC Publication 2856, February 1995; and *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678-679 and 681-682 (Review)*, USITC Publication 3404, March 2001.

[24] Stainless steel is defined as alloy steel containing, by weight, 1.2 percent or less of carbon and 10.5 percent or more of chromium, with or without other elements. Stainless steel is distinguished from carbon steel and alloy steels chiefly by its superior resistance to corrosion, which is achieved through the addition of chromium. Stainless steel is produced in many grades, each containing a different combination of chemical elements. In addition to chromium, other alloying elements commonly used in stainless steel include nickel, molybdenum, and manganese, which are added based on the desired physical and mechanical properties of the end-use product.

[25] Hearing transcript, pp. 26-27 (Blot).

[26] Ibid.

[27] Products in straight lengths that are less than 4.75 mm (3/16 inch) in thickness and have a width at least 10 times the thickness, as well as products having a width of 150 mm (6 inches) that measure at least twice the thickness, are considered to be flat-rolled product and are specifically excluded from these investigations. In addition, bars that have been produced from flat-rolled products (i.e., from plate or from strip) by slitting or shearing were considered in the original investigations not to be subject product *(see Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 678, 679, 681, and 682 (Final)*, USITC Publication 2856, February 1995, p. II-11 and II-13).

[28] Finishes (b), (e), and (f) are applicable only to round bars.

corrosion-resistant property of stainless steel is derived from descaling the product in some manner, the only potential uses for product in condition (a) would be for further processing into one of the other finishes, or for reheating and forging into a nonsubject product. Product produced to finishes (d), (e), or (f) is considered to be "cold-finished" and has a smoother surface finish and closer dimensional tolerance than does hot-finished stainless steel bar.[29]

As a practical matter, all stainless steel bar is descaled in some manner. Hot finished is mostly limited to large diameter (over about 8 inches (203.2 mm)) bar, which is usually rough turned, and to flats and reinforcing bar, which are blasted and/or pickled to remove surface imperfections. Most domestically produced hot-finished stainless steel bar is an intermediate product that is captively consumed in integrated manufacturing operations to produce cold-finished stainless steel bar. Hot finished stainless steel bar which is sold on the open market is used for applications where surface appearance is not critical or where the cold-finishing steps will be performed by end users during downstream fabrication processing.

Manufacturing Processes

The material inputs for the production of stainless steel bar are semifinished stainless steel billets. Most manufacturers of stainless steel bar follow an integrated production process that consists of three stages: (1) melting and casting; (2) hot-forming; and (3) finishing. Some manufacturers purchase stainless steel billets on the open market for transformation into bar.

Melting and Casting

The melting of stainless steel takes place in an electric-arc furnace ("EAF"). Raw materials that are charged in the EAF for melting include stainless steel scrap, carbon steel scrap, and alloy materials. Nickel, chromium, and molybdenum alloys, as well as stainless steel scrap, are the most important cost elements among the raw materials. The cost of nickel is the most important element for those grades, called nickel-chromium grades, that contain high amounts of nickel.[30] For the grades (called straight chromium grades) that do not contain high amounts of nickel, the cost of the chromium is most significant.[31] The price of stainless steel scrap is highly influenced by the prices of nickel and chromium.

After melting, the molten steel is refined in an argon-oxygen-decarburization ("AOD") vessel, in which the carbon content is reduced to very low levels, and final additions of alloys are made. The steel is then either continuous cast into billets or cast into ingots in cast iron ingot molds. Ingots are reheated and rolled into billets on a primary rolling mill. Once the steel is cast, its essential chemical characteristics are fixed. Several special melting methods are used to produce stainless steel of higher purity or lower nonmetallic inclusion content than conventional EAF product when the demands of the application justify the added costs. These methods include melting under vacuum (vacuum induction melting ("VIM"), electron beam melting, or vacuum arc remelting ("VAR")) or under a blanket of molten slag (electroslag remelting ("ESR")).

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[29] Hearing transcript, p. 27 (Blot).

[30] An example of a nickel-chromium grade is type 316, which contains 18 percent chromium, 8 percent nickel, and 2 percent molybdenum.

[31] An example of a straight chromium grade is type 430, which contains 16 to 18 percent chromium and no nickel.

Hot Forming

Billets are reheated to over 2,000 degrees Fahrenheit and hot rolled on a multistand bar mill. Depending on the bar diameter of the final size to be produced, the product of each billet may be cut to length and discharged from the bar mill in straight lengths for larger diameters, or formed into a coil and discharged from the mill in that form (known as wire rod) for smaller diameters. Depending on the capabilities of each mill and its finishing equipment, product smaller than about 1 inch in diameter is coiled, and larger product is discharged in straight lengths. The bar mills have rolls with grooves that form the desired shapes. Successive passes through the mill stands which contain grooved rolls progressively change the bar to the desired shape. When producing stainless steel concrete reinforcing bar, rolls in the final mill have special patterns in the grooves to form the ridges or deformations on the surface of the bars. The bar mills may also be used to produce nonsubject product such as stainless steel angle and wire rod, as well as products of other (non-stainless steel) alloys.

While most stainless steel bar is hot formed by hot rolling on a bar mill, other methods of hot forming may be used to produce special sizes that may be too large to roll, or to form certain high-strength stainless steel grades that are difficult to roll. Large-diameter rounds and large flat bars may be forged directly from an ingot or from a continuous-cast billet on a forging press. Forging may be performed on either a forging press or a rotary forge. In a forging press, the steel is pressed repeatedly between a moving die and a fixed die, while the material is held in place by a manipulating machine. The steel is advanced and rotated to be gradually formed into the desired shape. In a rotary forge, four hammers set at 90 degree angles simultaneously strike the steel. The steel is held by a manipulating machine while the forging machine rapidly and repeatedly strikes the steel with blows alternating between the two pairs of opposed hammers.

Regardless of the hot forming method chosen, the hot-formed product, termed “black bar,” has a tight, dark oxide scale on the surface that must be removed for the steel to have the corrosion resistance of stainless steel. Hot-finished bar is transformed by several different finishing operations, which are discussed below.

Finishing

Flat bars, concrete reinforcing bars, and large hexagons are finished by descaling and straightening. The descaling is a combination of grit blasting and pickling (dipping in an acid solution) to remove the scale. Large diameter round bars are straightened and rough turned or peeled to remove surface scale. These products are considered to be hot-finished.

Round bars are cold finished by either bar-to-bar processing or coil-to-bar processing, depending upon the diameter. Bar-to-bar processing, used for bar larger than about 1 inch in diameter, consists of straightening, turning, and either planishing[32] and centerless grinding or belt polishing to yield a bright finish and close dimensional tolerance. Coil-to-bar processing includes straightening the product and cutting to length, followed by turning, planishing, centerless grinding, or polishing. To produce round bars smaller than those that can be rolled, coiled product is descaled by blasting or pickling and cold drawn through dies to reduce the bar diameter, followed by straightening, cutting to length, and centerless grinding or polishing. Hexagonal and square bars are often cold drawn in cut lengths, as are round bars in some cases.

Product that is either cold drawn or centerless ground or polished is called cold finished and has a bright, smooth surface finish and close dimensional tolerance, as well as improved mechanical properties.

[32] Planishing is the smoothing of the surface by rolling with polished rolls. The resulting product is referred to as “smooth-turned.”

Some grades of stainless steel require annealing before cold finishing. In addition, some stainless steel bar products are sold in a hardened and tempered condition, which requires special heat-treatment.

DOMESTIC LIKE PRODUCT ISSUES

This section presents information related to the Commission's "domestic like product" determination.[33] In its original determinations, the Commission found the appropriate domestic like product to be all stainless steel bar, corresponding to Commerce's scope definition. The only domestic like product issue raised in the original investigations was whether hot-finished stainless steel bar and cold-finished stainless steel bar constituted separate like products. The Commission, after conducting a finished/semifinished product analysis, concluded that there existed no clear dividing line between hot and cold-finished stainless steel bar and, thus, determined that stainless steel bar constituted one domestic like product.[34] In the first five-year reviews of stainless steel bar, the Commission, after finding no new domestic like product issues raised nor any new information necessitating a reexamination of the issue, determined that the domestic like product was all stainless steel bar.[35]

In their submissions to the Commission in the course of these reviews, the domestic interested parties stated that they support the Commission's definition of the domestic like product made in the original investigations and the first five-year reviews.[36] The respondent interested party has not raised any issues regarding the Commission's original domestic like product determination.[37]

U.S. MARKET PARTICIPANTS

U.S. Producers

The Commission sent producers' questionnaires to 10 firms believed to be U.S. producers of stainless steel bar. Eight firms provided the Commission with responses: (1) ATI Allvac ("Allvac"); (2) Carpenter Technology Corp. ("Carpenter"); (3) Crucible Specialty Metals ("Crucible"); (4) Dunkirk Specialty Steel ("Dunkirk"); (5) Electralloy Corp. ("Electralloy"); (6) North American Stainless ("NAS"); (7) Outokumpu Stainless Bar, Inc. ("Outokumpu"); and (8) Valbruna Slater Stainless, Inc. ("Slater").[38] Table I-3 presents the list of responding U.S. producers of stainless steel bar with each company's U.S. production location, share of reported U.S. production in 2005, and position on the continuation of the antidumping duty orders.

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[33] 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) common manufacturing facilities, production process, and production employees; (3) interchangeability; (4) customer and producer perceptions; (5) channels of distribution; and, where appropriate, (6) price.

[34] *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Final)*, USITC Publication 2856, February 1995, pp. I-5-9.

[35] *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678-679 and 681-682 (Review)*, USITC Publication 3404, March 2001, p. 5.

[36] Domestic interested parties' response to notice of institution, April 20, 2006, p. 15.

[37] Villares' response to notice of institution, April 20, 2006, p. 12.

[38] Timken Latrobe Steel, Inc. and Special Metals Corp. did not provide the Commission with a questionnaire response. These companies, however, appear to specialize in the manufacture of tool and high-speed specialty steel products and not commodity-grade stainless steel bar.

Table I-3
Stainless steel bar: U.S. producers, U.S. production locations, shares of reported U.S. production in 2005, and positions on the continuation of the antidumping duty orders

Firm	Production location	Share of production (*percent*)	Position on continuation of the orders
Allvac[1]	Monroe, NC	(1)	***
Carpenter	Reading, PA	***	Support
Crucible	Syracuse, NY	***	Support
Dunkirk[2]	Dunkirk, NY	***	Support
Electralloy[3]	Oil City, PA	***	Support
North American Stainless[4]	Ghent, KY	***	Support/no position[5]
Outokumpu[6]	Richburg, SC	***	Support
Slater[7]	Fort Wayne, IN	***	Support

[1] Allvac is a wholly owned subsidiary of Allegheny Technologies that performs conversion services for ***.
[2] Dunkirk Specialty Steel is wholly owned by Universal Stainless & Alloy Products, Inc ("Universal"). Universal purchased Dunkirk in February 2002.
[3] Electralloy is a wholly owned subsidiary of G.O. Carlson, Inc. of Dowingtown, PA.
[4] North American Stainless is a wholly owned subsidiary of Acerinox, S.A. of Madrid, Spain. A member of the Acerinox Group includes, Roldan S.A., a producer of stainless steel bar in Spain.
[5] North American Stainless takes no position with regard to the continuation of the antidumping duty orders on Japan and Spain.
[6] Outokumpu is a wholly owned subsidiary of Outokumpu Stainless, Inc. of Schaumburg, IL, which in turn is owned by Outokumpu Stainless AB of Degerfors, Sweden.
[7] Slater is a wholly owned subsidiary of Valbruna Stainless, Inc. of Fort Wayne, IN, which in turn is owned by Acciaierie Valbruna SpA of Vicenza, Italy.

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

Since the Commission's first five-year reviews, the U.S. industry has experienced consolidation and the exit of a number of U.S. producers of stainless steel bar along with the entrance of one new U.S. producer. During the Commission's first five-year reviews, there were 12 U.S. producers of stainless steel bar. These companies included: (1) Allvac; (2) Avesta; (3) Carpenter; (4) Crucible; (5) Electralloy; (6) Empire/AL Tech; (7) Hi Specialty; (8) Industrial Alloys; (9) Handy & Harman; (10) Republic; (11) Slater; and (12) Talley.

In 2001, Avesta merged and became part of Outokumpu. In 1997, Empire/AL Tech. filed for bankruptcy and in 1999, its assets were liquidated, and its production facility in Dunkirk, NY, was purchased by Universal Stainless and Alloy in 2003. In 2000, Republic closed its stainless steel bar production facilities. In 2003, Slater filed for bankruptcy. In 2004, Acciaerie Valbruna, S.p.A. of Vicenza, Italy purchased Slater's stainless steel production facility in Fort Wayne, IN and resumed production, albeit at a reduced volume. In 1998, Carpenter purchased Talley, and Talley is presently a wholly owned subsidiary of Carpenter. Handy & Harman was a stainless steel wire re-draw mill, and manufactured ***. In 2002, Handy & Harman closed its stainless steel wire plant and in 2005 closed its specialty wire unit. Handy & Harmon no longer produces stainless steel bar. In 2003, NAS constructed and began production of stainless steel bar at its Ghent, KY production facility.

U.S. Importers

The Commission sent importer questionnaires to 25 firms believed to be importers of stainless steel bar from subject and nonsubject countries, as well as to all U.S. producers.[39] Questionnaire responses containing data were received from eight companies. Seven companies reported that they did not import stainless steel bar during the review period [40] and 10 firms did not provide the Commission with information. Table I-4 presents the responding U.S. importers of stainless steel bar, their locations, and imports, by source, of stainless steel bar in 2005.

Table I-4
Stainless steel bar: Reported U.S. imports, by importer and by source of imports, 2005

* * * * * * *

U.S. Purchasers

In these reviews, the Commission sent questionnaires to 49 firms that were believed to have purchased stainless steel bar during the period January 2000 through June 2006. Of the 18 responses received, 16 were in the affirmative (compared to 14 affirmative responses received in the initial reviews). All affirmative responses contained usable information, although not all questions and/or sections were completed by all responding purchasers. Available information indicates that responding firms purchased approximately $1.35 billion of U.S.-produced stainless steel bar, $*** of subject imports from Brazil, $32.7 million of subject imports from India (excluding purchases from the Viraj Group), $*** of subject imports from Spain, and $436.0 million of nonsubject imports (over 50 percent of which were from ***) .

APPARENT U.S. CONSUMPTION, MARKET SHARES, AND RATIO OF IMPORTS TO U.S. PRODUCTION

Table I-5 presents apparent U.S. consumption, table I-6 presents U.S. market shares, and table I-7 presents U.S. production and the ratio of subject imports to U.S. production of stainless steel bar during the review period. Apparent U.S. consumption varied widely over the period of review, declining 25.5 percent between 2000 and 2003 before increasing 41.9 percent between 2003 and 2005. Domestic interested parties argue that "the wide variation in apparent U.S. consumption during the POR reflects the manufacturing recession that occurred in 2001 to 2003."[41] Further, "the domestic industry began the review period as the industry was near the top of its demand cycle."[42] Domestic parties argue that demand began to improve in 2004 because of an increase in capital goods spending.

[39] The Commission sent questionnaires to those firms identified in the original investigations, along with firms that, based on a review of proprietary data provided by Customs, may have imported stainless steel bar since 2000.

[40] These companies included: ***.

[41] Domestic interested parties' posthearing brief, exh. 1, p. 14.

[42] Ibid.

Table I-5
Stainless steel bar: U.S. shipments of domestic product, U.S. imports, and apparent U.S. consumption, 2000-05, January-June 2005, and January-June 2006

Item	2000	2001	2002	2003	2004	2005	January-June	
							2005	2006
Quantity (*short tons*)								
U.S. producers' U.S. shipments	153,308	135,990	130,300	140,365	163,305	171,255	93,722	87,503
U.S. imports from--								
Brazil	1,415	524	953	985	295	373	167	264
India	3,641	4,693	10,593	***	***	***	***	***
Japan	487	1,571	864	476	516	385	197	189
Spain	3,391	3,093	2,078	154	95	140	133	46
Subtotal	8,933	9,880	14,489	***	***	***	***	***
India (nonsubject)	0	0	0	***	***	***	***	***
Other sources	117,303	91,544	70,578	55,140	69,552	105,922	55,776	46,941
Total imports	126,235	101,424	85,067	67,993	83,666	124,496	65,103	54,996
Apparent consumption	279,543	237,414	215,367	208,358	246,971	295,751	158,825	142,499
Value (*$1,000*)								
U.S. producers' U.S. shipments	530,276	457,899	390,628	406,358	598,036	756,242	375,114	369,232
U.S. imports from--								
Brazil	2,964	997	1,711	1,914	747	1,414	511	1,292
India	6,470	8,396	18,886	***	***	***	***	***
Japan	2,147	4,378	2,533	1,950	2,438	3,080	2,096	906
Spain	6,717	6,396	3,858	322	257	483	450	159
Subtotal	18,299	20,167	26,987	***	***	***	***	***
India (nonsubject)	0	0	0	***	***	***	***	***
Other sources	273,767	222,668	166,738	131,797	213,783	402,468	210,158	179,603
Total imports	292,066	242,835	193,725	156,050	247,412	458,037	237,109	203,106
Apparent consumption	822,342	700,734	584,353	562,408	845,448	1,214,279	612,223	572,338

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

Table I-6
Stainless steel bar: U.S. market shares, 2000-05, January-June 2005, and January-June 2006

Item	2000	2001	2002	2003	2004	2005	January-June 2005	January-June 2006
Quantity (*short tons*)								
Apparent consumption	279,543	237,414	215,367	208,358	246,971	295,751	158,825	142,499
Value (*$1,000*)								
Apparent consumption	822,342	700,734	584,353	562,408	845,448	1,214,279	612,223	572,338
Share of quantity (*percent*)								
U.S. producers' U.S. shipments	54.8	57.3	60.5	67.4	66.1	57.9	59.0	61.4
U.S. imports from--								
Brazil	0.5	0.2	0.4	0.5	0.1	0.1	0.1	0.2
India	1.3	2.0	4.9	***	***	***	***	***
Japan	0.2	0.7	0.4	0.2	0.2	0.1	0.1	0.1
Spain	1.2	1.3	1.0	0.1	0.0	0.0	0.1	0.0
Subtotal	3.2	4.2	6.7	***	***	***	***	***
India (nonsubject)	0.0	0.0	0.0	***	***	***	***	***
All other sources	42.0	38.6	32.8	26.5	28.2	35.8	35.1	32.9
Total imports	45.2	42.7	39.5	32.6	33.9	42.1	41.0	38.6
Share of value (*percent*)								
U.S. producers' U.S. shipments	64.5	65.3	66.8	72.3	70.7	62.3	61.3	64.5
U.S. imports from--								
Brazil	0.4	0.1	0.3	0.3	0.1	0.1	0.1	0.2
India	0.8	1.2	3.2	***	***	***	***	***
Japan	0.3	0.6	0.4	0.3	0.3	0.3	0.3	0.2
Spain	0.8	0.9	0.7	0.1	0.0	0.0	0.1	0.0
Subtotal	2.2	2.9	4.6	***	***	***	***	***
India (nonsubject)	0.0	0.0	0.0	***	***	***	***	***
All other sources	33.3	31.8	28.5	23.4	25.3	33.1	34.3	31.4
Total imports	35.5	34.7	33.2	27.7	29.3	37.7	38.7	35.5

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

Table I-7
Stainless steel bar: U.S. production and ratio of imports to U.S. production, 2000-05, January-June 2005, and January-June 2006

Item	2000	2001	2002	2003	2004	2005	January-June	
							2005	2006
Quantity *(short tons)*								
U.S. production	144,162	126,241	126,505	140,264	163,824	175,507	95,232	91,486
U.S. imports from--								
Brazil	1,415	524	953	985	295	373	167	264
India	3,641	4,693	10,593	***	***	***	***	***
Japan	487	1,571	864	476	516	385	197	189
Spain	3,391	3,093	2,078	154	95	140	133	46
Subtotal	8,933	9,880	14,489	***	***	***	***	***
India (nonsubject)	0	0	0	***	***	***	***	***
All other sources	117,303	91,544	70,578	55,140	69,552	105,922	55,776	46,941
Total	126,235	101,424	85,067	67,993	83,666	124,496	65,103	54,996
Ratio of imports to U.S. production *(percent)*								
Brazil	1.0	0.4	0.8	0.7	0.2	0.2	0.2	0.3
India	2.5	3.7	8.4	***	***	***	***	***
Japan	0.3	1.2	0.7	0.3	0.3	0.2	0.2	0.2
Spain	2.4	2.5	1.6	0.1	0.1	0.1	0.1	0.1
Subtotal	6.2	7.8	11.5	***	***	***	***	***
India (nonsubject)	0.0	0.0	0.0	***	***	***	***	***
All other sources	81.4	72.5	55.8	39.3	42.5	60.4	58.6	51.3
Total	87.6	80.3	67.2	48.5	51.1	70.9	68.4	60.1

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

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

MARKET CHARACTERISTICS

Stainless steel bar is used in a wide variety of industrial and specialized sectors including automotive, aerospace, oil and energy, and dairy and food processing. As a result of such wide-spread usage, the market for stainless steel bar is determined in large part by the level of general economic activity. When asked whether stainless steel bar was subject to business cycles, three of 16 purchasers responded that it was, with two specifically suggesting durations in the five-to-seven year range and one stating that the stainless steel bar market slightly lags the general business cycle. Two other purchasers reported that the stainless steel bar market followed the same cycles as the general economy with one explicitly mentioning power generation and aerospace as influential markets.[1]

Although dominated by a handful of large producers, the market for stainless steel bar in the United States is competitive. When asked to list their ten largest suppliers, the 13 responding purchasers put forth names of nearly 50 different suppliers (both domestic and foreign). In addition, new U.S. producers NAS and Valbruna (which acquired Slater's Fort Wayne, IN facility in April of 2004) have garnered large market shares and compete with older existing firms such as Carpenter, Outokumpu, and Crucible.

The market for stainless steel bar does not appear to be limited by geography. Six of seven responding U.S. producers and three of seven responding importers reported nationwide sales with one additional U.S. producer and one additional importer reporting sales to all regions but the Rocky Mountain region. Of the remaining importers, one reported sales to five regions while another reported selling to three regions. The final importer reported selling to only the "Gulf Coast."[2]

CHANNELS OF DISTRIBUTION

A majority of U.S.-produced stainless steel bar was shipped to distributors or steel service centers during the period for which data were collected. The share shipped by U.S. producers to distributors rose from 56.9 percent in 2000 to 73.3 percent in 2005. *** of seven responding U.S. producers reported selling no product to end users while *** reported that less than *** percent of their sales were to end users. No U.S. producer reported that more than 50 percent of its sales were to end users. According to questionnaire responses, *** subject imports of stainless steel bar from Brazil and India, as well as a large majority of imports from nonsubject sources were shipped to distributors during the period for which data were collected. No data were available for imports from Japan or Spain.

While a large majority of distributors are national steel service centers that hold inventories of a wide variety of bars and sell to end users as well as other distributors, some distributors may be mill depots (also know as master distributors) that store large inventories and sell predominantly to service centers, and some may be cold finishers that further process the bar before resale.

According to an industry analyst, while service centers buy from both U.S. producers and importers, master distributors (or mill depots), "generally purchase from trading companies who have affiliations with foreign mills," and that they, "sell primarily to regional service centers, not directly to end users."[3] According to the data received by the Commission in response to questionnaires, only two domestic producers, ***, reported selling to mill depots in 2005. The share of total sales by these U.S. producers that went to mill depots was under *** percent in both cases. Data from questionnaire

[1] *** purchaser questionnaire response, section III-15.

[2] *** importer questionnaire response, section III-B-9.

[3] Hearing transcript, p. 29 (Blot).

responses concerning the annual shares of sales shipped to the assorted channels can be seen in tables II-1 and II-2.

Table II-1
Stainless steel bar: Channels of distribution for domestic product and imports sold in the U.S. market, by source, 2000-05, January-June 2005, and January-June 2006

	Calendar year						January-June	
Item	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2005**	**2006**
	Share of total quantity *(percent)*							
U.S. producers' U.S. shipments of stainless steel bar:								
Distributors	56.9	62.9	68.0	71.7	72.9	73.3	74.0	73.5
End users	43.1	37.1	32.0	28.3	27.1	26.7	26.0	26.5
U.S. shipments of stainless steel bar from Brazil:								
Distributors	***	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***	***
U.S. shipments of stainless steel bar from India:								
Distributors	***	***	***	***	***	***	***	***
End users	***	***	***	***	***	***	***	***
U.S. shipments of stainless steel bar from Japan:								
Distributors	--	--	--	--	--	--	--	--
End users	--	--	--	--	--	--	--	--
U.S. shipments of stainless steel bar from Spain:								
Distributors	--	--	--	--	--	--	--	--
End users	--	--	--	--	--	--	--	--
U.S. shipments of stainless steel bar from all other sources:								
Distributors	99.8	96.4	97.1	99.5	97.8	95.3	90.2	88.7
End users	0.2	3.6	2.9	0.5	2.2	4.7	9.8	11.3

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

Table II-2
Stainless steel bar: Channels of distribution for domestic product and imports sold in the U.S. market (as a share of total sales to distributors), 2005

	Service centers/distributors		Mill depots		Cold-finishers	
	Related	Unrelated	Related	Unrelated	Related	Unrelated
	Share of total sales to distributors *(percent)*					
U.S.- Produced	***	***	***	***	***	***
From Brazil	0.0	100.0	0.0	0.0	0.0	0.0
From India	0.0	100.0	0.0	0.0	0.0	0.0
From Japan	--	--	--	--	--	--
From Spain	--	--	--	--	--	--

Note – Due to the fact that mill depots are also known as "master distributors," it is possible that some shipments that went to mill depots were misclassified under "Service centers/distributors."

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

In their posthearing brief, domestic interested parties provided a flow chart of distribution in the United States that was prepared by an industry analyst. According to this chart, *** percent of U.S. producers' shipments go to national or local service centers, while *** percent go to master distributors (or mill depots), and *** percent go to end users. For all U.S. shipments of imports of stainless steel bar, the data indicate that *** percent of shipments go to national service centers, *** percent go to master distributors, and *** percent go to end users.[4]

According to testimony presented at the hearing, the distribution system in the United States, specifically the large presence of master distributors (or mill depots), is unique among markets for stainless steel bar worldwide and provides importers with ready distributors for their product.[5] In addition, the fact that a large portion of sales to end users of stainless steel bar go through distributors means that producers are subject to cycles in demand that are negatively correlated with price. In other words, distributors will restock their inventories when prices are low and run down inventories when prices of product from producers are high. Also, as noted at the hearing, this ability to build up inventories may magnify and extend the effects of low-priced imports.[6]

[4] Domestic interested parties' posthearing brief, exh. 10.

[5] Hearing transcript, pp. 135 (Blot) and 137-138 (Simmons).

[6] Hearing transcript, p. 13 (McElwee).

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Domestic Production

Based on available information, staff believes that U.S. producers of stainless steel bar are likely to respond to increases in demand with relatively large increases in shipments of U.S.-produced stainless steel bar to the U.S. market. Should demand increase, U.S. producers have ample available capacity with which to respond. Small to moderate inventories suggest that the response, however, may take some time. Should demand decrease, however, producers are somewhat limited in their ability to switch resources into producing alternative products and to move product into export markets.

Industry capacity

Overall, U.S. producers' capacity for stainless steel bar increased from 211,208 short tons in 2000 to 337,296 short tons in 2005. The capacity in January-June 2006 was 191,227 short tons as compared to 185,778 short tons in January-June 2005. A majority of this increase in capacity (*** percent) was due to the entry of NAS as a major producer of stainless steel bar. Most of the remainder of the increase in capacity is due to increases by *** and ***.

Production did not keep pace with capacity, resulting in a fall in capacity utilization from 68.3 percent in 2000 to 52.0 percent in 2005. The capacity utilization rate in January-June 2006 was 47.8 percent as compared to 51.3 percent in January-June 2005. All but two U.S. producers saw decreases in their capacity utilization rates between 2000 and 2005, with *** and *** showing modest increases. The utilization rates themselves show a wide variance across producers with *** reporting rates of near or above *** percent and no other producer reporting a rate of over 60 percent. This level of capacity utilization, along with the fact that firms in this industry clearly have the ability to operate at rates much higher than those currently exhibited by most producers, indicates that U.S. producers of stainless steel bar have ample available capacity with which they could increase production in the event of an increase in demand.

Alternative markets

Domestic producers' exports of stainless steel bar were modest over the period for which data were collected, rising from *** percent of total shipments in 2000 to 5.2 percent in 2005. This share was 7.1 percent in January-June 2006 as compared to 5.1 percent in January-June 2005. Seven of eight responding producers reported that it would be either difficult or impossible to shift its sales to markets outside of the United States. These producers cited lower foreign market prices, transportation costs, and the lack of established overseas supply chains as reasons for the inability to switch markets. One producer stated that it "could shift sales to alternative countries if the market dictated this."[7]

Inventory levels

Inventories of stainless steel bar fell as a share of total shipments from *** percent in 2000 to 10.8 percent in 2005. In January-June 2006, inventories as a share of total shipments stood at 9.5 percent as compared to 9.0 percent in January-March 2005. Overall, small to moderate inventories relative to

[7] *** producer questionnaire response, section IV-B-20.

total shipments indicate that U.S. producers have limited ability to respond to changes in demand by changing their inventories.

Production alternatives

U.S. producers have some ability to manufacture other products using the same equipment, machinery, and workforce as are used in the production of stainless steel bar. Five of eight responding producers reported that they produce other products using the same equipment, machinery, and/or related workers used to produce stainless steel bar. Three of these U.S. producers reported producing *** using the same equipment, machinery, and/or workers used to produce stainless steel bar with one of those three also reporting producing *** using the same equipment, machinery, and/or workers. One of the remaining U.S. producers reported using the same equipment, machinery, and/or workers to produce "***," while the other reported using those same resources to produce "***." For the seven U.S. producers that supplied such data, stainless steel bar made up approximately 45-70 percent of output using common equipment or employees.

In questionnaire responses, only two U.S. producers, ***,[8] reported having the ability to switch production between stainless steel bar and other products in response to changes in relative prices.[9] However, at the hearing, U.S. producers NAS and Carpenter testified to having switched products at some time.[10] Both stated that such a switch is expensive and inefficient. The other U.S. producers present at the hearing reported no ability to switch products.[11]

Subject Imports from Brazil

Based on information provided by only one Brazilian producer, Villares Metals, suppliers of imports of stainless steel bar from Brazil are likely to respond to changes in demand with moderate changes in the quantity shipped to the U.S. market. Supply responsiveness is hampered by ***[12] but is bolstered by ***. Increased capacity on the part of a Villares as well as on the part of non-responding Brazilian producer Gerdau points to the potential for a larger response.

Industry capacity

Reported Brazilian capacity fell from *** short tons in 2000 to *** short tons in 2005. Capacity in January-June 2006 was higher than in the same period for 2005 (*** short tons versus *** short tons). The capacity utilization rate fell from *** percent in 2000 to *** percent in 2002 before rising to *** percent in 2005. Capacity utilization in the first two quarters of 2006 was *** percent as compared to *** percent in the first two quarters of 2005. These data indicate that the responding Brazilian supplier of stainless steel bar has *** with which it could increase production of subject product in the event of a change in demand.

However, Villares has announced the opening of a new rolling mill in Sumare, Sao Paulo with a capacity of 42,000 metric tons. At the same time, Villares is planning to close its facility in Sorocaba,

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[8] *** producer questionnaire responses, section II-7.

[9] *** stated that, "***." *** producer questionnaire responses, section II-7.

[10] Hearing transcript, p. 53 (Romans and NcElwee).

[11] Hearing transcript, pp. 54-55 (O'Leary, Simmons, Carlson, and Eberth).

[12] Based on questionnaire responses, third-party data suggest lower levels of capacity utilization. *See* discussion below.

Sao Paulo that has reported capacity of 30,000 metric tons.[13] According to testimony by domestic interested parties at the hearing, Villares is planning on using some of this new capacity to supply the U.S. market.[14] Gerdau, the other large Brazilian steel manufacturer, did not submit a questionnaire response. The domestic interested parties noted that Gerdau has been working to expand capacity at its specialty steel plant.[15] In addition, third-party data provided by the domestic interested parties suggest that capacity utilization industry wide is much lower than indicated by the submitted questionnaire response.[16]

Alternative markets

Shipments to the home market made up less than *** of total reported shipments of stainless steel bar by the responding Brazilian firm in all years but 2006. In January-June 2006, home market sales accounted for *** percent of all shipments. Approximately *** to *** percent of all exports from Brazil went to the European Union, with the bulk of the remainder going to ***. Shipments to the United States accounted for *** percent to *** percent of all shipments by the responding Brazilian firm in the years 2000-03. This share fell off substantially in 2004, was not higher than *** percent after 2003, and stood at *** percent in January-June 2006. Overall, available data indicate that the responding Brazilian producer has *** to divert shipments from alternative markets in response to changes in the U.S. market conditions regarding stainless steel bar. In addition, domestic interested parties claim that *** reported that, should the orders be dropped, ***.[17]

Inventory levels

Data on the responding Brazilian producer's inventory levels indicate that, between 2000 and 2005, inventories as a share of total shipments rose from *** percent in 2000 to *** percent in 2005 and were *** percent in January-June 2006 compared to *** percent in January-June 2005. These data indicate that the responding Brazilian producer has *** to use inventories as a means of increasing shipments of stainless steel bar to the U.S. market.

Production alternatives

The one responding Brazilian producer, Villares, reported ***. While it is not clear what percent of production using common resources is made up of stainless steel bar, overall, approximately *** percent of Villares' total sales in its most recent fiscal year were of stainless steel bar.

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[13] "Villares Metals to boost capacity with new mill," Metal Bulletin, March 9, 2006. Domestic interested parties' prehearing brief, exh. 1.

[14] Hearing transcript, p. 32 (Blot).

[15] Domestic interested parties' prehearing brief, pp. 2-3.

[16] Data presented in domestic interested parties' posthearing brief, exh. 2, pp. 3, 6-9 indicate a capacity utilization rate for the Brazilian stainless steel bar market of *** percent in 2005 and *** percent in 2006. (Compiled from ***). *See* table IV-20 for more detail.

[17] Domestic interested parties' posthearing brief, exh. 6.

Subject Imports from India

Based on information provided by three Indian producers, RMI, Sindia, and Mukand, suppliers of imports of stainless steel bar from India are likely to respond to changes in demand with *** changes in the quantity shipped to the U.S. market. Supply responsiveness is bolstered by ***, but is moderated by *** as well as ***. The three responding Indian producers, however, account for only a small fraction of production in India. According to testimony given at the hearing, there are over 20 producers of stainless steel bar operating in India.[18] Public information regarding capacity expansions on the part of Indian producers suggests that the potential response to changes in U.S. demand might be larger than indicated by the limited questionnaire responses.

Industry capacity

Reported Indian capacity rose from *** short tons in 2000 to *** short tons in 2002 before falling to *** short tons in 2005. Capacity in January-June 2006 was *** short tons as compared to *** short tons in January-June 2005. The capacity utilization rate rose from *** percent in 2000 to *** percent in 2005. Capacity utilization in the first two quarters of 2006 was *** percent as compared to *** percent in the first two quarters of 2005. Based on the small amount of available data, responding Indian suppliers of stainless steel bar have *** excess capacity with which they could increase production of subject product in the event of a change in demand.[19] At the hearing, domestic interested parties claimed that Indian producers have implemented, "major capacity expansions."[20] This assertion is supported by an online source citing, "massive expansion plans" on the part of Indian alloy steel manufacturers.[21]

Alternative markets

Shipments by Indian producers to the home market made up a *** and growing share of total reported shipments of stainless steel bar. In 2005, home market sales accounted for *** percent of all shipments as compared to only *** percent in 2000. Shipments to the home market accounted for *** percent of all shipments in January-June 2006 as compared to *** percent during the same period of 2005. A large majority of exports went to *** while ***. Exports to the United States from *** fell from a high of *** percent of total production in 2003 to *** percent of total production in 2005.

Inventory levels

Data on Indian producers' inventory levels indicate that, between 2000 and 2005, inventories as a share of total shipments fell *** from *** percent in 2000 to *** percent in 2005 and were *** percent in January-June 2006 as compared to *** percent in January-June 2005. These data indicate that Indian producers have a *** to use inventories as a means of increasing shipments of stainless steel bar to the U.S. market.

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[18] Hearing transcript, p. 37 (Hudgens).

[19] These data are also consistent with data presented in domestic interested parties' posthearing brief, exh. 2, pp. 3, 6-9 which indicate a capacity utilization rate of *** percent for the Indian stainless steel bar market in 2005 (Compiled from ***).

[20] Ibid.

[21] "India – Alloy steel makers line up massive expansion plans," Metal Information Center, July 26, 2006. Found at http://metalresourcesdirectory.com/articles/category/metal-articles/, retrieved October 18, 2006.

Production alternatives

Two of three responding Indian producers reported ***. These producers did not report what percent of production using common resources is of stainless steel bar.

Subject Imports from Japan

No Japanese producers provided information pursuant to the current reviews. The analysis presented in the first reviews suggested that, in 2000, Japanese producers had the capability to respond to changes in demand with relatively large changes in shipments of stainless steel bar to the U.S. market.[22] The potential large response was attributed to excess capacity and weak domestic demand. As there has been some recovery in the Japanese economy as well as other Asian economies, it is possible that the reaction by Japanese producers to changes in U.S. demand may be smaller than it may have been at the time of the first reviews. One factor that may support such a supposition is the fact that Daido, Japan's largest specialty steel producer, has increased its capacity to produce stainless steel bar in the last year.[23] Domestic interested parties also noted that another major Japanese producer, Aichi, is currently investing $12.6 million in capital improvements for its rolling mill.[24] However, a capacity utilization rate of *** percent in 2006, as reported by domestic interested parties,[25] suggests that there still exists ample available capacity that may allow a larger response.

Subject Imports from Spain

Based on information provided by one Spanish producer, Roldan, S.A., suppliers of imports of stainless steel bar from Spain are likely to respond to changes in demand with *** changes in the quantity shipped to the U.S. market. Supply responsiveness is dampened by *** and ***. While *** of production is exported, a *** of these exports go to other European Union countries. In addition, according to Roldan's questionnaire response, due to it's relationship with NAS, Roldan has no plans to sell stainless steel bar in the United States. However, as noted by domestic interested parties, there are three other relatively large producers of stainless steel bar in Spain that did not submit questionnaire responses. These three firms, while none individually as large as Roldan, accounted for a combined *** percent of total Spanish production of stainless steel bar.[26]

Industry capacity

Reported Spanish capacity rose from *** short tons in 2000 to *** short tons in 2005. Capacity in January-June 2006 was *** short tons as compared to *** short tons in January-June 2005. The capacity utilization rate fell from *** percent in 2000 to *** percent in 2005. Capacity utilization in the first two quarters of 2006 was *** percent as compared to *** percent in the first two quarters of 2005. These data indicate that Spanish suppliers of stainless steel bar have *** with which they could increase production of subject product in the event of a change in demand. These data, however, only reflect Roldan's capacity. Another major Spanish producer, Sidenor (which did not submit a questionnaire

[22] Confidential staff report, INV-Y-034, February 23, 2001, pp. II-8 and II-15.

[23] "Daido Steel Expanding Chita Plant," American Metal Market, December 14, 2005. Found at www.amm.com, retrieved on September 1, 2006.

[24] Domestic interested parties' prehearing brief, p. 4.

[25] Domestic interested parties' posthearing brief, exh. 2, pp. 3, 6-9. (Compiled from ***). *See* table IV-20 for more detail.

[26] Domestic interested parties' posthearing brief, exh. 1, p. 25.

response), has recently started producing stainless steel long products at its Basauri Plant.[27] Third-party data presented by the domestic interested parties suggest that capacity utilization in Spain's stainless steel bar market fell from *** percent in 2005 to *** percent in 2006 thanks to a large increase in capacity.[28]

Alternative markets

Shipments by the one responding Spanish producer to the home market made up a *** share of total reported shipments of stainless steel bar. In 2005, home market sales accounted for *** percent of all shipments as compared to *** percent in 2000 (the highest share during the period for which data were collected). Shipments to the home market accounted for *** percent of all shipments in January-June 2006 as compared to *** percent during the same period of 2005. Approximately *** to *** percent of all reported Spanish exports of stainless steel bar were to other European Union countries whereas the United States has received *** reported Spanish exports since 2003.

Inventory levels

Data on the Spanish producer's inventory level indicate that, between 2000 and 2005, inventories as a share of total shipments rose from *** percent in 2000 to *** percent in 2002 before falling to *** percent in 2005. Inventories as a share of total shipments were *** percent in January-June 2006 as compared to *** percent in January-June 2005. These data indicate that the one responding Spanish producer has *** to use inventories as a means of increasing shipments of stainless steel bar to the U.S. market.

Production alternatives

The responding Spanish producer reported ***. The producers did not report what percent of production using common resources is of stainless steel bar.

U.S. Demand

Based on available information, consumers are likely to respond to changes in the price of stainless steel bar with small to moderate changes in their purchases of stainless steel bar. Stainless steel bar is necessary for many production facilities, and while substitutes are available, they are either more expensive (as is the case with titanium) or are not as corrosion resistant as stainless steel (as is the case with aluminum, plastics, other steels, or other materials). Continued increases in the price of stainless steel bar, however, may lead to increased use of substitute products.

Demand Characteristics

U.S. demand for stainless steel bar depends primarily on the level of demand for downstream products using stainless steel bar. Stainless steel bars are used to make cylinders, shafts, fittings, fasteners, and other parts used in a variety of industries including automotive, aerospace, dairy, food

[27] Domestic interested parties' prehearing brief, exh. 1.

[28] Domestic interested parties' posthearing brief, exh. 2, pp. 3, 6-9. (Compiled from ***). *See* table IV-20 for more detail.

processing, energy, chemical, and others. No responding purchaser, producer, or importer reported changes in the end uses of stainless steel bar.

Available data indicate that apparent U.S. consumption of stainless steel bar was somewhat variable over the period January 2000 to June 2006. After falling from 279,543 short tons in 2000 to 208,358 short tons in 2003, apparent U.S. consumption rose to 295,751 short tons in 2005. Consumption in January-June 2006 was 142,499 short tons as compared to 158,825 short tons in January-June 2005.

Some industry observers believed that the decrease in demand for stainless steel bar seen prior to 2004 was the result of lower levels of capital spending and overstocked inventories in certain end-use markets such as semiconductors and fittings, although other sources noted that stainless steel bar demand from petroleum and chemical processing industries had remained strong.[29] Industry publications have generally viewed an upturn in stainless steel bar demand in the United States since 2004, principally driven by increased capital goods spending, including in end-use markets such as pumps, valves, and fittings, and aerospace markets.[30] MEPS International ("MEPS"), has noted that recent strong U.S. demand coupled with low inventories have created some shortages in the U.S. stainless long products market.[31]

When asked if U.S. demand for stainless steel bar has changed since 2000, ten purchasers reported that demand has increased, three purchasers reported that demand was unchanged, and one purchaser reported that demand has decreased. Reasons given for increased demand included an overall increase in economic activity as well as increased demand for oil field goods, airliners, and inboard boats. When asked the same question for demand outside of the United States, all responding purchasers who reported having knowledge of markets outside of the United States reported that demand had increased. Several responding purchasers mentioned growth in China and other emerging economies as a reason for the increased demand. When asked about demand both within and (if known) outside of the United States, two of six responding U.S. producers reported that demand has increased since 2000, two reported that demand has decreased, and one reported that demand has remained unchanged. The final responding U.S. producer reported that demand, especially in the aerospace industry, fell following the attacks of September 11, 2001 and has been climbing to 2000 levels since. Increases in demand were attributed to growth in demand for medical and aerospace materials as well as an increased substitution of stainless steel bars for other alloyed bars. Decreases in demand were attributed by one producer, *** to, "...a migration of manufacturing from the US to other countries, especially to Asia."[32] When asked the same question, three of six responding importers reported that U.S. demand has increased since 2000, one reported that demand has decreased, and two reported that demand has been unchanged. Importers attributed increases in demand to strong economies and an increase in consumption by capital goods manufacturers while the importer that reported a decrease in demand, ***, blamed the decrease on increased supply from Asia.

When asked about the potential for future changes in demand, one U.S. producer responded that it expects demand growth to continue at a pace slightly higher than GDP, while another responded that demand will continue to fall due to increased supply from overseas. One importer predicted strong growth while two anticipated production to move overseas and one suggested that demand will be

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[29] "Stainless bar tags slip as industrial mart sags," *American Metal Market* (July 20, 2001), found at http://www.amm.com, retrieved July 10, 2006; "Specialty Market Outlook: Overcapacity, Imports Put a Strain on Stainless," *Metal Center News Online* (July 2003), found at http://www.metalcenternews.com, retrieved July 26, 2006.

[30] "Rising capital goods sector helps lift stainless bar tags," *American Metal Market* (Feb. 10, 2004); "Strong capital goods sector buoys stainless bar market," *American Metal Market* (Aug. 11, 2004), found at http://www.amm.com, retrieved July 10, 2006.

[31] MEPS, *Stainless Steel Review* (May 2006), p. 7.

[32] *** producer questionnaire response, section IV-B-23c.

significantly affected by growth in Asia and India. Four purchasers anticipated continued strong demand (one suggested growth of 5 percent to 8 percent per year), while another anticipated increased use of cheaper substitutes due to the rising price of stainless steel.

At the hearing, a market expert testifying on behalf of the domestic interested parties stated that, "while some capital goods markets like aerospace and energy will have increased demand for products made from stainless bar, these new gains will be offset by decreases in appliances and in automotive."[33] Although demand for stainless steel bar is primarily derived from the capital goods market (65 percent), which is forecasted to improve, demand derived from the consumer goods market is expected to negatively affect overall demand in the near future. Also, small changes in the product mix of consumer goods may have a negative impact on overall demand. For example, in addition to the impact of the overall decline in the demand for automobiles, the types of automobiles demanded will also have an effect on the quantity of stainless steel bar demanded. Large SUVs that were demanded a few years ago are being replaced by smaller, lighter, fuel efficient sedans that require substantially less stainless steel bar than do SUVs.[34, 35]

The same expert stated that the improvement in demand seen in 2004 and 2005 is not expected to continue over the coming years.[36] This assertion is supported by aggregate economic data provided in Exhibit 9 of the domestic interested parties' posthearing brief. These data, reproduced in part in table II-3, suggest that most relevant indicators will fall in 2007, and in some cases 2008. Exhibit 9 of the domestic interested parties' posthearing brief also presents charts indicating continued growth, through at least 2008, in the aircraft manufacturing industry. Regarding stainless steel bar demand in the aerospace market, Metal Bulletin Research ("MBR") has noted that the airline industry will eventually need to replace its older existing fleet with new more fuel efficient aircraft. Aircraft producer Boeing has forecasted a $2.6 trillion market for new aircraft over the next 20 years.[37]

Seven of the 16 responding purchasers, two of seven responding importers, and two of seven responding U.S. producers listed at least one substitute for stainless steel bar. The most frequently mentioned substitutes were carbon steel bar, alloy steel bar, aluminum, plastic, and coated materials. Other substitutes mentioned were ceramics, composites, and titanium, which is noted as being significantly more expensive than stainless steel. Aside from the lighter, more corrosion resistant titanium, most substitutes are considered inferior to stainless steel in terms of longevity and corrosion resistance.

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[33] Hearing transcript, pp. 30-31 (Blot).

[34] Hearing transcript, pp. 30-31 and 110-111 (Blot).

[35] Crucible is particularly sensitive to demand derived from the auto industry. In fact, 48 percent of its stainless steel bar was shipped to auto makers in 2005 (a 13.5 percent decrease from the previous year). Crucible expects demand in this industry to recover slightly in 2007 and 2008 (hearing transcript, p. 125 (O'Leary)).

[36] Hearing transcript, p. 31 (Blot).

[37] Metal Bulletin Research, *Stainless Steels Monthly* (July 2006); "Boeing Projects $2.6 Trillion Market for New Commercial Airplanes," Boeing press release (July 12, 2006), found at http://www.boeing.com, retrieved Aug. 24, 2006.

Table II-3
Stainless steel bar: Economic indicators relevant to demand for stainless steel bar (percent change from previous year unless noted otherwise)

	2005	2006[1]	2007[1]	2008[1]
U.S. economic growth by sector				
Real GDP	3.2	3.4	2.2	3.1
Consumption	3.5	3.2	2.5	3.0
Residential investment	8.6	(3.5)	(11.4)	(2.9)
Business fixed investment	6.8	8.2	6.3	4.2
Other key U.S. indicators				
Industrial production	3.2	4.6	2.6	2.0
Light vehicle sales (millions)	1.5	1.4	1.0	1.3
Housing starts (millions)	2.07	1.87	1.64	1.64

[1] Forecast.

Source: Michael Robinet, "Economic Summit: Forecast 2007," Global Forecast Services, CSM Worldwide. Reproduced from exh. 9 of the domestic interested parties' posthearing brief.

Cost Share

Since most responding purchasers, U.S. producers, and importers of stainless steel bar are distributors or sell to distributors, they were unable to provide useful information regarding the share of end-use costs accounted for by stainless steel bar. One producer estimated that stainless steel bar makes up about 80 percent of the cost of end-use products such as fittings, components, and shafts.[38] However, stainless steel bar, and the pieces made from that bar (e.g., fittings, shafts, etc.), are normally a small part of large industrial projects. When considering these projects, stainless steel bar likely makes up a very small share of the total cost.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported stainless steel bar depends upon such factors as relative prices, quality, and conditions of sale (e.g., availability, price discounts/rebates, delivery, payment terms, product services, etc.). Based on available data, staff believes that while there may be some differences between domestic stainless steel bar and imported stainless steel bar in factors such as availability, quality, and delivery, among others, overall there is a very high degree of substitution between stainless steel bar from the United States and subject imported stainless steel bar. However, there is some indication that stainless steel bar from India may be perceived as having lower quality than domestic or other subject imported stainless steel bar. This notion was disputed by interested domestic parties at the hearing.

[38] *** producer questionnaire response, section IV-B-10.

Factors Affecting Purchasing Decisions

Purchasers were asked to identify the three major factors considered by their firm in deciding from whom to purchase stainless steel bar (table II-4). Nine of the 16 responding firms reported that quality was the most important factor whereas four of the 16 reported that price was the most important factor. Two purchasers reported that availability or lead time were the most important factors while one reported that it was most important to buy from a "traditional supplier." Price was the most commonly cited second-most-important factor, listed by six purchasers. Availability or lead time was the next most commonly cited second-most-important factor, listed by five purchasers, while quality was listed by three purchasers, and delivery performance/reliability was listed by two purchasers. Delivery performance/reliability was listed by seven purchasers as the third most important factor when deciding from whom to purchase while price was listed by six purchasers. Availability or lead time was listed by two purchasers and "ease of doing business" was listed by one.

Table II-4
Stainless steel bar: Most important factors in selecting a supplier, as reported by purchasers

Factor	First	Second	Third
Price	4	6	6
Quality	9	3	0
Availability/lead time	2	5	2
Delivery performance/reliability	0	2	7
Traditional supplier	1	0	0
Ease of doing business	0	0	1

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

Purchasers were asked what factors determine the quality of stainless steel bar. Ten of 16 responding purchasers reported that the pipes and tubes need to meet appropriate producer or industry specifications. Other factors mentioned were machinability, consistency, customer feedback, and meeting customer needs.

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced stainless steel bar. No purchasers reported always purchasing the lowest priced product; seven reported that they usually purchased the lowest priced product; and nine reported only sometimes purchasing the lowest priced product. Purchasers were also asked if they purchased stainless steel bar from one source although a comparable product was available at a lower price from another source. Thirteen of 16 purchasers responded in the affirmative. Reasons most often provided for purchasing from a more expensive source included availability, delivery time, quality, domestic production, and high minimum purchases on the part of the lower-priced source. Several purchasers stated that domestic suppliers generally have the advantage in these areas.

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-5). Product consistency was listed as very important by all 16 responding purchasers while meeting industry standards was listed as very important by 15 of the responding purchasers. Fourteen of 16 reported that product availability, delivery time, and price were very important; 13 of 16 reported that reliability of supply was very important; and nine of 16 reported that delivery terms were very important.

Table II-5
Stainless steel bar: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Product availability	14	2	0
Delivery terms	9	6	1
Delivery time	14	2	0
Discounts offered	2	10	4
Extension of credit	2	11	3
Price	14	2	0
Minimum quantity requirements	5	9	2
Packaging	2	12	2
Product consistency	16	0	0
Quality meets industry standards	15	1	0
Quality exceeds industry standards	2	11	3
Product range	7	7	1
Reliability of supply	13	3	0
Technical support/service	6	10	0
U.S. transportation costs	3	11	2

Note.--Not all purchasers responded for each factor.

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

While purchaser questionnaire responses indicate that price was not ranked as frequently as the most important factor as was quality, domestic interested parties claim that the market runs on price, and whoever offers the lowest-priced product will win the sale, given that the product meets the appropriate specifications.[39]

Purchasers were asked for a country-by-country comparison of U.S.-produced stainless steel bar compared to stainless steel bar from Brazil, India, Japan, Spain, and relevant nonsubject countries on the same 15 factors. No responding purchasers provided comparisons of U.S. stainless steel bar with stainless steel bar from Brazil, Japan, or Spain. However, seven purchasers compared U.S. and Indian product and four compared U.S. and Italian products. Results are shown in table II-6. While results suggest that product from Italy and product from the United States are fairly comparable, some patterns do emerge when comparing U.S. and Indian stainless steel bar. While bar from India may be of lower price, the U.S. product is reported to be superior in terms of categories such as delivery, availability, quality, and reliability of supply.

[39] Hearing transcript, p. 145 (Hudgens and McElwee).

Table II-6
Stainless steel bar: Comparisons of product by source country, as reported by purchasers

Factor	U.S. vs. India			U.S. vs. Italy		
	S	C	I	S	C	I
	Number of firms responding					
Product availability	5	2	0	0	4	0
Delivery terms	5	2	0	1	3	0
Delivery time	6	1	0	3	1	0
Discounts offered	1	4	2	0	4	0
Extension of credit	0	5	2	0	3	1
Lower price	0	3	4	0	2	2
Lower U.S. transportation costs	0	5	2	1	3	0
Minimum quantity requirements	1	6	0	0	4	0
Packaging	1	6	0	0	4	0
Product consistency	4	2	1	0	4	0
Product range	4	3	0	0	4	0
Quality meets industry standards	1	5	1	0	4	0
Quality exceeds industry standards	5	2	0	0	4	0
Reliability of supply	6	1	0	1	3	0
Technical support/service	6	1	0	0	4	0

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior.

Note.--Not all companies gave responses for all factors.

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

Purchasers were asked if certain grades, types, or sizes of stainless steel bar were available from a single source. Thirteen of the 16 responding purchasers reported that they were not while three purchasers reported that certain grades, types, or sizes were not universally available. One noted that North American Stainless does not produce certain grades and sizes,[40] while another noted that Taiwan suppliers do not produce as wide a range of products as do suppliers from Italy and Japan.[41] The third producer reported that many mills may have a trademark grade or chemistry that is customer specific.[42]

Purchasers were asked if they required certification or prequalification for stainless steel bar. Twelve of the 16 responding purchasers required certification or prequalification for all of their suppliers while one purchaser required certification or prequalification for 95 percent of its sales and three purchasers reported that they do not pre-certify suppliers. According to purchaser responses, prequalification normally entails meeting ASTM or ASME standards and having ISO certification. Some

[40] *** purchaser questionnaire response, section IV-4.

[41] *** purchaser questionnaire response, section IV-4.

[42] *** purchaser questionnaire response, section IV-4.

purchasers visit mills and perform their own tests on samples submitted by the supplier to ensure that the product meets appropriate specifications.

Fifteen of 16 responding purchasers reported factors they considered in qualifying a new supplier. The most common factors considered included quality, price, reliability of supply, delivery time, and adherence to technical specifications. The time required to qualify a new supplier was reported by seven purchasers and ranged from one week to two years depending on the particular situation. Purchasers were asked if any suppliers had failed to qualify their product or lost their approved status. Four of the 16 responding firms reported that suppliers had failed to qualify. The failed suppliers listed were ***. All were reportedly dropped as suppliers or failed to qualify as suppliers due to reasons related to quality of the product.

Purchasers were asked a number of questions about whether their purchasing patterns for stainless steel bar from subject and nonsubject sources had changed since 2000. Three of the 16 responding purchasers reported that they had purchased stainless steel bar from Brazil before 2000: one of those three purchasers reported discontinuing purchases from Brazil since then, one reported reducing purchases due to the antidumping order; and one reported reducing purchases from Brazil only after the Brazilian economy strengthened in 2003. Eight of the 16 responding purchasers reported that they had purchased stainless steel bar from India prior to 2000. Of those eight purchasers, three reported no change in their purchase pattern concerning India, two reported reducing their purchases from India (one because of late shipments by its Indian supplier), one reported discontinuing its purchases from India due to quality and delivery issues, one reported that it had increased its purchases from India due to greater market acceptance for product from India, and one provided no further information. Two of the 16 purchasers reported buying product from Japanese suppliers prior to 2000. Both of those purchases have discontinued purchases from Japan. Finally, two purchasers reported buying stainless steel bar from Spain prior to 2000. Both reported reducing purchases from Spain since then, one due to the order and one for reasons unrelated to the order.

Purchasers were asked how frequently they and their customers purchased stainless steel bar from specific producers and from specific countries (table II-7). Overall, producer and country of origin appear to be major factors for some of the purchasers but not for their customers. Several purchasers noted that price is normally the primary factor in their customers' decision. However, they also added that some end uses require domestic product, and that some customers have qualified producers lists (QPLs) that dictate from whom a purchaser may buy in order to supply that customer.

Table II-7
Stainless steel bar: The role of producer and country of origin in purchaser and customer decisions

	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	6	3	3	4
Purchaser's customer makes decision based on producer	0	2	9	5
Purchaser makes decision based on country	4	1	6	5
Purchaser's customer makes decision based on country	0	3	10	3
Source: Compiled from data submitted in response to Commission questionnaires.				

Five of 16 responding purchasers reported that some percentage of their purchases are limited by law to domestic suppliers. The share of such purchases was reported by two purchasers and ranged from 5 to 20 percent. Eight of 16 purchasers also reported that purchases of domestic product are not required

by law but are required by their customers. The share of such purchases was reported by five purchasers and ranged from 5 to 70 percent. Finally, eight of 16 purchasers reported that domestic purchases are required for other reasons. The share of such purchases was reported by five purchasers and ranged from 5 percent to 100 percent of all purchases for these firms. Two purchasers who did not provide a share for each of the preceding categories simply stated that they bought only domestic stainless steel bar. According to purchasers, reasons for buying domestic product that are not of a legal nature include better quality, better delivery, shorter lead times, customer/supplier relationships, and more universal product acceptance.

Eleven of the 16 responding purchasers reported that they contact at least two suppliers before making a purchase, with seven contacting three or more suppliers. Two reported that the number of suppliers contacted varies while one claimed to be in constant contact with all primary suppliers and therefore does not need to shop around. Ten of the 16 responding purchasers reported that they had changed suppliers since January 1, 2000. Of the ten that reported changing suppliers, five explicitly reported adding new entrant NAS and four reported dropping overseas suppliers due to either quality reasons or the antidumping order. In general, purchaser responses indicate a good deal of switching of suppliers since January 1, 2000.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

U.S. producers, importers, and purchasers were asked to report how frequently certain stainless steel bar from different countries are able to be used in the same applications (table II-8). If responding firms reported that products from different countries were not always used in the same application, they were asked to explain why. In general, results indicate that stainless steel bar from both subject and nonsubject countries are interchangeable with stainless steel bar produced in the United States, with most responses in the always or frequently column regardless of the type of firm. One purchaser, however, reported that products from foreign countries were either never or only sometimes interchangeable. This purchaser reported that many customers have approved vendor lists, and that it is very rare to have foreign suppliers on such lists. One purchaser stated that product from India is not of the same quality as other product whereas one importer stated that Indian product is "perceived" to be of lower quality (this importer argues that Indian product is not, in fact, of lower quality). At the hearing, the notion that product from India is somehow inferior to domestic product was disputed by the domestic interested parties present who stated that the quality of Indian product has improved substantially in recent years.[43] Not shown in the table is that most U.S. producers, importers, and purchasers see stainless steel bar from non-domestic sources as being either always or frequently interchangeable with other non-domestic product regardless of the country of origin.[44]

U.S. producers and importers were asked to assess how often differences other than price were significant in sales of stainless steel bar from the United States, subject countries, or nonsubject countries (table II-9). For all subject countries, six of seven responding U.S. producers stated that non-price differences are never a significant factor in their sales of stainless steel bar from the United States or subject countries. Two U.S. producers reported that non-price factors were sometimes a factor in purchases from Spain and Japan and one U.S. producer responded that such differences are frequently a factor when considering purchases from India. Importers indicated that non-price differences were more

[43] Hearing transcript, pp. 50 (Lasoff) and 134 (McElwee).

[44] *See*, questionnaire responses for U.S. producers (section IV-B-29), importers (section III-B-29), and purchasers (section IV-2).

Table II-8
Stainless steel bar: U.S. producers', importers', and purchasers' perceived degree of interchangeability of products produced in the United States and in other countries[1]

Country comparison	U.S. producers					U.S. importers					U.S. purchasers				
	A	F	S	N	0	A	F	S	N	0	A	F	S	N	0
U.S. vs. Brazil	4	2	0	0	1	2	2	0	0	3	3	3	1	0	6
U.S. vs. India	4	2	0	0	1	1	3	2	0	1	4	5	2	1	1
U.S. vs. Japan	6	1	0	0	0	3	2	1	0	1	4	4	1	0	4
U.S. vs. Spain	6	1	0	0	0	2	2	1	0	2	3	4	0	1	5
U.S. vs. Nonsubject	3	3	0	0	0	1	1	0	0	2	4	4	0	0	2

[1] U.S. producers, importers, and purchasers were asked if stainless steel bar produced in the United States and in other countries are used interchangeably.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

Table II-9
Stainless steel bar: U.S. producers' and importers' perceptions concerning the importance of non-price differences in purchases of stainless steel bar from the United States and in other countries[1]

Country comparison	U.S. producers					U.S. importers				
	A	F	S	N	0	A	F	S	N	0
U.S. vs. Brazil	0	0	0	6	1	0	1	2	1	2
U.S. vs. India	0	1	0	6	0	1	3	1	1	0
U.S. vs. Japan	0	0	1	6	0	0	1	2	1	0
U.S. vs. Spain	0	0	1	6	0	0	0	3	1	2
U.S. vs. Nonsubject	0	0	1	5	0	0	0	1	1	0

[1] U.S. producers and importers were asked if differences other than price between stainless steel bar produced in the United States and in other countries are a significant factor in their firm's sales of the product.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never, and "0" = No familiarity.

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

important in most purchase decisions. Only one importer said such differences were never a factor for purchases from each subject country while anywhere from three to five importers responded that non-price differences were at least sometimes a factor. Four of the six responding importers reported that non-price differences were either frequently or always a factor when considering purchases from India.

ELASTICITY ESTIMATES

U.S. Supply Elasticity

The domestic supply elasticity for stainless steel bar measures the sensitivity of the quantity of stainless steel bar supplied by U.S. producers to changes in the U.S. market price of stainless steel bar. The elasticity of domestic supply depends on several factors including the level of excess capacity, the ease with which producers can alter production, producers' ability to shift to production of other products, the existence of inventories, and the availability of alternative markets for U.S.-produced product. Earlier analysis of these factors, specifically the large amount of unused capacity, indicates that the U.S. industry has the ability to increase shipments to the U.S. market; an estimate in the range of 3 to 6 is suggested. The supply elasticity suggested in the original reviews was in the range of 2 to 4, however, recent increases in capacity indicate that the U.S. industry now has greater ability to react to changes in demand.

Subject Supply Elasticity

The ability of foreign subject and nonsubject producers or exporters to respond to a change in the U.S. market price of stainless steel bar is enhanced by the existence of foreign home markets and alternative export markets as well as a large amount of unused capacity or standing inventories. While based on very limited information from only one producer from Brazil and Spain, and two producers from India, an estimate in the 3 to 5 range is suggested for supply from all three countries, with India on the high end of the range and Spain toward the lower end. These estimates are slightly higher than those suggested in the first reviews of these investigations in 2000 due to increases in capacity in these countries.[45] Since no Japanese producer provided information pursuant to these reviews, staff is choosing to rely on previous analysis as well as publicly available information. While a subject elasticity of supply in the range of 8 to 10 was suggested for Japan during the first reviews, staff believes that the improvement in economic conditions in Japan may have effectively served to lower that elasticity to the range of 4 to 6.

U.S. Demand Elasticity

The U.S. demand elasticity for stainless steel bar measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of stainless steel bar. This estimate depends on factors discussed earlier such as the existence, availability, and commercial viability of substitute products, as well as the component share of stainless steel bar in the production of any downstream products. Although substitute products for stainless steel bar do exist, they are either substantially more expensive or are not as corrosion resistant or as long lived as stainless steel bar. In addition, while little data were provided by respondent firms, it is believed that stainless steel bar makes up a relatively modest share of the total cost of most end uses. However, continued increases in the price of stainless steel bar may induce increased substitution away from stainless steel bar and toward more inexpensive substitutes where substitution is possible. For these reasons, staff suggests an elasticity of demand in the range of -0.5 to -0.7. In other words, purchasers would not likely be very sensitive in the short term (12 months) to changes in the price of stainless steel bar and would continue to demand fairly constant quantities over a considerably wide range of prices. This range is consistent with the range suggested in the first reviews.[46]

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[45] Confidential staff report, INV-Y-034, February 23, 2001, p. II-15.

[46] Ibid.

Substitution Elasticity

The elasticity of substitution measures the extent to which the ratio of subject country imports to domestic like product changes in response to changes in their relative prices. This reflects how easily purchasers switch from the U.S. product to the subject products (or vice versa) when prices change. The elasticity of substitution depends upon the extent of product differentiation between the domestic and imported products. Product differentiation, in the case of stainless steel bar, depends upon such factors as quality, consistency, availability, and reliability of supply.

With regard to product from Japan, Spain, and Brazil, the elasticity of substitution is likely to be high, in the range of 4 to 6. Perceived quality deficiencies in product from India, be they real or not, serve to lower the effective substitutability between stainless steel bar from India and domestically produced bar. In the case of India, an elasticity of substitution in the range of 3 to 5 is suggested. Elasticities in the range of 4 to 6 were suggested for all subject countries in the initial reviews in this case.[47]

[47] Ibid.

PART III: CONDITION OF THE U.S. INDUSTRY

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

Data on U.S. producers' capacity, production, and capacity utilization of stainless steel bar are presented in table III-1. Reported U.S. capacity increased from 2000 to 2005 by 59.7 percent.[1] ***. Production also increased from 2000 to 2005, rising by 21.7 percent, despite decreased production levels in 2001 and 2002. Annual capacity utilization rates ranged from 51.5 percent in 2002 to 68.3 percent in 2000.

*** reported steady overall capacity throughout the period reviewed.[2] *** reported an increase in capacity from 2001 to 2002 of *** percent *** after the company was ***; however, production increased more gradually over the period of review by *** percent, causing *** capacity utilization to decrease from *** percent to *** percent between 2001 and 2002. *** reported an increase in capacity from 2003 to 2004 of *** percent ***, ***. ***. ***. ***. ***. After Valbruna's acquisition of Slater, over $19 million has been invested to upgrade the stainless steel bar facility, adding stainless steel processing and heat treating equipment. Other Slater upgrades have included energy savings improvements and information technology.[3]

Four U.S. producers, ***, reported that they produce other products using the same manufacturing equipment and/or production related employees employed to produce stainless steel bar.[4] [5] These products include ***. *** reported that it produces *** using the same manufacturing equipment and/or production related employees employed to produce stainless steel bar. In 2005, it allocated *** percent of its overall capacity to the production of stainless steel bar. *** reported that it produces *** using the same manufacturing equipment and/or production related employees employed to produce stainless steel bar. In 2005, it allocated *** percent of its overall capacity to the production of stainless steel bar based on a ratio of the average mix of sales. *** reported that it produces *** using the same manufacturing equipment and/or production related employees employed to produce stainless steel bar. In 2005, it allocated *** percent of its overall capacity to the production of stainless steel bar. *** reported that it produces *** using the same manufacturing equipment and/or production related employees employed to produce stainless steel bar. In 2005, it allocated *** percent of its overall capacity to the production of stainless steel bar.

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[1] The stainless steel bar market is capital intensive, therefore, producers must be as efficient as possible (hearing transcript, p. 13 (McEelwee)). According to Tom Carlson of Slater, "even though {capacity} utilization is down, to stay in business for a long period of time you need to become efficient...therefore when you do a capital investment it's big dollars and normally gets you a higher capacity than you can really utilize. If {a company} puts in a rolling mill...{it} will give you {additional} capacity of 60,000 to 100,000 tons a year. You're only going to use a portion of that {additional capacity} but you're doing that investment so that in the long-term you can be an efficient producers and become as low cost and as competitive as you can to stay in business in the long-term." Hearing transcript, pp. 79-80 (Carlson).

[2] ***. Staff telephone interviews with ***.

[3] Hearing transcript, p. 21 (Carlson).

[4] Representatives from Carpenter and NAS indicated that it is very difficult and inefficient to product shift (hearing transcript, pp. 52 (Romans) and 53 (McElwee)). Representative from Crucible, Electralloy, Outokumpu, and Slater indicated no ability to shift production (hearing transcript, pp. 54 (Oleary, Simmons, Carlson) and 55 (Eberth)). ***.

[5] *** reported that it produces nickel and titanium products on the same equipment and with the same employees. It further indicated that changes to its product mix requires time or cost.

Table III-1
Stainless steel bar: U.S. producers' capacity, production, and capacity utilization, 2000-05, January-June 2005, and January-June 2006

Source	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
					Capacity (*short tons*)			
Carpenter	***	***	***	***	***	***	***	***
Crucible	***	***	***	***	***	***	***	***
Dunkirk	***	***	***	***	***	***	***	***
Electralloy	***	***	***	***	***	***	***	***
NAS	***	***	***	***	***	***	***	***
Outokumpu	***	***	***	***	***	***	***	***
Slater	***	***	***	***	***	***	***	***
Total	211,208	215,609	245,779	270,023	273,700	337,296	185,778	191,227
					Production (*short tons*)			
Carpenter	***	***	***	***	***	***	***	***
Crucible	***	***	***	***	***	***	***	***
Dunkirk	***	***	***	***	***	***	***	***
Electralloy	***	***	***	***	***	***	***	***
NAS	***	***	***	***	***	***	***	***
Outokumpu[1]	***	***	***	***	***	***	***	***
Slater	***	***	***	***	***	***	***	***
Total	144,162	126,241	126,505	140,264	163,824	175,507	95,232	91,486
					Capacity utilization (*percent*)			
Carpenter	***	***	***	***	***	***	***	***
Crucible	***	***	***	***	***	***	***	***
Dunkirk	***	***	***	***	***	***	***	***
Electralloy	***	***	***	***	***	***	***	***
NAS	(2)	(2)	(2)	***	***	***	***	***
Outokumpu	***	***	***	***	***	***	***	***
Slater	***	***	***	***	***	***	***	***
Average	68.3	58.6	51.5	51.9	59.9	52.0	51.3	47.8

[1] ***. Staff telephone interview with ***.
[2] Not applicable.

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

Table III-2 presents data for the U.S. industry's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing stainless steel bar and other products. Table III-3 presents capacity utilization for those companies reporting the ability to produce other products with the same machinery and employees. Reported overall capacity increased by *** percent over the period for which data were collected. Production increased by *** percent during this period. In 2005, the U.S. industry allocated *** percent of its overall capacity to the production of stainless steel bar.

Table III-2
Stainless steel bar: U.S. producers' overall capacity, production, and aggregate capacity utilization, 2000-05

Item	Calendar year					
	2000	**2001**	**2002**	**2003**	**2004**	**2005**
	Capacity (*short tons*)					
Subject	211,208	215,609	245,779	270,023	273,784	337,264
Nonsubject	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Production (*short tons*)					
Subject	144,162	126,241	126,505	140,264	163,824	175,507
Nonsubject	***	***	***	***	***	***
Total	***	***	***	***	***	***
	Capacity utilization (*percent*)					
Subject	68.3	58.6	51.5	51.9	59.8	52.0
Nonsubject	***	***	***	***	***	***
Average	***	***	***	***	***	***

Note.–***.

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

Table III-3
Stainless steel bar: Selected U.S. producers' capacity utilization for stainless steel bar and other production with shared equipment and workers, as well as aggregate capacity utilization, 2000-05

* * * * * * *

U.S. PRODUCERS' DOMESTIC SHIPMENTS AND EXPORT SHIPMENTS

As shown in table III-4, the quantity of U.S. shipments of stainless steel bar fluctuated, but increased overall by 11.7 percent from 2000 to 2005. However, the value of U.S. shipments increased at a substantially greater rate (42.6 percent) during this period, and the average unit value of U.S. shipments rose by 27.7 percent. No U.S. producer reported internal consumption. Three firms, ***, reported shipments of stainless steel bar to related firms. *** U.S. producers reported export shipments, primarily to ***.[6]

[6] ***.

Table III-4
Stainless steel bar: U.S. producers' shipments, by type, 2000-05, January-June 2005, and January-June 2006

Item	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
Quantity (*short tons*)								
Commercial shipments	***	***	***	***	***	***	***	***
Internal consumption	0	0	0	0	0	0	0	0
Transfers to related firms	***	***	***	***	***	***	***	***
Total U.S. shipments	153,308	135,990	130,300	140,365	163,305	171,255	93,722	87,503
Export shipments	***	***	***	***	10,565	9,318	4,989	6,721
Total shipments	***	***	***	***	173,870	180,573	98,711	94,224
Value (*$1,000*)								
Commercial shipments	***	***	***	***	***	***	***	***
Internal consumption	0	0	0	0	0	0	0	0
Transfers to related firms	***	***	***	***	***	***	***	***
Total U.S. shipments	530,276	457,899	390,628	406,358	598,036	756,242	375,114	369,232
Export shipments	***	***	***	***	35,286	49,185	25,758	32,796
Total shipments	***	***	***	***	633,322	805,427	400,872	402,028
Unit value (*per short ton*)								
Commercial shipments	$***	$***	$***	$***	$***	$***	$***	$***
Internal consumption	(1)	(1)	(1)	(1)	(1)	(1)	(1)	(1)
Transfers to related firms	***	***	***	***	***	***	***	***
Total U.S. shipments	3,459	3,367	2,998	2,895	3,662	4,416	4,002	4,220
Export shipments	***	***	***	***	3,340	5,278	5,163	4,880
Average	***	***	***	***	3,643	4,460	4,061	4,267
Share of quantity (*percent*)								
Commercial shipments	***	***	***	***	***	***	***	***
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Transfers to related firms	***	***	***	***	***	***	***	***
Total U.S. shipments	***	***	***	***	93.9	94.8	94.9	92.9
Export shipments	***	***	***	***	6.1	5.2	5.1	7.1
Total shipments	***	***	***	***	100.0	100.0	100.0	100.0

[1]Not applicable.

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

U.S. PRODUCERS' INVENTORIES

Data on end-of-period inventories of stainless steel bar for the review period are presented in table III-5.

Table III-5
Stainless steel bar: U.S. producers' end-of-period inventories, 2000-05, January-June 2005, and January-June 2006

Item	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
Inventories (*short tons*)	23,945	19,137	20,815	18,948	17,603	19,517	17,760	17,991
Ratio to production (*percent*)	16.6	15.2	16.5	13.5	10.7	11.1	9.3	9.8
Ratio to U.S. shipments (*percent*)	15.6	14.1	16.0	13.5	10.8	11.4	9.5	10.3
Ratio to total shipments (*percent*)	***	***	***	***	10.1	10.8	9.0	9.5

Note: Ratios are calculated from firms providing both inventory and production/shipments information.

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

U.S. PRODUCERS' IMPORTS AND PURCHASES OF IMPORTS

*** reported direct imports or purchases of imports of the subject product during the review period from any of the subject countries. *** reported purchases of stainless steel bar from nonsubject countries and other domestic producers. *** reported direct U.S. imports of stainless steel bar from nonsubject countries.

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

Data provided by U.S. producers on the number of production and related workers ("PRWs") engaged in the production of stainless steel bar and the total hours worked by and wages paid to such PRWs during the period for which data were collected in these reviews are presented in table III-6. From 2000 to 2005, the number of PRWs decreased from *** workers in 2000 to *** workers in 2005, a ***-percent decrease. Hours worked by PRWs decreased by *** percent during this period. Hourly wages decreased by *** percent. Productivity increased by *** percent during 2000-05.[7]

Table III-6
Stainless steel bar: Average number of production and related workers, hours worked, wages paid to such employees, and hourly wages, productivity, and unit labor costs, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

[7] After a 40-percent workforce reduction, Carpenter implemented efficiency improvement programs to improve the process and flexibility. This resulted in improved productivity to produce more tons with 40-percent fewer people (hearing transcript, p. 84 (McElwee)). Slater, however, reported that only certain portions of the stainless steel plant were started after Valbruna purchased it at Bankruptcy Court auction in 2004. Valbruna was able to negotiate a new contract with the United Steel Workers that included a job-provisional agreement to allow Slater to allocate work by an individual's qualification rather than by an individual's job title (hearing transcript, p. 82 (Carlson)).

FINANCIAL EXPERIENCE OF U.S. PRODUCERS

Background

This section of the report presents the financial results and related information of eight U.S. producers of stainless steel bar: Allvac, Carpenter, Crucible, Dunkirk, Electralloy, NAS, Outokumpu, and Slater.[8] With the exception of Outokumpu, financial results were reported on the basis of U.S. generally accepted accounting principles ("GAAP").[9] Carpenter reported its financial results using a fiscal year ending June 30; i.e., the last full-year period reported by Carpenter was for the period ending June 30, 2006.[10] All other U.S. producers used a calendar year to report their financial results.

The U.S. producer's questionnaire of Crucible was verified by Commission staff on October 26 and 27, 2006. No changes resulted from verification.[11]

While the majority of manufacturing operations are fully integrated from the melt stage through final processing, tolling activity and manufacturing operations which are not fully integrated also take place. For example, *** import from related companies all of the ingot/billet used to produce their stainless steel bar.[12] [13] ***, in contrast, melts and casts its own ingot, but has tollers perform subsequent processing operations.

As described in a previous section of this report, the U.S. stainless steel bar industry experienced a number of operational changes during the period examined; e.g., the bankruptcies of Empire (July 2001)

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[8] As presented in this section, Carpenter's financial results reflect the consolidated responses of Carpenter, Talley, and Shalmet. E-mail from ***, August 29, 2006. Dunkirk represents the combined operations of what was originally two separate companies – Universal and Empire. Similarly, Slater represents the original operations of Slater (2000 through 2003) and the operations of Valbruna Slater (2004 through interim 2006). ***.

[9] Outokumpu, whose ultimate parent company is headquartered in Finland, reported its financial results on the basis of International Financial Reporting Standards ("IFRS").

[10] This is consistent with Carpenter's reporting format for the first five year reviews and original investigations. Because the other U.S. producers reported on a calendar-year basis, the industry's calendar/fiscal full-year periods could be labeled – 2000/2001, 2000/2002, 2002/2003, 2003/2004, 2004/2005, and 2005/2006. For presentation and narrative purposes, calendar/fiscal full-year periods are identified in this section of the report as 2000, 2001, 2002, 2003, 2004 and 2005.

***. E-mail from ***, August 29, 2006.

[11] Verification report, p. 3. ***, as reported in the first reviews, were also verified by Commission staff.

***. Letter with attachments from ***, undated response received August 29, 2006.

***. Verification report at p. 7.

***. Verification report at p. 7.

***. Verification report at pp. 6-8.

[12] In conjunction with followup questions regarding transferred inputs, all U.S. producers were asked to state, specifically with respect to related companies that are ultimately consolidated with the U.S. producer, whether or not profit on transferred inputs were removed from reported costs. Responses indicated that, when applicable, appropriate adjustments were made to eliminate profit on transferred inputs.

[13] ***.

***. Staff telephone interview with ***, August 11, 2006. Public information indicates that Outokumpu and Outokumpu's primary toller, Allvac, have engaged in reciprocal tolling arrangements since the early 1990s. A 20-year agreement established in 2002 reportedly gives Outokumpu access to Allvac's stainless steel processing capacity and Allvac access to Outokumpu's high performance long products processing. "Allegheny, AvestaPolarit in long products accord," *American Metal Market* (March 14, 2002), found at http://www.amm.com, retrieved August 1, 2006.

***. E-mail from ***, October 27, 2006.

***.

and Slater (November 2003), the subsequent purchase of the U.S. stainless steel bar assets of Empire and Slater by Universal and Valbruna, respectively, and NAS' entry into the stainless steel bar market in 2003. As noted below, the industry's operations were also affected by reorganizations and associated layoffs.

Operations on Stainless Steel Bar: Production and Distribution

Table III-7 presents the financial results of U.S. producers in the production and distribution of stainless steel bar.[14] [15] Corresponding company-specific financial information for selected items is presented in table III-8. Table III-9 presents a variance analysis of the financial results.

Table III-7
Stainless steel bar: Results of operations of U.S. producers in production and distribution, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

Table III-8
Stainless steel bar: Results of operations of U.S. producers in production and distribution, by firms, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

Table III-9
Stainless steel bar: Variance analysis of U.S. producers in production and distribution, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

[14] Consistent with the first five-year reviews and most recent title VII investigations, two sets of financial results on stainless steel bar are presented: production and distribution (tables III-7 through III-9) and production (tables III-10 through III-12). Production and distribution reflects the industry's financial results inclusive of integrated service center sales, while production presents the Commission's traditional income statement format; i.e., in addition to commercial sales to end users, sales by the manufacturer to related distributors are reported as transfers. ***.

With regard to the presentation of these two formats, the first sunset reviews noted that a large share of the sales reported by several major producers represented transfers to integrated service centers. It further noted that "{t}he transfer value of these firms may or may not be at fair market value as if sold to unrelated service centers or distributors because these transfers were not arms-length transactions. Further, integrated service centers' financial results of operations are always consolidated with the production operations of these firms in their annual reports as per Generally Accepted Accounting Principles (GAAP). These firms distribute some of their stainless steel bar through their integrated service centers rather than selling all of their stainless steel bar through unrelated service centers or distributors. {The production and distribution table as presented in the first sunset report} . . . attempts to collect the final commercial value of sale (with its related costs by the integrated service centers) and production costs to obtain a fair presentation of the financial results of operations in the production and arms-length sale of stainless steel bar." *See Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678 and 681-682 (Review),* USITC Publication 3404, March 2001.

[15] ***. E-mail from ***, August 29, 2006.

Operations on Stainless Steel Bar: Production

Table III-10 presents the financial results of U.S. producers in the production of stainless steel bar. Corresponding company-specific financial information for selected items is presented in table III-11. Table III-12 presents a variance analysis of the financial results.

The early part of the period was characterized by generally weak demand which limited the industry's ability to raise base prices and/or pass through energy surcharges to offset volatile energy costs.[16] In response to the difficult market environment, U.S. producers implemented measures to reduce costs and improve efficiency.[17]

[16] "Metal Firms struggle with costlier US energy – Gas surcharge revived," *American Metal Market* (January 8, 2001), found at http://www.amm.com, retrieved July 28, 2006. "Low steel demand puts gas surcharge in jeopardy," *American Metal Market*, (January 12, 2001), found at http://www.amm.com, retrieved July 28, 2006.

[17] "Carpenter sets more layoffs," *American Metal Market* (March 21, 2001) found at http://www.amm.com, retrieved July 31, 2006. "Carpenter realigns; plans sales; job cuts," *American Metal Market* (June 27, 2001), found at http://www.amm.com, retrieved July 31, 2006. Restructuring also included extended the furlough of 750 employees and the sale of several small non-strategic business within Carpenter's engineered products division. "Carpenter to shut 5 sales units, cut 100 jobs," *American Metal Market* (July 13, 2001), found at http://www.amm.com, retrieved July 31, 2006. Daily customer support, which these sales units had provided, were subsequently to be provided by 4 service centers located in Chicago, LA, Philadelphia, and Reading. "Carpenter to cut 500 jobs as key markets remain tepid," *American Metal Market* (October 1, 2002), found at http://www.amm.com, retrieved August 1, 2006. Total special charges of $20 to $25 million were to be recognized in the 1st and 2nd quarters of FY 2003 with a projected reduction in the company's annual expenses by $40 to $45 million. "Cost cutting puts Carpenter back in the black," *American Metal Market* (April 23, 2003), found at http://www.amm.com, retrieved August 1, 2006. Article refers specifically to Carpenter's FY 2003 3rd quarter. ***. E-mail from ***, August 29, 2006.

***.

Table III-10
Stainless steel bar: Results of operations of U.S. producers[1] in production, 2000-05, January-June 2005, and January-June 2006

Item	Calendar/fiscal year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
					Quantity (*short tons*)			
Commercial sales	***	***	***	***	***	***	***	***
Transfers	***	***	***	***	***	***	***	***
Total net sales	154,045	137,454	134,825	159,825	167,230	178,404	98,621	94,224
					Value (*$1,000*)			
Commercial sales	***	***	***	***	***	***	***	***
Transfers	***	***	***	***	***	***	***	***
Total net sales	497,011	399,569	377,134	458,217	596,496	771,243	395,319	401,462
Raw material	177,431	142,624	148,482	211,285	300,355	390,436	208,726	202,550
Direct labor	55,883	51,017	42,762	45,621	49,178	55,742	27,671	29,804
Other factory costs	212,782	195,121	175,552	230,245	163,622	219,235	103,135	106,182
Total cost of goods sold	446,096	388,762	366,796	487,151	513,155	665,413	339,532	338,536
Gross profit or (loss)	50,915	10,807	10,338	(28,934)	83,341	105,830	55,787	62,926
SG&A expenses	34,962	39,083	33,549	34,429	30,695	33,685	16,217	17,665
Operating income or (loss)	15,953	(28,276)	(23,211)	(63,363)	52,646	72,145	39,570	45,261
Interest expense	14,393	12,684	11,112	9,235	5,191	6,767	3,286	3,663
Other expenses	781	0	372	1,043	2,330	2,925	1,425	1,948
CDSOA funds received	0	1,070	1,264	3,252	4,277	5,369	275	0
Other income items	6	0	45	0	1	59	95	0
Net income or (loss)	785	(39,890)	(33,386)	(70,389)	49,403	67,881	35,229	39,650
Depr. and amortization (incl. above)	19,784	19,177	18,159	55,081	19,182	21,363	10,889	10,733
Estimated cash flow	20,569	(20,713)	(15,227)	(15,308)	68,585	89,244	46,118	50,383
					Ratio to net sales (*percent*)			
Raw material	35.7	35.7	39.4	46.1	50.4	50.6	52.8	50.5
Direct labor	11.2	12.8	11.3	10.0	8.2	7.2	7.0	7.4
Other factory costs	42.8	48.8	46.5	50.2	27.4	28.4	26.1	26.4
Total cost of goods sold	89.8	97.3	97.3	106.3	86.0	86.3	85.9	84.3
Gross profit	10.2	2.7	2.7	(6.3)	14.0	13.7	14.1	15.7
SG&A expenses	7.0	9.8	8.9	7.5	5.1	4.4	4.1	4.4
Operating income or (loss)	3.2	(7.1)	(6.2)	(13.8)	8.8	9.4	10.0	11.3
Net income or (loss)	0.2	(10.0)	(8.9)	(15.4)	8.3	8.8	8.9	9.9

Table continued on next page.

Table III-10--*Continued*
Stainless steel bar: Results of operations of U.S. producers[1] in production, 2000-05, January-June 2005, and January-June 2006

Item	Calendar and fiscal year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
Value (*dollars per short ton*)								
Commercial sales	***	***	***	***	***	***	***	***
Transfers	***	***	***	***	***	***	***	***
Net sales	3,226	2,907	2,797	2,867	3,567	4,323	4,008	4,261
Raw material	1,152	1,038	1,101	1,322	1,796	2,188	2,116	2,150
Direct labor	363	371	317	285	294	312	281	316
Other factory costs	1,381	1,420	1,302	1,441	978	1,229	1,046	1,127
Total cost of goods sold	2,896	2,828	2,721	3,048	3,069	3,730	3,443	3,593
Gross profit or (loss)	331	79	77	(181)	498	593	566	668
SG&A expenses	227	284	249	215	184	189	164	187
Operating income or (loss)	104	(206)	(172)	(396)	315	404	401	480
Number of producers reporting								
Data	7	7	7	8	8	8	8	8
Operating losses	3	5	4	6	2	3	2	3

[1] The data in this table reflect ***.

Note.--The industry's overall financial results, as presented in this table, directly incorporate ***.

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

Table III-11
Stainless steel bar: Results of operations of U.S. producers in production, by firms, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

Table III-12
Stainless steel bar: Variance analysis of U.S. producers[1] in production, 2000-05, January-June 2005, and January-June 2006

	Calendar and fiscal year						Jan.-
	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
	Value (*$1,000*)						
Total net sales:							
Price variance	195,640	(43,913)	(14,793)	11,153	117,049	134,890	23,768
Volume variance	78,592	(53,529)	(7,642)	69,930	21,230	39,857	(17,625)
Total net sales variance	274,232	(97,442)	(22,435)	81,083	138,279	174,747	6,143
Cost of sales:							
Raw material:							
Cost variance	(184,948)	15,697	(8,586)	(35,271)	(79,281)	(70,012)	(3,130)
Volume variance	(28,057)	19,110	2,728	(27,532)	(9,789)	(20,069)	9,306
Net raw material variance	(213,005)	34,807	(5,858)	(62,803)	(89,070)	(90,081)	6,176
Direct labor:							
Cost variance	8,978	(1,153)	7,279	5,070	(1,443)	(3,278)	(3,367)
Volume variance	(8,837)	6,019	976	(7,929)	(2,114)	(3,286)	1,234
Net direct labor variance	141	4,866	8,255	(2,859)	(3,557)	(6,564)	(2,133)
Other factory costs:							
Cost variance	27,194	(5,256)	15,837	(22,141)	77,291	(44,680)	(7,645)
Volume variance	(33,647)	22,917	3,732	(32,552)	(10,668)	(10,933)	4,598
Net other factory cost variance	(6,453)	17,661	19,569	(54,693)	66,623	(55,613)	(3,047)
Net cost of sales:							
Cost variance	(148,776)	9,288	14,530	(52,342)	(3,433)	(117,970)	(14,142)
Volume variance	(70,541)	48,046	7,436	(68,013)	(22,571)	(34,288)	15,138
Total net cost of sales variance	(219,317)	57,334	21,966	(120,355)	(26,004)	(152,258)	996
Gross profit variance	54,915	(40,108)	(469)	(39,272)	112,275	22,489	7,139
SG&A expenses:							
Expense variance	6,806	(7,886)	4,786	5,341	5,329	(939)	(2,171)
Volume variance	(5,529)	3,765	748	(6,221)	(1,595)	(2,051)	723
Total SG&A variance	1,277	(4,121)	5,534	(880)	3,734	(2,990)	(1,448)
Operating income variance	56,192	(44,229)	5,065	(40,152)	116,009	19,499	5,691
Summarized as:							
Price variance	195,640	(43,913)	(14,793)	11,153	117,049	134,890	23,768
Net cost/expense variance	(141,971)	1,402	19,317	(47,001)	1,896	(118,909)	(16,313)
Net volume variance	**2,523**	**(1,718)**	**541**	**(4,304)**	**(2,936)**	**3,518**	**(1,764)**

[1] The data in this table reflect ***.

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

Average costs for selected primary raw material inputs are presented in table III-13. Table III-14 presents average per ton energy costs by company.

Although volume and revenue declined to the period's lowest levels in 2002, the industry's collective operating loss peaked in 2003. As shown in the variance analyses, table III-9 and table III-12, higher manufacturing costs in 2003 offset a moderate positive price variance.[18] The resulting contraction in gross profit, in conjunction with a somewhat higher level of absolute SG&A expenses,[19] resulted in an expanded 2003 operating loss compared to 2002. *** U.S. producers reported lower levels of absolute profitability or increased losses in 2003.[20]

By the latter part of 2003 the overall market for stainless steel bar stabilized and then began to improve in early 2004.[21] As shown in table III-13 and table III-14, the cost of primary raw material inputs and energy generally increased throughout the rest of the period. The substantial 2003-04 and 2004-05 positive price variances, as shown in table III-9 and table III-12, in conjunction with enhanced levels of profitability, indicate that improved market conditions for stainless steel bar allowed most U.S. producers to more than offset higher raw material and energy costs. The mechanism for doing this was generally a combination of base price increases and alloy and energy surcharges.[22]

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[18] ***.

***. Valbruna subsequently purchased Slater's Ft. Wayne, IN operations in February 2004. In July 2004, Slater's operations were reactivated with a significantly reduced initial workforce of 70 employees compared to 370 employees prior to shutdown in late 2003. Additionally, Slater's melting facilities were permanently idled because they were reportedly outdated and out of compliance with environmental regulations. "Valbruna restarting operations at former Slater mill," *American Metal Market* (July 12, 2004), found at http://www.amm.com, retrieved July 27, 2006. "Valbruna slates $1.5 m investment to upgrade former Slater Steel site," *American Metal Market* (July 20, 2004), found at http://www.amm.com, retrieved July 27, 2006.

[19] As shown in table III-7 and table III-10, the absolute level of SG&A expenses declined in 2001 and 2002. The overall increase in absolute SG&A expenses in 2003 compared to 2002 was due ***. E-mail with attachment from ***, August 29, 2006. *See also* footnote 18.

[20] As indicated in footnote 10, Carpenter's full-year financial results are for periods ending 6 months after the calendar-year financial results of the other U.S. producers.

[21] With respect to its first quarter FY 2004 earnings (ending Sept. 30, 2003), Carpenter noted that its key markets had stabilized and that continued improvement was expected through the rest of its fiscal year. "Carpenter returns to profitability in quarter, vows to reduce costs," *American Metal Market* (October 29, 2003), found at http://www.amm.com, retrieved August 1, 2006. "Stainless bar gleaming, luster aids supply chain," *American Metal Market* (March 26 , 2006), found at http://www.amm.com, retrieved August 1, 2006.

[22] "Electralloy plans stainless bar hike," *American Metal Market* (September 19, 2003), found at http://www.amm.com, retrieved August 3, 2006. "Carpenter increases nickel products," *American Metal Market* (October 7, 2003) found at http://www.amm.com, retrieved August 3, 2006. "Stainless suppliers jump at chance to raise prices," *American Metal Market* (December 17, 2003), found at http://www.amm.com, retrieved August 1, 2006. "Rising costs spur Allvac revisions," *American Metal Market* (December 22, 2003), found at http://www.amm.com, retrieved July 28, 2006. "CarTech adds premium to surcharge," *American Metal Market* (January 22, 2004), found at http://www.amm.com, retrieved August 1, 2006. "Gas pains spur Electralloy to hike stainless bar prices," *American Metal Market* (November 11, 2004), found at http://www.amm.com, retrieved August 3, 2006. "Universal sets up to 7% bar hike to ease energy's pinch," *American Metal Market* (January 4, 2005), found at http://www.amm.com, retrieved August 3, 2006. "Carpenter sets stainless alloy hike," *American Metal Market* (April 6, 2005), found at http://www.amm.com, retrieved July 31, 2006. According to article, Carpenter characterized demand as remaining strong in its premium melted and stainless alloy products. "ATI Allvac lifts alloy products as much as 9%," *American Metal Market* (April 19, 2005), found at http://www.amm.com, retrieved July 28, 2006. Article indicated that Universal raised alloy prices in early April 2005. "Crucible moves to hike prices on stainless bar products 3%," *American Metal Market* (May 1, 2006), found at http://www.amm.com, retrieved July 27, 2006. In this article, a Crucible company official stated that the stainless

(continued...)

Table III-13
Stainless steel bar: Selected primary inputs used in production, 2000-05, January-June 2005, and January-June 2006

Item	Calendar and fiscal year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
Nickel:								
Quantity (pounds)	32,088,152	26,233,617	26,326,592	24,827,159	33,582,259	37,574,323	18,190,279	20,404,781
Value (dollars)	114,249,345	73,955,566	91,411,329	133,052,209	219,175,030	255,851,680	126,340,675	149,349,620
Average cost	$3.56	$2.82	$3.47	$5.36	$6.53	$6.81	$6.95	$7.32
Chromium:								
Quantity (pounds)	42,000,297	39,558,336	39,751,182	38,575,381	51,356,950	53,655,054	27,863,260	30,487,305
Value (dollars)	15,587,221	12,859,137	13,522,321	15,637,527	28,676,786	31,290,874	16,566,359	17,036,436
Average cost	$0.37	$0.33	$0.34	$0.41	$0.56	$0.58	$0.59	$0.56
Molybdenum:								
Quantity (pounds)	1,982,175	1,584,382	1,438,807	1,684,627	1,871,530	2,003,236	1,033,926	1,270,464
Value (dollars)	5,546,366	4,433,258	6,606,256	12,890,046	36,963,702	55,095,727	28,147,997	29,989,950
Average cost	$2.80	$2.80	$4.59	$7.65	$19.75	$27.50	$27.22	$23.61
Stainless steel scrap:								
Quantity (pounds)	102,773,482	78,479,124	85,354,701	101,324,464	126,261,374	103,034,164	65,340,204	52,242,532
Value (dollars)	25,114,422	19,875,889	24,602,870	40,247,501	60,663,298	48,298,917	34,857,312	26,646,874
Average cost	$0.24	$0.25	$0.29	$0.40	$0.48	$0.47	$0.53	$0.51

Note: ***.

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

Table III-14
Stainless steel bar: Average energy cost, by firms, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

[22] (...continued)
bar market remained strong (in the second quarter 2006) and showed signs of continuing the growth experienced in the first quarter 2006. "Stainless producers' hikes reflect nickel price volatility," American Metal Market (June 5, 2006), found at http://www.amm.com, retrieved July 27, 2006. Carpenter and Slater announced price increases (late May early June 2006) which an industry source indicated would likely be accepted by the market because demand remained strong.

Capital Expenditures and Research and Development Expenses

Data on capital expenditures and research and development ("R&D") expenses are shown in table III-15.

Table III-15
Stainless steel bar: Capital expenditures and R&D expenses of U.S. producers, by firms, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

***.[23] ***.

***.[24] In mid 2005, Crucible publicly announced a "major capital program" which included a new furnace that came on line in May 2006.[25] Total reported capital expenditures of Dunkirk,[26] Electralloy,[27] and Slater[28] were *** during the period, while Outokumpu *** capital expenditures. NAS' large 2003 capital expenditures are consistent with its entry into the stainless steel bar market during the middle of the period.

[23] ***. E-mail from ***, October 30, 2006.

[24] ***. E-mail from ***, August 29, 2006.

[25] In mid 2005, Crucible announced that, in addition to a new furnace, the company would expand its high temperature annealing and heat treating capacity in order to better meet increased market demand for stainless steel long products. Additional investment in oil quenching and material handling equipment was also noted. "Crucible boosting heat-treat capacity 35%, plans new Canadian warehouse," *American Metal Market* (August 18, 2005), found at http://www.amm.com, retrieved July 27, 2006. "Manufacturing delays kick start-up of Crucible's new furnace into May," *American Metal Market* (March 14, 2006), found at http://www.amm.com, retrieved July 27, 2006. ***. Verification report at p. 4.

[26] "Universal Stainless plans to alter revived Dunkirk mill," *American Metal Market* (February 20, 2002), found at http://www.amm.com, retrieved August 3, 2006. According to this article, after the acquisition Universal indicated that it would upgrade the existing bar and rod mill, as well as phase out Empire's two 14" round mills because of their high cost and limited product potential.

[27] At the Commission's hearing, an Electralloy company official stated that capital expenditures were incurred in 2005 for new furnaces and other equipment. Hearing transcript, p. 25 (Simmons). ***. E-mail from Staff to ***, October 16, 2006. The company did not respond to this request.

[28] Slater reportedly planned on spending $1.5 million on equipment upgrades and repairs, as well as technology to enhance productivity. "Valbruna Slates $1.5 m investment to upgrade former Slater Steel Site," *American Metal Market* (July 20, 2004), found at http://www.amm.com, retrieved July 27, 2006. ***. E-mail with attachment from ***, August 29, 2006.

Assets and Return On Investment

The reported value of assets and calculated return on investment are shown in table III-16.

Table III-16
Stainless steel bar: Value of assets and return on investment of U.S. producers, 2000-05, January-June 2005, and January-June 2006

Item	Calendar and fiscal year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
Assets:	**Value (*$1,000*)**							
Allvac	***	***	***	***	***	***	***	***
Carpenter	***	***	***	***	***	***	***	***
Crucible	***	***	***	***	***	***	***	***
Dunkirk	***	***	***	***	***	***	***	***
Electralloy	***	***	***	***	***	***	***	***
NAS	***	***	***	***	***	***	***	***
Outokumpu	***	***	***	***	***	***	***	***
Slater	***	***	***	***	***	***	***	***
Total	801,885	573,077	528,439	568,772	643,992	626,716	667,396	661,097
Return on investment:	**Ratio of operating income to assets (*percent*)**							
Allvac	***	***	***	***	***	***	***	***
Carpenter	***	***	***	***	***	***	***	***
Crucible	***	***	***	***	***	***	***	***
Dunkirk	***	***	***	***	***	***	***	***
Electralloy	***	***	***	***	***	***	***	***
NAS	***	***	***	***	***	***	***	***
Outokumpu	***	***	***	***	***	***	***	***
Slater	***	***	***	***	***	***	***	***
Average	***	***	***	***	***	***	***	***

Note.--Interim period operating income was annualized for the return on investment calculation. The large decline in total assets in 2001 compared to 2000 is primarily due to ***.

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

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRIES

U.S. IMPORTS

Data regarding U.S. imports of stainless steel bar, based on official Commerce statistics,[1] are presented in table IV-1. The volume of U.S. imports from Brazil decreased by 73.6 percent from 2000 to 2005. The volume of U.S. imports from India, the subject country with the greatest volume of stainless steel bar, increased by *** percent from 2000 to 2005. The volume of U.S. imports from Japan decreased by 21.0 percent during the review period. The volume of U.S. imports from Spain decreased by 95.9 percent during this same period. U.S. imports from nonsubject sources decreased by *** percent from 2000 to 2005.[2]

[1] Stainless steel bar is covered by HTS statistical reporting numbers 7222.11.0005, 7222.11.0050, 7222.19.0005, 7222.19.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075, and 7222.30.0000. U.S. import data for stainless steel bar from India are based on official Commerce statistics with U.S. imports from the Viraj Group removed for the period from January 2003 to June 2006. Commerce revoked the antidumping duty order on the Viraj Group effective February 1, 2003.

[2] According to official Commerce data (adjusted for India), U.S. imports from nonsubject countries included the following countries, in order of volume in 2005: (1) Italy, (2) Taiwan, (3) Germany, (4) France, (5) Austria, and (6) China. These countries accounted for approximately 65.3 percent of U.S. imports from nonsubject sources in 2005.

Table IV-1
Stainless steel bar: U.S. imports, by sources, 2000-05, January-June 2005, and January-June 2006

Source	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
	Quantity *(short tons)*							
Subject:								
Brazil	1,415	524	953	985	295	373	167	264
India	3,641	4,693	10,593	***	***	***	***	***
Japan	487	1,571	864	476	516	385	197	189
Spain	3,391	3,093	2,078	154	95	140	133	46
Subtotal	8,933	9,880	14,489	***	***	***	***	***
Nonsubject (AD orders): [1]								
France	6,333	6,694	5,628	4,357	7,477	6,737	3,326	4,272
Germany	17,135	9,835	5,235	3,145	7,069	9,895	4,882	5,351
Italy	25,678	21,874	16,019	13,306	19,875	28,281	16,030	12,803
Korea	17,181	6,472	1,820	708	490	1,381	563	49
United Kingdom	7,442	6,325	2,769	2,279	3,067	2,921	1,770	1,659
Subtotal, nonsubject (AD orders)	73,770	51,200	31,472	23,794	37,978	49,216	26,571	24,134
Nonsubject (other)								
Austria	910	1,167	1,075	1,889	3,181	6,147	3,193	2,357
Canada	19,050	18,709	10,692	8,075	657	1,043	560	821
China	101	505	978	774	2,100	5,310	2,671	1,167
India (nonsubject)	0	0	0	***	***	***	***	***
Latvia	0	27	192	1,201	1,941	2,377	1,236	404
Sweden	2,553	2,091	1,619	1,426	1,729	4,892	2,614	1,530
Switzerland	1,174	954	1,251	1,519	1,629	2,519	1,395	767
Taiwan	7,697	8,382	12,419	9,609	13,867	24,954	12,310	12,037
Ukraine	92	218	560	192	620	3,102	1,566	172
All others	11,956	8,292	10,321	6,663	5,850	6,361	3,660	3,552
Subtotal, nonsubject (other)	43,533	40,344	39,106	***	***	***	***	***
Subtotal, nonsubject	117,303	91,544	70,578	***	***	***	***	***
Total	126,235	101,424	85,067	67,993	83,666	124,496	65,103	54,996

Table continued on next page.

Table IV-1--*Continued*
Stainless steel bar: U.S. imports, by sources, 2000-05, January-June 2005, and January-June 2006

Source	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
	Landed, duty-paid value (*$1,000*)							
Subject:								
Brazil	2,964	997	1,711	1,914	747	1,414	511	1,292
India	6,470	8,396	18,886	***	***	***	***	***
Japan	2,147	4,378	2,533	1,950	2,438	3,080	2,096	906
Spain	6,717	6,396	3,858	322	257	483	450	159
Subtotal	18,299	20,167	26,987	***	***	***	***	***
Nonsubject (AD orders): [1]								
France	16,833	17,853	14,732	11,316	26,425	27,212	13,403	14,482
Germany	40,536	23,798	13,636	8,493	19,651	29,524	14,172	16,827
Italy	64,955	58,722	37,708	32,544	65,776	121,901	67,133	56,990
Korea	33,168	12,859	3,156	1,641	1,373	5,050	2,849	160
United Kingdom	20,236	17,388	7,238	5,775	9,372	14,310	7,236	8,505
Subtotal, nonsubject (AD orders)	175,728	130,621	76,470	59,769	122,597	197,997	104,793	96,965
Nonsubject (other)								
Austria	2,952	3,241	3,763	4,901	10,776	23,771	10,795	15,682
Canada	41,588	43,271	27,561	19,695	3,076	5,648	3,301	3,670
China	406	1,494	2,167	1,819	6,796	25,964	16,415	3,698
India (nonsubject)	0	0	0	***	***	***	***	***
Latvia	0	51	369	2,597	5,021	8,370	4,239	1,457
Sweden	7,203	6,238	4,544	3,779	5,267	18,416	9,939	5,404
Switzerland	4,233	3,396	4,037	4,772	5,819	11,531	6,297	3,728
Taiwan	17,035	17,550	27,309	20,479	38,539	83,213	40,448	39,144
Ukraine	117	349	932	280	2,436	9,546	4,365	550
All others	24,503	16,456	19,585	13,706	13,456	18,011	9,566	9,306
Subtotal, nonsubject (other)	98,039	92,047	90,268	***	***	***	***	***
Subtotal, nonsubject	273,767	222,668	166,738	***	***	***	***	***
Total	292,066	242,835	193,725	156,050	247,412	458,037	237,109	203,106

Table continued on next page.

Table IV-1--*Continued*
Stainless steel bar: U.S. imports, by sources, 2000-05, January-June 2005, and January-June 2006

Source	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
	Unit value (*per short ton*)							
Subject:								
Brazil	$2,095	$1,904	$1,795	$1,942	$2,529	$3,789	$3,050	$4,897
India	1,777	1,789	1,783	***	***	***	***	***
Japan	4,410	2,787	2,933	4,098	4,724	8,008	10,633	4,805
Spain	1,981	2,068	1,856	2,089	2,694	3,458	3,380	3,446
Subtotal	2,049	2,041	1,863	***	***	***	***	***
Nonsubject (AD orders): [1]								
France	2,658	2,667	2,618	2,597	3,534	4,039	4,030	3,390
Germany	2,366	2,420	2,605	2,700	2,780	2,984	2,903	3,145
Italy	2,530	2,685	2,354	2,446	3,310	4,310	4,188	4,451
Korea	1,930	1,987	1,734	2,318	2,803	3,656	5,060	3,273
United Kingdom	2,719	2,749	2,614	2,534	3,056	4,898	4,088	5,127
Subtotal, nonsubject (AD orders)	2,382	2,551	2,430	2,512	3,228	4,023	3,944	4,018
Nonsubject (other)								
Austria	3,243	2,778	3,502	2,595	3,387	3,867	3,381	6,652
Canada	2,183	2,313	2,578	2,439	4,683	5,414	5,890	4,470
China	4,030	2,958	2,215	2,351	3,235	4,889	6,145	3,168
India (nonsubject)	(2)	(2)	(2)	***	***	***	***	***
Latvia	(2)	1,923	1,925	2,163	2,587	3,521	3,431	3,612
Sweden	2,822	2,984	2,806	2,650	3,047	3,765	3,803	3,532
Switzerland	3,606	3,558	3,226	3,142	3,571	4,578	4,515	4,860
Taiwan	2,213	2,094	2,199	2,131	2,779	3,335	3,286	3,252
Ukraine	1,270	1,601	1,666	1,460	3,926	3,077	2,787	3,197
All others	2,049	1,985	1,898	2,057	2,300	2,831	2,614	2,620
Subtotal, nonsubject (other)	2,252	2,282	2,308	***	***	***	***	***
Subtotal, nonsubject	2,334	2,432	2,362	***	***	***	***	***
Total	2,314	2,394	2,277	2,295	2,957	3,679	3,642	3,693

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Table IV-1--*Continued*
Stainless steel bar: U.S. imports, by sources, 2000-05, January-June 2005, and January-June 2006

Source	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
	Share of quantity (*percent*)							
Subject:								
Brazil	1.1	0.5	1.1	1.4	0.4	0.3	0.3	0.5
India	2.9	4.6	12.5	***	***	***	***	***
Japan	0.4	1.5	1.0	0.7	0.6	0.3	0.3	0.3
Spain	2.7	3.0	2.4	0.2	0.1	0.1	0.2	0.1
Subtotal	7.1	9.7	17.0	***	***	***	***	***
Nonsubject (AD orders): [1]								
France	5.0	6.6	6.6	6.4	8.9	5.4	5.1	7.8
Germany	13.6	9.7	6.2	4.6	8.4	7.9	7.5	9.7
Italy	20.3	21.6	18.8	19.6	23.8	22.7	24.6	23.3
Korea	13.6	6.4	2.1	1.0	0.6	1.1	0.9	0.1
United Kingdom	5.9	6.2	3.3	3.4	3.7	2.3	2.7	3.0
Subtotal, nonsubject (AD orders)	58.4	50.5	37.0	35.0	45.4	39.5	40.8	43.9
Nonsubject (other)								
Austria	0.7	1.2	1.3	2.8	3.8	4.9	4.9	4.3
Canada	15.1	18.4	12.6	11.9	0.8	0.8	0.9	1.5
China	0.1	0.5	1.2	1.1	2.5	4.3	4.1	2.1
India (nonsubject)	0.0	0.0	0.0	***	***	***	***	***
Latvia	0.0	0.0	0.2	1.8	2.3	1.9	1.9	0.7
Sweden	2.0	2.1	1.9	2.1	2.1	3.9	4.0	2.8
Switzerland	0.9	0.9	1.5	2.2	1.9	2.0	2.1	1.4
Taiwan	6.1	8.3	14.6	14.1	16.6	20.0	18.9	21.9
Ukraine	0.1	0.2	0.7	0.3	0.7	2.5	2.4	0.3
All others	9.5	8.2	12.1	9.8	7.0	5.1	5.6	6.5
Subtotal, nonsubject (other)	34.5	39.8	46.0	***	***	***	***	***
Subtotal, nonsubject	92.9	90.3	83.0	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Table continued on next page.

Table IV-1--*Continued*
Stainless steel bar: U.S. imports, by sources, 2000-05, January-June 2005, and January-June 2006

Source	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
	Share of value (*percent*)							
Subject:								
Brazil	1.0	0.4	0.9	1.2	0.3	0.3	0.2	0.6
India	2.2	3.5	9.7	***	***	***	***	***
Japan	0.7	1.8	1.3	1.2	1.0	0.7	0.9	0.4
Spain	2.3	2.6	2.0	0.2	0.1	0.1	0.2	0.1
Subtotal	6.3	8.3	13.9	***	***	***	***	***
Nonsubject (AD orders): [1]								
France	5.8	7.4	7.6	7.3	10.7	5.9	5.7	7.1
Germany	13.9	9.8	7.0	5.4	7.9	6.4	6.0	8.3
Italy	22.2	24.2	19.5	20.9	26.6	26.6	28.3	28.1
Korea	11.4	5.3	1.6	1.1	0.6	1.1	1.2	0.1
United Kingdom	6.9	7.2	3.7	3.7	3.8	3.1	3.1	4.2
Subtotal, nonsubject (AD orders)	60.2	53.8	39.5	38.3	49.6	43.2	44.2	47.7
Nonsubject (other)								
Austria	1.0	1.3	1.9	3.1	4.4	5.2	4.6	7.7
Canada	14.2	17.8	14.2	12.6	1.2	1.2	1.4	1.8
China	0.1	0.6	1.1	1.2	2.7	5.7	6.9	1.8
India (nonsubject)	0.0	0.0	0.0	***	***	***	***	***
Latvia	0.0	0.0	0.2	1.7	2.0	1.8	1.8	0.7
Sweden	2.5	2.6	2.3	2.4	2.1	4.0	4.2	2.7
Switzerland	1.4	1.4	2.1	3.1	2.4	2.5	2.7	1.8
Taiwan	5.8	7.2	14.1	13.1	15.6	18.2	17.1	19.3
Ukraine	0.0	0.1	0.5	0.2	1.0	2.1	1.8	0.3
All others	8.4	6.8	10.1	8.8	5.4	3.9	4.0	4.6
Subtotal, nonsubject (other)	33.6	37.9	46.6	***	***	***	***	***
Subtotal, nonsubject	93.7	91.7	86.1	***	***	***	***	***
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

[1] Countries subject to existing related antidumping duty orders on stainless steel bar include on France, Germany, Italy, Korea, and the United Kingdom.
[2] Not applicable.
[3] Less then 0.05 percent.

Source: Compiled from adjusted Commerce statistics and proprietary data obtained from U.S. Customs.

U.S. IMPORTERS' INVENTORIES

End-of-period inventories were reported only by U.S. importers of the subject product from Brazil and nonsubject sources. These data are shown in table IV-2. U.S. importers did not report any end-of-period inventories for U.S. imports from India, Japan, or Spain.

Table IV-2
Stainless steel bar: U.S. importers' end-of-period inventories of imports, by source, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

CUMULATION CONSIDERATIONS

In assessing whether imports will likely compete with each other and with the domestic like product, the Commission has generally considered four factors: (1) fungibility, (2) presence of sales or offers to sell in the same geographical market, (3) common or similar channels of distribution, and (4) simultaneous presence in the market.[3] Issues concerning fungibility and channels of distribution are addressed in Part II of this report. Geographical markets and presence in the market are discussed below.

Based on official Commerce statistics (adjusted for India), U.S. imports of stainless steel bar were generally dispersed geographically throughout the United States during the period of review. Reported U.S. Customs districts of entry for U.S. imports of stainless steel bar from Brazil, India, Japan, and Spain were predominately Chicago, IL; Houston, TX; New York, NY, Los Angeles, CA; and Savannah, GA. Table IV-3 presents total imports and shares for subject countries and by geographic region.

As to seasonal presence in the market, based on official Commerce statistics, U.S. imports of the subject product from Brazil, India, Japan, and Spain entered the United States during virtually every month during the period examined.

[3] In the first five-year reviews, the Commission exercised its discretion and cumulated U.S. imports from all four subject sources. *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 678, 679, 681, and 682 (Review)*, USITC Publication 3404, March 2001, p. 11.

Table IV-3
Stainless steel bar: U.S. imports and shares, by source and customs district, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
Brazil:						
Midwest[1]	357	88	259	293	164	144
Northeast[2]	251	171	158	332	100	123
South[3]	770	230	478	360	32	105
West[4]	36	36	59	0	0	0
Subtotal	1,415	524	953	985	295	373
India:						
Midwest[1]	1,229	1,109	2,981	***	***	***
Northeast[2]	696	1,188	2,284	***	***	***
South[3]	1,482	1,681	3,659	***	***	***
West[4]	235	716	1,670	***	***	***
Subtotal	3,641	4,693	10,594	***	***	***
Japan:						
Midwest[1]	123	43	53	138	144	138
Northeast[2]	10	365	180	14	12	0
South[3]	274	810	451	219	276	170
West[4]	80	352	180	105	85	77
Subtotal	487	1,571	864	476	516	385
Spain:						
Midwest[1]	413	61	313	67	8	134
Northeast[2]	1,816	1,756	986	20	5	3
South[3]	1,072	737	588	41	76	0
West[4]	89	539	191	26	6	3
Subtotal	3,391	3,093	2,078	154	95	140
Total	8,933	9,880	14,489	***	***	***

Table continued on next page.

Table IV-3--*continued*
Stainless steel bar: U.S. imports and shares, by source and customs district, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Share (*percent*)					
Brazil:						
Midwest[1]	25.2	16.8	27.1	29.7	55.4	38.7
Northeast[2]	17.8	32.6	16.6	33.7	33.9	33.1
South[3]	54.5	43.9	50.2	36.6	10.7	28.3
West[4]	2.6	6.8	6.2	0.0	0.0	0.0
Subtotal	100.0	100.0	100.0	100.0	100.0	100.0
India:						
Midwest[1]	33.8	23.6	28.1	***	***	***
Northeast[2]	19.1	25.3	21.6	***	***	***
South[3]	40.7	35.8	34.5	***	***	***
West[4]	6.4	15.3	15.8	***	***	***
Subtotal	100.0	100.0	100.0	***	***	***
Japan:						
Midwest[1]	25.3	2.7	6.1	29.0	27.8	35.8
Northeast[2]	2.1	23.3	20.9	3.0	2.3	0.0
South[3]	56.2	51.6	52.2	45.9	53.4	44.3
West[4]	16.4	22.4	20.8	22.1	16.5	20.0
Subtotal	100.0	100.0	100.0	100.0	100.0	100.0
Spain:						
Midwest[1]	12.2	2.0	15.1	43.6	8.7	96.0
Northeast[2]	53.6	56.8	47.5	13.3	5.5	2.2
South[3]	31.6	23.8	28.3	26.4	79.8	0.0
West[4]	2.6	17.4	9.2	16.7	6.0	1.8
Subtotal	100.0	100.0	100.0	100.0	100.0	100.0

[1] Midwest customs districts include: Chicago, IL; Cleveland, OH; Detroit, MI; Milwaukee, WI; and Minneapolis, MN.
[2] Northeast customs districts include: Baltimore, MD; Boston, MA; Buffalo, NY; New York, NY; Philadelphia, PA; and St. Albans, VT.
[3] South customs districts include: Charleston, SC; Charlotte, NC; Dallas-Forth Worth, TX; Houston-Galveston, TX; Miami, FL; New Orleans, LA; Norfolk, VA; Savannah, GA; and Tampa, FL.
[4] West customs districts include: Columbia-Snake, OR; Great Falls, MT; Los Angeles, CA; Pembina, ND; San Francisco, CA, and Seattle, WA.

Source: Compiled from adjusted Commerce statistics and proprietary Customs data.

U.S. Shipments By Grade

During the first five-year reviews, the Commission collected information on U.S. shipments of the most common grades of stainless steel bar. Comparable data for 2005 are presented in table IV-4. As shown, U.S. producers reported U.S. shipments of both hot-finished and cold-finished stainless steel bar as well as production of all grades for which the Commission requested information. A producer in Brazil, Villares, reported ***. Indian manufacturers reported ***. A producer of stainless steel bar in Spain, Roldan, ***. The Commission did not receive data regarding U.S. shipments of imports from Japan, by grade.

Table IV-4
Stainless steel bar: U.S. producers' U.S. shipments and subject foreign manufacturers' exports to the United States, and total exports by product and grade, 2005

Item	Shipments within or to the United States				Total exports			
	HF SSB[1]	CF SSB[2]	Total	Share	HF SSB[1]	CF SSB[2]	Total	Share
	Quantity (*short tons*)			*Percent*	Quantity (*short tons*)			*Percent*
U.S. manufacturers:								
Grade 303	2,210	31,506	33,716	19.5	(3)	(3)	(3)	(3)
Grade 304/304L	4,500	21,405	25,905	15.0	(3)	(3)	(3)	(3)
Grade 316/316L	6,669	26,108	32,777	19.0	(3)	(3)	(3)	(3)
Grade 410	946	2,737	3,683	2.1	(3)	(3)	(3)	(3)
Grade 416	1,863	9,330	11,193	6.5	(3)	(3)	(3)	(3)
Grade 630 (17-4)	6,207	18,123	24,330	14.1	(3)	(3)	(3)	(3)
Other	9,082	32,124	41,206	23.8	(3)	(3)	(3)	(3)
Total	31,477	141,333	172,810	100.0	(3)	(3)	(3)	(3)
Brazilian manufacturer:								
Grade 303	***	***	***	***	***	***	***	***
Grade 304/304L	***	***	***	***	***	***	***	***
Grade 316/316L	***	***	***	***	***	***	***	***
Grade 410	***	***	***	***	***	***	***	***
Grade 416	***	***	***	***	***	***	***	***
Grade 630 (17-4)	***	***	***	***	***	***	***	***
Other	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

Table continued on next page.

Table IV-4--*Continued*
Stainless steel bar: U.S. producers' U.S. shipments and subject foreign manufacturers' exports to the United States, and total exports by product and grade, 2005

Item	Shipments within or to the United States				Total exports			
	HF SSB[1]	CFSSB[2]	Total	Share	HF SSB[1]	CF SSB[2]	Total	Share
	Quantity (*short tons*)			*Percent*	Quantity (*short tons*)			*Percent*
Indian manufacturers:								
Grade 303	***	***	***	***	***	***	***	***
Grade 304/304L	***	***	***	***	***	***	***	***
Grade 316/316L	***	***	***	***	***	***	***	***
Grade 410	***	***	***	***	***	***	***	***
Grade 416	***	***	***	***	***	***	***	***
Grade 630 (17-4)	***	***	***	***	***	***	***	***
Other	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***
Spanish manufacturer:								
Grade 303	***	***	***	***	***	***	***	***
Grade 304/304L	***	***	***	***	***	***	***	***
Grade 316/316L	***	***	***	***	***	***	***	***
Grade 410	***	***	***	***	***	***	***	***
Grade 416	***	***	***	***	***	***	***	***
Grade 630 (17-4)	***	***	***	***	***	***	***	***
Other	***	***	***	***	***	***	***	***
Total	***	***	***	***	***	***	***	***

[1] Hot-finished stainless steel bar.
[2] Cold-finished stainless steel bar.
[3] Not applicable.

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

THE INDUSTRY IN BRAZIL

Table IV-5 presents data for reported capacity, production, and shipments of stainless steel bar for Brazil.[4] The Commission received data from one firm, Villares Metals, S.A. ("Villares"),[5] which accounted for *** percent of stainless steel bar produced in Brazil and *** percent of exports to the United States of stainless steel bar.[6]

Table IV-5
Stainless steel bar: Brazil's reported production capacity, production, shipments, and inventories, 2000-05, January-June 2005, and January-June 2006

* * * * * * *

Villares reported that *** percent of its total sales in the most recent fiscal year were sales of stainless steel bar. Villares reported that the majority of the volume of its shipments went to its home market and the European Union. It reported that *** percent of its total shipments in 2005 were to its home market and *** percent were to the European Union with the remaining *** percent being shipped to ***. It did report exports of stainless steel bar to the United States, which accounted for *** percent of its total shipments in 2005. Villares' reported capacity remained stable from 2000 to 2002, then decreased in 2003 by *** percent. Villares further reported that it ***. In fact, ***. The firm stated that ***. It reported ***. Villares stated that ***. It also stated that ***. Villares reported that in 2005, it allocated *** percent of its overall annual capacity to the production of stainless steel bar with the remaining capacity allocated to the production of ***. Table IV-6 presents data for Villares' overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing stainless steel bar and other products. Villares did not provide the Commission with projections for 2006 and 2007.

Table IV-6
Stainless steel bar: Brazil's subject and nonsubject capacity, production, and capacity utilization, 2000-05

* * * * * * *

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[4] According to data obtained by the Commission in the original investigations (submitted by the U.S. embassy in Brazil), producers in Brazil had a reported production ranging from *** short tons in 1998 to *** short tons in 1999 and exported approximately *** to *** percent of their shipments to the United States from 1995 to 1999. No Brazilian producer submitted responses to the Commission's questionnaire in the first five-year review, and thus, no capacity data were collected. *Stainless Steel Bar from Brazil, India, Japan, and Spain*, Investigation Nos. 731-TA-678, 679, 681, and 682 (Review), confidential staff report, INV-Y-034, February 23, 2001, table IV-6.

[5] ***.

[6] During the original investigations, there were four known producers of stainless steel bar in Brazil: (1) Acesita, (2) Electrometal, (3) Piratini, and (4) Villares. Acesita reported that it ceased production of stainless steel bar in 1996. Villares purchased Electrometal's stainless steel bar manufacturing facility in 1996. Ibid., pp. IV-15-17.

The only other remaining producer of stainless steel bar in Brazil, Gerdau-Acos Especiais Piratini ("Piratini"), did not submit a questionnaire response to the Commission in these reviews. However, in an email dated August 30, 2006 from ***, Piratini Gerdau reported an overall production capacity of *** short tons, of which *** short tons are dedicated to stainless steel. Of the capacity to produce stainless steel, *** short tons are stainless steel bar and *** short tons are stainless steel rod. These data are consistent with data reported by Piratini Gerdau during the recent five-year review investigations of stainless steel wire rod. E-mail from ***, Gerdau, June 7, 2006, cited in *Stainless Steel Wire Rod from Brazil, France, and India*, Investigation Nos. 731-TA-636 and 638 (Second Review), confidential staff report, INV-DD-085, June 13, 2006, p. IV-9, note 5. Information obtained from Villares indicates that ***. Villares foreign producer questionnaire, "side letter," pp. 4-5.

Table IV-7 presents Brazil's top export markets and their associated average unit values of imports from Brazil. Table IV-8 presents Brazil's net export position over the period of review. Argentina, Germany, and the Netherlands were the top destinations for Brazilian stainless steel bar exports over the period of review with exports to the Netherlands having the lowest average unit value. According to Global Trade Atlas statistics, the United States was the fifth largest destination and accounted for 3 percent of Brazil's total exports of stainless steel bar in 2005. Brazilian exports of stainless steel bar to the United States had the fifth highest average unit value for top Brazilian export markets in 2005.

Table IV-7
Stainless steel bar: Brazil's exports and average unit values, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
United States	1,076	570	995	962	168	362
Top export markets:						
Argentina	2,594	2,328	2,216	3,705	4,077	4,134
Germany	2,911	3,275	3,097	3,234	2,987	3,066
Netherlands	1,540	1,803	1,579	1,062	868	2,061
Finland	958	779	525	723	528	644
United Kingdom	837	77	90	90	71	326
Italy	890	951	762	366	96	207
Venezuela	66	152	146	104	170	197
Spain	106	0	0	0	0	184
South Africa	140	171	245	148	97	183
Chile	417	228	390	255	146	169
All others	1,961	854	1,314	1,186	1,135	486
Total	13,494	11,190	11,358	11,834	10,342	12,018
	Unit value (*per short ton*)					
United States	$1,739	$1,654	$1,635	$1,832	$2,900	$4,056
Top export markets:						
Argentina	2,518	2,396	2,292	2,217	2,919	3,599
Germany	1,856	1,908	1,913	2,056	2,828	3,725
Netherlands	1,609	1,495	1,308	1,586	2,026	2,973
Finland	1,823	1,701	1,596	1,909	2,733	4,168
United Kingdom	1,672	2,729	2,661	3,000	4,692	4,583
Italy	1,530	1,369	1,347	1,861	1,994	3,479
Venezuela	2,846	2,537	2,025	2,489	2,570	3,215
Spain	1,533	0	0	0	0	2,767
South Africa	3,663	3,377	3,005	3,095	3,686	4,580
Chile	2,049	2,366	2,136	2,765	3,502	4,400
All others	2,577	2,364	2,087	2,453	3,350	3,693
World average	1,930	1,897	1,824	2,039	2,747	3,632

Note.--Export figures are quantities reported at the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30, all of which are included in the product scope. Country export totals may not add to the world total due to rounding. Average unit values for "all other" and "world average" were calculated after outliers (e.g., excessive unit values) were removed from the database. Additionally, reported exports to the United States may not equal U.S. reported imports due to data discrepancies or reporting error.

Source: Global Trade Atlas.

Table IV-8
Stainless steel bar: Brazil's exports and imports, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
Exports	13,494	11,190	11,358	11,834	10,342	12,018
Imports	1,884	4,458	2,751	3,053	4,975	5,858
Net exports	11,610	6,732	8,607	8,781	5,367	6,160

Note.– Export and import figures are quantifies reported at the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30.

Source: Global Trade Atlas.

THE INDUSTRY IN INDIA

Table IV-9 presents data for reported capacity, production, and shipments of stainless steel bar for India.[7] The Commission received data from three firms, Mukand Ltd. ("Mukand"), Raajratna Metal Industries Pvt., Ltd. ("Raajratna"), and Sindia Steels Limited ("Sindia"), which accounted for approximately *** percent of stainless steel bar produced in India in 2005.

Table IV-9
Stainless steel bar: India's reported production capacity, production, shipments, and inventories, 2000-05, January-June 2005, January-June 2006, and projections for 2006-07

* * * * * * *

Mukand reported that *** percent of its total sales in the most recent fiscal year were sales of stainless steel bar. Mukand reported that in 2005 the *** of the volume of its shipments were to its home market (*** percent), with the remaining total shipments going to Asia, the European Union, and the United States. Its reported exports to the United States were ***. Mukand reported steady capacity during the period of review with no immediate plans to increase or decrease its capacity. It reported that in 2005, it allocated *** percent of its overall annual capacity to the production of stainless steel bar, with the remaining capacity allocated to the production of ***.

Raajratna, ***, reported that in 2005 *** of the volume of its shipments went to *** (*** percent), with the remaining total shipments going to ***. *** exports to the United States. Raajratna reported ***.[8] It reported that in 2005, it allocated *** percent of its overall annual capacity to the production of stainless steel bar, with the remaining capacity allocated to the production of ***.

Sindia, ***, reported that in 2005 *** percent of the volume of its shipments went to *** with the remaining total shipments ***between ***. Sindia reported that it has increased its ***. Sindia reported ***. Sindia reported *** percent of its total sales are represented by sales of stainless steel bar. Sindia expects demand and competition for its stainless steel bars ***.

[7] According to data obtained by the Commission in the original investigations, producers in India had a reported capacity ranging from *** short tons in 1995 to *** short tons in 1999, production ranging from *** short tons in 1996 to *** short tons in 1997, and exported approximately *** to *** percent of their shipments to the United States from 1995 to 1999. *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Review)*, confidential staff report, February 23, 2001, INV-Y-034, table IV-7.

[8] Domestic interested parties argue that ***. Domestic interested parties' prehearing brief, p. 3.

Indian producers projected *** from 2005 to 2007. Indian producers projected exports of *** to the United States during 2006 or 2007. Table IV-10 presents data for reporting Indian producers' overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing stainless steel bar and other products.

Table IV-10
Stainless steel bar: India's subject and nonsubject capacity, production, and capacity utilization, 2000-05

* * * * * * *

Table IV-11 presents India's top export markets and their associated average unit values of imports of stainless steel bar from India. Table IV-12 presents India's net export position. The United States is the top destination for Indian stainless steel bar exports over the period of review, followed by Germany. Indian exports to Bhutan, the third largest importer of stainless steel bar from India, had the lowest average unit value. According to Global Trade Atlas statistics, the United States imported 22 percent of total Indian exports of stainless steel bar in 2005. Average unit values of stainless steel bar exports from India to the United States were higher than those for exports to Canada, but were generally lower than those for exports to Germany, Turkey, South Korea, and Belgium.

Table IV-11
Stainless steel bar: India's exports and average unit values, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
United States	4,537	5,960	13,963	11,684	17,601	24,223
Top export markets:						
Germany	4,442	7,266	5,395	6,579	10,009	11,247
Bhutan	651	1,052	76	606	0	6,061
Turkey	1,771	1,719	3,450	4,106	4,130	5,998
Canada	3,289	4,127	5,772	5,611	4,803	5,310
Iran	1,004	1,098	3,808	1,455	1,651	3,406
Vietnam	1,993	3,709	2,654	2,675	3,482	3,149
South Korea	43	732	2,777	2,915	2,353	2,916
Indonesia	696	751	842	1,151	1,209	2,884
Thailand	172	810	1,986	1,348	1,898	2,810
Belgium	940	1,342	751	354	1,862	2,722
All others	24,167	29,346	30,667	33,490	28,080	38,689
Total	43,707	57,911	72,141	71,974	77,079	109,413
	Unit value (*per short ton*)					
United States	$1,098	$970	$1,038	$1,123	$1,301	$1,698
Top export markets:						
Germany	1,436	1,242	1,240	1,506	2,179	2,523
Bhutan	233	375	2,139	923	0	593
Turkey	1,460	1,221	1,184	1,333	1,920	2,297
Canada	1,264	906	815	862	1,248	1,586
Iran	1,393	1,209	1,161	1,353	1,723	1,897
Vietnam	1,344	1,097	955	911	1,159	1,363
South Korea	1,024	798	1,122	1,268	1,868	2,140
Indonesia	1,521	1,295	1,157	1,363	1,866	1,920
Thailand	1,351	974	1,132	1,414	1,574	1,813
Belgium	1,529	1,338	1,328	1,773	2,386	2,446
All others	1,424	1,315	1,192	1,394	1,819	2,142
World average	1,285	1,087	1,094	1,182	1,716	1,989

Note.--Export figures are quantities reported at the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30, all of which are included in the product scope. Export quantities to the United States include nonsubject product from *** and are therefore overstated for the years 2003 through 2005. Country export totals may not add to the world total due to rounding. Average unit values for "all other" and "world average" were calculated after outliers (e.g., excessive unit values) were removed from the database. Additionally, reported exports to the United States may not equal U.S. reported imports due to data discrepancies or reporting error.

Source: Global Trade Atlas.

Table IV-12
Stainless steel bar: India's exports and imports, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
Exports	43,707	57,911	72,141	71,974	77,079	109,413
Imports	3,806	5,045	8,417	7,871	9,804	14,234
Net exports	39,900	52,866	63,723	64,104	67,275	95,179

Note.– Export and import figures are quantifies reported a the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30.

Source: Global Trade Atlas.

THE INDUSTRY IN JAPAN

The Commission requested data from seven producers of stainless steel bar in Japan, none of which provided the Commission with a response.[9] [10]

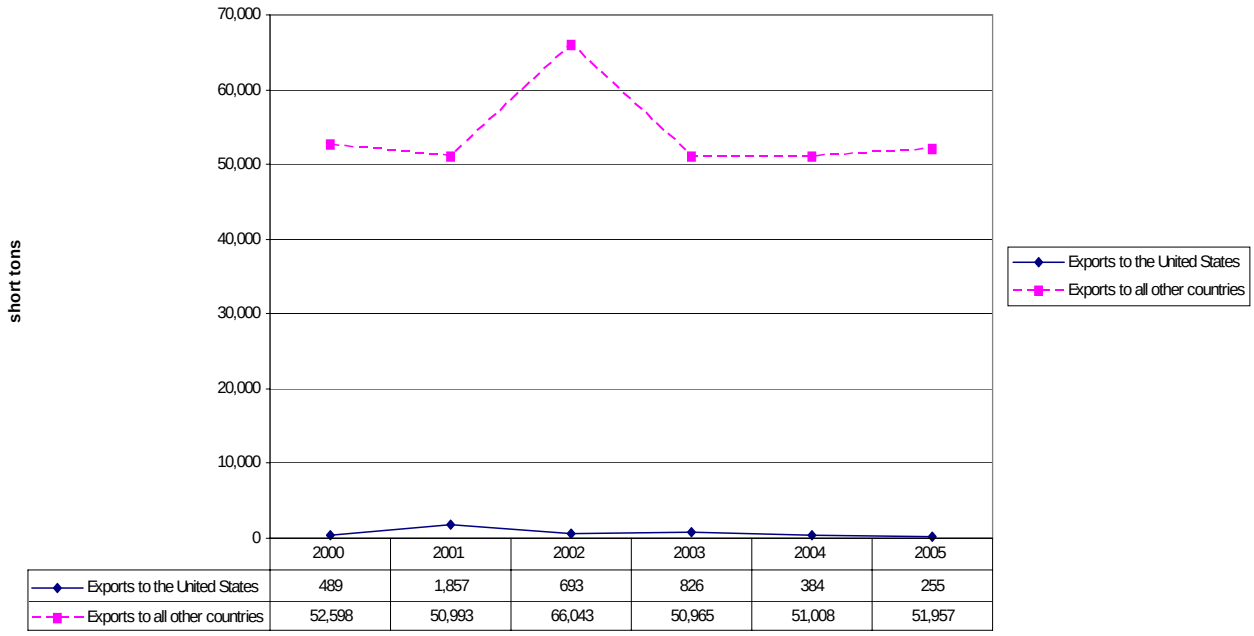
Figure IV-1 provides data obtained from World Trade Atlas of exports of stainless steel bar from Japan to the United States and to all other countries. As shown, during the period of review, exports from Japan to the United States have been relatively low, never reaching pre-order volume levels. Japanese exports of stainless steel bar to all other countries have been relatively steady during the review period with only an increase from 2001 to 2002. Japanese export shipments of stainless steel bar have been heavily concentrated to Asian markets in general and to Thailand in particular. In 2005, 37.3percent of all export shipments of stainless steel bar from Japan went to Thailand.[11] The top five destinations for export shipments of stainless steel bar from Japan have been, in order of volume: (1) Thailand, (2) China, (3) South Korea, (4) Hong Kong, and (5) the Philippines.

[9] These producers are: (1) Aichi Steel Works, Ltd.; (2) Daido Steel Co., Ltd.; (3) Hitachi Metals, Ltd.; (4) Pacific Metals Co., Ltd.; (5) Sanyo Special Steel Co., Ltd.; (6) Sumitomo Metal Industries, Ltd.; and (7) Tohoku Steel Co., Ltd.

[10] According to data obtained by the Commission in the original investigations (submitted by the U.S. embassy in Japan and Hitachi Metals, Ltd.), producers in Japan had a reported production ranging from *** short tons in 1998 to *** short tons in 1995 and exported approximately *** percent of their shipments to the United States from 1995 to 1999. No producer in Japan submitted a response to the Commission's questionnaire in the first reviews in which it reported capacity data. *Stainless Steel Bar from Brazil, India, Japan, and Spain, Inv. Nos. 731-TA-678, 679, 681, and 682 (Review)*, confidential staff report, INV-Y-034, February 23, 2001, table IV-8.

[11] One reason for the shipment of stainless steel bar from Japan to Thailand is the large automotive manufacturing sector developing in Thailand. Toyota Motor Thailand Co. is the largest automobile manufacturer in Thailand. *See* http://www.business-in-asia.com/automotive_main.html, retrieved September 11, 2006.

Figure IV-1
Stainless steel bar: Exports from Japan to the United States and all other countries, 2000-05



	2000	2001	2002	2003	2004	2005
Exports to the United States	489	1,857	693	826	384	255
Exports to all other countries	52,598	50,993	66,043	50,965	51,008	51,957

Source: Global Trade Atlas.

Table IV-13 presents Japan's top export markets and their associated average unit values. Table IV-14 present Japan's net export position. Thailand, by far, is the top destination for Japanese stainless steel bar exports over the period of review, with exports to Thailand and Vietnam having the lowest average unit value. According to Global Trade Atlas statistics, the United States imported 0.5 percent of all Japanese exports in 2005. Furthermore, exports to the United States had the highest average unit value of exports from Japan. Only Germany and India were in the top-10 export markets for Japanese stainless steel bar outside southeast Asia.

Table IV-13
Stainless steel bar: Japan's exports and average unit values, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
United States	489	1,857	693	827	384	255
Top export markets:						
Thailand	10,401	11,795	15,376	15,336	16,460	19,467
China	2,056	2,627	5,210	4,986	4,904	5,907
South Korea	6,894	7,158	8,601	5,741	4,568	5,215
Hong Kong	7,325	6,676	8,219	7,693	8,372	4,760
Philippines	934	658	1,830	1,246	1,833	2,579
Singapore	5,883	4,173	4,893	2,902	2,529	2,019
Taiwan	6,764	4,243	6,325	3,493	4,048	2,007
Germany	1,755	1,613	1,547	1,355	1,044	1,571
India	542	600	510	734	1,120	1,330
Vietnam	485	802	1,070	1,092	741	1,189
All others	9,558	10,648	12,462	6,386	5,390	5,911
Total	53,087	52,850	66,736	51,791	51,392	52,212
	Unit value (*per short ton*)					
United States	$4,409	$2,371	$2,764	$4,007	$5,344	$4,942
Top export markets:						
Thailand	3,117	2,804	2,810	3,121	3,501	3,866
China	3,917	3,062	2,713	3,133	3,600	3,718
South Korea	2,894	2,523	2,180	2,660	3,764	4,365
Hong Kong	3,293	2,785	2,358	2,724	3,081	3,695
Philippines	2,583	2,874	1,980	3,228	3,527	3,820
Singapore	2,589	2,296	2,050	2,347	2,856	3,241
Taiwan	2,123	1,876	1,513	1,945	2,525	3,398
Germany	2,807	2,243	2,362	3,182	3,552	3,573
India	3,554	2,784	3,031	3,371	3,293	3,389
Vietnam	2,083	1,309	1,292	1,687	2,414	3,290
All others	2,256	1,483	2,214	2,512	3,608	3,508
World average	2,752	2,398	2,209	2,749	3,298	3,748

Note.--Export figures are quantities reported at the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30, all of which are included in the product scope. Country export totals may not add to the world total due to rounding. Additionally, reported exports to the United States may not equal U.S. reported imports due to data discrepancies or reporting error. Average unit values for "all other" and "world average" were calculated after outliers (e.g., excessive unit values) were removed from the database.

Source: Global Trade Atlas.

Table IV-14
Stainless steel bar: Japan's exports and imports, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
Exports	53,087	52,850	66,736	51,791	51,392	52,212
Imports	5,849	8,145	5,688	8,477	12,822	13,302
Net exports	47,238	44,705	61,048	43,314	38,570	38,910

Note.– Export and import figures are quantifies reported at the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30.

Source: Global Trade Atlas.

THE INDUSTRY IN SPAIN

Table IV-15 presents data for reported capacity, production, and shipments of stainless steel bar for Spain.[12] The Commission received data from one firm, Roldan, S.A. ("Roldan"),[13] which accounted for a substantial portion of stainless steel bar produced in Spain in 2005.[14]

Roldan reported that *** percent of its total sales in the most recent fiscal year were sales of stainless steel bar. Roldan reported that the majority of the volume of its shipments were to its home market and the European Union. It reported that *** percent of its total shipments in 2005 were to its home market and *** percent were to the European Union, with the remaining *** percent being shipped to *** It did report exports of stainless steel bar to the United States from 2000 to 2003, however these exports ***. Roldan stated that ***. Roldan's reported capacity increased by *** percent from 2000 to 2005, ***. Roldan also does not plan to *** in 2006 and 2007. Roldan reported that in 2005, it allocated *** percent of its overall annual capacity to the production of stainless steel bar, with the remaining capacity allocated to the production of ***.

Table IV-15
Stainless steel bar: Spain's reported production capacity, production, shipments, and inventories, 2000-05, January-June 2005, January-June 2006, and projections for 2006-07

* * * * * * *

[12] According to data obtained by the Commission in the original investigations, producers in Spain had a reported capacity ranging from *** short tons in 1995 to *** short tons in 1999, production ranging from *** short tons in 1996 to *** short tons in 1998, and exported approximately *** to *** percent of their shipments to the United States from 1995 to 1999. *Inv. Nos. 731-TA-678, 679, 681, and 682 (Review): Stainless Steel Bar from Brazil, India, Japan, and Spain*, confidential Staff Report, INV-Y-034, February 23, 2001, table IV-9.

[13] Roldan is a member of the Acerinox Group which also includes U.S. producer NAS.

[14] The Commission did not receive a questionnaire response from either of the other two producers of stainless steel bar in Spain, Olarra, S.A. and Sidenor, S.A. Roldan reported that it believed that ***. According to *** data, *** was the second largest producer of stainless steel bar in Spain, accounting for *** percent of total stainless steel bar capacity and production in Spain during 2005. *** data further indicate that *** capacity utilization was *** percent in 2005(domestic interested parties' posthearing brief, exh. 2 pp 3-4).

Table IV-16 presents data for Roldan's overall capacity, production, and capacity utilization of its production facilities and workers, in their entirety, capable of producing stainless steel bar and other products.

Table IV-16
Stainless steel bar: Spain's subject and nonsubject capacity, production, and capacity utilization, 2000-05

* * * * * * *

Table IV-17 presents Spain's top export markets and their associated average unit values. Table IV-18 presents Spain's net export position. Germany is the top destination for Spanish stainless steel bar exports over the period of review with exports to Portugal having the lowest average unit value. According to Global Trade Atlas statistics, the United States imported less than 0.2 percent of the total Spanish exports in 2005. Only Mexico was included in the top-10 destinations for Spanish exports of stainless steel bar outside Europe.

Table IV-17
Stainless steel bar: Spain's exports and average unit values, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
United States	3,163	3,132	2,054	108	1,818	187
Top export markets:						
Germany	30,128	29,837	31,236	35,352	41,263	43,944
Italy	15,257	21,405	18,165	23,206	22,942	22,256
United Kingdom	8,607	8,436	9,803	11,136	12,583	11,877
France	6,854	6,403	6,667	6,736	9,119	8,831
Portugal	1,796	2,506	4,805	3,757	5,665	7,025
Sweden	2,952	5,767	5,984	5,581	13,104	6,788
Denmark	2,104	2,305	4,051	2,744	2,247	2,712
Netherlands	3,337	3,055	3,243	4,990	2,885	2,284
Switzerland	1,776	1,501	965	1,408	1,440	1,524
Mexico	328	611	1,289	1,556	1,584	1,457
All others	12,150	9,908	11,434	11,328	11,098	12,064
Total	88,452	94,866	99,691	107,902	125,747	120,949
	Unit value (*per short ton*)					
United States	$1,630	$1,651	$1,513	$1,552	$2,147	$3,077
Top export markets						
Germany	1,755	1,545	1,469	1,897	2,744	3,175
Italy	1,677	1,440	1,382	1,736	2,545	3,024
United Kingdom	1,739	1,455	1,450	1,778	2,713	3,350
France	1,675	1,468	1,432	1,764	2,727	3,342
Portugal	1,797	1,462	1,299	1,808	2,488	2,583
Sweden	1,791	1,499	1,507	1,910	2,812	3,013
Denmark	1,664	1,472	1,505	1,877	2,623	3,049
Netherlands	1,734	1,586	1,436	1,606	2,235	3,097
Switzerland	1,937	2,041	1,811	2,088	3,274	3,652
Mexico	1,724	1,441	1,292	1,510	2,361	2,775
All others	1,670	1,530	1,589	1,654	2,348	2,813
World average	1,683	1,532	1,566	1,679	2,405	2,860

Note.--Export figures are quantities reported at the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30, all of which are included in the product scope. Country export totals may not add to the world total due to rounding. Additionally, reported exports to the United States may not equal U.S. reported imports due to data discrepancies or reporting error. Average unit values for "all other" and "world average" were calculated after outliers (e.g., excessive unit values) were removed from the database.

Source: Global Trade Atlas.

Table IV-18
Stainless steel bar: Spain's exports and imports, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
Exports	88,452	94,866	99,691	107,902	125,747	120,949
Imports	30,215	23,716	24,996	31,663	27,636	22,325
Net exports	58,236	71,150	74,695	76,239	98,111	98,624

Note.– Export and import figures are quantifies reported a the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30.

Source: Global Trade Atlas.

COMBINED FOREIGN PRODUCER DATA

Table IV-19 presents aggregate questionnaire data for reported capacity, production, and shipments of stainless steel bar for subject countries. Table IV-20 presents market research data for the four subject countries regarding capacity, production, and capacity utilization for 2000-05 and forecasts for 2006-09. According to ***, aggregate production increased *** percent between 2000 and 2005 and is forecasted to increase another *** percent between 2005 and 2009. Capacity is forecasted to increase *** percent between 2005 and 2009. All subject countries except *** are forecasted to increase stainless steel bar production capacity, with *** accounting for the greatest increase (*** percent). *** stainless steel bar production capacity is forecasted to decrease by *** percent between 2005 and 2009. *** is forecasted to maintain the lowest capacity utilization rate throughout the forecast period.

Table IV-19
Stainless steel bar: Subject countries' capacity, production, shipments, and inventories, 2000-05, January-June 2005, and January-June 2006

Item	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
					Quantity (*short tons*)			
Capacity	84,823	97,462	113,769	107,679	107,100	110,103	54,802	63,373
Production	67,604	75,557	85,422	75,932	85,968	91,872	48,039	52,959
End of period inventories	5,933	6,980	7,895	4,819	5,464	5,815	4,965	5,872
Shipments:								
Internal consumption	0	0	0	0	0	0	0	0
Home market	21,314	21,611	36,405	31,711	36,790	40,333	21,266	22,768
Exports to--								
The United States	***	4,773	3,988	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Asia	***	***	***	***	649	1,366	382	***
All other markets	***	***	***	***	***	***	***	***
Total exports	46,366	52,710	47,859	47,017	48,703	51,519	27,496	30,068
Total shipments	67,679	74,322	84,264	78,727	85,493	91,852	48,762	52,836
					Value (*$1,000*)			
Shipments to home market	43,298	34,721	50,506	47,680	66,112	87,165	43,529	54,598
Exports to--								
The United States	***	8,612	6,266	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Asia	***	***	***	***	1,062	2,180	714	***
All other markets	***	***	***	***	***	***	***	***
Total exports	132,427	149,694	121,551	112,088	152,207	178,541	93,386	102,875
Total shipments	175,725	184,415	172,057	159,768	218,320	265,706	136,914	157,473
					Unit value *(per short ton)*			
Shipments to home market	$2,031	1,607	1,387	1,504	1,797	2,161	2,047	2,398
Exports to--								
The United States	***	1,804	1,571	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Asia	***	***	***	***	1,636	1,596	1,869	***
All other markets	***	***	***	***	***	***	***	***
Total exports	2,856	2,840	2,540	2,384	3,125	3,466	3,396	3,421
Total shipments	2,596	2,481	2,042	2,029	2,554	2,893	2,808	2,980

Table continued on next page.

Table IV-19--*Continued*
Stainless steel bar: Subject countries' capacity, production, shipments, and inventories, 2000-05, January-June 2005, and January-June 2006

Item	Calendar year						January-June	
	2000	2001	2002	2003	2004	2005	2005	2006
	Ratios and shares (*percent*)							
Capacity utilization	79.7	77.5	75.1	70.5	80.3	83.4	87.7	83.6
Inventories to production	8.8	9.2	9.2	6.3	6.4	6.3	5.2	5.5
Inventories to total shipments	8.8	9.4	9.4	6.1	6.4	6.3	5.1	5.6
Shares of total quantity of shipments:								
Internal consumption	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Home market	31.5	29.1	43.2	40.3	43.0	43.9	43.6	43.1
Exports to--								
The United States	***	6.4	4.7	***	***	***	***	***
European Union	***	***	***	***	***	***	***	***
Asia	***	***	***	***	0.8	1.5	0.8	***
All other markets	***	***	***	***	***	***	***	***
Total exports	68.5	70.9	56.8	59.7	57.0	56.1	56.4	56.9

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

Table IV-20
Stainless steel bar: Subject countries' capacity, production, and capacity utilization, 2000-09

* * * * * * *

U.S. IMPORTERS' CURRENT ORDERS

U.S. importers were requested to indicate whether their firm imported or arranged for the importation of stainless steel bar from Brazil, India, Japan, and Spain for delivery after June 30, 2006. Of the responding importers, *** indicated that they arranged for the importation of the subject product after June 30, 2006. The tabulation below presents the quantity, and country of origin of these arranged imports.

* * * * * * *

ANTIDUMPING DUTY ORDERS IN THIRD-COUNTRY MARKETS

The tabulation below shows antidumping duty investigations on stainless steel bar conducted in third-country markets, the subject countries, the product, and the action taken.

Market	Subject country(s)	Product	Action
Brazil	India	Stainless steel bright bars	Antidumping duty order (effective 2003)
Canada	Brazil, India, Japan, Spain	Certain stainless steel round bar	Antidumping duty order on Brazil (effective October 27, 2000 rescinded January 18, 2005).[1] Antidumping duty orders on India, Japan, and Spain (effective September 1998; continued September 2003)
European Union	India	Stainless steel bright bars	Countervailing duty order (effective November 1998; expired May 2003)
South Korea	India	Stainless steel bright bars	Antidumping duty order (effective 2004)

[1] Antidumping duty order on Brazil rescinded due to no domestic production (Found at Canadian International Trade Tribunal website found at http://www.citt.gc.ca/dumping/requests/orders/rd2e003_e.asp#P8_1023), retrieved November 1, 2006.

Source: The European Union's website at http://ec.europa.eu/comm/trade/issues/respectrules/anti_dumping/stats.htm; the government of Canada's website at http://www.cbsa-asfc.gc.ca/sima/expiry-e.html; and foreign producer questionnaires.

GLOBAL MARKET

Supply

Public figures for global stainless steel bar production by country or region are generally not available. However, according to one industry estimate, global production of stainless steel long products (including stainless steel bar) increased by over 5 percent to almost 4.1 million metric tons (4.5 million short tons) in 2004, representing 19 percent of total stainless steel production.[15] In 2004, global production of stainless steel bar totaled 1.8 million metric tons (2 million short tons), or about 7 percent of total stainless steel production.[16] Cold-finished stainless steel bar accounted for approximately 41 percent, or 780,000 metric tons (860,000 short tons), of stainless steel bar production during this time.[17]

Stainless steel bar production is relatively concentrated among leading stainless steel bar producers. According to ***,[18] the top 10 stainless steel bar producers, predominantly European and

[15] Hot-rolled and cold-rolled flat products, including strip, sheet, and hot-rolled coil, among others, accounted for the remaining 81 percent, or 17.2 million metric tons (19 million short tons) of stainless steel production in 2004. "Global Market Overview for Stainless Steel Long Products," presented by Markus Moll, Metal Bulletin and Steel & Metals Market Research 4th International Nickel, Stainless, and Special Steel Forum, Bilbao, Spain, Sept. 12-15, 2005, found at http://www.steelrx.com/mollpres.pdf, retrieved August 9, 2006.

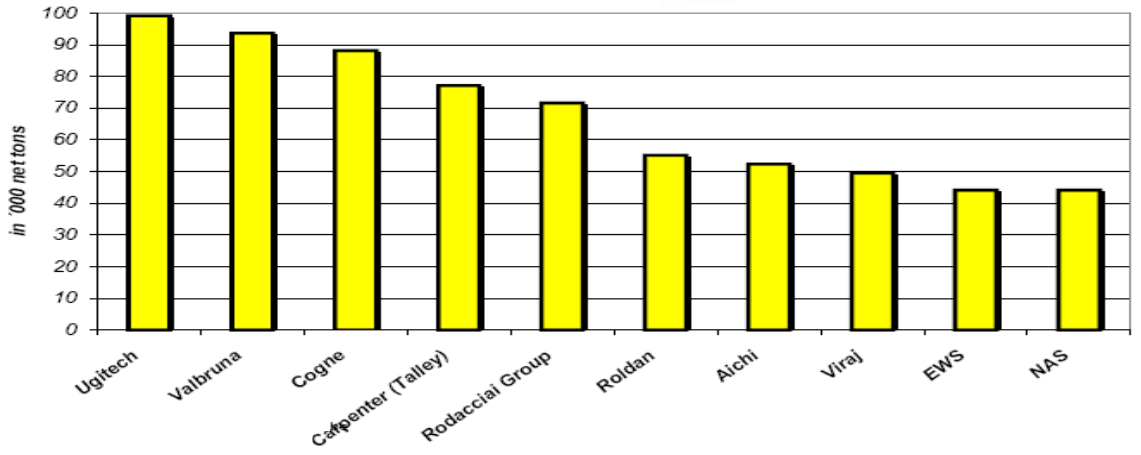
[16] Ibid.

[17] Ibid.

[18] ***.

American producers, accounted for approximately 50 percent of global stainless steel bar production (see figure IV-2).[19]

Figure IV-2
Stainless steel bar: Top ten mills in 2004



Source: "Global Market Overview for Stainless Steel Long Products," presented by Markus Moll, Metal Bulletin and Steel & Metals Market Research 4th International Nickel, Stainless, and Special Steel Forum, Bilbao, Spain, Sept. 12-15, 2005, found at http://www.steelrx.com/mollpres.pdf, retrieved August 9, 2006.

According to Global Trade Atlas statistics, Western Europe (Italy, Spain, and Germany) was the largest exporter of stainless steel bar during 2000-05 (see table IV-21). Exports of all stainless steel bar products from India increased 150 percent to more than 109,000 short tons between 2000 and 2005.

According to SMR, recent capacity investments in stainless long products will affect the global supply outlook of stainless steel bar.[20] For example, in 2004 ATI Allvac expanded its Richburg, SC, long products rolling facility, increasing the facility's operating capacity.[21] North American Stainless has undertaken a $270 million expansion plan, including a new billet caster and finishing equipment for long products, as well as a second EAF and AOD converter, which will reportedly boost melting capacity for both flat-rolled and long products to 1,415,000 metric tons from 1 million metric tons.[22] Looking

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[19] Figures include semi-finished stainless long products, such as billets, as well as seamless tube. "Global Market Overview for Stainless Steel Long Products," presented by Markus Moll, Metal Bulletin and Steel & Metals Market Research 4th International Nickel, Stainless, and Special Steel Forum, Bilbao, Spain, Sept. 12-15, 2005, found at http://www.steelrx.com/mollpres.pdf, retrieved August 9, 2006; and "Specialty Report: The State of Stainless," *Metal Center News Online* (April 2005), found at http://www.metalcenternews.com, retrieved July 25, 2006.

[20] "Specialty Report: The State of Stainless," *Metal Center News Online* (April 2005), found at http://www.metalcenternews.com, retrieved July 26, 2006.

[21] "ATI Allvac Commissions Expanded Rolling Mill in Richburg, SC," Allegheny Technologies press release (Oct. 14, 2004), found at http://www.investquest.com/iq/a/ati/ne/news/ati101404commissions.htm, retrieved Aug. 22, 2006.

[22] "NA Stainless begins production on new billet caster at Carrollton," *American Metal Market* (March 23, 2005); "North American Stainless planning seventh expansion at Ky. plant," *American Metal Market* (November 18, 2005); and "NAS earmarks $270M to boost Ky. output 40%," *America Metal Market* (June 9, 2006), found at

(continued...)

forward, SMR has forecasted that U.S. stainless steel bar production will continue to grow from 160,000 short tons to over 200,000 short tons by 2008.[23] [24]

Investments in other regional markets include Villares Metals' plans to construct a new continuous rolling mill capable of producing 49,200 metric tons (approximately 54,200 short tons) of round, hexagonal, square-shaped, and flat bars by 2007, as well as to increase capacity of its EAF to 30 metric tons (33 short tons) per heat.[25] Spanish long products producer Sidenor recently invested 7.5 million euros to add a new VOD and other equipment at its Basauri Works (Spain), which produced its first heat of stainless steel in February 2006.[26] In China, Baosteel Shanghai commissioned its No. 5 barand wire rod stainless and specialty steel facility with a capacity of 350,000 metric tons (386,000 short tons) in late 2004.[27] Globally, SMR has forecasted that approximately 600,000 short tons of additional capacity will come online by 2008 (*see* figure IV-3).[28]

[22] (...continued)
http://www.amm.com, retrieved June 12, 2006.

[23] "Specialty Report: The State of Stainless," *Metal Center News Online* (April 2005), found at http://www.metalcenternews.com, retrieved July 26, 2006.

[24] "Global Market Overview for Stainless Steel Long Products," presented by Markus Moll, Metal Bulletin and Steel & Metals Market Research 4th International Nickel, Stainless, and Special Steel Forum, Bilbao, Spain, Sept. 12-15, 2005, found at http://www.steelrx.com/mollpres.pdf, retrieved August 9, 2006.

[25] "The Investments for Modernization of the Villares Metals Plant," Villares Metals International B.V. news release, found at http://www.villaresmetalsinternational.com, retrieved Aug. 22, 2006.

[26] "With an investment of 7.5 million euros, Sidenor starts manufacture of stainless steel," Sidenor Industrial company press release (Feb. 8, 2006), found at http://www.sidenor.com, retrieved August 22, 2006; "Sidenor colara acero inoxidable en la planta de Basauri (Bizkaia) a partir de enero," Europa Press (March 22, 2005), found at http://www.finanzas.com/id.8353119/noticias/noticia.htm, retrieved Aug. 22, 2006.

[27] "Baosteel Shanghai Continues to Commission Danieli Minimill," *Association for Iron and Steel Technology Steel News* (Feb. 27, 2004), found at http://www.steelnews.com, retrieved Aug. 22, 2006.

[28] "Global Market Overview for Stainless Steel Long Products," presented by Markus Moll, Metal Bulletin and Steel & Metals Market Research 4th International Nickel, Stainless, and Special Steel Forum, Bilbao, Spain, Sept. 12-15, 2005, found at http://www.steelrx.com/mollpres.pdf, retrieved August 9, 2006.

Table IV-21
Stainless steel bar: Top exporting countries and regions, 2000-05

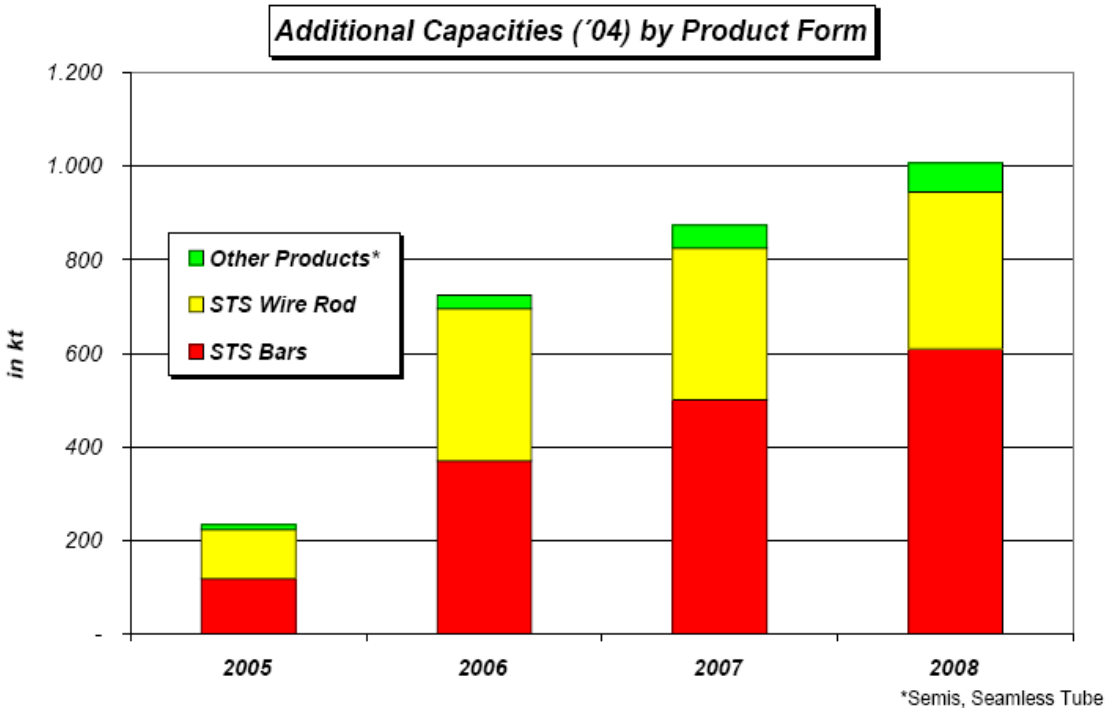
Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
United States	20,870	18,033	14,140	16,330	24,925	26,163
Top exporting countries:						
Italy	175,827	183,872	175,845	180,650	220,889	220,759
Spain	88,452	94,866	99,691	107,902	125,747	120,949
Germany	97,704	99,026	95,860	91,511	107,875	109,609
India	43,707	57,911	72,141	71,974	77,079	109,413
France	91,153	91,048	80,306	88,693	94,232	106,186
Taiwan	23,588	26,297	32,164	36,234	43,611	53,260
Japan	53,087	52,850	66,736	51,791	51,392	52,212
Sweden	41,597	46,073	44,716	48,167	48,017	45,229
Ukraine	0	0	33,848	29,054	41,089	40,817
Austria	27,747	27,220	26,517	25,807	29,226	31,482
South Korea	36,904	32,832	25,652	28,065	26,547	27,367
Total	679,768	711,996	753,476	759,847	865,703	917,284
Regions:						
EU15 (External Trade)	162,132	160,865	158,164	161,481	215,451	226,824
EU25 (External Trade)[1]	144,833	138,847	132,132	133,177	176,271	187,164

[1] The smaller volume of EU-25 external trade compared to EU-15 external trade reflects the level of cross-border trade between the EU-15 and the ten newest members of the European Union. As such, EU-15 external trade will appear larger than EU-25 external trade.

Note. Export figures for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30.

Source: Global Trade Atlas.

Figure IV-3
Stainless steel products: Additional capacities by product form, 2004 forecast



Source: "Global Market Overview for Stainless Steel Long Products," presented by Markus Moll, Metal Bulletin and Steel & Metals Market Research 4th International Nickel, Stainless, and Special Steel Forum, Bilbao, Spain, Sept. 12-15, 2005, found at http://www.steelrx.com/mollpres.pdf, retrieved August 9, 2006.

Demand

Worldwide demand for stainless steel bar is derived from its use in a diverse array of end-use markets, which are influenced in part by general economic growth. End-use markets in which stainless steel bar is used include the capital goods sector; heavy construction and power generation; marine and residential construction; the petroleum, natural gas, chemical, and petrochemical industries; aerospace and automotive industries; and medical products.

According to MBR, domestic demand for stainless products in Japan has been recently aided by an improved economic environment and by increases in capital investment and construction, while rising input costs (mainly nickel) have contributed to price increases.[29] In mid-2005, demand in Japan for smaller-diameter stainless steel bar used in the automotive industry was reportedly strong.[30] The German construction sector, a principal consumer of grade 316 cold-finished stainless steel bar, is considered a

[29] Metal Bulletin Research, *Stainless Steels Monthly* (July 2006); MEPS, *International Stainless Review* (May 2006), p. 7.

[30] Metal Bulletin Research, *Stainless Steels Monthly* (May 2005).

driver for demand in Europe.[31] Demand in Europe began to rebound in the beginning of 2006, driven principally by distributor restocking, as well as increases in demand from end-use markets.[32]

According to Global Trade Atlas statistics, Western Europe imported the greatest amount of stainless steel bar during 2000-05, apart from the United States (see table IV-22). Between 2000 and 2005, Singapore experienced the greatest growth in imports of stainless steel bar, with imports increasing 102 percent to 45,440 short tons.

Table IV-22
Stainless steel bar: Top importing countries and regions, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
	Quantity (*short tons*)					
United States	126,237	101,416	85,014	68,074	83,636	123,743
Top importing countries:						
Germany	166,532	189,947	154,746	163,314	166,992	154,950
Italy	56,671	62,545	58,148	63,195	67,255	70,960
France	47,785	49,263	49,652	51,691	47,236	44,597
United Kingdom	48,723	48,530	47,010	52,135	54,234	58,442
China	29,631	22,554	31,716	37,843	43,805	44,879
Sweden	21,485	26,684	27,741	25,560	35,811	28,237
Netherlands	29,120	31,644	27,713	28,742	31,000	31,668
Spain	30,215	23,716	24,996	31,663	27,636	22,325
Singapore	24,013	23,435	23,994	17,411	62,205	48,440
Austria	21,901	23,103	22,946	32,083	29,943	25,708
Total	476,076	501,423	468,662	503,637	566,117	530,207
Regions:						
EU15 (External Trade)	66,614	67,230	55,067	53,541	59,526	71,036
EU25 (External Trade) [1]	58,736	59,196	50,731	49,349	55,814	68,068

[1] The smaller volume of EU-25 external trade compared to EU-15 external trade reflects the level of cross-border trade between the EU-15 and the ten newest members of the European Union. As such, EU-15 external trade will appear larger than EU-25 external trade.

Note. Import figures for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30.

Source: Global Trade Atlas.

[31] Ibid.

[32] MEPS, *Stainless Steel Review* (Feb.-July 2006 issues). *See also* hearing transcript, p. 77 (Blot).

Table IV-23 presents production, imports, exports, apparent consumption, and import penetration of subject and nonsubject countries. Germany, the top exporter and one of the top importers of stainless steel bar, maintained the one of the highest import penetration percentage across all periods. Of nonsubject countries, China, maintained the lowest import penetration, while apparent consumption grew the most by *** percent.

Table IV-23
Stainless steel bar: Subject and nonsubject production, imports, exports, apparent consumption and import penetration, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
Nonsubject:						
Germany:						
Production (*short tons)*	***	***	***	***	***	***
Imports (*short tons*)	166,532	189,947	154,746	163,314	166,992	154,950
Exports (*short tons*)	97,704	99,026	95,860	91,511	107,875	109,609
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
Italy:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	56,671	62,545	58,148	63,195	67,255	70,960
Exports (*short tons*)	175,827	183,872	175,845	180,650	220,889	220,759
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
France:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	47,785	49,263	49,652	51,691	47,236	44,597
Exports (*short tons*)	91,153	91,048	80,306	88,693	94,232	106,186
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
United Kingdom:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	48,723	48,530	47,010	52,135	54,234	58,442
Exports (*short tons*)	10,387	14,989	18,738	13,762	21,477	22,797
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
China:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	29,631	22,554	31,716	37,843	43,805	44,879
Exports (*short tons*)	7,029	4,340	3,631	4,589	12,014	19,931
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***

Table continued on next page.

Table IV-23--*Continued*
Stainless steel bar: Subject and nonsubject production, imports, exports, apparent consumption and import penetration, 2000-05

Source	Calendar year					
	2000	2001	2002	2003	2004	2005
EU 15 (external trade):						
Production (*short tons*) [2]	***	***	***	***	***	***
Imports (*short tons*)	66,614	67,230	55,067	53,541	59,526	71,036
Exports (*short tons*)	162,132	160,865	158,164	161,481	215,451	226,824
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
Subject:						
Brazil:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	1,884	4,458	2,751	3,053	4,975	5,858
Exports (*short tons*)	13,494	11,190	11,358	11,834	10,342	12,018
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
India:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	3,806	5,045	8,417	***	***	***
Exports (*short tons*)	43,707	57,911	72,141	***	***	***
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
Japan:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	5,849	8,145	5,688	8,477	12,822	13,302
Exports (*short tons*)	53,087	52,850	66,736	51,791	51,392	52,212
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***
Spain:						
Production (*short tons*)	***	***	***	***	***	***
Imports (*short tons*)	30,215	23,716	24,996	31,663	27,636	22,325
Exports (*short tons*)	88,452	94,866	99,691	107,902	125,747	120,949
Apparent consumption (*short tons*)	***	***	***	***	***	***
Import penetration (*percent*)	***	***	***	***	***	***

[1] Includes Germany, Italy, France, Spain, United Kingdom, Scandinavia, and other Western Europe.

Note.–Export and import figures are quantities reported at the 6-digit level for HTS subheadings 7222.11, 7222.19, 7222.20, and 7222.30. Import penetration exceeding 100 percent may be attributed to inventory shipments or reporting errors.

Source: Import and export data compiled from Global Trade Atlas, production data compiled from ***, presented in domestic interested parties' posthearing brief, exh. 2, p. 3.

Prices

Published price data for cold-rolled stainless steel bar are available by subscription only and cannot be reproduced without the consent of the publisher.[33] Tables IV-24 and IV-25 illustrate regional transaction prices for cold-drawn stainless steel bar in grades 304 and 316.[34] Tables IV-26 and IV-27 illustrate regional transaction prices for peeled stainless steel bar in grades 304 and 316.

Between January 2005 and September 2006, transaction prices for all four products increased significantly across all geographic regions represented. U.S. prices for cold-drawn and peeled stainless bar products in both grades increased dramatically by ***, whereas European prices (EU average and Spain) increased by ***. September 2006 transaction prices are somewhat mixed across regions, with no country or region commanding higher prices for all four stainless bar products. For example, whereas prices for cold-drawn grade 304 stainless steel bar were *** in the United States than in Spain (but slightly *** than the EU average price), prices for cold-drawn grade 316 stainless steel bar were *** in Europe than in the United States. Overall, transaction prices in Europe were generally *** than in the United States.

In response to *** pricing data illustrating these trends, domestic interested parties contend that European prices are generally higher than U.S. prices because the majority of sales in Europe are made to end users, whereas the majority of sales made in the United States are to distributors.[35] As the majority of European SSB producers own their own distribution systems, the higher European prices likely reflect the additional value-added distribution service activities.[36] Domestic interested parties submitted price data, published by ***, for cold-finished stainless steel bar grade 304 from the United States and Europe (*see* table IV-28).[37] These data indicate that between January 2005 and August 2006, base prices for cold-finished stainless steel bar are *** in the United States than in Europe, and appear to ***.[38] Despite the apparent inconsistency in data sets, both *** and *** pricing data illustrate similar increasing price trends over time. Recent price increases for cold-rolled stainless steel bar coincide with escalating raw material costs, notably for nickel.

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[33] ***.

[34] ***.

[35] Domestic interested parties' posthearing brief, exh. 1, p. 8; hearing transcript, p. 71 (Hudgens).

[36] Domestic interested parties' posthearing brief, exh. 1, p. 8, transcript, p. 71 (Hudgens).

[37] *** in domestic parties' posthearing brief, exh. 4. Staff ***. In addition, ***.

[38] Staff contacted *** to inquire about pricing methodology. ***. Staff telephone interview with ***, Oct. 25, 2006. ***. Staff telephone interview with ***, Oct. 25, 2006. Staff believe that *** pricing data are more methodical and accurate. ***.

Table IV-24
Cold-drawn stainless steel bar, grade 304: Monthly negotiated transaction prices, January 2005-September 2006

* * * * * * *

Table IV-25
Cold-drawn stainless steel bar, grade 316: Monthly negotiated transaction prices, January 2005-September 2006

* * * * * * *

Table IV-26
Peeled stainless steel bar, grade 304: Monthly negotiated transaction prices, January 2005-September 2006

* * * * * * *

Table IV-27
Peeled stainless steel bar, grade 316: Monthly negotiated transaction prices, January 2005-September 2006

* * * * * * *

Table IV-28
Cold-finished stainless steel bar, grade 304: Base prices, January 2005-August 2006

* * * * * * *

PART V: PRICING AND RELATED INFORMATION

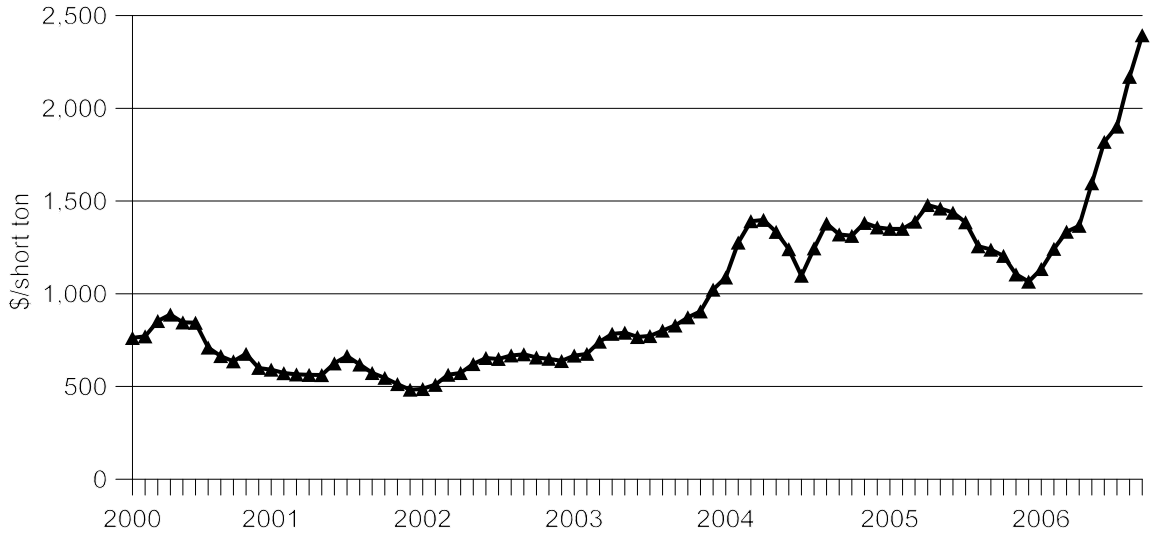
FACTORS AFFECTING PRICES

Raw Materials and Energy

According to producer questionnaire responses, raw material costs have risen from 36.0 percent of the total cost of goods sold in 2000 to 54.5 percent of the total cost of goods sold in 2005.[1] The primary inputs for stainless steel bar are stainless steel scrap and/or carbon steel scrap as well as nickel, chromium, and molybdenum alloys. The increase in stainless steel bar prices reflects the rising costs of these raw materials (*see* figures V-1 through V-4). At the hearing, an industry analyst estimated that raw material costs accounted for 75 to 85 percent of the increase in the price of stainless steel bar.[2] For grades that contain high amounts of nickel, such as grades 304 and 316, nickel is one of the most important cost elements among the raw materials, and when asked about surcharges, several purchasers singled out nickel as the most variable surcharge-related cost. As shown in figure V-2, nickel prices increased by 262 percent from January 2000 to September 2006.[3]

As a result of rising costs, many stainless steel bar producers instituted raw material, fuel (or transportation), and in some cases, energy surcharges. Energy inputs used in the production of stainless steel bar include natural gas and electricity. As shown in table V-1, the costs of both natural gas and electricity have increased since 2000 with natural gas prices rising by 84 percent and electricity prices rising by 28 percent from 2000 to January-July 2006.

Figure V-1
Stainless steel scrap: Monthly consumer prices of 18-8 bundles, solids, and clips, January 2000-September 2006



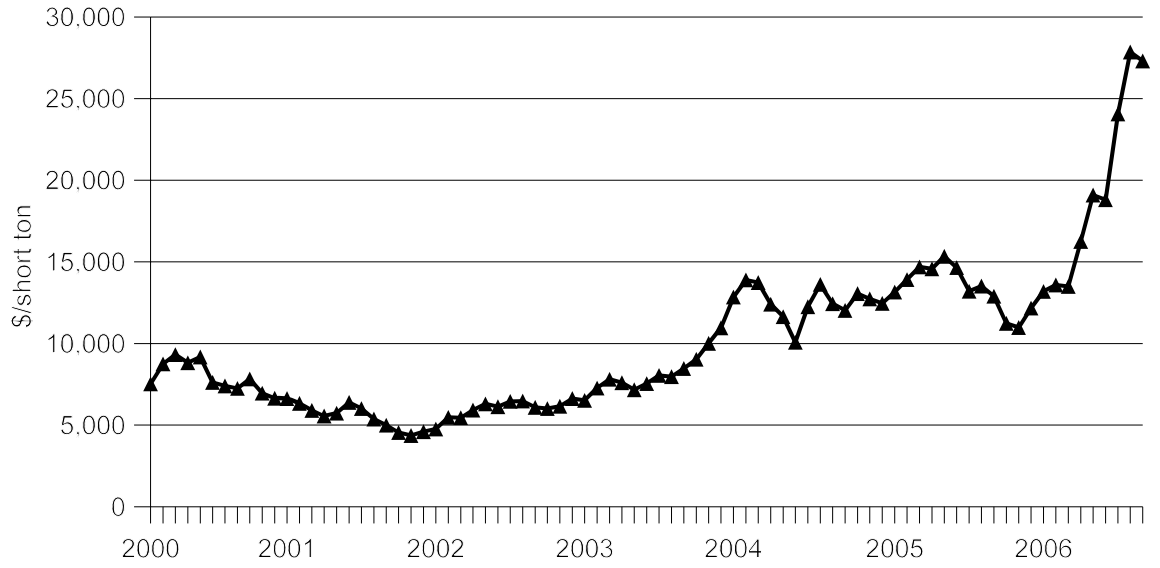
Source: Compiled from statistics of American Metal Market.

[1] Derived from table III-7.

[2] Hearing transcript, p. 86 (Blot).

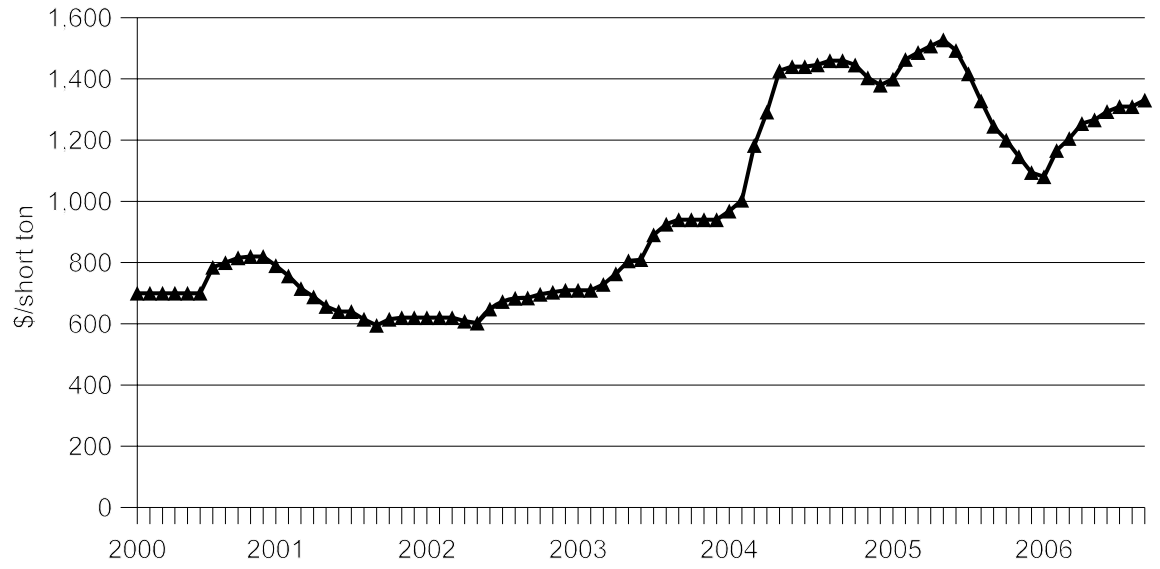
[3] Raw materials costs are forecasted to decline beginning early next year (hearing transcript, p. 32 (Blot)).

Figure V-2
Nickel: LME AM monthly spot bid prices, January 2000-September 2006



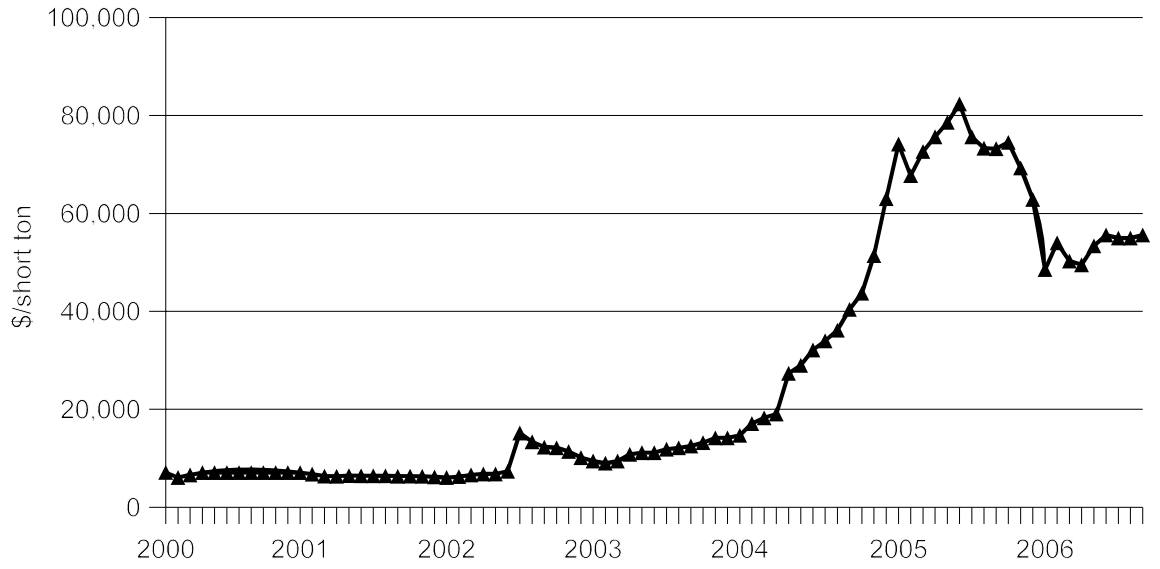
Source: Compiled from statistics of American Metal Market.

Figure V-3
Ferrochrome: U.S. free market prices for 60-65 percent chromium, January 2000-September 2006



Source: Compiled from statistics of American Metal Market.

Figure V-4
Ferromolybdenum: U.S. free market prices, January 2000- September 2006



Source: Compiled from statistics of American Metal Market.

Table V-1
U.S. natural gas and electricity prices for industrial customers, 2000-05 and January-July 2006

Item	2000	2001	2002	2003	2004	2005	Jan.-Jul. 2006
U.S. natural gas industrial price[1]	$4.45	$5.24	$4.02	$5.89	$6.56	$8.46	$8.21
Electricity industrial price[2]	4.64¢	4.98¢	4.91¢	5.12¢	5.27¢	5.57¢	5.94¢

[1] In dollars per thousand cubic feet.
[2] In cents per kilowatt-hour.

Sources: U.S. Energy Information Administration, found at http://www.eia.doe.gov, retrieved October 27, 2006.

Transportation Costs to the U.S. Market

Transportation costs for stainless steel bar from subject countries to the United States (excluding U.S. inland costs) during the period 2000-05 are estimated to be equivalent to approximately 8.9 percent of the customs value for product from Brazil, 5.0 percent of the customs value for product from India, 6.2 percent of the customs value for product from Japan, and 5.3 percent of the customs value for product from Spain. These estimates are derived from official import data and represent the transportation and other charges on imports valued on a c.i.f. basis, as compared with customs value.[4]

[4] These estimates are based on HTS statistical reporting numbers 7222.11.0005, 7222.11.0050, 7222.19.0005, 7222.19.0050, 7222.20.0005, 7222.20.0045, 7222.20.0075, and 7222.30.0000.

U.S. Inland Transportation Costs

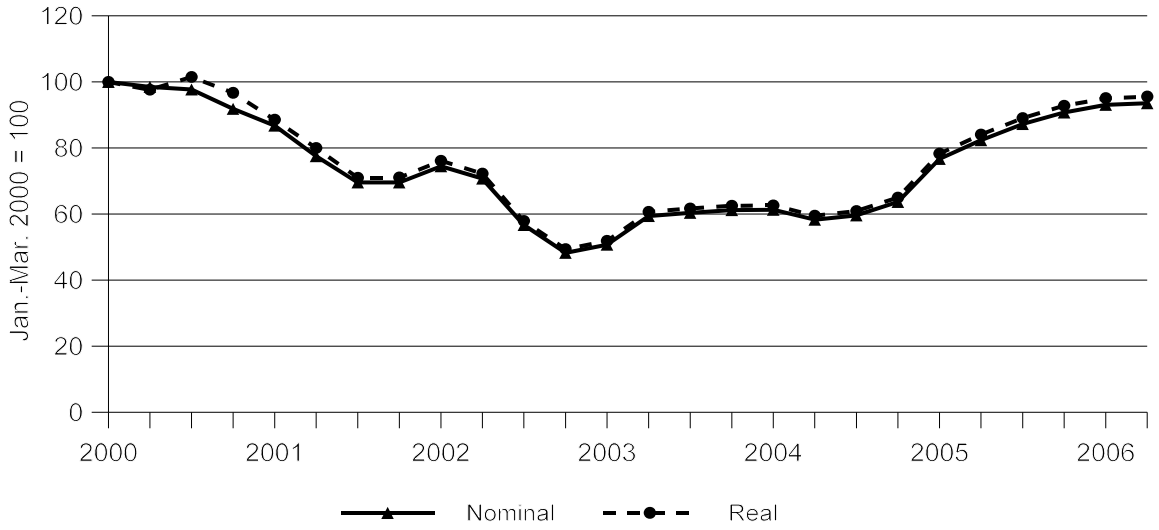
According to questionnaire responses, U.S. inland transportation costs for certain stainless steel bar ranged between 0.0 and 3.5 percent for U.S.-produced stainless steel bar and between 0.0 and 3.5 percent for imports of stainless steel bar as well. Six of seven responding U.S. producers and four of seven importers reported that they normally arrange for inland transportation. All seven responding U.S. producers reported that less than 10 percent of sales were shipped within 100 miles from their facilities, with six of those seven reporting that less than five percent of sales were shipped less than 100 miles. Six of seven U.S. producers reported that at least 50 percent of their sales were shipped between 100 and 1,000 miles while only one U.S. producer reported that more than 50 percent of its sales were shipped more than 1,000 miles. However, all seven U.S. producers reported shipping some sales more than 1,000 miles. In contrast, three of six responding importers reported that at least 90 percent of their shipments were within 100 miles. The other three importers reported that at least 90 percent of their sales were shipped more than 100 miles, with two importers reporting that at least 90 percent of their sales were shipped at least 1,000 miles.

Exchange Rates

Figures V-5 through V-8 show the quarterly exchange rates for subject countries during 2000-05 and January-June 2006. All four currencies show the same basic trend, in both real and nominal terms, against the dollar. While these currencies depreciated through 2001 (and through 2002 for Brazil), they all then appreciated against the dollar until early 2005. Since 2005, all currencies except for the Brazilian real have depreciated modestly versus the dollar. Brazil showed the greatest variation over the period, depreciating by over 50 percent from January 2000 to December 2002 and then appreciating by 93 percent from October 2002 to March 2006. In an article from March of 2006, the president of Villares' parent company, Böhler Uddeholm, stated that the strength of the real is reducing his company's ability to export from Brazil.[5]

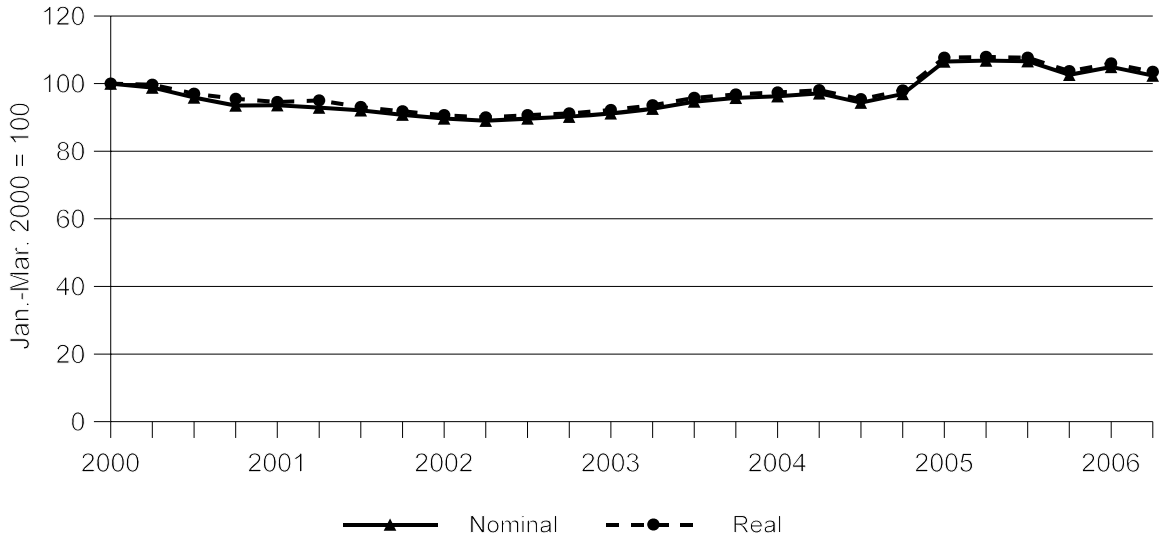
[5] "Villares Metals to boost capacity with new mill," Metal Bulletin, March 9, 2006. Domestic interested parties' prehearing brief, exh. 1.

Figure V-5
Exchange rates: Indices of the nominal and real exchange rates of the Brazilian real relative to the U.S. dollar, by quarters, 2000-05 and January-June 2006



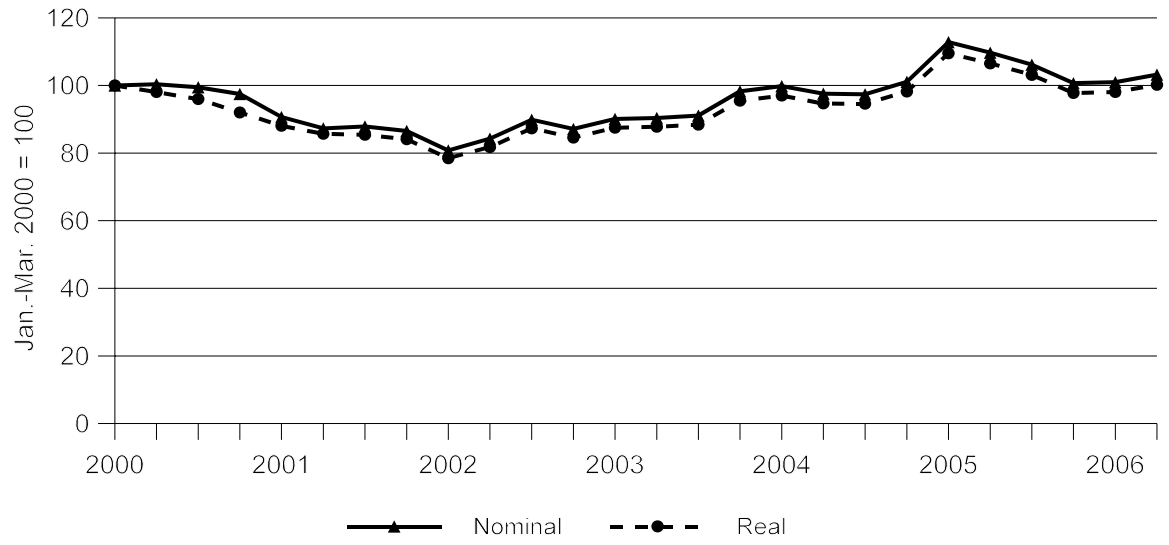
Source: International Monetary Fund, *International Financial Statistics*, found at http://ifs.apdi.net/imf/about.asp, retrieved July 26, 2006.

Figure V-6
Exchange rates: Indices of the nominal and real exchange rates of the Indian rupee relative to the U.S. dollar, by quarters, 2000-05 and January-June 2006



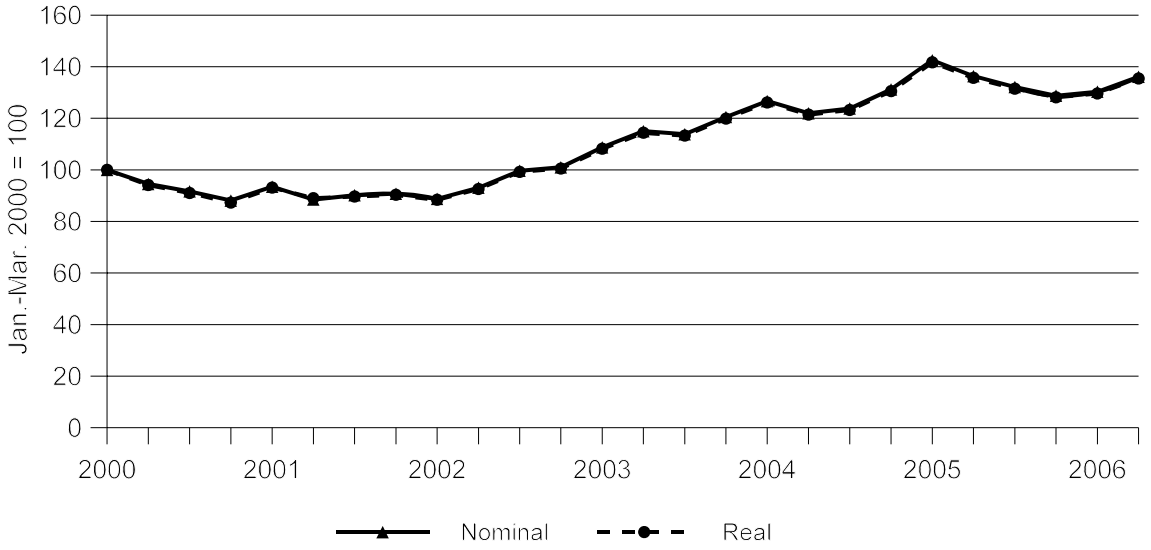
Source: International Monetary Fund, *International Financial Statistics*, found at http://ifs.apdi.net/imf/about.asp, retrieved July 26, 2006.

Figure V-7
Exchange rates: Indices of the nominal and real exchange rates of the Japanese yen relative to the U.S. dollar, by quarters, 2000-05 and January-June 2006



Source: International Monetary Fund, *International Financial Statistics*, found at http://ifs.apdi.net/imf/about.asp, retrieved July 26, 2006.

Figure V-8
Exchange rates: Indices of the nominal and real exchange rates of the euro relative to the U.S. dollar, by quarters, 2000-05 and January-June 2006



Source: International Monetary Fund, *International Financial Statistics*, found at http://ifs.apdi.net/imf/about.asp, retrieved July 26, 2006.

PRICING PRACTICES

Pricing Methods

Sales of stainless steel bar are made primarily on a spot basis. All seven responding U.S. producers reported that at least 50 percent of their sales are made on a spot basis, with three of those seven reporting that at least 90 percent of their sales are made on a spot basis. Three U.S. producers reported that at least 25 percent of their sales were made on a long-term contract basis while no U.S. producer reported that short-term contract sales accounted for more than 20 percent of all sales. The reported duration of short-term contracts ranged from two to 12 months while long-term contracts were reported to last anywhere from one to five years. All three importers that responded to the question reported that 100 percent of their sales were made on a spot basis. The predominance of spot sales can allow more flexibility in the face of changing raw material prices.

Five of six responding U.S. producers made at least 80 percent of their sales on a "made-to-order" basis. Lead times on such orders ranged from six to 32 weeks. Lead times on sales from inventory, which accounted for less than 10 percent of sales for all but two U.S. producers, ranged from one day to nine weeks. Five of six responding importers reported making at least 80 percent of their sales on a "made-to-order" basis, with four of those importers making 100 percent of their sales on such a basis. Lead times from importers on such sales ranged from two to eight months. Only two importers reported sales from inventory, with one of those importers, ***, reporting that *** percent of its sales were from inventory. Lead times for such sales from importers ranged from one day to two weeks.

U.S. producers determine prices predominantly, but not exclusively, through the use of published price lists. While six of the seven responding U.S. producers reported using price lists, three also reported using transaction-by-transaction negotiations on a limited basis and four reported some contractual sales. Three of the seven responding importers reported using transaction-by-transaction negotiations exclusively while one reported using price lists and three reported using either mark-up pricing or a mix of methods. Automatic raw material surcharges calculated at the time of delivery account for a substantial and growing portion of the final price of stainless steel bar. U.S. producers report that surcharges have generally been effective in passing raw material price increases on to customers.[6] Energy and fuel (delivery) surcharges have also been added to the price of stainless steel bars in some cases. While some overseas suppliers (primarily from Asia) reportedly advertise all-inclusive prices effective at the time of order, others (primarily European suppliers) reportedly add surcharges that are comparable to those charged by domestic suppliers.

When asked to list the names of any firms they considered to be "price leaders" in the stainless steel bar market since 2000, nine of 15 responding purchasers listed NAS as a price leader,[7] seven listed Carpenter,[8] five listed Outokumpu, four listed Universal Stainless & Alloy, three listed Crucible, and three mentioned Viraj or imports from India. Valbruna, Timken/Latrobe, and Allvac were each listed by one purchaser. Finally, *** reported that it was the price leader in its market. Purchasers reported that these firms are the first to announce new prices or to price more aggressively than other suppliers.

[6] *See* domestic interested parties' posthearing brief, exh. 1, pp. 34-35.

[7] "NAS is dominating the market with low cost production facility and large capacity." *** purchaser questionnaire response, section III-23b.

[8] One purchaser listed Talley Metals, which is a subsidiary of Carpenter. This purchaser was included among the seven who listed Carpenter as a price leader.

Sales Terms and Discounts

Five of six responding U.S. producers reported selling exclusively on an f.o.b. basis while one reported selling on both f.o.b. and delivered bases. Three of six importers reported that sales were made on an f.o.b. basis while two reported that sales were made on a delivered basis and one reported that both f.o.b. and delivered bases were used. Four of seven responding U.S. producers reported that they give some form of discount based on total annual volume or the nature of competition. Two of these four note that discounts are applied to a very small portion of their business while the other two indicate that discounts are more commonplace. Five of six responding importers report having no set discount policy while one reported that discounts applied to "an inconsequential part of our business."[9]

PRICE DATA

The Commission requested U.S. producers and importers of stainless steel bar to provide quarterly data for the total quantity and f.o.b. value of specified stainless steel bar that was shipped to unrelated customers in the U.S. market.[10] Data were requested for the period January 2000 - June 2006. The products for which pricing data were requested are as follows:

Product 1.–Stainless steel bar, grade AISI 303, 0.500 inch in diameter, annealed, cold-drawn, of round shape.

Product 2.–Stainless steel bar, grade AISI 303, 0.750 inch in diameter, cold-finished, from annealed wire rod coil, cut-to-length, straightened, of round shape.

Product 3.–Stainless steel bar, grade AISI 304/304L, 0.500 inch in diameter, cold-finished, from annealed wire rod coil, uncoiled, straightened, of round shape.

Product 4.–Stainless steel bar, grade AISI 304/304L, 1.000 inch in diameter, annealed, cold-finished, of round shape.

Product 5.–Stainless steel bar, grade AISI 316/316L, 2.500 inches in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

Product 6.–Stainless steel bar, grade AISI T416, 1.000 inch in diameter, annealed, cold-finished, of round shape.

Product 7.–Stainless steel bar, grade AISI 304/304L, 3.500 inches in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

Product 8.–Stainless steel bar, grade AISI 304/304L, 2.000 inches in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

Product 9.–Stainless steel bar, grade AISI 303, 0.500 inch hexagonal shape (measured across flats), annealed, cold-drawn.

Product 10.–Stainless steel bar, grade 630 (17-4) 2.5 inch in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

[9] *** importer questionnaire response, section III-B-2.

[10] Prices are inclusive of all surcharges.

Five U.S. producers and two importers of stainless steel bar from India provided pricing data for sales of the requested products. No responding importer reported pricing for imports from Brazil, Japan, or Spain for the period for which data were collected. In addition, data reported for imports from India were very sparse. By quantity, pricing data reported by responding firms in January 2000 through June 2006 accounted for approximately 10.4 percent of U.S. producers' U.S. commercial shipments of stainless steel bar and 1.1 percent of reported U.S. shipments of subject imports from India (based on questionnaire responses). These low percentages are due to the nature of the product. Although grades 304/304L and 316/316L dominate as in other stainless steel products, there are a variety of other grades and also a wide variety of sizes, shapes, and finishes. Customers normally need a very specific combination of these attributes. As a result, there are literally hundreds of different stainless steel bar products on the market. Such product diversity makes it difficult to obtain broad coverage.

Price Trends

As can be seen in tables V-2 through V-11 and figures V-9 through V-18, weighted-average prices for domestic products 1-5, 7, and 10 generally fell erratically through mid to late 2003, then rose to a peak near mid 2005 before falling slightly since then. While the trends in prices of these products are all roughly similar, the magnitude of the changes differ greatly. For example, while prices in April-June 2006 were 19.5 percent lower than prices in January-March 2000 for product 1, prices for product 5 were 44.9 percent higher in April-June 2006 than in January-March 2000. Four of the seven products in this group showed an overall increase in price over the course of the period for which data were collected. Products 6 and 9 show little discernable trend over the period for which data were collected, while prices for product 8 rose gradually from late 2003 to late 2005 and more sharply from late 2005 through the second quarter of 2006. Overall, prices for product 8 were 123.9 percent higher in April-June 2006 than they were in January-March 2000.

Data on prices of U.S. imports from India are for very small quantities and are too sparse to suggest a trend.

Table V-2
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	$***	***	***
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2004: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 303, 0.500 inch in diameter, annealed, cold-drawn, of round shape.

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

Table V-3
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	2,350	282	-	0	-
Apr.-June	2,249	350	-	0	-
July-Sept.	2,041	412	-	0	-
Oct.-Dec.	2,068	486	-	0	-
2004: Jan.-Mar.	2,400	820	-	0	-
Apr.-June	2,714	737	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 303, 0.750 inch in diameter, cold-finished, from annealed wire rod coil, cut-to-length, straightened, of round shape.

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

Table V-4
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 3[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2004: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	$***	***	***
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 304/304L, 0.500 inch in diameter, cold-finished, from annealed wire rod coil, uncoiled, straightened, of round shape.

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

Table V-5
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	2,104	214	-	0	-
Apr.-June	1,849	305	-	0	-
July-Sept.	1,879	265	-	0	-
Oct.-Dec.	1,900	358	-	0	-
2004: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 304/304L, 1.000 inch in diameter, annealed, cold-finished, of round shape.

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

Table V-6
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000:					
Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001:					
Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002:					
Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003:					
Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2004:					
Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005:					
Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006:					
Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 316/316L, 2.500 inches in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

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

Table V-7
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 6[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	$***	***	***
Apr.-June	***	***	***	***	***
July-Sept.	***	***	***	***	***
Oct.-Dec.	***	***	***	***	***
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2004: Jan.-Mar.	***	***	***	***	***
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	2,623	103	-	0	-
2006: Jan.-Mar.	2,748	109	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI T416, 1.000 inch in diameter, annealed, cold-finished, of round shape.

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

Table V-8
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	***	***	-	0	-
Apr.-June	1,796	51	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2004: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 304/304L, 3.500 inches in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

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

Table V-9
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 8[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2004: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	$***	***	***
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 304/304L, 2.000 inches in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

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

Table V-10
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 9[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2004: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-

[1] Stainless steel bar, grade AISI 303, 0.500 inch hexagonal shape (measured across flats), annealed, cold-drawn.

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

Table V-11
Stainless steel bar: Weighted-average f.o.b. prices and quantities of domestic and imported product 10[1] and margins of underselling/(overselling), by quarters, January 2000-June 2006

Period	United States		India		
	Price (*per short ton*)	Quantity (*short tons*)	Price (*per short ton*)	Quantity (*short tons*)	Margin (*percent*)
2000: Jan.-Mar.	$***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2001: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2002: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	***	***	-	0	-
2003: Jan.-Mar.	***	***	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	***	***	-	0	-
Oct.-Dec.	2,843	39	-	0	-
2004: Jan.-Mar.	2,887	97	-	0	-
Apr.-June	3,204	61	-	0	-
July-Sept.	3,349	68	-	0	-
Oct.-Dec.	***	***	-	0	-
2005: Jan.-Mar.	3,589	113	-	0	-
Apr.-June	***	***	-	0	-
July-Sept.	3,718	85	-	0	-
Oct.-Dec.	***	***	-	0	-
2006: Jan.-Mar.	***	***	-	0	-
Apr.-June	3,705	94	-	0	-

[1] Stainless steel bar, grade 630 (17-4) 2.5 inch in diameter, annealed, cold-finished (smooth turned, peeled and polished, or centerless ground), of round shape.

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

Figure V-9
Stainless steel bar: Weighted-average f.o.b. prices of domestic and imported product 1, by quarters, January 2000-June 2006

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Figure V-10
Stainless steel bar: Weighted-average f.o.b. prices of domestic product 2, by quarters, January 2000-June 2006

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Figure V-11
Stainless steel bar: Weighted-average f.o.b. prices of domestic and imported product 3, by quarters, January 2000-June 2006

* * * * * * *

Figure V-12
Stainless steel bar: Weighted-average f.o.b. prices of domestic product 4, by quarters, January 2000-June 2006

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Figure V-13
Stainless steel bar: Weighted-average f.o.b. prices of domestic product 5, by quarters, January 2000-June 2006

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Figure V-14
Stainless steel bar: Weighted-average f.o.b. prices of domestic and imported product 6, by quarters, January 2000-June 2006

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Figure V-15
Stainless steel bar: Weighted-average f.o.b. prices of domestic product 7, by quarters, January 2000-June 2006

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Figure V-16
Stainless steel bar: Weighted-average f.o.b. prices of domestic and imported product 8, by quarters, January 2000-June 2006

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Figure V-17
Stainless steel bar: Weighted-average f.o.b. prices of domestic product 9, by quarters, January 2000-June 2006

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Figure V-18
Stainless steel bar: Weighted-average f.o.b. prices of domestic product 10, by quarters, January 2000-June 2006

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Price Comparisons

Tables V-2 through V-11 and figures V-9 through V-18 present selling prices for domestic stainless steel bar as well as subject imported stainless steel bar where available. While no data are available for imports from Brazil, Japan, or Spain, very limited data on a small quantity of product are available for subject imports from India. The paucity of the data, however, makes meaningful comparison difficult. Across all products for which data were collected, subject imports from India undersold comparable U.S.-produced product in six of eight quarters for which comparison is possible. In these six quarters, the margin of underselling ranged from *** percent to *** percent. In the two quarters in which the domestic product was cheaper than comparable product imported from India, the margin was *** percent in one case and *** percent in the other case. Overall, there are not sufficient data from which to draw conclusions concerning the relative prices of domestic and subject imported stainless steel bar.

It is worth mentioning the differences in price among domestic producers. Specifically, one firm, ***, is the lowest priced producer in 82 of the 86 product-quarters for which it reports data. The average margin of underselling by *** as compared with the rest of the U.S. producers is 16.7 percent. These data, therefore, support the notion, put forth by purchasers and importers, that *** is the price leader in the domestic market. One foreign producer, ***, goes so far as to state that it cannot compete with *** low prices in the U.S. market.

APPENDIX A

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–678, 679, 681, and 682 (Second Review)]

Stainless Steel Bar From Brazil, India, Japan, and Spain

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain.

SUMMARY: The Commission hereby gives notice that it has instituted reviews pursuant to section 751(c) of the Tariff Act of 1930 (19 U.S.C. 1675(c)) (the Act) to determine whether revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury. Pursuant to section 751(c)(2) of the Act, interested parties are requested to respond to this notice by submitting the information specified below to the Commission;[1] to be assured of consideration, the deadline for responses is April 20, 2006. Comments on the adequacy of responses may be filed with the Commission by May 15, 2006. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* March 1, 2006.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), 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*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background. On February 21, 1995, the Department of Commerce issued antidumping duty orders on imports of stainless steel bar from Brazil, India, and Japan (60 FR 9661). On March 2, 1995, the Department of Commerce issued an antidumping duty order on imports of stainless steel bar from Spain (60 FR 11656). Following five-year reviews by Commerce and the Commission, effective April 18, 2001, Commerce issued a continuation of the antidumping duty orders on imports of stainless steel bar from Brazil, India, Japan, and Spain (66 FR 19919). The Commission is now conducting second reviews to determine whether revocation of the orders would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time. It will assess the adequacy of interested party responses to this notice of institution to determine whether to conduct full reviews or expedited reviews. The Commission's determinations in any expedited reviews will be based on the facts available, which may include information provided in response to this notice.

Definitions. The following definitions apply to these reviews:

(1) Subject Merchandise is the class or kind of merchandise that is within the scope of the five-year reviews, as defined by the Department of Commerce.

(2) The Subject Countries in these reviews are Brazil, India, Japan, and Spain.

(3) The Domestic Like Product is the domestically produced product or products which are like, or in the absence of like, most similar in characteristics and uses with, the Subject Merchandise. In its original and full five-year review determinations, the Commission defined the Domestic Like Product as all stainless steel bar. One Commissioner defined the Domestic Like Product differently in the original determinations.

(4) The Domestic Industry is the U.S. producers as a whole of the Domestic Like Product, or those producers whose collective output of the Domestic Like Product constitutes a major proportion of the total domestic production of the product. In its original and full five-year review determinations, the Commission defined the Domestic Industry as domestic producers of stainless steel bar. One Commissioner defined the Domestic Industry differently in the original determinations.

(5) An Importer is any person or firm engaged, either directly or through a parent company or subsidiary, in importing the Subject Merchandise into the United States from a foreign manufacturer or through its selling agent.

Participation in the reviews and public service list. Persons, including industrial users of the Subject Merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in the reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11(b)(4) of the Commission's rules, no later than 21 days after publication of this notice in the **Federal Register**. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

Former Commission employees who are seeking to appear in Commission

[1] No response to this request for information is required if a currently valid Office of Management and Budget (OMB) number is not displayed; the OMB number is 3117–0016/USITC No. 06–5–148, expiration date June 30, 2008. Public reporting burden for the request is estimated to average 10 hours per response. Please send comments regarding the accuracy of this burden estimate to the Office of Investigations, U.S. International Trade Commission, 500 E Street, SW., Washington, DC 20436.

five-year reviews are reminded that they are required, pursuant to 19 CFR 201.15, to seek Commission approval if the matter in which they are seeking to appear was pending in any manner or form during their Commission employment. The Commission is seeking guidance as to whether a second transition five-year review is the ''same particular matter'' as the underlying original investigation for purposes of 19 CFR 201.15 and 18 U.S.C. 207, the post employment statute for Federal employees. Former employees may seek informal advice from Commission ethics officials with respect to this and the related issue of whether the employee's participation was ''personal and substantial.'' However, any informal consultation will not relieve former employees of the obligation to seek approval to appear from the Commission under its rule 201.15. For ethics advice, contact Carol McCue Verratti, Deputy Agency Ethics Official, at 202–205–3088.

Limited disclosure of business proprietary information (BPI) under an administrative protective order (APO) and APO service list. Pursuant to section 207.7(a) of the Commission's rules, the Secretary will make BPI submitted in these reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made no later than 21 days after publication of this notice in the **Federal Register**. Authorized applicants must represent interested parties, as defined in 19 U.S.C. 1677(9), who are parties to the reviews. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Certification. Pursuant to section 207.3 of the Commission's rules, any person submitting information to the Commission in connection with these reviews must certify that the information is accurate and complete to the best of the submitter's knowledge. In making the certification, the submitter will be deemed to consent, unless otherwise specified, for the Commission, its employees, and contract personnel to use the information provided in any other reviews or investigations of the same or comparable products which the Commission conducts under Title VII of the Act, or in internal audits and investigations relating to the programs and operations of the Commission pursuant to 5 U.S.C. Appendix 3.

Written submissions. Pursuant to section 207.61 of the Commission's rules, each interested party response to this notice must provide the information specified below. The deadline for filing such responses is April 20, 2006. Pursuant to section 207.62(b) of the Commission's rules, eligible parties (as specified in Commission rule 207.62(b)(1)) may also file comments concerning the adequacy of responses to the notice of institution and whether the Commission should conduct expedited or full reviews. The deadline for filing such comments is May 15, 2006. All written submissions must conform with the provisions of sections 201.8 and 207.3 of the Commission's rules and any submissions that contain BPI must also conform with the requirements of sections 201.6 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Also, in accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (as identified by either the public or APO service list as appropriate), and a certificate of service must accompany the document (if you are not a party to the reviews you do not need to serve your response).

Inability to provide requested information. Pursuant to section 207.61(c) of the Commission's rules, any interested party that cannot furnish the information requested by this notice in the requested form and manner shall notify the Commission at the earliest possible time, provide a full explanation of why it cannot provide the requested information, and indicate alternative forms in which it can provide equivalent information. If an interested party does not provide this notification (or the Commission finds the explanation provided in the notification inadequate) and fails to provide a complete response to this notice, the Commission may take an adverse inference against the party pursuant to section 776(b) of the Act in making its determinations in the reviews.

Information To Be Provided in Response To This Notice of Institution: If you are a domestic producer, union/worker group, or trade/business association; import/export Subject Merchandise from more than one Subject Country; or produce Subject Merchandise in more than one Subject Country, you may file a single response. If you do so, please ensure that your response to each question includes the information requested for each pertinent Subject Country. As used below, the term ''firm'' includes any related firms.

(1) The name and address of your firm or entity (including World Wide Web address if available) and name, telephone number, fax number, and E-mail address of the certifying official.

(2) A statement indicating whether your firm/entity is a U.S. producer of the Domestic Like Product, a U.S. union or worker group, a U.S. importer of the Subject Merchandise, a foreign producer or exporter of the Subject Merchandise, a U.S. or foreign trade or business association, or another interested party (including an explanation). If you are a union/worker group or trade/business association, identify the firms in which your workers are employed or which are members of your association.

(3) A statement indicating whether your firm/entity is willing to participate in these reviews by providing information requested by the Commission.

(4) A statement of the likely effects of the revocation of the antidumping duty orders on the Domestic Industry in general and/or your firm/entity specifically. In your response, please discuss the various factors specified in section 752(a) of the Act (19 U.S.C. 1675a(a)) including the likely volume of subject imports, likely price effects of subject imports, and likely impact of imports of Subject Merchandise on the Domestic Industry.

(5) A list of all known and currently operating U.S. producers of the Domestic Like Product. Identify any known related parties and the nature of the relationship as defined in section 771(4)(B) of the Act (19 U.S.C. 1677(4)(B)).

(6) A list of all known and currently operating U.S. importers of the Subject Merchandise and producers of the Subject Merchandise in each Subject Country that currently export or have exported Subject Merchandise to the United States or other countries after 1999.

(7) If you are a U.S. producer of the Domestic Like Product, provide the following information on your firm's operations on that product during calendar year 2005 (report quantity data in short tons and value data in U.S. dollars, f.o.b. plant). If you are a union/worker group or trade/business association, provide the information, on an aggregate basis, for the firms in which your workers are employed/which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total U.S. production of the Domestic Like Product accounted for by your firm's(s') production;

(b) The quantity and value of U.S. commercial shipments of the Domestic

Like Product produced in your U.S. plant(s); and

(c) The quantity and value of U.S. internal consumption/company transfers of the Domestic Like Product produced in your U.S. plant(s).

(8) If you are a U.S. importer or a trade/business association of U.S. importers of the Subject Merchandise from the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2005 (report quantity data in short tons and value data in U.S. dollars). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) The quantity and value (landed, duty-paid but not including antidumping duties) of U.S. imports and, if known, an estimate of the percentage of total U.S. imports of Subject Merchandise from each Subject Country accounted for by your firm's(s') imports;

(b) The quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. commercial shipments of Subject Merchandise imported from each Subject Country; and

(c) The quantity and value (f.o.b. U.S. port, including antidumping duties) of U.S. internal consumption/company transfers of Subject Merchandise imported from each Subject Country.

(9) If you are a producer, an exporter, or a trade/business association of producers or exporters of the Subject Merchandise in the Subject Countries, provide the following information on your firm's(s') operations on that product during calendar year 2005 (report quantity data in short tons and value data in U.S. dollars, landed and duty-paid at the U.S. port but not including antidumping duties). If you are a trade/business association, provide the information, on an aggregate basis, for the firms which are members of your association.

(a) Production (quantity) and, if known, an estimate of the percentage of total production of Subject Merchandise in each Subject Country accounted for by your firm's(s') production; and

(b) The quantity and value of your firm's(s') exports to the United States of Subject Merchandise and, if known, an estimate of the percentage of total exports to the United States of Subject Merchandise from each Subject Country accounted for by your firm's(s') exports.

(10) Identify significant changes, if any, in the supply and demand conditions or business cycle for the Domestic Like Product that have occurred in the United States or in the market for the Subject Merchandise in each Subject Country after 1999, and significant changes, if any, that are likely to occur within a reasonably foreseeable time. Supply conditions to consider include technology; production methods; development efforts; ability to increase production (including the shift of production facilities used for other products and the use, cost, or availability of major inputs into production); and factors related to the ability to shift supply among different national markets (including barriers to importation in foreign markets or changes in market demand abroad). Demand conditions to consider include end uses and applications; the existence and availability of substitute products; and the level of competition among the Domestic Like Product produced in the United States, Subject Merchandise produced in each Subject Country, and such merchandise from other countries.

(11) (*Optional*) A statement of whether you agree with the above definitions of the Domestic Like Product and Domestic Industry; if you disagree with either or both of these definitions, please explain why and provide alternative definitions.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.61 of the Commission's rules.

Issued: February 21, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 06–1816 Filed 2–28–06; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–678, 679, 681, and 682 (Second Review)]

Stainless Steel Bar From Brazil, India, Japan, and Spain

AGENCY: United States International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain.

SUMMARY: The Commission hereby gives notice that it will proceed with full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) to determine whether revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. A schedule for the reviews will be established and announced at a later date. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* June 5, 2006.

FOR FURTHER INFORMATION CONTACT: Mary Messer (202–205–3193), 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*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION: On June 5, 2006, the Commission determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Act. The Commission found that the domestic interested party group response to its notice of institution (71 FR 10552, March 1, 2006) was adequate and that the respondent interested party group response with respect to Brazil was adequate and decided to conduct a full review with respect to the order covering stainless steel bar from Brazil. The Commission found that the respondent interested party group responses with respect to India, Japan, and Spain were inadequate. However, the Commission determined to conduct full reviews concerning stainless steel bar from India, Japan, and Spain to promote administrative efficiency in light of its decision to conduct a full review with respect to stainless steel bar from Brazil. A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements will be available from the Office of the Secretary and at the Commission's Web site.

Authority: These reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: June 9, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6–9272 Filed 6–13–06; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigation Nos. 731–TA–678, 679, 681, and 682 (Second Review)]

Stainless Steel Bar From Brazil, India, Japan, and Spain

AGENCY: United States International Trade Commission.

ACTION: Scheduling of full five-year reviews concerning the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain.

SUMMARY: The Commission hereby gives notice of the scheduling of full reviews pursuant to section 751(c)(5) of the Tariff Act of 1930 (19 U.S.C. 1675(c)(5)) (the Act) to determine whether revocation of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. For further information concerning the conduct of these reviews 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, D, E, and F (19 CFR part 207).

DATES: *Effective Date:* June 20, 2006.

FOR FURTHER INFORMATION CONTACT: Christopher J. Cassise (202–708–5408), 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*). The public record for these reviews may be viewed on the Commission's electronic docket (EDIS) at *http://edis.usitc.gov.*

SUPPLEMENTARY INFORMATION:

Background. On June 5, 2006, the Commission determined that responses to its notice of institution of the subject five-year reviews were such that full reviews pursuant to section 751(c)(5) of the Act should proceed (71 FR 34391, June 14, 2006). A record of the Commissioners' votes, the Commission's statement on adequacy, and any individual Commissioner's statements are available from the Office of the Secretary and at the Commission's Web site.

Participation in the reviews and public service list. Persons, including industrial users of the subject merchandise and, if the merchandise is sold at the retail level, representative consumer organizations, wishing to participate in these reviews as parties must file an entry of appearance with the Secretary to the Commission, as provided in section 201.11 of the Commission's rules, by 45 days after publication of this notice. A party that filed a notice of appearance following publication of the Commission's notice of institution of the reviews need not file an additional notice of appearance. The Secretary will maintain a public service list containing the names and addresses of all persons, or their representatives, who are parties to the reviews.

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 reviews available to authorized applicants under the APO issued in the reviews, provided that the application is made by 45 days after publication of this notice. Authorized applicants must represent interested parties, as defined by 19 U.S.C. 1677(9), who are parties to the reviews. A party granted access to BPI following publication of the Commission's notice of institution of the reviews need not reapply for such access. A separate service list will be maintained by the Secretary for those parties authorized to receive BPI under the APO.

Staff report. The prehearing staff report in the reviews will be placed in the nonpublic record on September 19, 2006, and a public version will be issued thereafter, pursuant to section 207.64 of the Commission's rules.

Hearing. The Commission will hold a hearing in connection with the reviews beginning at 9:30 a.m. on October 12, 2006, at the U.S. International Trade Commission Building. Requests to appear at the hearing should be filed in writing with the Secretary to the Commission on or before October 5, 2006. A nonparty who has testimony that may aid the Commission's deliberations may request permission to present a short statement at the hearing. All parties and nonparties desiring to appear at the hearing and make oral presentations should attend a prehearing conference to be held at 9:30 a.m. on October 6, 2006, at the U.S. International Trade Commission Building. Oral testimony and written materials to be submitted at the public hearing are governed by sections 201.6(b)(2), 201.13(f), 207.24, and 207.66 of the Commission's rules. Parties must submit any request to present a portion of their hearing testimony in camera no later than 7 business days prior to the date of the hearing.

Written submissions. Each party to the reviews may submit a prehearing brief to the Commission. Prehearing briefs must conform with the provisions of section 207.65 of the Commission's rules; the deadline for filing is September 29, 2006. Parties may also file written testimony in connection with their presentation at the hearing, as provided in section 207.24 of the Commission's rules, and posthearing briefs, which must conform with the provisions of section 207.67 of the Commission's rules. The deadline for filing posthearing briefs is October 23, 2006; witness testimony must be filed no later than three days before the hearing. In addition, any person who has not entered an appearance as a party to the reviews may submit a written statement of information pertinent to the subject of the reviews on or before October 23, 2006. On November 21, 2006, the Commission will make available to parties all information on which they have not had an opportunity to comment. Parties may submit final comments on this information on or before November 27, 2006, but such final comments must not contain new factual information and must otherwise comply with section 207.68 of the Commission's rules. All written submissions must conform with the provisions of section 201.8 of the Commission's rules; any submissions that contain BPI must also 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, except to the extent permitted by section 201.8 of the Commission's rules, as amended, 67 FR 68036 (November 8, 2002). Even where electronic filing of a document is permitted, certain documents must also be filed in paper form, as specified in II(C) of the Commission's Handbook on Electronic Filing Procedures, 67 FR 68168, 68173 (November 8, 2002).

Additional written submissions to the Commission, including requests pursuant to section 201.12 of the Commission's rules, shall not be accepted unless good cause is shown for accepting such submissions, or unless the submission is pursuant to a specific request by a Commissioner or Commission staff.

In accordance with sections 201.16(c) and 207.3 of the Commission's rules, each document filed by a party to the reviews must be served on all other parties to the reviews (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 reviews are being conducted under authority of title VII of the Tariff Act of 1930; this notice is published pursuant to section 207.62 of the Commission's rules.

Issued: June 20, 2006.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. E6–10034 Filed 6–23–06; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–351–825, A–533–810, A–588–833, A–469–805]

Stainless Steel Bar from Brazil, India, Japan, and Spain; Final Results of the Expedited Sunset Reviews of the Antidumping Duty Orders

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

SUMMARY: On March 1, 2006, the Department of Commerce initiated the second sunset reviews of the antidumping duty orders on stainless steel bar from Brazil, India, Japan, and Spain pursuant to section 751(c) of the Tariff Act of 1930, as amended. On the basis of a notice of intent to participate and adequate substantive responses filed on behalf of domestic interested parties and no responses received from respondent interested parties, the Department conducted expedited (120-day) sunset reviews. See section 751(c)(3)(B) of the Act. As a result of these sunset reviews, the Department finds that revocation of the antidumping duty orders would be likely to lead to continuation or recurrence of dumping at the levels listed in the ''Final Results of Reviews'' section below.

EFFECTIVE DATE: July 6, 2006.

FOR FURTHER INFORMATION CONTACT: Zev Primor or Kristin Case, AD/CVD Operations, Office 5, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–4114 or (202) 482–3174.

SUPPLEMENTARY INFORMATION:

Background

On March 1, 2006, the Department of Commerce (the Department) initiated the second sunset reviews of the antidumping duty orders on stainless steel bar (SSB) from Brazil, India, Japan, and Spain pursuant to section 751(c) of the Tariff Act of 1930, as amended (the Act). See *Initiation of Five-year (''Sunset'') Reviews*, 71 FR 10476 (March 1, 2006). The Department received a notice of intent to participate from Carpenter Technology Corp., Crucible Specialty Metals Division of Crucible Materials Corp., Electralloy Corp., North American Stainless, Universal Stainless & Alloy Products, Inc., and Valbruna Slater Stainless, Inc. (collectively the domestic interested parties), within the deadline specified in 19 CFR 351.218(d)(1)(i) pertaining to sunset reviews. The domestic interested parties claimed interested–party status under section 771(9)(C) of the Act as manufacturers of a domestic like product in the United States. We received complete substantive responses from the domestic interested parties within the 30-day deadline specified in 19 CFR 351.218(d)(3)(i). We received no responses from the respondent interested parties. As a result, pursuant to section 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(C)(2), the Department has conducted expedited (120-day) sunset reviews of these orders.

Scope of the Orders

Imports covered by these orders are shipments of SSB. SSB means articles of stainless steel in straight lengths that have been either hot–rolled, forged, turned, cold–drawn, cold–rolled or otherwise cold–finished, or ground, having a uniform solid cross section along their whole length in the shape of

circles, segments of circles, ovals, rectangles (including squares), triangles, hexagons, octagons, or other convex polygons. SSB includes cold–finished SSBs that are turned or ground in straight lengths, whether produced from hot–rolled bar or from straightened and cut rod or wire, and reinforcing bars that have indentations, ribs, grooves, or other deformations produced during the rolling process.

Except as specified above, the term does not include stainless steel semi–finished products, cut length flat–rolled products (*i.e.*, cut length rolled products which if less than 4.75 mm in thickness have a width measuring at least 10 times the thickness, or if 4.75 mm or more in thickness having a width which exceeds 150 mm and measures at least twice the thickness), wire (*i.e.*, cold–formed products in coils, of any uniform solid cross section along their whole length, which do not conform to the definition of flat–rolled products), and angles, shapes, and sections.

The SSB subject to these orders is currently classifiable under subheadings 7222.11.00.05, 7222.11.00.50, 7222.19.00.05, 7222.19.00.50, 7222.20.00.05, 7222.20.00.45, 7222.20.00.75, and 7222.30.00.00 of the Harmonized Tariff Schedule of the United States (HTSUS). Although the HTSUS subheadings are provided for convenience and customs purposes, our written description of the scope of these orders is dispositive.

Analysis of Comments Received

All issues raised in these reviews are addressed in the Issues and Decision Memorandum from Stephen J. Claeys, Deputy Assistant Secretary for Import Administration, to David M. Spooner, Assistant Secretary for Import Administration, dated June 29, 2006, which is hereby adopted by this notice. The issues discussed in the Issues and

Manufacturers/Exporters/Producers	Weighted–Average Margin (percent)
Brazil.	
Acos Villares, S.A.	19.43 percent *ad valorem*
All Others	19.43 percent *ad valorem*
India.	
Grand Foundry, Ltd.	3.87 percent *ad valorem*
Mukand, Ltd.	21.02 percent *ad valorem*
All Others	12.45 percent *ad valorem*
Japan.	
Aichi Steel Works, Ltd.	61.47 percent *ad valorem*
Daido Steel Co., Ltd.	61.47 percent *ad valorem*
Sanyo Special Steel Co., Ltd.	61.47 percent *ad valorem*
All Others	61.47 percent *ad valorem*
Spain.	
Acenor, S.A. (and all successor companies, including Digeco, S.A. and Clorimax, SRL)	62.85 percent *ad valorem*
Roldan, S.A.	7.72 percent *ad valorem*
All Others	25.77 percent *ad valorem*

This notice also serves as the only reminder to parties subject to administrative protective orders (APO) of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305. Timely notification of the return or destruction of APO materials or conversion to judicial protective orders is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

We are issuing and publishing these results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: June 27, 2006.

David M. Spooner,

Assistant Secretaryfor Import Administration.

[FR Doc. E6–10479 Filed 7–5–06; 8:45 am]

BILLING CODE 3510–DS–S

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY
in

Stainless Steel Bar from Brazil, India, Japan, and Spain,
Inv. Nos. 731-TA-678, 679, 681, and 682 (Second Review)

On June 5, 2006, the Commission unanimously determined that it should proceed to full reviews in the subject five-year reviews pursuant to section 751(c)(5) of the Tariff Act of 1930, as amended, 19 U.S.C. § 1675(c)(5).

With regard to each of the reviews, the Commission determined that the domestic interested party group response to the notice of institution was adequate. The Commission received an adequate joint response with company specific data on behalf of six domestic producers: Carpenter Technology Corp., Crucible Specialty Metals Division of Crucible Materials Corp., Electralloy Corp., North American Stainless, Universal Stainless & Alloy Products, Inc., and Valbruna Slater Stainless, Inc. Because the Commission received an adequate response from domestic producers accounting for a substantial percentage of U.S. production, the Commission determined that the domestic interested party group response was adequate.

In the review concerning subject imports from Brazil, the Commission received an adequate response from a producer and exporter of the subject merchandise in Brazil, Villares Metals S.A. Because the Commission received an adequate response representing a substantial percentage of the production of stainless steel wire rod in Brazil, the Commission determined that the respondent interested party group response for Brazil was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Bar from Brazil.*

The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from India, Japan, or Spain, and it therefore determined that the respondent interested party group response was not adequate in those reviews. However, the Commission determined to conduct full reviews to promote administrative efficiency in light of its decision to conduct a full review with respect to *Stainless Steel Bar from Brazil*. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's web site (www.usitc.gov).

APPENDIX B

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject: Stainless Steel Bar from Brazil, India, Japan, and Spain

Inv. Nos.: 731-TA-678, 679, 681, and 682 (Second Review)

Date and Time: October 12, 2006 - 9:30 a.m.

Sessions were held in connection with these investigations in the Main Hearing Room, 500 E Street (room 101), SW, Washington, D.C.

OPENING REMARKS:

In Support of Continuation of Orders (**David A. Hartquist**, Kelley Drye Collier Shannon)

In Support of Continuation of Antidumping Duty Orders:

Kelley Drye Collier Shannon
Washington, D.C.
on behalf of

Domestic Industry

Andrew McElwee, Vice President, Bar Business Group, Carpenter Technology Corporation

Daniel J. O'Leary, Director, Customer Services, Crucible Specialty Metals

James Rauch, National Sales Manager, Stainless, Crucible Specialty Metals

Jack Simmons, Manager, Marketing and Product Development, Electralloy

In Support of Continuation of
Antidumping Duty Orders (continued):

Brian Romans, Sales Manager, Long Products, North American Stainless

Michael Eberth, Commercial Manager, Outokumpu Stainless, Inc.

Tom Carlson, Plant Manager, Valbruna Slater Stainless, Inc.

Edward J. Blot, President, Ed Blot and Associates

Brad Hudgens, Economist, Georgetown Economic Services

David A. Hartquist)
Laurence J. Lasoff)
) – OF COUNSEL
Robin H. Gilbert)
Grace W. Kim)

CLOSING REMARKS:

In Support of Continuation of Orders (**David A. Hartquist**, Kelley Drye Collier Shannon)

APPENDIX C

SUMMARY DATA

Table C-1
Stainless steel bar: Summary data concerning the U.S. market, 2000-05, January-June 2005, and January-June 2006

(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						January-June		Period changes						
	2000	2001	2002	2003	2004	2005	2005	2006	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05	Jan.-June 2005-06
U.S. consumption quantity:															
Amount	279,543	237,414	215,367	208,358	246,971	295,751	158,825	142,499	5.8	-15.1	-9.3	-3.3	18.5	19.8	-10.3
Producers' share (1)	54.8	57.3	60.5	67.4	66.1	57.9	59.0	61.4	3.1	2.4	3.2	6.9	-1.2	-8.2	2.4
Importers' share (1):															
Brazil	0.5	0.2	0.4	0.5	0.1	0.1	0.1	0.2	-0.4	-0.3	0.2	0.0	-0.4	0.0	0.1
India (subject)	1.3	2.0	4.9	***	***	***	***	***	***	0.7	2.9	***	***	***	***
Japan	0.2	0.7	0.4	0.2	0.2	0.1	0.1	0.1	0.0	0.5	-0.3	-0.2	0.0	-0.1	0.0
Spain	1.2	1.3	1.0	0.1	0.0	0.0	0.1	0.0	-1.2	0.1	-0.3	-0.9	0.0	0.0	-0.1
Subtotal	3.2	4.2	6.7	***	***	***	***	***	***	1.0	2.6	***	***	***	***
India (nonsubject)	-	-	-	***	***	***	***	***	***	0.0	0.0	***	***	***	***
All other sources	42.0	38.6	32.8	26.5	28.2	35.8	35.1	32.9	-6.1	-3.4	-5.8	-6.3	1.7	7.7	-2.2
Total imports	45.2	42.7	39.5	32.6	33.9	42.1	41.0	38.6	-3.1	-2.4	-3.2	-6.9	1.2	8.2	-2.4
U.S. consumption value:															
Amount	822,342	700,734	584,353	562,408	845,448	1,214,279	612,223	572,338	47.7	-14.8	-16.6	-3.8	50.3	43.6	-6.5
Producers' share (1)	64.5	65.3	66.8	72.3	70.7	62.3	61.3	64.5	-2.2	0.9	1.5	5.4	-1.5	-8.5	3.2
Importers' share (1):															
Brazil	0.4	0.1	0.3	0.3	0.1	0.1	0.1	0.2	-0.2	-0.2	0.2	0.0	-0.3	0.0	0.1
India (subject)	0.8	1.2	3.2	***	***	***	***	***	***	0.4	2.0	***	***	***	***
Japan	0.3	0.6	0.4	0.3	0.3	0.3	0.3	0.2	0.0	0.4	-0.2	-0.1	-0.1	0.0	-0.2
Spain	0.8	0.9	0.7	0.1	0.0	0.0	0.1	0.0	-0.8	0.1	-0.3	-0.6	0.0	0.0	0.0
Subtotal	2.2	2.9	4.6	***	***	***	***	***	***	0.7	1.7	***	***	***	***
India (nonsubject)	-	-	-	***	***	***	***	***	***	0.0	0.0	***	***	***	***
All other sources	33.3	31.8	28.5	23.4	25.3	33.1	34.3	31.4	-0.1	-1.5	-3.2	-5.1	1.9	7.9	-2.9
Total imports	35.5	34.7	33.2	27.7	29.3	37.7	38.7	35.5	2.2	-0.9	-1.5	-5.4	1.5	8.5	-3.2
U.S. imports from:															
Brazil:															
Quantity	1,415	524	953	985	295	373	167	264	-73.6	-63.0	82.0	3.4	-70.0	26.3	57.6
Value	2,964	997	1,711	1,914	747	1,414	511	1,292	-52.3	-66.4	71.6	11.9	-61.0	89.3	153.0
Unit value	2,095	1,904	1,795	1,942	2,529	3,789	3,050	4,897	80.8	-9.1	-5.7	8.2	30.2	49.8	60.6
Ending inventory quantity	-	63	-	62	-	20	-	40	(2)	(2)	-100	(2)	-100.0	(2)	(2)
India (subject):				–											
Quantity	3,641	4,693	10,593	***	***	***	***	***	***	28.9	125.7	***	***	***	***
Value	6,470	8,396	18,886	***	***	***	***	***	***	29.8	124.9	***	***	***	***
Unit value	1,777	1,789	1,783	***	***	***	***	***	***	0.7	-0.4	***	***	***	***
Ending inventory quantity	-	-	-	***	***	***	***	***	***	(2)	(2)	***	***	***	***
Japan:				–											
Quantity	487	1,571	864	476	516	385	197	189	-21.0	222.5	-45.0	-44.9	8.5	-25.5	-4.3
Value	2,147	4,378	2,533	1,950	2,438	3,080	2,096	906	43.4	103.9	-42.1	-23.0	25.0	26.3	-56.8
Unit value	4,410	2,787	2,933	4,098	4,724	8,008	10,633	4,805	81.6	-36.8	5.2	39.7	15.3	69.5	-54.8
Ending inventory quantity	-	-	-	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Spain:															
Quantity	3,391	3,093	2,078	154	95	140	133	46	-95.9	-8.8	-32.8	-92.6	-38.2	46.4	-65.5
Value	6,717	6,396	3,858	322	257	483	450	159	-92.8	-4.8	-39.7	-91.6	-20.2	87.9	-64.8
Unit value	1,981	2,068	1,856	2,089	2,694	3,458	3,380	3,446	74.6	4.4	-10.3	12.5	29.0	28.4	1.9
Ending inventory quantity	-	-	-	-	-	-	-	-	(2)	(2)	(2)	(2)	(2)	(2)	(2)
Subtotal:															
Quantity	8,933	9,880	14,489	***	***	***	***	***	***	10.6	46.6	***	***	***	***
Value	18,299	20,167	26,987	***	***	***	***	***	***	10.2	33.8	***	***	***	***
Unit value	2,049	2,041	1,863	***	***	***	***	***	***	-0.4	-8.7	***	***	***	***
Ending inventory quantity	-	63	-	***	***	***	***	***	***	(2)	-100.0	***	***	***	***
India (nonsubject):															
Quantity	-	-	-	***	***	***	***	***	***	(2)	(2)	***	***	***	***
Value	-	-	-	***	***	***	***	***	***	(2)	(2)	***	***	***	***
Unit value	(2)	(2)	(2)	***	***	***	***	***	***	(2)	(2)	***	***	***	***
Ending inventory quantity	-	-	-	***	***	***	***	***	***	(2)	(2)	***	***	***	***
All other sources:															
Quantity	117,303	91,544	70,578	55,140	69,552	105,922	55,776	46,941	-9.7	-22.0	-22.9	-21.9	26.1	52.3	-15.8
Value	273,767	222,668	166,738	131,797	213,783	402,468	210,158	179,603	47.0	-18.7	-25.1	-21.0	62.2	88.3	-14.5
Unit value	2,334	2,432	2,362	2,390	3,074	3,800	3,768	3,826	62.8	4.2	-2.9	1.2	28.6	23.6	1.5
Ending inventory quantity	2,809	2,813	2,413	1,599	1,393	2,492	2,126	1,329	-11.3	0.1	-14.2	-33.7	-12.9	78.9	-37.5
All sources:															
Quantity	126,235	101,424	85,067	67,993	83,666	124,496	65,103	54,996	-1.4	-19.7	-16.1	-20.1	23.1	48.8	-15.5
Value	292,066	242,835	193,725	156,050	247,412	458,037	237,109	203,106	56.8	-16.9	-20.2	-19.4	58.5	85.1	-14.3
Unit value	2,314	2,394	2,277	2,295	2,957	3,679	3,642	3,693	59.0	3.5	-4.9	0.8	28.8	24.4	1.4
Ending inventory quantity	2,809	2,876	2,413	1,661	1,393	2,512	2,126	1,369	-10.6	2.4	-16.1	-31.2	-16.1	80.3	-35.6

Table continued on next page

Table C-1--continued
Stainless steel bar: Summary data concerning the U.S. market, 2000-05, January-June 2005, and January-June 2006

(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						January-June		Period changes						Jan.-June
	2000	2001	2002	2003	2004	2005	2005	2006	2000-05	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
U.S. producers':															
Average capacity quantity	211,208	215,609	245,779	270,023	273,700	337,296	185,778	191,227	59.7	2.1	14.0	9.9	1.4	23.2	2.9
Production quantity	144,162	126,241	126,505	140,264	163,824	175,507	95,232	91,486	21.7	-12.4	0.2	10.9	16.8	7.1	-3.9
Capacity utilization (1)	68.3	58.6	51.5	51.9	59.9	52.0	51.3	47.8	-16.2	-9.7	-7.1	0.5	7.9	-7.8	-3.4
U.S. shipments:															
Quantity	153,308	135,990	130,300	140,365	163,305	171,255	93,722	87,503	11.7	-11.3	-4.2	7.7	16.3	4.9	-6.6
Value	530,276	457,899	390,628	406,358	598,036	756,242	375,114	369,232	42.6	-13.6	-14.7	4.0	47.2	26.5	-1.6
Unit value	3,459	3,367	2,998	2,895	3,662	4,416	4,002	4,220	27.7	-2.7	-11.0	-3.4	26.5	20.6	5.4
Export shipments:															
Quantity	***	***	***	***	10,565	9,318	4,989	6,721	***	***	***	***	***	-11.8	34.7
Value	***	***	***	***	35,286	49,185	25,758	32,796	***	***	***	***	***	39.4	27.3
Unit value	***	***	***	***	3,340	5,278	5,163	4,880	***	***	***	***	***	58.0	-5.5
Ending inventory quantity	23,945	19,137	20,815	18,948	17,603	19,517	17,760	17,991	-18.5	-20.1	8.8	-9.0	-7.1	10.9	1.3
Inventories/total shipments (1)	***	***	***	***	10.1	10.8	9.0	9.5	***	***	***	***	***	0.7	0.6
Production workers	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hours worked (1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Wages paid ($1,000s)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Hourly wages	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Productivity (tons/1,000 hours)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit labor costs	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Net sales:															
Quantity	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit value	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Cost of goods sold (COGS)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Gross profit or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Capital expenditures	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit COGS	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit SG&A expenses	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Unit operating income or (loss)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
COGS/sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***
Operating income or (loss)/ sales (1)	***	***	***	***	***	***	***	***	***	***	***	***	***	***	***

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Not applicable.
(3) Undefined.

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

U.S. PRODUCERS', U.S. IMPORTERS', U.S. PURCHASERS', AND FOREIGN PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ANTIDUMPING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. PRODUCERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of stainless steel bar in the future if the antidumping orders were to be revoked. (Question II-4). Their responses were as follows:

****

"Yes. This could result in a reduction in *** volume."

****

"Yes. If the above mentioned antidumping duty orders were to be revoked, our firm expects a significant increase of dumped imports of stainless bars in the United States from the subject countries, which would jeopardize our plans to ***."

****

"Yes. We would lose approximately *** business. Lost revenues are estimated at $*** per year. We also would anticipate lower margins on ***."

****

"Yes. Stainless steel bar is a base product line. Dumped imports could capture U.S. market share and reduce our base pricing and product lines, thus reducing investment, employment, and ability to compete."

****

"Yes. We would expect pricing in the market to decrease, decrease profit, and eventually jeopardize ongoing operations at current capacities."

****

No answer.

****

"Yes. ***, the revocation of these antidumping duties would strain both sales volume and sales dollars."

****

"Yes. If the duties are revoked, it is very likely that we will be unable to realize the sales increases planned. Prices will be lower. And the ***, would be temporarily, or permanently, reduced."

U.S. producers were asked whether they anticipated any changes in their production capacity, production, U.S. shipments, purchases, or employment relating to the production of stainless steel bar in the future if the antidumping orders were to be revoked. (Question II-15). Their responses were as follows:

***

"Yes. A significant reduction in *** volume could reduce revenue, profits and cash flow."

***

"Yes. We would not expect to see any changes in our production capacity, but we would expect to see deterioration in U.S. shipments which results in loss of revenue, decreased employment, reduction in capital spending, and reduction in research and development projects. Based upon history we would expect that we would lose as much as *** bar business within two years of revoking the antidumping duties."

***

"Yes. We would anticipate a loss of business which would reflect a proportionate decline in labor, inventory, jobs, and sales."

***

"Yes. We would expect all four countries to revert back to past practices of dumping. Obviously this would impact our production, shipments and employment deleteriously."

***

"Yes. Reduction in stainless ***. Business plan does not specifically address this issue but assumes antidumping orders remain in effect."

***

"Yes. If the above mentioned antidumping duty orders were to be revoked, our firm expects a significant increase of dumped imports of stainless bars in the United States from the subject countries, which would jeopardize our plans to ***."

***

"Yes. We think revocation of these orders could cause prices to drop in the marketplace."

***

"If the antidumping orders were revoked, we would anticipate problems as ***. There would be excess supply in the market and would expect lower shipments at lower prices, lower revenues, and profits."

U.S. producers were asked to describe the significance of the existing antidumping orders covering stainless steel bar from Brazil, India, Japan, and Spain in terms of their effects on their production capacity, production, U.S. shipments, inventories, purchases, employment, revenues, costs, profits, cash flow, capital expenditures, research and development expenditures, and asset values. (Question II-14). Their responses were as follows:

****

"If the orders were evoked, this could result in a reduction of *** volume."

****

"The existing dumping order helps limit imports from countries that sold unfairly traded imports in the United States in the past. As such, they have helped our company be better able to compete and were a factor in the investment decisions we have made over the last several years to ***."

****

"Over the past three years, we have seen the benefits of the antidumping duty on our order book for *** stainless product. This has permitted us to increase our production, reinvest in our company at record rates, commit more assets to research and development, and increase our employment."

****

***

****

"Dumped imports of stainless steel bar from the above mentioned and other countries were the leading cause of the ***. Said dumped imports determined a combination of ***."

****

"In general, *** impact is acutely felt with Japan and Spain. ***, impact is with Japan and Brazil. Prior to the antidumping orders, stainless capacity was *** utilized. Currently, stainless capacity is at ***."

****

"The major impact would be the efficiencies lost on our production equipment due to the lack of orders that we would expect with the discontinuance of the antidumping duties ."

****

"Imposition of the current dumping orders reduced imports/growth of imports from affected countries, however, imports from Italy, France, UK, Korea, and Taiwan grew as a result. Control of unfairly priced imports has allowed *** to remain viable in this market despite reduced shipments."

U.S. IMPORTERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. importers were asked whether they anticipated any changes in the character of their operations or organization relating to the importation of stainless steel bar in the future if the antidumping orders were to be revoked. (Question II-4). Their responses were as follows:

***

"No."

***

"No."

***

"No."

***

"No."

***

"No."

***

"Yes. If the duties are revoked, it is very likely that we will be unable to realize the sales increases planned. Prices will be lower. And the planned ***, would be temporarily, or permanently, reduced."

***

"No."

***

"No."

U.S. importers were asked whether they anticipated any changes in their imports, U.S. shipments of imports, or inventories of stainless steel bar in the future if the antidumping orders were to be revoked. (Question II-9). Their responses were as follows:

***

"No."

***

"No."

***

"Yes. We would have better opportunities to sell stainless steel bar from Brazil."

***

No answer.

***

"No."

***

"No."

***

"No."

***

"Yes. Would start import of Japanese bar."

U.S. importers were asked to describe the significance of the existing antidumping orders covering stainless steel bar from Brazil, India, Japan, and Spain in terms of their effects on their imports, U.S. shipments of imports, and inventories. (Question II-8). Their responses were as follows:

***

"The U.S. market has been somewhat competitive without volumes from subject countries. Better volumes and better prices have been possible."

***

"None."

***

"We only have experience importing stainless steel bars under antidumping duty orders, so we cannot make any comparisons about prior times."

***

"Antidumping restricts free trade and limits the availability of competitively priced product in the U.S. market."

***

No answer.

***

"Antidumping duty for Brazilian origin is almost 20 percent–very difficult to negotiate any business–big reduction in quantity entering the United States. Antidumping duty for Indian origin changes constantly due to continuing investigation. We no longer try to be importer of record."

***

"Made prices go higher and reduced quality along with limiting variety of supply."

***

"None. We do not import any steel."

U.S. PURCHASERS' COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

U.S. purchasers were asked to describe the likely effects of any revocation of the antidumping orders covering imports of stainless steel bar from Brazil, India, Japan, and Spain in terms of (1) their future activities and (2) the U.S. market as a whole. (Question III-36). Their responses were as follows:

***

(1) "Don't know." (2) "Don't know."

***

(1) "None." (2) "Exert downward pressure on price."

***

(1) "We would consider these countries as suitable sources and Japan and Indian would no doubt increase their presence." (2) "I would expect the Japanese to bring significant volume via the master distributor who they originally created in many cases."

***

(1) "None." (2) "We are not in a position to comment, since we ***."

***

(1) “None.” (2) “Negative for domestic mills.”

***

(1) “We may be forced to buy from these sources if they were low priced.” (2) “It could force one or more domestic producers to exit the market.”

***

(1) “None.” (2) “None.”

***

(1) “We do not believe the revocation will change the way we buy bars. We will continue to buy best value for stock.” (2) “Based on strength of domestic stainless bar manufacturers, we do not believe there will be any major effect on the domestic market. We are already operating in a world market.”

***

(1) “A revocation of the orders would significantly increase the imports of dumped products from the subject countries into the US, destabilizing the market and harming our activities and financial performance in the next 5 years.” (2) “A revocation of the orders would significantly increase the imports of dumped products from the subject countries into the US, destabilizing the market and harming the activities and financial performance of the US industry, reducing and/or eliminating its possibility to invest and become more competitive in the next 5 years.”

***

(1) “We do not compete with the sale of grades of stainless generally exported from subject countries. I expect continuous capacity improvements resulting from increased melting capacity.” (2) “Continued restrictions should help the US market strength and support competitive pricing. The greatest deterrent to continued growth is the appetite for stainless scrap and elemental raw material that we use from China.”

***

(1) No answer. (2) “Lower costs.”

***

(1) “Availability is tight. Pricing is at its highest it's ever been. Additional supply would be welcome, especially from countries that we enjoy strong relations with. Free trade should be that let the market determine the natural order of the supply and price.” (2) “Availability is tight. Pricing is at its highest it's ever been. Additional supply would be welcome, especially from countries that we enjoy strong relations with. Free trade should be that let the market determine the natural order of the supply and price.”

***

(1) “n/a” (2) “n/a”

***

(1) “*** would immediately explore any new opportunities from each country. India in particular would offer low costed opportunities.” (2) “Further penetration of low costed product from a multitude of India producers as seen in the Canadian market. There is also historical evidence that the same may occur from Brazil.”

***

(1) “Suspect we would see increased offering.” (2) “Same.”

***

(1) “n/a” (2) “n/a”

FOREIGN PRODUCERS’ COMMENTS REGARDING THE EFFECTS OF THE ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Foreign producers were asked whether they anticipated any changes in the character of their operations or organization relating to the production of stainless steel bar in the future if the antidumping orders were to be revoked. (Question II-3) Their responses were as follows:

***

“No.”

***

“No. ***.”

***

“No. As stated above, ***.”

***

“No.”

***

“No.”

Foreign producers were asked whether they anticipated any changes in their production capacity, production, home market shipments, exports to the United States and other markets, or inventories relating to the production of stainless steel bar in the future if the antidumping orders were to be revoked. (Question II-15) Their responses were as follows:

***

"No. ***. We have no information on what the rest of the countries are going to do."

***

"No."

***

"No. ***."

***

"Yes."

***

"No."

Foreign producers were asked to describe the significance of the existing antidumping orders covering imports of stainless steel bar from Brazil, India, Japan, and Spain in terms of their effects on their production capacity, production, home market shipments, exports to the United States and other markets, or inventories. (Question II-14) Their responses were as follows:

***

"Basically no significant changes on the production. Production for home market shipment accounts for a large portion of capacity utilization. Exports to the United States is very very small compared to our home market shipments and exports to other countries."

***

"*** since the original case in 1994 from ***."

***

"***."

***

"As of today, we do not have any supply for the United States. But we look at it as a potential business holder which can help us to get volume orders. We could consume then our entire capacity of the resource."

***

"No specific difference attributable to antidumping duty as we have ***% antidumping duty in U.S.A."