Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom

Investigation Nos. 701-TA-381-382 and 731-TA-797-804 (Review)

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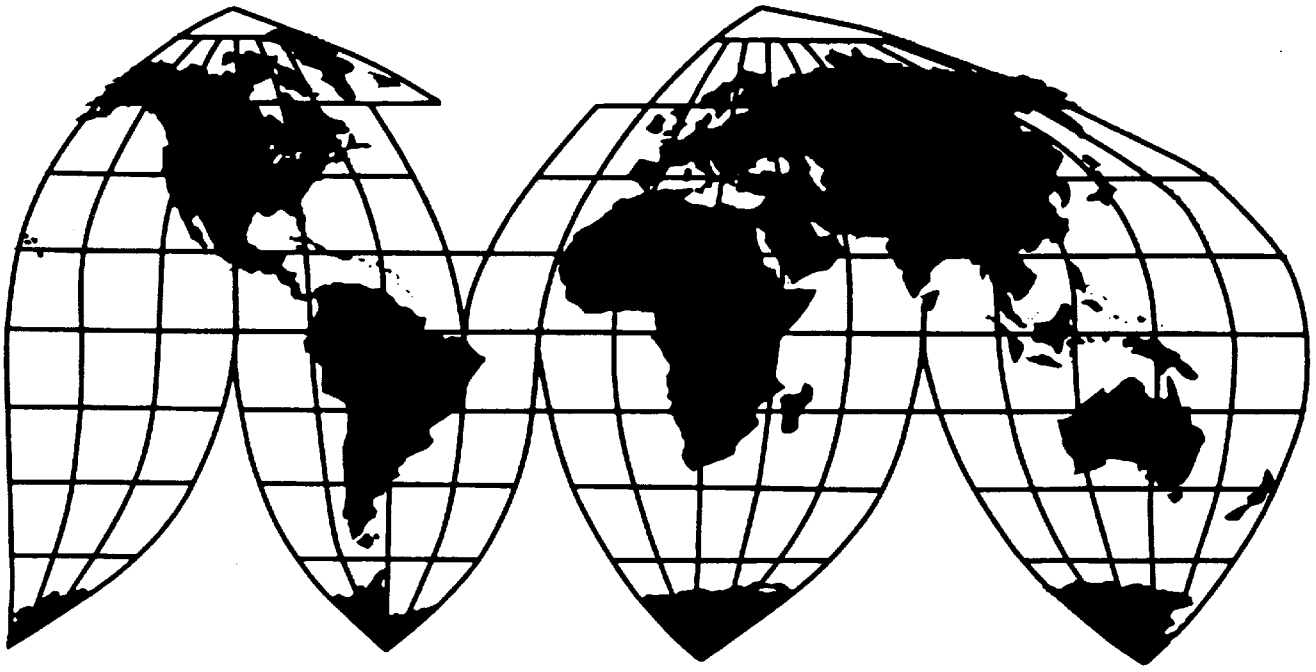
U.S. International Trade Commission



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Note.--Information that would reveal confidential operations of individual concerns may not be published and therefore has been deleted from this report.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

UNITED STATES INTERNATIONAL TRADE COMMISSION

Investigations Nos. 701-TA-381-382 and 731-TA-797-804 (Review)

Certain Stainless Steel Sheet and Strip from
France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom

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 countervailing duty orders on stainless steel sheet and strip from Italy and Korea and that revocation of the antidumping duty orders on stainless steel sheet and strip from Germany, Italy, Japan, Korea, Mexico, and Taiwan 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] The Commission further determines, pursuant to section 751(c) of the Act, that revocation of the antidumping duty orders on stainless steel sheet and strip from France and the United Kingdom 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.[3]

BACKGROUND

The Commission instituted these reviews on June 1, 2004 (69 F.R. 30958) and determined on September 7, 2004 that it would conduct full reviews (69 F.R. 56460, September 21, 2004). 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 September 21, 2004 (69 F.R. 56460). The hearing was held in Washington, DC, on April 26, 2005, 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] Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissenting.

[3] Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissenting.

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 sheet and strip ("SSSS") from Germany, Italy, Japan, Korea, Mexico, and Taiwan and revocation of the countervailing duty orders on SSSS from Italy and Korea would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.[1] We also determine that revocation of the antidumping duty orders on SSSS from France and the United Kingdom 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.[2]

I. BACKGROUND

On June 10, 1998, petitions were filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of dumped imports of certain stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom and by reason of subsidized imports of such merchandise from France, Italy, and Korea.[3]

On July 19, 1999, the Commission determined that an industry in the United States was materially injured by reason of subject imports of SSSS from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom.[4] Commerce then imposed antidumping duty orders on imports from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom on July 27, 1999,[5] and countervailing duty orders on imports from France, Italy, and Korea on August 6, 1999.[6]

On June 1, 2004, the Commission instituted reviews pursuant to section 751(c) of the Tariff Act of 1930, as amended ("the Act"), to determine whether revocation of the antidumping and/or countervailing duty orders on SSSS would likely lead to the continuation or recurrence of material injury.[7]

In five-year reviews, the Commission initially determines whether to conduct a full review (which would include a public hearing, the issuance of questionnaires, and other procedures) or an

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[1] Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson dissent with respect to Germany, Italy, Japan, Korea, Mexico, and Taiwan. Vice Chairman Deanna Tanner Okun and Commissioner Daniel Pearson join sections I (Background), II (Domestic Like Product and Industry), III (Cumulation), and IV.D and IV.E (Material Injury with respect to France and the United Kingdom) of the Commission's Opinion. See Separate and Dissenting Views of Vice Chairman Deanna Tanner Okun and Commissioner Daniel R. Pearson.

[2] Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissent from the determinations with respect to France and the United Kingdom. See Dissenting Views with respect to France and the United Kingdom of Chairman Stephen Koplan and Commissioner Charlotte R. Lane.

[3] The petitions were filed by Allegheny Ludlum Corp., Pittsburgh, PA; Armco, Inc., Pittsburgh, PA; J&L Specialty Steel, Inc. (J&L), Pittsburgh, PA; Washington Steel Division of Bethlehem Steel Corp., Washington, PA; the United Steelworkers of America, AFL-CIO/CLC; Butler Armco Independent Union; and Zanesville Armco Independent Organization, Inc.

[4] Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. No. 701-TA-380-382 and 731-TA-797-804 (Final) USITC Pub. 3208 (July 1999) ("Original Determination").

[5] 64 Fed. Reg. 40555-67.

[6] 64 Fed. Reg. 42923. Commerce subsequently revoked the countervailing duty order on France. Confidential Staff Report (CR), May 23, 2005, at I-1 n.2, Public Report (PR) at I-1 n.2.

[7] 69 Fed. Reg. 30958.

expedited review. In order to make this decision, the Commission first determines whether individual responses to the notice of institution are adequate. Next, based on those responses deemed individually adequate, the Commission determines whether the collective responses submitted by two groups of interested parties – domestic interested parties (such as producers, unions, trade associations, or worker groups) and respondent interested parties (such as importers, exporters, foreign producers, trade associations, or subject country governments) – demonstrate a sufficient willingness among each group to participate and provide information requested in a full review. If the Commission finds the responses from both groups of interested parties adequate, or if other circumstances warrant, it will determine to conduct a full review.[8]

The Commission received an adequate joint response with company-specific data from two domestic producers, Allegheny Ludlum Corp. and North American Stainless (NAS), and three unions, the United Steelworkers of America, AFL-CIO/CLC, the Local 3303 United Auto Workers, and the Zanesville Armco Independent Organization, Inc. It also received an adequate response with company-specific data from another domestic producer Nucor Corporation. The Commission received adequate group responses from the respondents in the reviews concerning subject imports from France, Germany, Italy, Korea, and Mexico. The majority or all of the producers of the subject merchandise in those countries responded to the notice of institution.[9] The Commission therefore determined to conduct full reviews with respect to the orders on stainless steel sheet and strip from these five countries. The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Japan, Taiwan, or the United Kingdom. However, the Commission determined to conduct full reviews of all the orders in order to promote administrative efficiency in light of its decision to conduct full reviews with respect to the orders on subject imports from France, Germany, Italy, Korea, and Mexico.[10]

[8] See 19 C.F.R. § 207.62(a); 63 Fed. Reg. 30599, 30602-05 (June 5, 1998).

[9] In the review concerning subject imports from France, the Commission received an adequate response with company-specific data from Ugine & ALZ France, an importer of subject merchandise produced in France, and from U&A France, a French producer and exporter of the subject merchandise. In the review concerning subject imports from Germany, the Commission received an adequate joint response with company-specific data from ThyssenKrupp Nirosta GmbH, ThyssenKrupp Nirosta North America, Inc., ThyssenKrupp Specialty Steels NA, Inc., ThyssenKrupp VDM GmbH, and ThyssenKrupp VDM USA, Inc., German producers and U.S. importers of subject merchandise from Germany. In the review concerning subject imports from Italy, the Commission received an adequate joint response with company-specific data from ThyssenKrupp Acciai Speciali Terni S.p.A., an Italian producer, and ThyssenKrupp AST USA, Inc., a U.S. importer of subject merchandise. In the review concerning subject imports from Korea, the Commission received an adequate joint response with company-specific data from POSCO, INI Steel Co., BNG Steel Co., Taihan Electric Wire Co., Ltd., and Dai Yang Metal Co., Ltd., Korean producers and exporters of subject merchandise. In the review concerning subject imports from Mexico, the Commission received an adequate joint response with company-specific data from ThyssenKrupp Mexinox S.A. de C.V., a Mexican producer, and Mexinox USA, Inc., a U.S. importer of subject merchandise. Commission Statement on Adequacy (June 2004); CR/PR at Appendix B.

[10] See Commission Statement on Adequacy (Sept. 2004); CR/PR at Appendix B.

II. 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."[11] 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."[12]

In its final five-year review determinations for the subject merchandise from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom, Commerce defined the subject merchandise as:

> certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.[13]

In the original investigations, the Commission rejected arguments that it should expand the domestic like product beyond the scope of the subject merchandise to include stainless steel plate.[14] It

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[11] 19 U.S.C. § 1677(4)(A).

[12] 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).

[13] Commerce stated that certain types of SSSS are excluded from the scope of the orders under review: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut-to-length, (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (i.e., cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), (5) razor blade steel, (6) flapper valve steel, (7) suspension foil, (8) certain stainless steel foil used for automotive catalytic converters, (9) permanent magnet iron-chromium cobalt alloy stainless strip, (10) certain electrical resistance alloy steel, (11) certain martensitic precipitation hardenable stainless steel, and (12) three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments. See, e.g. Final Results of Commerce's Full Sunset Review of the Countervailing Duty Order on Stainless Steel Sheet and Strip from Italy, 70 Fed. Reg. 23094 (May 4, 2005). During 2000 and 2001, Commerce also excluded certain specialty products from the orders on imports from Japan and Germany. These include a specialty magnet stainless strip product from Germany, and stainless steel welding electrode strips, certain stainless steel used for razor, medical, surgical, and industrial blades, certain stainless steel lithographic sheet, and certain nickel clad stainless steel sheet from Japan. CR/PR at A-5 to A-6.

The subject SSSS are classified in subheadings 7219.13.00, 7219.14.00, 7219.32.00, 7219.33.00, 7219.34.00, 7219.35.00, 7219.90.00, 7220.12.10, 7220.12.50, 7220.20.10, 7220.20.60, 7220.20.70, 7220.20.80, 7220.20.90, 7220.90.00 of the HTS. Id.

[14] Original Determination at 6.

also determined that one particular grade of SSSS, Grade 409, was not a separate like product.[15] Thus, it determined that the domestic like product was certain stainless steel sheet and strip in coils, which corresponds to the scope of the subject merchandise.[16]

In these reviews, the domestic industry argues that the Commission should continue to define the domestic like product in the same fashion, corresponding to the scope of the subject merchandise.[17] Respondents do not argue for a different definition of the domestic like product.

We see no basis for departing from the Commission's prior like product finding with respect to SSSS. There is no evidence in the record of these reviews concerning the factors the Commission traditionally evaluates that suggests revisiting the definition of the domestic like product. Therefore, for the reasons outlined in the Commission's original determinations, we continue to define the domestic like product as SSSS, which is coterminous with the definition of the subject merchandise.

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."[18] Based on our domestic like product finding, we determine that the domestic industry consists of all U.S. producers of SSSS.[19]

We must also determine whether any producer of the domestic like product should be excluded from the domestic industry pursuant to section 771(4)(B) of the Act. That provision of the statute allows the Commission, if appropriate circumstances exist, to exclude from the domestic industry producers that are related to an exporter or importer of subject merchandise or which are themselves importers.[20] Exclusion of such a producer is within the Commission's discretion based upon the facts presented in

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[15] The Commission found that although Grade 409 SSSS contained a lower chromium content than other SSSS grades, it shared the same chemical compositions and properties essential to SSSS. While Grade 409 had limited interchangeability with other grades of SSSS, the same was true for the larger portion of SSSS, which was generally custom produced. Grade 409 and other grades of SSSS had common channels of distribution and were produced using the same production facilities as other grades of SSSS. It also found evidence of end uses similar to those of other SSSS grades. Further, the Commission found that Grade 409 was generally perceived by customers and producers to be simply another SSSS grade. It also noted that Grade 409 was at the lower end of the continuum of SSSS in terms of price, but that other grades of SSSS were also within the same price range. See Original Determination at 7.

[16] Original Determination at 5.

[17] Allegheny Ludlum, NAS, AK Steel Corp.,United Steelworkers of America, AFL-CIO/CLC, the Local 3303 United Auto Workers, and the Zanesville Armco Independent Organization, Inc. ("domestic industry") Prehearing Brief at 4. Allegheny Ludlum, AK Steel, and NAS accounted for *** percent of U.S. production of SSSS in 2004. CR/PR at Table I-9.

[18] 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).

[19] Rerollers were found to be members of the domestic industry producing SSSS during the original investigation because of their substantial production-related activity. Original Determination at 8 n.46. Rerollers accounted for *** percent of domestic production in the original investigation and less during the period of review. CR/PR at Table I-9. No party has objected to rerollers' inclusion in the domestic industry in this review.

[20] 19 U.S.C. § 1677(4)(B).

each case.[21] The purpose of the provision is to exclude domestic producers that substantially benefit from their relationships with foreign exporters.[22]

In the original investigations, the Commission found that J & L Specialty Steel Corp. ("J & L") was a related party because it was wholly owned by the principal exporter of SSSS from France, Usinor.[23] The Commission, however, declined to exclude J & L from the domestic industry because its principal interest was in domestic production.[24] J & L was a subsidiary of Usinor during most of the period of review (1999-2004). It became a subsidiary of Arcelor Group in 2003 when the Belgian group acquired Usinor.[25] While in June 2004, Allegheny Ludlum purchased most of J & L's stainless steel assets, so that J & L is no longer a producer of SSSS,[26] it produced SSSS during the period of review and reported financial data, and therefore we must decide whether appropriate circumstances exist to exclude it from the domestic industry.

In these reviews, the record again does not indicate that appropriate circumstances exist to exclude J & L from the domestic industry. Its domestic production represented *** percent of domestic production of SSSS in 2004.[27] It does not appear to have benefitted from its relationship with Usinor in a way that would skew the data for the industry, as its financial performance was *** than other domestic producers during the period of review.[28] It also did not import during the period of review and apparently was committed to domestic production, at least until its stainless steel production assets were sold to Allegheny Ludlum. Therefore, given J & L's commitment to domestic production and lack of apparent benefit from its relationship with Usinor during the period, we do not exclude J & L from the domestic industry.[29]

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[21] Sandvik AB v. United States, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), aff'd without opinion, 904 F.2d 46 (Fed. Cir. 1990); Empire Plow Co. v. United States, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The primary factors the Commission has examined in deciding whether appropriate circumstances exist to exclude the related parties include: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, i.e. whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producers vis-a-vis the rest of the industry, i.e. whether inclusion or exclusion of the related party will skew the data for the rest of the industry. See, e.g., Torrington Co. v. United States, 790 F. Supp. 1161, 1168 (Ct. Int'l Trade 1992), aff'd without opinion, 991 F.2d 809 (Fed. Cir. 1993). The Commission has also considered the ratio of import shipments to U.S. production for related producers and whether the primary interests of the related producers lie in domestic production or in importation. See, e.g., Melamine Institutional Dinnerware from China, Indonesia, and Taiwan, Inv. Nos. 731-TA-741-743 (Final), USITC Pub. 3016 (Feb. 1997) at 14, n.81.

[22] USEC, Inc. v. United States, 132 F. Supp.2d 1, 12, (Ct. Int'l Trade 2001).

[23] Original Determination at 9.

[24] Original Determination at 9.

[25] CR/PR at Table I-9 n.5.

[26] CR/PR at Table I-9 n.5.

[27] CR/PR at Table I-9.

[28] See CR/PR at Table III-10. It *** revocation of the orders. CR at Table I-9.

[29] One reroller ***. CR at I-43, PR at I-35. The Commission has found that a domestic producer may be deemed a related party, despite not importing directly, if it controls large volumes of imports. The Commission has found such control to exist where the domestic producer was responsible for a predominant proportion of an importer's purchases and the importer's purchases were substantial. See, e.g., Foundry Coke from China, Inv. No. 731-TA-891 (Final), USITC Pub. 3449 (September 2001) at 8-9; Certain Cut-to-Length Steel Plate from the Czech Republic, France, India, Indonesia, Italy, Japan, Korea, and Macedonia, Inv. Nos. 701-TA-387-392 and 731-TA-815-822

(continued...)

We therefore define the industry to be all domestic producers of SSSS.

III. CUMULATION

A. 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.[30]

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. 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.[31] 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.[32] 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.[33]

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[29] (...continued)
(Preliminary), USITC Pub. 3181 at 12 (April 1999); Certain Brake Drums and Rotors from China, Inv. No. 731-TA-744 (Final), USITC Pub. 3035 at 10 n.50 (April 1997). See also SAA at 858. Given the small volumes of *** purchases of imports, *** tons or less each year, it does not appear that *** controls any importers of subject merchandise. CR at I-44 n.80, PR at I-35 n.80. We also note that *** accounted for only *** percent of domestic production of SSSS, so its exclusion from the domestic industry would not affect the industry data considered by the Commission. CR/PR at Table I-9 n.13. Accordingly, we do not exclude *** from the domestic industry.

[30] 19 U.S.C. § 1675a(a)(7).

[31] 19 U.S.C. § 1675a(a)(7).

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

[33] For a discussion of the analytical framework of Chairman Koplan and Commissioners Hillman and Miller 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 Chairman 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).

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 June 1, 2004.[34]

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.[35] Only a "reasonable overlap" of competition is required.[36] In five-year reviews, the relevant inquiry is whether there likely would be competition even if none currently exists. Moreover, because of the prospective nature of five-year reviews, we have examined not only the Commission's traditional competition factors, but also other significant conditions of competition that are likely to prevail if the orders under review are terminated. The Commission has considered factors in addition to its traditional competition factors in other contexts where cumulation is discretionary.[37]

Based on the record, we do not find that subject imports from any of the eight countries would be likely to have no discernible adverse impact on the domestic industry if the orders were revoked. We also find a likely reasonable overlap of competition between the subject imports from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom and the domestic like product if the orders were revoked. We do, however, find significant differences in the conditions of competition with respect to the subject imports from France and the United Kingdom versus the other subject imports, and we therefore exercise our discretion to cumulate only the likely volume and effects of subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan.[38]

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[34] 69 Fed. Reg. 30874 (June 1, 2004).

[35] 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).

[36] 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 at 13-15 (Apr. 1998).

[37] See, e.g., Torrington Co. v. United States, 790 F. Supp. at 1172 (affirming Commission's determination not to cumulate for purposes of threat analysis when pricing and volume trends among subject countries were not uniform and import penetration was extremely low for most of the subject countries); Metallverken Nederland B.V. v. United States, 728 F. Supp. 730, 741-42 (CIT 1989); Asociacion Colombiana de Exportadores de Flores v. United States, 704 F. Supp. 1068, 1072 (CIT 1988).

[38] Chairman Stephen Koplan and Commissioner Charlotte R. Lane find with respect to the subject imports from France and the United Kingdom versus the other subject imports that differences in the conditions of competition do not outweigh the overlap in competition found in the original investigations, and therefore exercise their discretion to cumulate the likely volume and effects of subject imports from France and the United Kingdom with subject imports from the six other countries.

B. Likelihood of No Discernible Adverse Impact

Respondent foreign producers in France, Germany, Italy, Korea, Mexico and the United Kingdom each argue that subject imports from their country are likely to have no discernible adverse impact on the domestic industry if the orders were revoked. Domestic producers contest these claims. We have analyzed these issues and do not find that subject imports from any of the countries at issue are likely to have no discernible adverse impact if the orders are revoked.[39]

1. France

The domestic industry argues that subject imports from France will likely have a discernible adverse impact if the antidumping duty order is revoked while the French exporter, U & A France, argues that subject imports from France will not have a discernible adverse impact if the order is removed.[40] The domestic industry contends that subject imports from France only declined to a significant extent after the order was imposed in 1999, that subject imports from France have recently increased, and that the French exporter, U & A France, is heavily export-oriented.[41] U & A France asserts that subject imports from France have had a consistent but minimal presence in the U.S. market.[42] It claims that it is one of the few suppliers of the specialty product it produces, a bright annealed surface finish product, and this is why U & A France is still selling in the U.S. market.[43]

U & A France is the only French producer of SSSS.[44] Subject imports from France declined during the original investigation, but during the period of review, they have increased.[45] Thus, it is clear that U & A France remains interested in exporting to the U.S. market. Its exports have been concentrated in ***.[46] The *** of its shipments were exports, though the *** of its exports was to other EU countries.[47] Its capacity utilization was *** percent in 2004.[48] Given the French exporter's increasing exports to the United States, its export orientation, as well as its excess capacity, we do not find that subject imports from France would be likely to have no discernible adverse impact on the domestic industry if the order were revoked.

[39] No party argues, and we see no basis to find, that subject imports from Japan or Taiwan would have no discernible adverse impact in the event of revocation.

[40] Domestic Industry's Prehearing Brief at 11; French and Korean Respondents' Prehearing Brief at 9.

[41] Domestic Industry's Prehearing Brief at 11-13.

[42] French and Korean Respondents' Prehearing Brief at 9.

[43] French and Korean Respondents' Prehearing Brief at 9.

[44] CR at IV-16, PR at IV-10.

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

[46] French and Korean Respondents' Prehearing Brief at 18-19.

[47] CR/PR at Table IV-7.

[48] CR/PR at Table IV-7.

2. Germany

The domestic industry argues that revocation of the order on Germany would be likely to lead to a discernible adverse impact on the industry. It argues that capacity in Germany *** from 1999 to 2004.[49] Further, it claims that the German producers are committed to the U.S. market having increased their exports to the United States from 1999 to 2004, though they remain below the levels of the original investigation.[50]

The German Respondents, ThyssenKrupp Nirosta GmbH and ThyssenKrupp VDM GmbH, assert that the subject imports from Germany will not likely have a discernible adverse impact if the order is revoked.[51] They assert that German subject imports have always been minimal, never accounting for more than *** percent of the U.S. market, and they claim that German exporters are dedicated to other markets, such as the EU.[52]

During the original investigations, subject imports from Germany increased from *** short tons in 1996 to *** short tons in 1998.[53] While below the pre-order peak level of 1998, subject imports from Germany increased irregularly over the period of review, from *** short tons in 1999 to *** short tons in 2004.[54] The German industry shipped an increasing amount of SSSS to the home market over this period, but exports still accounted for over *** percent of total shipments in each year.[55] German exporters' shipments to other EU countries were relatively steady over the period.[56] Shipments to China increased and then fell in 2004, suggesting that China will not be a growing market for German exports.[57] The industry's shipments to Asian countries other than China decreased over the period.[58]

Capacity in Germany for production of SSSS has increased by almost *** short tons over the period of review, reaching *** short tons in 2004.[59] Despite larger capacity, the industry in Germany reported capacity utilization of *** percent in 2004.[60] German subject imports undersold domestic SSSS in 25 of 40 comparisons during the review period; they undersold in 23 of 47 comparisons during the original investigation.[61] Also, as we explain later, the German subject producer has the ability to shift from exporting nonsubject cut-to-length sheet and strip to subject coiled sheet and strip.[62]

Given the German industry's reliance on export markets, its large and increasing capacity, underselling by imports from Germany during the period of review, and its ability to shift from cut-to-

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[49] Domestic Industry's Prehearing Brief at 14.

[50] Domestic Industry's Prehearing Brief at 14.

[51] German, Italian, and Mexican Respondents' Prehearing Brief at 46.

[52] German, Italian, and Mexican Respondents' Prehearing Brief at 46.

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

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

[55] CR/PR at Table IV-8 (as revised by INV-CC-081).

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

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

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

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

[60] CR/PR at Table IV-8. The German respondents were the primary producers of SSSS in Germany during the period. CR at IV-19, PR at IV-11.

[61] CR/PR at Table V-11; USITC Pub. 3208 at V-24.

[62] Petitioners' Prehearing Brief, Exhibit 19. These exports to the United States totaled *** short tons in 2004.

length to coiled product, we do not find that revocation of the order on subject imports from Germany would be likely to result in no discernible adverse impact on the domestic industry.

3. Italy

The domestic industry asserts that the volume of imports from Italy to the United States in the event of revocation is likely to increase because of ***.[63]

The *** Italian exporter, Thyssen Krupp Steel Acciai Speciali Terni S.p.A. ("TKAST"), asserts that subject imports from Italy will not be likely to have a discernible adverse impact on the domestic industry based upon its well-established and continuing commitments to non-U.S. markets, its high capacity utilization rate, and lack of inventory.[64]

Subject imports from Italy peaked at over *** short tons during the period of the original investigation, and then fell *** after the order was imposed to *** short tons in 1999.[65] They then rose *** to over *** short tons in 2003, before falling by almost *** in 2004. While TKAST's shipments to the EU have fallen over the period of review, its home market shipments have increased *** and its exports to China have increased by almost *** short tons over the period.[66] Nearly *** of its shipments still serve the Italian market.[67]

TKAST increased its production capacity by over *** short tons over the period of review, reaching *** short tons of capacity in 2004. It has operated at *** percent capacity utilization over the past two years,[68] and its excess capacity was equivalent to *** percent of apparent U.S. consumption in 2004.[69] Italian subject imports undersold domestic SSSS in 23 of 36 comparisons during the review period and 43 of 71 comparisons during the original investigation.[70] Also, as we explain later, TKAST has the ability to shift from exporting nonsubject cut-to-length sheet and strip to subject coiled sheet and strip, as evidenced by the increase in U.S. imports of cut-to-length product from Italy since 1998.[71]

TKAST has a large total capacity which increased *** over the period of review; it also has excess capacity. It has maintained a presence in the U.S. market despite the antidumping order and its exports continue to undersell domestic SSSS with the order in place. For these reasons, we do not find it likely that there would be no discernible adverse impact on the domestic industry if the orders were revoked.

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[63] Domestic Industry's Prehearing Brief at 15-16.

[64] German, Italian, and Mexican Respondents' Prehearing Brief at 44.

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

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

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

[68] The other Italian exporter, Arinox, has exported only *** metric tons of SSSS to the United States in 2004. CR at IV-22 n.47, PR at IV-13 n.47.

[69] See CR/PR at Table I-1 and Table IV-8.

[70] CR/PR at Table V-11; USITC Pub. 3208 at V-24.

[71] Petitioners' Prehearing Brief, Exhibit 19. These exports to the United States totaled *** short tons in 2004.

4. Korea

The domestic industry maintains that revocation of the antidumping and countervailing duty orders on Korea would be likely to lead to a discernible adverse impact on the industry. It observes that although subject imports from Korea dropped immediately after the orders were imposed, they increased dramatically in 2004 to *** short tons from less than *** short tons in 2003.[72] The domestic industry claims that the Korean producers have *** and are export oriented. It states that the five responding Korean producers reported to the Commission nearly *** tons of capacity for SSSS, over *** tons of which was devoted to exports in 2004.[73]

The Korean respondent POSCO maintains that Korean imports are likely to have no discernible adverse impact on the domestic industry if the order is revoked because: (1) Korea never had a significant presence in the U.S. market either before or after the orders; (2) POSCO, ***; and (3) all Korean producers of SSSS are operating *** capacity and are concentrating their shipments to their home market, China, and other Asian countries.[74]

U.S. imports of SSSS from Korea are subject to both countervailing duty and antidumping duty orders. However, unlike the typical situation in which the same exporters in a country are subject to both orders, the antidumping duty order and countervailing duty order cover different producers. POSCO, the Korean respondent in these reviews and the only Korean producer of hot-rolled SSSS, is subject to the antidumping duty order, but not the countervailing duty order.[75] Three Korean rerollers (Daiyang, Taihan, and BNG) are subject to both orders.[76] Another Korean reroller, INI (formerly Inchon), is not subject to the antidumping duty order, but is subject to the countervailing duty order.[77]

The no discernible adverse impact provision precludes cumulation if subject "imports are likely to have no discernible adverse impact on the domestic industry." 19 U.S.C. § 1675a(a)(7). If subject imports from Korea under both orders are considered together, the Commission will have cross-cumulated the imports prior to conducting the no discernible adverse impact analysis. Accordingly, we consider the imports subject to each order on Korean SSSS separately.

SSSS from Korea subject to the antidumping duty order[78] maintained a presence in the U.S. market after the imposition of the order. Measured as exports to the United States, they totaled *** short tons in 1999 and *** short tons in 2000, before declining to only *** short tons in 2001 and *** short tons in 2003. The volume then increased to *** short tons in 2004.[79]

Capacity in Korea subject to the antidumping duty order increased by approximately *** percent over the period of review to almost *** short tons in 2004. However, capacity utilization also rose, reaching *** percent in 2004.[80] The Korean industry's shipments to the EU increased over the period, and shipments to China almost ***.[81] Korean exports to all of Asia accounted for over *** of the

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[72] Domestic Industry's Prehearing Brief at 21.

[73] Domestic Industry's Prehearing Brief at 21.

[74] French and Korean Respondents' Posthearing Brief at 6.

[75] CR at I-13, PR at I-12.

[76] See CR at I-12 and I-13, PR at I–11 and I-12.

[77] See CR at I-16.

[78] These exporters include POSCO, DAI Yang, Taihan, and BNG. See CR at I-12 and I-13, PR at I-11.

[79] CR/PR at Table IV-11b (as revised by INV-CC-081 (June 6, 2005)).

[80] CR/PR at Table IV-11b (as revised by INV-CC-081 (June 6, 2005)).

[81] CR/PR at Table IV-11b (as revised by INV-CC-081 (June 6, 2005)).

industry's shipments. The home market accounted for over *** of the industry's shipments in 2004, yet this was a smaller portion than at the beginning of the period of review.[82]

While shipments to Asian markets have increased, we find that the increase in 2004 in subject imports subject to the antidumping duty order on Korea suggests that these exporters remain interested in the U.S. market. Further, exporters subject to the antidumping order increased their exports to multiple markets over the period (including the EU), indicating that the exporters are not focused on one or two major markets and seek to increase exports. While exports to China have increased by over *** short tons, as discussed the record indicates that China will become less reliant on imports to satisfy demand in that market and China will not continue to be a growing market for these exporters.[83] Therefore, we do not find that revocation of the antidumping order on Korea would be likely to have no discernible adverse impact on the domestic industry.[84] [85]

Imports from Korea subject to the countervailing duty order also maintained a presence in the U.S. market after the imposition of the order. They were approximately *** short tons in both 1999 and 2000.[86] They then declined to only *** short tons in 2003, before increasing to *** short tons in 2004.[87]

Capacity in Korea subject to the countervailing duty order *** over the period of review to *** short tons in 2003 and 2004.[88] However, capacity utilization also generally increased over the period, reaching *** percent in 2004.[89] There was an overall increase in industry shipments to the home market and EU, but shipments to China actually fell by more than *** from 1999 to 2004.[90] The home market

[82] CR/PR at Table IV-11b (as revised by INV-CC-081 (June 6, 2005)).

[83] See *** at Table 6, contained in French and Korean Respondents' Submission of May 10, 2005 (showing large growth in Chinese capacity in 2006-07).

[84] During the original investigation, the subject imports from Korea undersold domestic SSSS in 9 of 16 instances and underselling occurred in 10 of 17 comparisons during the period of review. CR/PR at Table V-11; USITC Pub. 3208 at V-24. However, given the uncertainty with respect to which exporters' product was responsible for the underselling, we do not rely on the underselling in these reviews for purposes of our consideration of no discernible adverse impact.

[85] The Korean Respondents argue that the low margins over most of the period of review suggest that the subject imports will not increase significantly or have significant price effects if the orders are revoked. Prehearing Brief at 6, 15. We note, however, that the statute merely specifies that the Commission "may" consider the dumping or subsidy margin. It does not mandate that we consider the actual margins that existed over the period of review. See 19 U.S.C. § 1675a(6); 19 U.S.C. § 1677(35)(C)(iv); SAA at 887. Moreover, the discipline of the orders, which impose a deposit rate for subject imports until such time as the actual duties owed are finalized by Commerce through the statutory annual review mechanism, may themselves affect the pricing and volume of subject imports. It has long been established, for example, that the pendency of the investigation, or the suspension of liquidation for the subject imports, can have a restraining effect on subject import volume and pricing even when duties have not yet been collected in their final amount. See, e.g., SAA at 853-54, Rhone Poulenc, S.A. v. United States, 592 F. Supp. 1318, 1324 (1984). Thus, we do not view the margins imposed during the period of review as controlling our decision of the likely effects of the subject imports if the order were to be revoked.

[86] CR/PR at Table IV-11a (as revised by INV-CC-081 (June 6, 2005)).

[87] CR/PR at Table IV-11a (as revised by INV-CC-081 (June 6, 2005)).

[88] CR/PR at Table IV-11a (as revised by INV-CC-081 (June 6, 2005)).

[89] CR/PR at Table IV-11a (as revised by INV-CC-081 (June 6, 2005)).

[90] CR/PR at Table IV-11a (as revised by INV-CC-081 (June 6, 2005)).

accounted for almost *** of the industry's shipments in 2004.[91] Exports to Asia accounted for nearly *** of the industry's shipments.[92]

The increase in subject exports from Korea to the United States in 2004 and the *** increase in subject producers' shipments to the EU suggest that exporters subject to the countervailing duty order are expanding their shipments to other markets and would likely increase their exports to the United States if the order were removed. Furthermore, the fall in shipments to China, and the increase in shipments to the United States and the EU suggests that these exporters can shift between different export markets. Therefore, we do not find that revocation of the countervailing duty order on Korea would be likely to have no discernible adverse impact on the domestic industry.

5. Mexico

The domestic industry maintains that revocation of the order on Mexico would be likely to lead to a discernible adverse impact on the industry. It notes that Thyssen Krupp Mexinox, S.A. de C.V. ("Mexinox"), the sole producer of SSSS in Mexico, has *** and is *** exporter of SSSS to the U.S. market since issuance of the order.[93] Mexinox argues that revocation of the order would not lead to a discernible adverse impact on the industry. It argues that the antidumping order has no practical impact on its exports to the United States as it views itself as a supplier to the entire North American market.[94]

We note that subject imports from Mexico did not decline immediately after the order was imposed but increased in 1999 to *** short tons, an amount equivalent to *** percent of U.S. consumption that year.[95] Subject imports from Mexico decreased from 2000 to 2002, before increasing to *** short tons by 2004.[96]

The United States is Mexinox's *** market; over *** of its shipments have been to the United States.[97] Its shipments to its home market have remained relatively stable over the period of review, but it has increased its shipments to China and other markets.[98]

Mexinox also increased its capacity by approximately *** short tons over the review period.[99] Its capacity utilization declined over most of the period of review before increasing to *** percent in 2004.[100] Mexinox's exports oversold domestic SSSS in the majority of comparisons during the review period; in contrast, it undersold domestic SSSS in 26 of 48 comparisons during the original investigations.[101]

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[91] CR/PR at Table IV-11a (as revised by INV-CC-081 (June 6, 2005)).

[92] CR/PR at Table IV-11a (as revised by INV-CC-081 (June 6, 2005)).

[93] Domestic Industry's Prehearing Brief at 24.

[94] German, Italian, and Mexican Respondents' Prehearing Brief at 49.

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

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

[97] CR/PR at Table IV-12.

[98] CR/PR at Table IV-12.

[99] CR/PR at Table IV-12.

[100] CR/PR at Table IV-12.

[101] USITC Pub. 3208 at V-24; CR/PR at V-11.

U.S. imports of SSSS from Mexico were ***.[102] They accounted for over *** percent of the U.S. market in that year.[103] Given Mexinox's continued substantial presence in the United States, which is its principal market, as well as its pattern of underselling during the original investigations, and its available capacity to increase production and exports, we do not find that revocation of the antidumping duty order on Mexico would be likely to have no discernible adverse impact on the domestic industry.

6. United Kingdom

The domestic industry argues that subject imports from the United Kingdom will have a discernible adverse impact if the order were revoked as subject imports from the United Kingdom fell because of the imposition of the antidumping order.[104] Outokumpu, the U.K. exporter and primary producer of SSSS in the United Kingdom, argues that subject imports from the United Kingdom have been negligible during the period of review and will continue to be negligible.[105]

Subject imports from the United Kingdom were over *** short tons in 1996.[106] There was a *** drop in the subject imports from the United Kingdom, which started in 1998, before the order was imposed.[107] During the period of review, subject imports from the United Kingdom never exceeded *** short tons.[108]

The primary producer in the United Kingdom, Outokumpu, reported capacity of *** short tons in 2004, ***.[109] Its response indicated some available capacity.[110] Its production was generally *** and its exports *** over the period.[111] During the original investigations, the subject imports from the United Kingdom undersold domestic SSSS in 46 of 61 instances while in the period of review, underselling occurred in 3 of 4 comparisons (***).[112]

Given Outokumpu's exports to the United States during the original investigations and the existence of some current available capacity, we do not find that revocation of the antidumping duty order on the United Kingdom would be likely to have no discernible adverse impact on the domestic industry.

C. Likelihood of a Reasonable Overlap of Competition

The Commission found that subject imports from all eight countries were present in the U.S. market throughout the original period of investigation and that subject imports from all eight countries and the domestic like product competed in the same geographic markets.[113]

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

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

[104] Domestic Industry's Prehearing Brief at 31.

[105] Outokumpu's Prehearing Brief at 6.

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

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

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

[109] CR/PR at Table IV-14 (as revised by INV-CC-081).

[110] See CR/PR at Table G-11 (cold-rolled capacity utilization was approximately *** percent in 2004).

[111] CR/PR at Table IV-14 (as revised by INV-CC-081).

[112] CR/PR at Table V-11; USITC Pub. 3208 at V-24.

[113] Original Determination at 11.

The Commission also found an overlap in the channels of distribution of the subject imports and the domestic like product, in that most domestic producers, as well as most importers of subject imports, sold SSSS to a combination of service centers/distributors and end users.[114] Based on the general fungibility among the subject imports and the domestic like product, nationwide sales, similar channels of distribution, and the simultaneous presence of all subject imports in the U.S. market, the Commission found a reasonable overlap of competition among the imports from all eight countries.

The domestic industry argues that the record supports a finding of a likely reasonable overlap of competition. Only Outokumpu, the exporter in the United Kingdom, contends that there would not be a reasonable overlap of competition if the orders were revoked. It argues that it currently is primarily exporting ***, a specialty product, that it contends is very different from commodity grade SSSS.[115] Outokumpu maintains that its sells this product directly to end users, a pattern of distribution that is different from most other producers.[116] It argues that there is no reason for it to resume selling commodity SSSS if the order were to be revoked.[117]

Fungibility. The record indicates that the domestic like product and subject imports are substitutable products. In general, the domestic product and subject imports appear to be fungible, given the general conformity of both domestic and imported products to AISI and ASTM specifications;[118] the common grades sold by both domestic and subject producers;[119] and the sale of products to service centers which generally handle fungible goods.[120] Moreover, most purchasers reported that domestic product was always or frequently interchangeable with subject imports from all eight countries.[121] Most importers also reported that the subject imports and domestic SSSS were frequently or sometimes interchangeable.[122]

Subject imports from *** both shifted into specialty grades after the antidumping orders were imposed.[123] Subject imports from *** shifted away from grade *** and subject imports from *** shifted away from grade *** and grade *** to specialty products.[124] While there is little specific information on the record concerning the *** producers,[125] the record suggests that *** continues to ***.[126]

Geographic Overlap and Simultaneous Presence in Market. Imports of subject merchandise from Italy, Germany, Japan, and the United Kingdom have declined ***, and subject imports from the United Kingdom have been less than *** tons each year of the period of review.[127] Five of six domestic producers and nine of 24 importers reported selling nationwide, or at least throughout the contiguous

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[114] Original Determination at 11.

[115] Outokumpu's Prehearing Brief at 14-15.

[116] Outokumpu's Prehearing Brief at 15.

[117] Outokumpu's Prehearing Brief at 16.

[118] CR at II-14 to II-18, PR at II-9 to II-13.

[119] CR/PR at Tables I-7, II-5, and II-6.

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

[121] CR/PR at Table II-9.

[122] CR at II-22, PR at II-15.

[123] CR at II-17, PR at II-12.

[124] CR at II-17, PR at II-12.

[125] See CR at IV-26, PR at IV-15.

[126] ***.

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

United States, during the review period.[128] Subject imports were also generally available in multiple regions of the country during the review period.[129] We note that none of the parties argues that either of these two criteria likely will not be satisfied if the orders were revoked and based upon the presence of the subject imports from all eight countries during the original investigations, we find that these factors support a finding that there is likely to be an overlap of competition.

Channels of Distribution. Domestic SSSS is sold both directly to end users and to service centers/distributors, which then generally sell to end users.[130] In 2004, over half of domestic SSSS was sold to service centers/distributors.[131] Subject imports from Germany, Italy, Korea, Mexico, Taiwan, and the United Kingdom are sold *** through service centers.[132] On the other hand, subject imports from France and Japan are *** sold to end users.[133] Still, more than *** percent of current subject imports from both of these countries continues to be sold to service centers/distributors.[134] Accordingly, we find that the evidence in these reviews indicates that there is likely to be a significant overlap of competition if the orders are revoked.

D. Other Considerations[135]

In determining whether to exercise our discretion to cumulate the subject imports from the eight countries, we assess whether the subject imports from certain countries are likely to compete under similar or different conditions in the U.S. market.

We have determined that certain factors indicate that subject imports from France and the United Kingdom will likely compete under significantly different conditions of competition from subject imports from the other six countries.

With respect to subject imports from France, the record indicates differing pricing behavior than the other subject imports both before and after the orders took effect. Subject imports from France did not generally undersell during the original investigations. Underselling only occurred in 4 of 16 comparisons during that period.[136] By contrast, subject imports from each of the other seven countries undersold domestic SSSS in approximately one-half or more of comparisons during the original investigation period.[137] Unlike most of the other subject imports, prices of French product did not fall

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[128] CR at II-1, PR at II-1.

[129] CR/PR at Table II-2.

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

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

[132] See CR/PR at Table II-1. This information contradicts claims by *** that its sales of *** product are to end users.

[133] See CR /PR at Table II-1.

[134] See CR /PR at Table II-1. Indeed, prior to 2004, the *** of U.S. shipments from Japan was to distributors or service centers. Id.

[135] Chairman Stephen Koplan and Commissioner Charlotte R. Lane do not join this section. See Chairman Stephen Koplan's and Commissioner Charlotte R. Lane's Dissenting Views with respect to France and the United Kingdom.

[136] CR at V-12 n.11, PR at V-10 n.11.

[137] See CR/PR at Table V-11; CR at V-12 n.11, PR at V-10 n.11. There was only one quarter of pricing data for subject imports from Japan during the period of review, but subject imports from Japan undersold domestic SSSS in 21 of 36 comparisons during the original investigation. CR at V-12 n.11, PR at V-10 n.11.

during 1998,[138] which was the year in which the domestic industry's unit sales values, and operating profits, declined the most.[139] Similarly, the AUVs of subject imports from France actually rose from 1997 to 1998.[140] This situation continued during the period of review as subject imports from France oversold domestic SSSS in 13 of 20 price comparisons.[141] Further, subject import volumes from France declined annually during the years examined in the original investigations.[142]

With respect to the United Kingdom, unlike all other subject countries but France, subject import volume declined each year of the original period examined. Subject imports from the United Kingdom fell by almost *** to a level less than *** the level of any other subject country. Subject import volume from the United Kingdom also displayed a distinct trend during the period of review, falling to less than *** short tons per annum. Further, subject imports from the United Kingdom are now concentrated in ***, a specialty product, as reflected in the high AUVs of the U.K. product.[143] Also, the sole subject producer in the United Kingdom, Outokumpu, unlike producers in other subject countries, did not add to its production capacity over the period of review.[144]

With respect to subject imports from the other subject countries, the record does not indicate that they will compete under significantly different conditions of competition from each other. For example, in the original investigation period, imports from each of these countries: (1) increased either from 1997 to 1998 or from 1996 to 1998 (or both); and (2) undersold prices of the domestic product in approximately one-half or more of price comparisons. The industry in each of these six countries has increased its capacity during the period of review. With respect to subject imports from Mexico, Italy and Germany, the record indicated that exporters in these countries, who are under joint ownership and control of the ThyssenKrupp Group, coordinate their production and exports.[145] [146] Common ownership and coordinated operations would allow for exports from those subject countries to be shifted among export markets according to the tariff barriers in those markets for each country. The common ownership and coordinated operations are therefore one factor in favor of cumulation of subject imports from Germany, Italy, and Mexico.[147] The Korean Respondents argued that responding exporters who have provided information should not be penalized by being cumulated with imports from non-responding

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[138] Original Report, INV-W-131, at Tables V-3 to V-8.

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

[140] Original Report, INV-W-131, at Table V-5; CR/PR at Table I-1.

[141] CR/PR at Table V-11.

[142] See CR at Table I-1.

[143] CR at II-17 n.28; CR at Table I-1.

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

[145] See Transcript Hearing of April 26, 2005 (Tr.) at 255-56. As an example of the coordination between the ThyssenKrupp companies, TKAST has transferred a production line used to make bright annealed products to Mexinox. German, Italian and Mexican Respondents' Posthearing Brief at 7 n.21.

[146] Vice Chairman Okun and Commissioner Daniel R. Pearson do not join this statement. They find that corporate relationships generally are not a basis to justify cumulation absent additional factors. Rather, they cumulate Mexico with the other subject countries based on the overall similarities with those countries mentioned above.

[147] See Electrolytic Manganese Dioxide from Greece and Japan, Inv. Nos. 731-TA-406 and 408 (Review), USITC Pub. 3296 (May 2000) at 10.

exporters.[148] We do not find that participation or non-participation in sunset reviews is indicative of likely differences in conditions of competition in the U.S. market.[149] For these reasons, we find it appropriate to exercise our discretion to cumulate subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan.

IV. LIKELIHOOD OF CONTINUATION OR RECURRENCE OF MATERIAL INJURY IF THE ANTIDUMPING AND COUNTERVAILING 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."[150] 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."[151] Thus, the likelihood standard is prospective in nature.[152] The U.S.

[148] See French and Korean Respondents' Prehearing Brief at 15. Korean Respondents also argue that subject imports from Japan and Taiwan should not be cumulated with the other subject countries because the current margins for those two countries are much higher than others. See French and Korean Respondents' Prehearing Brief at 6, 12. We note that consideration of the dumping or subsidy margin is not a mandatory factor for the Commission to consider in five-year reviews. See 19 U.S.C. § 1675a(a)(6). In any event, we do not find that differences in margins warrants a decision not to cumulate imports from the six subject countries.

[149] The best information available to us in these reviews indicates our decision to cumulate subject imports from Korea is appropriate and is not aimed at penalizing any subject producer or exporter. See Ugine-Savoie Imphy v. United States, 248 F. Supp. 2d. 1208, 1223 (Ct. Int'l Trade 2002).

[150] 19 U.S.C. § 1675a(a).

[151] 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.

[152] 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.

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.[153] [154] [155]

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."[156] 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]."[157] [158]

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."[159] 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 orders are revoked or the suspension agreement is

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[153] 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'").

[154] Commissioner Hillman interprets the statute as setting out a standard of whether it is "more likely than not" that material injury would continue or recur upon revocation. She assumes that this is the type of meaning of "probable" that the Court intended when the Court concluded that "likely" means "probable". See Separate Views of Vice Chairman Jennifer A. Hillman Regarding the Interpretation of the Term "Likely", in Certain Carbon Steel Products from Australia, Belgium, Brazil, Canada, Finland, France, Germany, Japan, Korea, Mexico, The Netherlands, Poland, Romania, Spain, Sweden, Taiwan, and the United Kingdom (Views on Remand), Invs. Nos. AA1921-197 (Review), 701-TA-231, 319-320, 322, 325-328, 340, 342, and 348-350 (Review), and 731-TA-573-576, 578, 582-587, 604, 607-608, 612, and 614-618 (Review) (Remand), USITC Pub. 3526 (July 2002) at 30-31.

[155] Commissioner Lane refers to her dissenting views in Pressure Sensitive Plastic Tape from Italy, Inv. No. AA1921-167 (Second Review), USITC Pub. 3698 (June 2004) at 23-25.

[156] 19 U.S.C. § 1675a(a)(5).

[157] 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.

[158] In analyzing what constitutes a reasonably foreseeable time, Chairman 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.

[159] 19 U.S.C. § 1675a(a)(1).

terminated, and any findings by Commerce regarding duty absorption pursuant to 19 U.S.C. § 1675(a)(4).[160]

In evaluating the likely volume of imports of subject merchandise if the antidumping and countervailing 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.[161] 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.[162]

In evaluating the likely price effects of subject imports if the antidumping and countervailing 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.[163]

In evaluating the likely impact of imports of 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 product.[164] 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.[165] As instructed by the statute, we

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[160] 19 U.S.C. § 1675a(a)(1). There have been no duty absorption findings by Commerce with respect to the orders under review. See CR at I-11 n.13, PR at I-11 n.13; CR at I-13 n.14, PR at I-12 n.14. 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.

[161] 19 U.S.C. § 1675a(a)(2).

[162] 19 U.S.C. § 1675a(a)(2)(A-D).

[163] 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.

[164] 19 U.S.C. § 1675a(a)(4).

[165] 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" 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. Commerce assigned a likely margin of dumping for all exporters in France of 9.38 percent, a likely margin for all exporters in Germany of 13.48 percent, a likely margin for all exporters in Italy of 11.23 percent, a likely margin for all exporters in Mexico of 30.85 percent, and a likely margin for all exporters in the United Kingdom of 14.84 percent. CR at I-11 to I-12, PR at I-11 to I-12. See also CR/PR at Appendix B (Federal Register notices). The likely margins of dumping for producers in Japan ranged

(continued...)

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.[166]

B. Conditions of Competition

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."[167]

In the original investigations, the Commission found several conditions of competition relevant to its analysis. First, apparent consumption of SSSS had increased throughout the period of investigation, by 5 - 6 percent per year. Although SSSS was produced according to customer specifications, there was a broad overlap of certain standard grades.[168] The Commission found there to be "general substitutability" among SSSS grades. Most SSSS producers were capable of producing a wide range of SSSS products to meet specific customer demands, and typically produce SSSS to order. Further, even though substitutability was limited among certain speciality products, a sizeable portion of the volume of both U.S. production and subject imports consisted of commodity grades. The Commission also found price among the most important factors in purchasing decisions, along with other factors (product quality, consistency, and availability).[169]

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[165] (...continued)
from 40.18 to 57.87 percent. Subject exporter POSCO in Korea was assigned a likely margin of dumping of 2.49 percent. Subject exporter Taihan in Korea was assigned a likely margin of dumping of 58.79 percent. Subject exporter Daiyang in Korea was assigned a likely margin of dumping of 5.44 percent. The "all others" rate for Korea is 2.49 percent. CR at I-12, PR at I-11. See also CR/PR at Appendix B (Federal Register notices). Subject exporters in Taiwan received likely margins of dumping that ranged from 12.61 to 36.44 percent, with YUSCO receiving a margin of 21.00 percent. CR at I-12, PR at I-11. The "all others" rate for Taiwan is 12.61 percent. See also CR/PR at Appendix B (Federal Register notice).

Commerce in its final determination with respect to the countervailing duty order on Italy found a likely subsidization rate of 0.73 percent for the TKAST; Arinox received a *de minimis* margin. CR at I-13, PR at I-12. See also 70 Fed. Reg. 23094 (May 4, 2005). Commerce also found with respect to the countervailing duty order on Korea a likely subsidization rate of less than one percent for INI and Daiyang, and 4.64 percent for Taihan. As discussed earlier, POSCO, the primary Korean producer, is excluded from the countervailing duty order on Korea. CR at I-13, PR at I-12. See also 69 Fed. Reg. 75513 (Dec. 17, 2004).

In addition, the statute provides that "if a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement." 19 U.S.C. § 1675a(6). Commerce indicated with respect to the order on Italy that the subsidy programs did not fall under either Article 3 or 6.1 of the Subsidies Agreement. CR at I-13 (tabulation note 2), PR at I-12 (tabulation note 2). See also 69 Fed. Reg. 78093 (Dec. 29, 2004). With respect to the order on Korea, Commerce indicated that some of the subsidy programs could be inconsistent with Article 6.1 of the Subsidies Agreement if the subsidy were to exceed five percent. CR at I-13, PR at I-12. See also 69 Fed. Reg. 75515 (Dec. 17, 2004).

[166] 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.

[167] 19 U.S.C. § 1675a(a)(4).

[168] Original Determination at 13-14.

[169] Original Determination at 13-14.

In these reviews, the conditions of competition, with a few notable exceptions, remain largely the same as during the original investigations. Demand for SSSS depends primarily upon consumption of the products in which SSSS are used: automotive exhaust systems and parts, pipe and tubing, sinks and food service items, tanks and pressure vessels, electronic relays, springs, and parts for computer disk drives.[170]

While demand for SSSS was increasing during the period examined in the original investigations, apparent U.S. consumption of SSSS fell slightly in 2000 and then significantly in 2001 as the country experienced an economic recession.[171] Consumption rebounded somewhat in 2002, was steady in 2003, then grew strongly in 2004, but remained at a level below the level in 1999.[172] Apparent U.S. consumption was 2.0 million short tons in 1999, 1.9 million short tons in 2000, 1.6 million short tons in 2001, 1.7 million short tons in 2002 and 2003, and 1.9 million short tons in 2004.[173] Apparent U.S. consumption of SSSS is forecast to grow modestly over the next few years.[174]

Sales of SSSS are increasingly made to service centers, though direct sales to end users still constitute a large portion of sales.[175] There continues to be at least a moderate degree of substitutability between the subject imports and domestic SSSS,[176] and price, as well as quality, are the most important factors influencing purchasing decisions.[177] Purchasers and importers reported that there are substitutes for SSSS, suggesting that purchasers may be able to switch to other products if prices for SSSS increase.[178] Respondents have argued that there has been increasing differentiation of SSSS and while this may be true to some extent, grade 304, a commodity grade, accounts for *** of U.S. producers' sales of SSSS, a greater percentage than during the original investigation.[179]

The domestic industry has restructured since the period of the original investigations leading to only three remaining major producers: AK Steel, Allegheny Ludlum, and NAS.[180] During the period of review, AK Steel acquired Armco in 1999, and Allegheny Ludlum purchased Washington Steel's

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[170] CR at II-10, PR at II-7.

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

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

[173] CR/PR at Table I-1. There is some indication that a shift to production overseas of downstream articles containing SSSS has occurred, leading to reduced domestic demand for SSSS. CR at II-10, PR at II-7.

[174] The record contains various forecasts of U.S. SSSS consumption trends. An analyst appearing on behalf the domestic industry forecasts a drop in consumption in 2005 of *** percent followed by growth in 2006 and 2007 of *** percent and *** percent, respectively. Domestic Industry's Posthearing Brief at Exhibit 11. ***. CR at II-10 to II-11. See also French and Korean Respondents' Submission of May 10, 2005. The individual domestic producers provided several estimates. For 2005 these ranged from a decline from 2004 to growth of *** percent. For 2006, these ranged from *** percent to *** percent growth. Domestic producers claim that weak demand in early 2005 has caused them to lower their consumption estimates for 2005. See Domestic Industry's Posthearing Brief, Exhibits 11 & 20; INV-CC-083 (June 6, 2005) (containing domestic industry's submission of June 1, 2005).

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

[176] CR at II-14 PR at II-9.

[177] See CR/PR at Table II-7.

[178] CR at II-11, PR at II-7.

[179] Compare CR/PR at Table II-6 with Original Staff Report, INV-W-131 at Table II-2 to II-7. ***. In 2004, "other" grades of SSSS, *i.e.* specialty grades, accounted for just 6.8 percent of shipments of subject imports, an increase from the 1.9 percent of subject imports that were "other" in 1998. See CR/PR at Table II-6.

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

production assets in 1999, and J& L Steels's stainless steel assets in 2004.[181] The domestic industry increased its capacity slightly over the period. While Allegheny Ludlum grew through acquisitions of assets of other producers, NAS increased its capacity *** through the addition of new facilities for melting, rolling, and annealing and pickling. Although the industry reported relatively low capacity utilization during the majority of the period,[182] there were indications that not all capacity reported as available could easily be utilized because it was inefficient to bring it online. This suggests that effective capacity utilization was actually higher than reported by the industry during 2004.[183] The industry's restructuring resulted in a 7.5 percent gain in productivity between 1999 and 2004.[184]

Also, there was conflicting evidence concerning the domestic industry's ability to supply its customers during 2004 as there were reports of supply disruptions, customers being placed on "controlled order entry," and even panic buying due to J & L's halting of production.[185] Lead times were extended in 2004 beyond the normal 8 to 12 weeks. It appears that lead times generally have returned to normal in 2005.[186] Domestic producers, who supply over 80 percent of the U.S. market, were able to increase prices beyond the level sufficient to cover their rising raw material costs in 2004 due to market conditions.[187]

There are four basic steps in SSSS production regardless of grade or final width and thickness: (1) the melting and refining of stainless steel; (2) the casting of slabs, a semifinished flat-rolled product; (3) hot-rolling the slabs; and, if specified, (4) cold-rolling the hot-rolled products. SSSS may undergo additional finishing operations to the surface and then may also be edge-trimmed, slit, or cut-to-length.[188]

U.S. producers generally manufacture SSSS to order rather than meeting orders from their inventory.[189] Raw materials are a primary cost in the production of SSSS, and the domestic industry as well as some importers pass along the costs of their raw materials to their customers through surcharges.[190] Raw material (nickel, manganese and iron scrap) prices increased substantially over the

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[181] CR at I-39 to I-40, PR at I-32 to I-33.

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

[183] See Tr. at 146-148.

[184] CR/PR at Table III-4. The respondents argue that the domestic industry is much more efficient than it was during the period of the original investigations, exhibiting productivity levels during the period of review double that of the original period of investigation. German, Italian, and Mexican Respondents' Posthearing Brief at 3-4; French and Korean Respondents' Prehearing Brief at 20. The apparent jump of over 100 percent in productivity between 1998 and 1999 appears to result from the fact that the 1998 and 1999 data are drawn from different sets of data. In reporting data, domestic producers were apparently more conservative in their allocation of production workers and hours worked to the subject product during the period of review (which includes 1999) than during the original period of investigation (which included 1998). Domestic Industry's Posthearing Brief, Exhibit 1 at 81-82. Because productivity is a function of output and hours worked, fewer hours worked reported during the period of review would necessarily increase the figure on productivity. Thus, although industry productivity likely did increase between 1998 and 1999 as the industry restructured, the change was substantially more modest than indicated in Table I-1.

[185] Tr. at 144, 243-44.

[186] CR at II-4, PR at II-3 to II-4.

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

[188] See CR at I-24 to I-28, PR at I-22 to I-25.

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

[190] CR at V-1 to V-2, PR at V-1.

review period, particularly in 2003 and 2004, leading to additional and increased use of surcharges and higher overall SSSS prices.[191]

Nonsubject imports reached their highest level of the period in 2004, and total subject imports increased between 2001 and 2004.[192] During the review period, total subject imports reached 8.5 percent of the U.S. market on a quantity basis in 2004 (their highest level since 1999), and nonsubject imports similarly rose to 7.4 percent of the U.S. market on a quantity basis in 2004.[193]

World consumption of stainless steel has increased during the period of review, with the vast majority of that growth occurring in Asia in general and China in particular.[194] World consumption of cold-rolled stainless flat products ***.[195] World consumption is forecast to continue to grow at a rate of *** percent per annum.[196] World capacity for production of cold-rolled flat stainless products is anticipated to grow more quickly however, with world increases in total capacity estimated at *** percent in 2005 and *** percent in 2006, before slowing to an increase of *** percent in 2007.[197] World capacity is anticipated to exceed consumption by approximately *** metric tons in 2006.[198] Capacity in China to produce cold-rolled stainless flat products is expected to *** from 2004 to 2007, and it is expected to *** in China sometime in ***.[199] Thus, while significant global capacity and consumption growth are expected in the next few years, capacity additions appear likely to outstrip consumption increases, largely due to events in China. This differential can be expected to place some downward pressure on global prices, as mills attempt to maximize utilization of their facilities.

We find that these conditions in the SSSS market provide us with a reasonable basis on which to assess the effects of revocation of the orders.

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[191] CR at V-2, PR at V-1.

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

[193] CR at Table I-1.

[194] CR at IV-41, PR at IV-21.

[195] See CR at IV-42, PR at IV-22. These data are a reasonable estimate of trends in SSSS consumption, although we note that SSSS includes hot-rolled product and excludes thicker cold-rolled product in plate gauges.

[196] CR at IV-42, PR at IV-22. See also ***, contained in French and Korean Respondents' Submission of May 10, 2005.

[197] See ***, contained in French and Korean Respondents' Submission of May 10, 2005.

[198] See ***, contained in French and Korean Respondents' Submission of May 10, 2005.

[199] See ***, contained in French and Korean Respondents' Submission of May 10, 2005. Between 2004 and 2007, Chinese consumption is expected to grow by *** metric tons, whereas shipments by Chinese mills are expected to grow by *** metric tons, nearly eliminating China's *** of stainless steel cold-rolled flat products. Id. at Tables 2 and 9.

C. Revocation of the Orders on Subject Imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan Is Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time[200]

1. Likely Volume of Subject Imports

In the original investigations, the Commission found that the volume of subject imports increased significantly over the investigation period, growing by 5.1 percent between 1996 and 1997, and then 13.3 percent increase between 1997 and 1998.[201] The cumulated market share of all eight subject countries was 14.9 percent in 1996 and 1997, and increased to 15.9 percent in 1998. Nonsubject imports' share of the market remained steady during the period.[202] Subject imports from the six countries cumulated here increased from *** short tons in 1996 to *** short tons in 1998, equivalent to *** percent of the U.S. market in 1998.[203] [204]

The antidumping and countervailing duty orders were imposed in 1999 and the cumulated subject imports from the six countries fell to *** short tons that year and then continued to decline to 98,869 short tons in 2001 before increasing steadily to *** short tons in 2004.[205] In 2004, cumulated subject imports from the six countries accounted for *** percent of the U.S. market in terms of quantity.[206] The domestic industry's market share fluctuated over the period of review, increasing from 83.3 percent in 1999 to 87.2 percent in 2001 and 2002, before falling back to 84.0 percent in 2004.[207]

Several factors indicate that subject producers have the ability and incentive to increase exports to the United States to significant levels if the orders were revoked. First, subject producers generally have continued to ship to the United States despite the orders, and subject imports from the six countries increased late in the period of review. This indicates the continued importance of the U.S. market to the subject producers, despite arguably solid global demand conditions.[208] The continued presence of the subject imports in the U.S. market also means that subject imports already have distributors in place for their product. During the original and review periods, most subject imports have been sold to service centers which are a ready and well-developed distribution avenue for their products.

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[200] Chairman Stephen Koplan and Commissioner Charlotte R. Lane find that the following discussion of likely volume and price effects, as well as likely impact, if the orders on Germany, Italy, Japan, Korea, Mexico, and Taiwan are revoked, is only strengthened when likely imports from France and the United Kingdom are included in the analysis. Accordingly, based upon a cumulative analysis and for the reasons stated below, they find that revocation of the orders on all eight countries would be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

[201] Original Determination at 14.

[202] Original Determination at 15.

[203] See CR at Table I-1.

[204] Chairman Koplan and Commissioner Lane note that subject imports from all eight countries subject to these reviews reached 288,971 short tons (15.9 percent of apparent U.S. consumption) in 1998, fell to 179,039 short tons (9.7 percent) in 1999, and declined to a low of 110,662 short tons in 2001. Subject imports increased slightly in 2002 and 2003, and increased again in 2004, to 167,500 short tons or 8.5 percent of apparent U.S. consumption. CR/PR at Table I-1.

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

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

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

[208] CR at IV-42, PR at IV-22 (as revised by INV-CC-081).

Second, capacity to produce SSSS in the subject countries has increased significantly since the original investigations, and there is substantial excess capacity. Total capacity in the four cumulated subject countries whose industries provided data to the Commission was *** short tons in 2004. This figure is *** short tons higher than reported capacity in 1998 during the original investigations.[209] Excess capacity in these four countries was *** short tons in 2004, equivalent to *** percent of apparent U.S. consumption in 2004.[210] [211]

Our ability to assess available capacity in Japan and Taiwan is hindered by the failure of the significant producers in Japan and of any producers in Taiwan to provide data to the Commission. Total capacity in Japan was 2.6 million short tons during the original investigation period, making the Japanese industry by far the largest industry in the eight subject countries.[212] Current figures on capacity in Japan are unavailable. However, Japanese production of SSSS has increased substantially over the period of review. One source indicates a growth of approximately 700,000 metric tons from 1999 to 2003, while another indicates an increase of 1.1 million metric tons between 1999 and 2004.[213] The fact that the production figures have grown to exceed capacity reported originally indicates that Japanese capacity has grown since the original investigations. Excess capacity in Japan averaged over 300,000 short tons per year during the original investigation period.[214] In the absence of current data on Japanese capacity utilization, we find that the Japanese industry has significant excess capacity available to increase production of SSSS.

Capacity in Taiwan was *** short tons in the original investigation period, making the industry the fourth largest in the eight subject countries.[215] Current figures on capacity in Taiwan are unavailable given the lack of responses by Taiwan producers to the Commission's questionnaires. Total stainless steel production in Taiwan grew from under 1.2 million metric tons in 1999 to over 1.5 million metric tons in 2003.[216] Excess capacity in Taiwan fluctuated during the original investigation period but averaged over *** short tons per year.[217] In the absence of current data on Taiwan capacity utilization, we find that the Taiwan industry has significant excess capacity available to increase production of SSSS.

In sum, we find that the combined industries in the six cumulated subject countries have added substantial capacity since the original investigations and possess substantial unused capacity. This includes over *** short tons of excess capacity in Germany, Italy, Korea, and Mexico, plus unknown but significant amounts in Japan and Taiwan. The available capacity provides a means for producers in the subject countries to increase their exports to the U.S. market by increasing their production levels.

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[209] This figure is based on the increases reported in Germany, Italy, Korea, and Mexico. See CR/PR at Tables IV-8, IV-9, IV-11, and IV-12; Original Staff Report, INV-W-131 at VII-2, VII-3, VII-5 and VII-6. Future capacity is likely to be higher as Korean producer POSCO is proceeding with plans to add 400,000 tons of cold-rolling capacity to be completed by June 2007. French and Korean Respondents' Posthearing Brief at Exhibit 3B.

[210] See CR/PR at Tables IV-8, IV-9, IV-11, and IV-12.

[211] Similarly, Chairman Koplan and Commissioner Lane note that total capacity in all eight countries subject to these reviews has increased nearly *** short tons over the period, and that excess capacity in 2004 was at least *** short tons, or *** percent of U.S. apparent consumption, not including any increases in capacity or excess capacity in Japan or Taiwan.

[212] Original Staff Report, INV-W-131 (June 18, 1999) at Table VII-4.

[213] CR at IV-26, 28, PR at IV-15.

[214] Original Staff Report, INV-W-131 (June 18, 1999) at Table VII-4.

[215] Original Staff Report, INV-W-131 (June 18, 1999) at Table VII-7.

[216] CR at IV-36, PR at IV-19. Because sheet and strip is the largest market for stainless steel flat products, it is likely that a substantial share of this production was stainless steel sheet and strip.

[217] Original Staff Report, INV-W-131 (June 18, 1999) at Table VII-7.

Because the SSSS industry is capital intensive with high fixed costs, these producers would have an incentive to maximize the use of their available facilities.

Third, in addition to increased production, we find that subject producers would be likely to shift to the United States some of their exports that have been destined for other export markets. The subject producers generally export a substantial portion of their shipments.[218] Total exports by the industries in Germany, Italy, Korea, and Mexico were nearly *** short tons in 2004.[219] Subject producers have the ability to shift sales between different markets on a year-to-year basis, presumably as a result of changing conditions or business opportunities.[220] The United States is a relatively attractive market for imports. Prices in the United States for grade 304, the highest volume grade of SSSS, were *** than those in Europe in the first quarter of 2005 and usually *** than prices in some Asian markets, and in particular China, a major export market for subject producers.[221] Prices of grade 316 are also generally *** in the United States than in Asian markets, although *** than prices in the EU. Prices in other markets of other grades were generally *** U.S. prices. Thus, the record on relative U.S. and third-market prices is mixed. We recognize that existing customer relationships and business strategies would prevent a wholesale shift of focus by subject producers to the U.S. market regardless of relative pricing in different markets. However, we find that *** U.S. prices, particularly for high-volume grade 304 SSSS vis-a-vis some other important markets, provide an incentive for subject producers to shift some sales to the U.S. market.

Increasing this incentive is the fact, as described above in the section on Conditions of Competition, that global SSSS capacity is likely to grow at a noticeably faster pace than global consumption over the next several years, mainly due to developments in China. With additional capacity in China expected to come on line and to shift the supply/consumption balance in that country, subject producers that rely on that market, such as ***, likely will need to shift shipments to alternative markets, at least to some degree, in the reasonably foreseeable future.[222]

Fourth, the potential for product-shifting also exists in the subject countries, particularly Germany, Italy, Taiwan, and Mexico, as producers in these subject countries can easily shift from producing non-subject cut-to-length sheet and strip to subject coiled sheet and strip. Cut-to-length sheet and strip is simply coiled product which has been further processed by cutting; thus, subject coiled product simply involves fewer processing steps than cut-to-length product.[223] Sheet and strip is easier to transport and more flexible in use in coiled form; thus, all things being equal exporters would prefer to

[218] Subject producers in Germany exported approximately *** percent of their shipments; the subject producer in Italy exported approximately *** of its shipments; subject producers in Japan exported approximately *** of their shipments; subject producers in Korea exported over *** of their shipments; the subject exporter in Mexico exported over *** of its shipments; subject exporters in Taiwan exported approximately *** of their shipments. CR/PR at Tables IV-8, IV-9, IV-11, and IV-12; INV-W-131 at Tables VII-4, VII-7.

[219] CR/PR at Tables IV-8, IV-9, IV-11, and IV-12.

[220] CR/PR at Tables IV-8 through IV-12.

[221] See CR/PR at Tables IV-15 and IV-16 (2004 and partial 2005 data from Metal Bulletin Research and data published by MEPS). For grade 304, as compared to U.S. prices, prices tended to be *** in Korea, France, and the United Kingdom; *** in Germany, Italy, and Japan; and *** in Taiwan and Hong Kong. CR/PR at Table IV-16 (as revised by INV-CC-081). See also *** data in Domestic Industry's Posthearing Brief at Exhibit 6 (China price data).

[222] China is now a significant exporter of SSSS to the United States. U.S. imports of SSSS from China increased to 54,352 short tons in 2004 from only 8,555 short tons in 2003. CR at IV-4, PR at IV-4.

[223] See CR at I-28, PR at I-25.

ship coiled product.[224] Over *** percent of exports of sheet and strip from subject countries to the United States were in coiled form in the several years before the orders were imposed. From 1998 to 2004, subject producers more than tripled their shipments of cut-to-length product to the United States, increasing by over 80,000 tons, while reducing exports of coiled product by 150,000 tons.[225] Imports from subject countries of the cut product were increasing during the original investigation period, indicating that demand for that form was likely increasing. However, the magnitude of the post-order shift from coiled to cut-to-length product, coupled with the ease of switching to coiled product and its overall desirability, indicates that subject producers would likely increase their shipments of coiled product to the United States if the orders were revoked by switching some of their U.S. shipments from cut-to-length to coiled SSSS.[226]

Accordingly, we conclude that the likely volume of imports of the subject merchandise, both in absolute terms and relative to production and consumption in the United States, would be significant absent the restraining effects of the antidumping and countervailing duty orders.

2. Likely Price Effects of Subject Imports

In the original investigations, the Commission found that purchasers of SSSS considered price to be an important factor in making purchasing decisions. The subject imports from the six cumulated subject countries undersold the domestic like product in 63 percent of comparisons.[227] [228] Prices for both the domestic like product and subject imports declined substantially over the period of investigation. U.S.

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[224] Domestic Industry's Prehearing Brief at 60; Tr. at 186 (customers prefer coiled product). See also Tr. at 54-56 (discussing economics and pattern of the shift from cut-to-length product to coiled product and vice versa).

[225] Domestic Industry's Prehearing Brief at Exhibit 19.

[226] We note that subject producers in several countries face antidumping measures in third-country markets, although we find that the likely volume of imports from the six subject countries would be significant even in the absence of these measures, and accordingly, we do not rely heavily on these measures in our finding of likely significant import volume. India and Thailand maintain antidumping measures against cold-rolled stainless steel products from Germany and Italy. With respect to Germany, India's measures, dating from December 2002, resulted in minimum import prices, while Thailand's measures, dating from March 2003, resulted in a tariff of 25.75 percent. There is an antidumping duty investigation underway in Russia pertaining to stainless steel products containing nickel that involves Germany and Italy; however, we do not speculate on any possible outcome. China and Thailand apparently maintain measures affecting Japanese exports of stainless steel products. China (including Hong Kong) and Thailand account for a substantial share of Japan's exports of SSSS. See Posthearing Submission of Japan Iron and Steel Federation, Exhibit. See also Inco, World Stainless Steel Statistics, at A-43. Several Korean producers indicated that their firms were subject to antidumping duties and investigations in other countries such as China since 2000 and Thailand since 2003. Brazil has an antidumping order of 44.4 percent in place on the subject merchandise produced by Mexinox. CR at IV-22, IV- 25, IV- 28, IV-32, IV-35, PR at IV-11, IV-13, IV-14, IV-16, IV-18, IV-19.

Finally, given the degree to which SSSS is made to order rather than sold from inventories, we do not find that inventories are likely to be a significant source of increased shipments from the subject countries. See CR at II-4, PR at II-3.

[227] See USITC Pub. 3208 at V-24.

[228] Chairman Koplan and Commissioner Lane note that in the original investigations, subject imports from all eight countries subject to these investigations undersold the comparable domestic product in 63 percent of comparisons. (See USITC Pub. 3208 at V-24.)

producers' prices at the end of the period of investigation were 24.2 to 32.0 percent lower than those at the beginning of the period of investigation despite record high demand.[229]

Furthermore, while raw material costs fell, the Commission found that the overall decline in prices per ton for each of the six pricing products outpaced the decline in raw material costs. It attributed the price declines to the increasing volume of subject imports and concluded that the subject imports depressed prices to a significant degree.[230]

The record of the current reviews indicates that there is a degree of product differentiation in the SSSS market, yet commodity grades such as 304 remain prevalent.[231] As noted above, SSSS from different sources is at least moderately substitutable and price continues to be one of the most important considerations in purchasing decisions.

For the period of review, the Commission collected pricing data on seven pricing products, including grades 304, 304L, 316L, 409, 430, and 434.[232] Subject imports from the cumulated six countries undersold domestic SSSS in 78 of 192 quarterly price comparisons (41 percent) during the period of review.[233] Thus, the subject imports continued to undersell domestic SSSS with some frequency even with the antidumping duty and countervailing duty orders in place.[234]

Domestic prices fell during the period of review when demand was weak during 2000-2001.[235] However, when demand was strong during 2003-2004, prices rose for all pricing products to a level well above prices prevailing at the beginning of the period.[236] While in 2003 costs rose more than prices, during 2004 the domestic industry was able to raise prices sufficiently to cover its increasing raw material costs through the use of surcharges.[237]

While prices could be viewed as strong in 2004, we do not think this would likely continue if the orders were to be revoked. As noted above, the imports are generally substitutable with the domestic like product, and price remains a key factor in purchasing decisions. Demand in the United States remains below the level of the original investigations and is projected to grow only slowly for the reasonably

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[229] Original Determination at 16.

[230] Original Determination at 17.

[231] CR/PR at Table II-6.

[232] See CR at V-10, PR at V-9. Pricing data reported by responding firms in the six years (1999-2004) accounted for approximately *** percent of reported U.S. producers' shipments of SSSS, *** percent from Germany, *** percent from Italy, *** percent from Japan, *** percent from Korea, *** percent from Mexico, and *** percent from Taiwan. Id.

[233] See CR/PR at Table V-11; USITC Pub. 3296 at V-24. The 77 instances of overselling by subject imports from Mexico during the period of review accounted for the higher incidence of overselling during this period. Mexinox has changed its pricing behavior in the U.S. market as a result of the antidumping order on Mexican exporters. Tr. at 221.

[234] Chairman Koplan and Commissioner Lane note that subject imports from all eight countries subject to these investigations undersold the comparable domestic product in 88 of 216 quarterly comparisons during the period of review, and 212 of 336 quarterly comparisons in the original investigations. CR/PR at Table V-11; USITC Pub. 3208 at V-24.

[235] See CR/PR at Fig. V-2.

[236] See CR/PR at Fig. V-2.

[237] The ratio of cost of goods sold to net sales rose from 94.2 in 2002 to 109.0 in 2003, before falling to 90.3 in 2004. CR/PR at Table I-1. From 1999 to 2004, the cost of iron scrap, the principal raw material of stainless steel sheet and strip, increased significantly, as did the price of manganese. Some firms added new surcharges for these inputs as well as titanium, in addition to the existing surcharges for nickel, chromium, and molybdenum. CR at V-2, PR at V-1.

foreseeable future. The subject imports have increased over the last several years, and currently undersell the domestic product in a substantial minority of instances even with the orders in place. With an increasing volume of subject imports, underselling would likely increase absent the orders. Thus, we find that the increasing volumes of subject imports would likely undersell domestic SSSS to a significant degree as occurred during the original investigation to regain market share. This underselling would suppress price increases and depress domestic prices to a significant degree.

3. Likely Impact of Subject Imports

In the original investigations, the Commission found that faced with the increasing volumes of subject imports, the domestic industry lowered its prices in order to preserve its market share.[238] Net sales values fell from $2,024 per ton in 1996 to $1,657 per ton in 1998. Apparent consumption grew significantly and the costs of goods sold declined, yet operating income declined by 80 percent, with operating margins declining from 8.4 percent in 1996, to 5.9 percent in 1997, and to 1.8 percent in 1998. Capital expenditures decreased, research and development expenses fell, and capital improvement projects were suspended.

Following imposition of the orders, subject imports declined and the domestic industry improved its operating results. Domestic producers' production, U.S. shipments, and net sales, as well as U.S. apparent consumption, were higher in 1999 and 2000 than in 1998.[239] The unit value of net sales increased relative to costs, which fell in 1999, and the domestic industry's operating margin improved from 1.8 percent in 1998 to 7.4 percent in 1999 and 10.4 percent in 2000.[240] The industry increased its production from 1.4 million short tons in 1998 to 1.8 million short tons in 1999 and U.S. shipments similarly increased from 1.4 million short tons in 1998 to 1.7 million short tons in 1999.[241] The industry's capacity utilization was much higher, increasing from 69.6 in 1998 percent to 89.8 percent in 1999. Its market share also improved from 79.6 percent to 83.3 percent in 1999.

However, in 2001, apparent U.S. consumption fell by 18 percent and the domestic industry's prices fell, leading to losses.[242] That year, the industry reported an operating loss of 2.5 percent relative to net sales. Apparent U.S. consumption rose in 2002, remained stable in 2003, and rose again in 2004, leading to a recovery in prices and net sales values during 2003 and 2004. The industry's cost of goods sold was volatile during the period, falling in 2002 before generally increasing the remainder of the period.[243] The industry barely broke even in 2002, and then reported large operating losses in 2003, before recovering in 2004 when demand recovered and domestic SSSS prices rose.[244] Despite the

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[238] Original Determination at 19.

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

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

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

[242] See CR/PR at Table I-1, Fig. V-2.

[243] See CR/PR at Table I-1. Unit cost of goods sold increased irregularly, rising from $1,318 per ton in 1999 to $1,983 in 2004. The industry's net sales values also increased from $1,519 per ton in 1999 to $2,197 in 2004. See Id.

[244] The industry's operating income relative to net sales was: negative 2.5 percent in 2001, 0.8 percent in 2002, negative 14.3 percent in 2003, and 6.3 percent in 2004. The operating loss would have still been *** percent in 2003, if not for the ***. CR/PR at Tables III-6 and IV-10.

recovery in 2004, the industry's production, total net sales and U.S. shipments fell overall from 1999 to 2004, and apparent U.S. consumption was 4.6 percent lower in 2004 than in 1999.[245]

As described above, the domestic industry consolidated during the period. Despite the industry consolidation, productivity declined through most of the period before improving slightly in 2004.[246] The industry's employment fluctuated, but fell overall from 4,729 workers in 1999 to 4,407 workers in 2004.[247] During the period, the industry's capital expenditures fluctuated, whereas research and development expenses declined steadily.[248]

The domestic industry increased its capacity by 11.7 percent over the period, from 2.0 million short tons in 1999 to 2.3 million short tons in 2004.[249] However, the industry's capacity utilization fell from 89.8 percent in 1999 to 73.8 percent.[250] The industry also was unable to improve its market share to a significant extent, despite its additions to capacity, a reduction in apparent U.S. consumption, and the imposition of the antidumping and countervailing duty orders.[251]

The domestic industry's financial performance improved immediately after imposition of the orders in 1999-2000, but it suffered with the recession of 2001 and increased costs in 2003 until apparent U.S. consumption increased strongly in 2004.[252] Based upon the industry's generally positive performance in 2004, we do not find that the industry is currently vulnerable to injury by virtue of being in a weakened state.[253] Domestic prices rose above their level of the original investigation period and the beginning of the period examined in these reviews, but raw material costs were high at the end of this

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[245] Production fell from 1.8 million short tons in 1999 to 1.7 million short tons in 2004. Total net sales on a quantity basis fell from 1.9 million short tons in 1999 to 1.7 million short tons in 2004. CR/PR at Table I-1. The industry's U.S. shipments fell irregularly from 1.7 million short tons in 1999 to 1.6 million short tons in 2004. CR/PR at Table III-2 and Table III-6.

[246] Productivity was 183 short tons per 1,000 hours in 1999, 164 short tons per 1,000 hours in 2000, 166 short tons per 1,000 hours in 2001, 189 short tons per 1,000 hours in 2002, 175 short tons per 1,000 hours in 2003, and 197 short tons in 2004. See CR/PR at Table III-5. As discussed above, data from the original investigations are not directly comparable to data in the reviews due to a large difference in the number of production workers reported as allocated to production of SSSS. See CR/PR at Table I-1.

[247] CR/PR at Table III-4. Large differences in the number of production workers reported as allocated to the production of SSSS indicate that data are not comparable from the original investigation. See CR/PR at Table I-1.

[248] CR /PR at Table III-12.

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

[250] CR/PR at Table I-1. As we discussed earlier, there was evidence on the record that not all the capacity reported by domestic producers could be efficiently utilized, suggesting the relatively low capacity utilization rate the industry reported in 2004 may not be indicative of the industry's actual utilization rate.

[251] See CR/PR at Table I-3. The industry's market share increased slightly, from 83.3 percent in 1999, to 84.0 percent in 2004. CR at Table I-1.

[252] The industry had operating losses of $57.4 million in 2001 and $371.8 million in 2003, and operating income of only $20.0 million in 2002. CR/PR at Table III-6. Operating income totaled $232.1 million in 2004. Id.

[253] The German, Italian, and Mexican Respondents argued that the Commission should take adverse inferences with respect to the business plans of the domestic industry, which they assert have not been provided. See Hogan & Hartson Letter of May 25, 2005. We decline to take adverse inferences with respect to the business plans because we find that the industry has substantially complied with the request. See INV-CC-083 (June 6, 2004) (attaching business plans).

review period and are forecast to continue to be high.[254] Thus, the industry requires prices that are considerably higher than historical averages in order to cover increased costs and maintain its profitability.[255]

Apparent U.S. consumption of SSSS is forecast only to grow modestly for the foreseeable future.[256] We find that the growth in consumption would not be sufficient to absorb the likely significant increase in subject imports if the orders were revoked. Also, as described above, revocation of the antidumping and countervailing duty orders would be likely lead to a significant increase in the volume of subject imports that would undersell the domestic like product and significantly suppress or depress U.S. prices. We find that these volume and price effects of the subject imports would necessarily have a significant adverse impact on the production, shipments, sales, market share, and revenues of the domestic industry. These reductions, in turn, would have a direct adverse impact on the industry's profitability as well as its ability to raise capital and make and maintain necessary capital investments. Accordingly, we conclude that, if the orders were revoked, subject imports would be likely to have a significant adverse impact on the domestic industry within a reasonably foreseeable time.

D. Revocation of the Antidumping Order on Subject Imports from France Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time[257]

Subject imports from France declined steadily during the original investigation, from *** short tons in 1996 to *** short tons in 1998, to account for less than *** percent of apparent U.S. consumption in 1998.[258] French SSSS was priced higher than comparable U.S. products in 12 of 16 comparisons.[259] Prices of French product did not fall in 1998 even as prices of U.S. product and other subject imports fell. These facts suggest that, under a return to pre-order conditions, subject imports from France are not likely to cause material injury to the domestic industry if the order on France were revoked.

During the current period of review, subject imports from France increased irregularly from *** tons in 1999 to *** tons in 2004. However, they still accounted for less than *** percent of the U.S. market in 2004.[260]

U & A France is the only French producer of SSSS.[261] Its production and capacity both ***.[262] U & A France's capacity utilization was *** percent in 2004 and it had *** short tons of excess capacity in

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[254] We also have considered the arguments of the Motor & Equipment Manufacturers Association, Dana Corporation, ArvinMeritor, Inc., the Precision Metalforming Association, the Consuming Industries Trade Action Coalition and Illinois Tool Works, Inc. These parties are all consumers of SSSS and their arguments concerning conditions of competition in the U.S. market and the likely effects of revocation of the orders were considered by the Commission.

[255] The industry's unit cost of goods sold was 51 percent higher in 2004 than 1999. See CR/PR at Table I-1.

[256] As we noted, an analyst on behalf of the domestic industry forecasts a drop in consumption in 2005 of *** percent followed by growth in 2006 of *** percent. Domestic Industry's Posthearing Brief at Exhibit 11. ***. CR/PR at II-10 to II-11. See also French and Korean Respondents' Submission of May 10, 2005.

[257] Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissent from this determination with respect to subject imports from France.

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

[259] CR at V-12 n.11, PR at V-10 n.11.

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

[261] CR at IV-16, PR at IV-10.

[262] CR/PR at Table IV-7.

2004.[263] However, in the original investigation U&A France's predecessor Usinor did not increase exports to the United States despite some excess capacity; rather it improved its utilization rate by increasing its sales to its home market and to third-country markets.[264]

U & A France's exports to the United States have been concentrated in *** and *** in particular, which is consistent with its stated marketing strategy for the U.S. market.[265] U & A France also did not shift to exporting cut-to-length product to the United States after the order was imposed so it does not appear that product-shifting is likely.[266] Because SSSS is generally produced to customers' order particularly for specialty grades, we also do not find that inventories would be a significant source of increased subject imports.[267] Thus, we do not find it likely that the volume of subject imports from France would be significant if the order were revoked.

Both during the original period of investigation and during the period covered by this review, subject imports from France were generally priced higher than U.S. products. Subject imports from France oversold domestic SSSS in *** comparisons during the period of review.[268] While we acknowledge that the discipline of the order may have some effect on pricing, French product during the original investigation also oversold domestic SSSS in 12 of 16 comparisons.[269] Based on the consistent overselling by subject imports from France and the limited likely volume of subject imports, we do not find that subject imports from France are likely to significantly undersell domestic SSSS or significantly depress or suppress domestic prices if the order were revoked.

In evaluating the potential for impact on the domestic industry, we note that we have not found that the domestic industry is vulnerable and that the industry reported profits in 2004. Given that we do not find it likely that there will be a significant volume of subject imports from France or that there will likely be significant price effects, we find that revocation of the antidumping duty order is not likely to lead to a significant adverse impact on the domestic industry within a reasonably foreseeable time.

Thus, we conclude that if the order were revoked, subject imports from France would not be likely to leading to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

E. Revocation of the Antidumping Order on Subject Imports from the United Kingdom Is Not Likely to Lead to Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time[270]

During the original period of investigation, subject imports from the United Kingdom steadily and significantly declined, falling from *** short tons in 1996 to *** short tons in 1997 and *** short

[263] CR/PR at Table IV-7; CR/PR at Table I-1.

[264] Original Staff Report, INV-W-131 at Table VII-1.

[265] See CR/PR at Table II-6. See also French and Korean Respondents' Prehearing Brief at 18; French and Korean Respondents' Posthearing Brief, Exhibit A.

[266] Domestic Industry's Prehearing Brief, Exhibit 19.

[267] See CR at II-4, II-7. PR at II-3, II-5. SSSS from France is subject to an antidumping duty order in Brazil (since 2000), with a 30.9 percent margin, and India (since 2001), with a duty of $370 per metric ton. CR at IV-18, PR at IV-11.

[268] CR/PR at Table V-11.

[269] USITC Pub. 3208 at V-24; CR at V-12 n.11, PR at V-10 n.11.

[270] Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissent from this determination with respect to subject imports from the United Kingdom.

tons in 1998.[271] This 1998 volume was less than half the volume of any other subject country in that year.[272] U.S. market share held by U.K. product was well under *** percent in 1998.[273] In 1999, subject imports from the United Kingdom continued to fall dramatically and, during the period of review, subject imports never exceeded *** short tons.[274]

Outokumpu is the primary producer in the United Kingdom. It reported capacity of *** short tons in 2004, ***.[275] Its production ***. Its exports ***.[276]

Outokumpu's exports to the United States have consisted of limited quantities of *** a specialty product. It states that there is no reason for it to resume selling commodity SSSS in the United States if the order were revoked.[277] Outokumpu also has exported less than *** short tons of cut-to-length product to the United States so little of these exports can be shifted to subject product.[278] Because SSSS is generally produced to customers' order particularly for specialty grades, we do not find that inventories would be a significant source of increased subject imports.[279]

Given the decline in subject imports from the United Kingdom prior to the imposition of the order, combined with the minimal subject imports during the period of review, and the generally stable capacity and exports of the subject producer, we do not find it likely that the volume subject imports from the United Kingdom would be significant if the order were revoked.

During the original investigations, subject imports from the United Kingdom undersold domestic SSSS in 46 of 61 instances, while in the period of review, underselling occurred in *** comparisons.[280] However, based on the likely limited volume of subject imports from the United Kingdom in only limited grades of SSSS, we do not find that subject imports from the United Kingdom are likely to significantly depress or suppress domestic prices if the order is revoked.

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

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

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

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

[275] CR/PR at Table IV-14 (as revised by INV-CC-081). It is unclear how much of the *** short tons of capacity is allocated to production of the subject merchandise, so excess capacity cannot be calculated for Outokumpu. However, there is nothing in the record to indicate that excess capacity is greater now than in the original investigation period, when subject imports from the United Kingdom fell substantially. Data submitted by Outokumpu indicate a capacity utilization for cold-rolling of *** percent in 2004; its SSSS utilization rate was *** percent in 1998. CR/PR at Table G-11; Original Staff Report, INV-W-131 at Table VII-8.

[276] CR/PR at Table IV-14 (as revised by INV-CC-081).

[277] ***.

[278] Domestic Industry's Prehearing Brief, Exhibit 19.

[279] Outokumpu argues that the absence of a large volume of exports to the United States from its facilities in Finland and Sweden, which are not subject to orders, is proof that the company does not intend to export an injurious volume of SSSS to the United States if the U.K. order is revoked. The domestic industry asserts that higher U.S. imports from Finland and Sweden in early 2005 disprove those claims. Outokumpu responds that elevated imports in particular months have occurred in the past and have not signaled a sustained increase in imports from Finland or Sweden, and that in any event the imports would not disrupt the U.S. market because they have been at high unit values. See Outokumpu's Posthearing Brief at 3-4 and Exhibits 1 and 2; Domestic Industry's Posthearing Brief at 10 and Exhibit 9. Overall, we do not find that the pattern of Outokumpu's exports to the United States from Finland and Sweden indicate a likely significant increase in subject imports from the United Kingdom in the event of revocation.

[280] CR/PR at Table V-11; USITC Pub. 3208 at V-24.

In evaluating the potential for impact on the domestic industry, we note that we have not found the domestic industry to be vulnerable and that the industry reported profits in 2004. Given that we do not find it likely that there will be a significant volume of subject imports from the United Kingdom or significant price effects, we find that revocation of the antidumping duty order is not likely to lead to a significant adverse impact on the domestic industry within a foreseeable time.

Thus, we conclude that if the order were revoked, subject imports from the United Kingdom would not be likely to lead to continuation or recurrence of material injury to the domestic industry within a reasonably foreseeable time.

CONCLUSION

For the above-stated reasons, we determine that revocation of the antidumping and/or countervailing orders on SSSS from Germany, Italy, Japan, Korea, Mexico, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time. We also determine that revocation of the antidumping duty orders on SSSS from France and the United Kingdom 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.[281]

[281] Chairman Stephen Koplan and Commissioner Charlotte R. Lane dissent from the determinations with respect to France and the United Kingdom. See Chairman Stephen Koplan's and Commissioner Charlotte R. Lane's Dissenting Views with respect to France and the United Kingdom.

DISSENTING VIEWS WITH RESPECT TO FRANCE AND THE UNITED KINGDOM OF CHAIRMAN STEPHEN KOPLAN AND COMMISSIONER CHARLOTTE R. LANE

Based on the record in these five-year reviews, we have exercised our discretion to cumulate subject imports of stainless steel sheet and strip in coils from France and the United Kingdom with subject imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan.[1]

The available evidence on the record suggests that a reasonable overlap of competition is likely upon revocation. Nothing in the record suggests that, if the orders are revoked, subject imports from France or the United Kingdom would be so limited in product range, geographic presence, or simultaneous presence in the market as to prevent a reasonable overlap of competition between imports from these subject countries and either domestic merchandise or other subject imports. In its determinations in the original investigations, the Commission found that there was a reasonable overlap in competition among imports of stainless steel sheet and strip from all eight subject countries, and between subject imports and domestic merchandise. There is no information on the record that the range of products produced in the subject countries has narrowed over the period of review. Consequently, we conclude that if the orders were revoked, producers in the subject countries would likely resume exporting a range of products to the U.S. market that would result in an overlap of competition between the products from each subject country, and between subject imports and domestic merchandise.

France

Following the imposition of the antidumping order subject imports from France initially declined but increased absolutely between 1999 and 2004.[2] The data show that U&A France, the only French producer of stainless steel sheet and strip, continues to be export-oriented. Its shipments to its home market declined over the period of review, and its export shipments increased.[3] Its exports to Asia decreased, and its exports to the United States, the EU, and "all other" markets increased over the period of review, indicating its ability to shift to alternate export markets.[4] The data also show that over the period of review U&A France retained excess capacity while its capacity and production increased on an absolute basis.

U&A France argues that its imports should not be cumulated with the other subject imports. It contends that its sales of *** are sales of "niche" products that do not compete with other subject imports or the U.S. product. During the original investigations the Commission found that even though a high volume of subject imports from France consisted of bright-annealed stainless steel sheet and strip, "a substantial percentage" of subject imports from France "overlap with the domestic product and imports from other subject countries."[5] The same overlap of competition exists in these five-year reviews.

The record indicates that the domestic industry produced *** stainless steel sheet and strip over the period examined in these reviews. The majority of subject imports from France in 2004 were of ***, which accounted for *** percent of U.S. domestic shipments in 2004.[6] Thus, U&A France continues to produce and export increasing quantities of stainless steel sheet and strip products that directly compete in the United States with other subject imports and the domestic like product.

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[1] See Section III of the Views of the Commission for more information on our cumulation finding.

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

[3] CR/PR at Table IV-7.

[4] Id.

[5] Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan and the United Kingdom, Inv. Nos. 701-TA-380-382 and 731-TA-797-804 (Final), USITC Pub. 3208 at 11 (July 1999).

[6] CR/PR at Table I-7.

United Kingdom

Subject imports from the United Kingdom decreased *** following the imposition of the orders.[7] Questionnaire responses from Outokumpu, the primary producer of stainless steel sheet and strip from the United Kingdom, indicate that due to the orders Outokumpu ***.[8] The record shows that *** was not only shipped to the United States by Outokumpu, but also by other subject countries and domestic producers over the period examined in these reviews.

Despite Outokumpu's focus on ***, imports from the United Kingdom included other subject products, both before and after the antidumping order went into effect. Over the period of review Outokumpu has maintained excess production capacity while continuing to be *** export oriented and, therefore, has the ability to increase the volume of shipments of stainless steel sheet and strip to the United States upon revocation of the orders.[9] For these reasons, we find that the United Kingdom remains able and is likely to resume shipping competitive stainless steel sheet and strip products to the United States within a reasonably foreseeable period of time if revocation occurred.

Summary

In sum, we find that there is a reasonable overlap of competition among subject imports from France and the United Kingdom, the other subject countries, and the domestic like product during the period of review. Accordingly, we have exercised our discretion to cumulate the subject imports from France and the United Kingdom with all other subject imports.

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

[8] Response to question II-11, Questionnaire Response revision, March 11, 2005. EDIS document #226236.

[9] CR/PR at Table IV-14, as revised by Memorandum INV-CC-081.

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

I. INTRODUCTION

Section 751(d)(2) of the Tariff Act of 1930, as amended ("the Act"), requires that the U.S. Department of Commerce ("Commerce") revoke a countervailing duty or an antidumping duty order or terminate a suspended investigation in a five-year review unless Commerce determines that dumping or a countervailable subsidy would be likely to continue or recur and the U.S. International Trade Commission ("Commission") determines that material injury to a U.S. industry would be likely to continue or recur within a reasonably foreseeable time.[1] Based on the record in these first five-year reviews, we determine that material injury is not likely to continue or recur within a reasonably foreseeable time if the antidumping duty orders on subject imports of stainless steel sheet and strip ("SSSS") from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom are revoked. We also determine that material injury is not likely to continue or recur within a reasonably foreseeable time if the countervailing duty orders on subject imports of SSSS from Italy and Korea are revoked.

We join our colleagues' discussion regarding domestic like product, domestic industry, and cumulation and their conclusions that there is no likelihood of continuation or recurrence of material injury if the antidumping orders on France and the United Kingdom are revoked. We write separately to discuss the legal standard governing five-year reviews, conditions of competition, and to provide our analysis of the statutory factors.

II. SUMMARY

The Commission's original determinations focused on the evidence that the domestic stainless steel sheet and strip industry's profitability deteriorated significantly despite rising demand and falling costs. The Commission found that the substantially increased volumes of subject imports at declining prices lowered market prices to such an extent as to contribute materially to the industry's deteriorating performance.

At the time of the Commission's original investigations, imports of subject merchandise were entering the United States in increasing levels due in part to increased capacity in several subject countries and to the Asian financial crisis, which depressed world prices. At the same time, demand for SSSS in the United States was increasing, and consequently, the U.S. market served as a destination for steel imports from the subject countries.

Since the original determinations the domestic SSSS industry has undergone a significant transformation. Consolidation and rationalization with respect to the industry as a whole reduced the number of producers from 13 in 1998 to six in 2004, of which only three are major producers: AK Steel, Allegheny Ludlum, and North American Stainless (NAS). While the industry suffered operating losses in several years since the orders were issued, these were due both to the effects of the industry's restructuring (e.g., write-offs of underperforming assets) and to a drop in demand caused by a recession in the United States. The industry, however, has emerged from this period stronger and fundamentally changed.

The global SSSS market also has changed significantly since the original investigations. Since 1998, worldwide stainless steel consumption increased substantially, with much of that growth occurring in Asia. Most notably, China has emerged as a significant consumer of stainless steel during this time period. The rapid growth in global demand has contributed to higher worldwide stainless steel prices; pricing in major foreign markets is approaching parity with, and indeed recently has exceeded, levels in

[1] 19 U.S.C. § 1675(d)(2).

the U.S. market. Global SSSS prices reached high levels during the latter part of the period of review, pushed upward by high demand and high raw material costs. The restructured U.S. SSSS industry has benefitted from the changed market conditions and consequently reported a healthy performance during the last year of the period of review.

Global capacity to produce SSSS, including capacity in the countries subject to these reviews, also grew substantially since the original investigations. While this growth in capacity arguably increases the ability of the subject countries to supply more product to the U.S. market, strong global market conditions have allowed producers in the subject countries generally to operate at relatively high capacity utilization rates, leaving limited excess capacity. Moreover, improved conditions in other markets have reduced the incentive of foreign producers to focus their sales on the U.S. market.

The evidence on the record suggests that market conditions in the United States will remain favorable in the reasonably foreseeable future. Indeed, the U.S. market was experiencing tight supply in 2004 and domestic producers were either extending lead times or declining to accept new customers. Thus, while we would expect revocation of the orders to lead to some increase in subject imports into the United States, such an increase will not lead to any significant price effects or have a significant impact on the restructured domestic industry.

Therefore, based on the evidence collected in these reviews, we do not find that revocation of the orders on SSSS from Germany, Italy, Japan, Korea, Mexico, and Taiwan would be likely to lead to continuation or recurrence of material injury to an industry in the United States within a reasonably foreseeable time.

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

A. Legal Standard

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.[2] 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."[3] Thus, the likelihood standard is prospective in nature.[4] 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

[2] 19 U.S.C. § 1675a(a).

[3] 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.

[4] 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.

longer period of time."[5] According to the SAA, a "'reasonably foreseeable time' will vary from case-to-case, but normally will exceed the 'imminent' time frame applicable in a threat of injury analysis in antidumping and countervailing duty investigations."[6]

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."[7] 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).[8]

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."[9] 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.[10] [11] [12]

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

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[5] 19 U.S.C. § 1675a(a)(5).

[6] 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.

[7] 19 U.S.C. § 1675a(a)(1).

[8] 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-CC-070, May 23, 2005) at I-11 n.13 and I-13 n.14 (hereinafter CR), Public Staff Report at I-11 n.13 and I-12 n.14 (hereinafter PR).

[9] 19 U.S.C. § 1675a(a).

[10] 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).

[11] The Court has interpreted the word likely to mean probable or "more likely than not." The Court's "likely" standard means that the continuation or recurrence of material injury must be "more likely than not," otherwise the order must be revoked. Accordingly, Vice Chairman Okun applies this 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, Invs. Nos. 701-TA-362 (Review) and 731-TA-707-710 (Remand).

[12] While, for purposes of these reviews, Commissioner 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."

United States.[13] 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.[14]

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.[15]

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 advanced version of the domestic like product.[16] 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.[17] As instructed by the statute, we have considered the extent to which any improvement in the

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[13] 19 U.S.C. § 1675a(a)(2).

[14] 19 U.S.C. § 1675a(a)(2)(A-D).

[15] 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.

[16] 19 U.S.C. § 1675a(a)(4).

[17] 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 final results of sunset reviews, with respect to the antidumping duty orders on France, Germany, Italy, Japan, Korea, Mexico, Taiwan, United Kingdom, Commerce determined the following likely dumping margins: France: 9.38 percent; Germany: 13.48 percent; Italy, 11.23 percent; Japan: 40.18 percent to 57.87 percent; Korea: 2.49 percent to 58.79 percent; Mexico: 30.85 percent; Taiwan: 12.61 percent to 36.44 percent; and the United Kingdom: 14.84 percent. CR at I-11-12, PR at I-11.

In its final results of sunset reviews, with respect to countervailing duty orders on Italy and Korea, Commerce found the following likely countervailing duty levels: Italy, 0.73 percent (TKAST), de minimis (Arinox), and 0.73 percent (all others); and Korea, 0.54 percent (INI), 0.67 percent (DaiYang), 4.64 percent (Taihan), 0.63 percent (all others). POSCO is excluded from the order. CR at I-13, PR at I-12. In addition, the statute provides that "if a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement. 19 U.S.C. § 1675a(6). Commerce indicated with respect to the order on Italy that the subsidy programs did not fall under either Article 3 or 6.1 of the Subsidies Agreement. CR at I-13 (tabulation note 2), PR at I-12 (tabulation note 2); see also 69 Fed. Reg. 78093 (Dec. 29, 2004). With respect to the order on Korea, Commerce

(continued...)

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.[18] [19]

B. Conditions of Competition

In evaluating the impact of subject imports on the domestic industry if the orders are revoked, the statute directs the Commission to evaluate all the relevant economic factors "within the context of the business cycle and conditions of competition that are distinctive to the affected industry."[20] Discussed below are the conditions of competition that weigh significantly in our determinations.

1. The Domestic Industry

During the original period of investigation, the domestic industry consisted of 13 firms (U.S. mills Allegheny Ludlum, Armco, J&L, NAS, Nucor, and Washington Steel, as well as seven rerollers).[21] Measured by production, the four leading firms were ***, in that order; together, those four firms accounted for *** percent of production in 1998.[22] In 1996, when subject imports from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom accounted for 14.9 percent of the total market, the domestic industry's operating income was equivalent to 8.4 percent of sales. In 1998, when subject imports had grown to 15.9 percent of the market, the industry's operating income was 1.8 percent of sales, and nearly half of the industry was operating at a loss.[23] In 1998, Washington Steel discountinued its domestic manufacturing operations and most of its assets were acquired by Allegheny Ludlum.[24] The Commission reached an affirmative determination in these investigations in the summer of 1999.

After issuance of the orders on the subject countries, the industry experienced a brief recovery in 1999 and 2000 when its operating income improved to 10.4 percent of sales. The industry's fortunes changed again in 2001 with the economic recession and the addition of domestic capacity.[25] The industry's operating income fell to a negative 2.5 percent of sales in 2001. In 2003, when subject imports' market share had declined to 7.5 percent, the industry's operating losses were equivalent to

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[17] (...continued)
indicated that some of the subsidy programs could be inconsistent with Article 6.1 of the Subsidies Agreement if the subsidies involved were to exceed five percent. CR at I-13 (tabulation note 2), PR at I-12 (tabulation note 2); see also 69 Fed. Reg. 75515 (Dec. 17, 2004).

[18] 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.

[19] 19 U.S.C. § 1675a(6).

[20] 19 U.S.C. § 1675a(a)(4).

[21] Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-380-382 (Final) and 731-TA-797-804 (Final), USITC Publication 3208 at III-1 (July 1999).

[22] CR/PR at Table I-9.

[23] USITC Pub. 3208 at Table VI-1; CR/PR at Table I-1.

[24] CR at I-40, PR at I-33.

[25] CR/PR at Table C-1; CR/PR at Table III-1 (NAS capacity increased by *** percent in 2001); Domestic Producers' Post-Hearing Brief at Exh. 1, pp. 7-8.

negative 14.3 percent of sales.[26] The losses suffered by the domestic industry during the period when the orders were in effect were due both to the effects of restructuring (e.g., the write-offs of underperforming assets), and to a drop in demand due to a recession in the United States.

The restructuring of the domestic stainless steel sheet and strip industry began before the orders were issued and thus before the industry began to benefit from the existence of the orders. Of the original 13 domestic producers, almost every producer either experienced closure, consolidation, or expansion. As noted above, Allegheny Ludlum (owned by Allegheny Technologies) acquired most of the Washington Steel stainless steel assets in 1998 and closed certain facilities in 2001 and 2002.[27] Allegheny also purchased certain assets of J&L in 2004.[28] AK acquired Armco in 1999, opened a Rockport, IN facility in that year, and ***.[29] NAS underwent significant expansion. NAS began production operations in 1992 as a cold-rolling operation. It completed the installation of a new Steckel hot-rolling mill in late 1998. NAS began operation of its new melt shop in 2002, thereby completing its reverse expansion process from the cold-end of the steel-making process to the hot-end.[30] NAS grew from accounting for *** percent of domestic production in 1998 to *** percent in 2004.[31]

As a result of these consolidations, the 13 firms existing during the original period of investigation had become only six in 2004, of which only three are major producers: AK Steel, Allegheny Ludlum, and NAS. Two of the large mills existing in 1998, J&L and Washington Steel, no longer existed as independent companies in 2004. Only a handful of the rerollers remained in 2004 as they either discontinued SSSS operations or were acquired by the integrated mills.[32] Allegheny Ludlum was able to enter into a new labor agreement, which was designed to improve productivity, reduce fixed costs, and promote flexibility, by reducing the number of job classifications, management layers, and health care expenses for retirees.[33] Some of the benefits of these changes could be seen in 2004. The industry's productivity in 2004 was 127 percent higher than in 1998. Unit labor costs were down 44.2 percent from 1998, even though hourly wages were up 27.5 percent.[34] The industry's return on investment reached 9.9 percent in 2004.[35]

In summary, the condition of the domestic industry has changed, and improved, significantly from the period of the original investigations.

2. The World Market for Stainless Steel Sheet and Strip

The world market for SSSS also has changed significantly since the original investigations. Subject imports increased during the original period of investigation due in part to capacity expansions in

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[26] CR/PR at Table C-1.

[27] CR at III-15, PR at III-8.

[28] CR at I-40, PR at I-33.

[29] CR at I-39, PR at I-32.

[30] CR at I-41, PR at I-34; CR/PR at Table III-1; CR at III-4, PR at III-3.

[31] CR/PR at Table I-9.

[32] CR at I-42, PR at I-34.

[33] CR at III-14, PR at III-8; Domestic Producers' Post-Hearing Brief at Exh. 1, p. 43.

[34] CR/PR at Table I-1; Memorandum INV-W-131 (Confidential Staff Report, original determinations) at Table III-5 ("Original Staff Report"). We note that domestic producers argue that the magnitude of these decreases are overstated because of *** but they acknowledge that there had been a significant decline in the number of workers from 1998 to 1999. Domestic Producers Post-Hearing Brief at 81-82.

[35] CR/PR at Table III-13.

the subject countries[36] and the Asian financial crisis, which depressed prices.[37] [38] As such, global apparent consumption, excepting the United States, was depressed during the original investigations.[39] Global demand has improved during the period of review.[40] Subject producers report that the EU has grown as a market since 2000 and remains a substantial non-U.S. market for exports.[41] Exports to the EU by subject producers continued to climb through 2004, when the EU enlarged through the addition of 10 new member states.[42]

Much of the recent growth in consumption of stainless steel in general and sheet and strip in particular has occurred in Asia, and since 2000 in China in particular, as it has become a significant consumer of stainless steel.[43] Subject producers enjoyed strong exports to China and to Asia in general; their exports to China increased to reach a level in 2004 that was nearly twice the level in 1999.[44] The growth in exports to China has been spurred in part by the fact that some subject producers have opened joint ventures in China. Korean producer POSCO has two joint ventures in China.[45] Italian producer TKAST also has an affiliate in China to which it is the supplier of hot-rolled feedstock.[46] Finally, the U.S. industry also has been participating in the growth of worldwide demand as Allegheny Technologies also has a stainless facility in China and is ***.[47] [48]

The strong demand in the EU and the rapid growth of demand in China boosted global consumption and put upward pressure on prices for both raw materials and finished steel. Pricing in major foreign markets is approaching parity with the U.S. market. According to published data, world prices increased during 2003 and 2004,[49] and remained strong in the early months of 2005, well above prices in the early months of 2004.[50] Generally, the data show EU prices for several commodity grades to be *** than U.S. prices.[51] The data are *** on relative U.S. and Asian market prices, with some data

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[36] While data are incomplete, several subject producers increased capacity from 1996 to 1998. See, e.g., Original Staff Report at Tables VII-2 (Germany), VII-3 (Italy), VII-5 (Korea), and VII-6 (Mexico).

[37] CR/PR at Table I-1 (growth in U.S. shipments of subject imports from several countries, particularly Japan, Mexico, and Taiwan); Original Staff Report at Tables V-3 through V-8 (declining U.S. and import prices).

[38] During the original Commission proceedings, counsel for petitioners testified that the Asian financial crises contributed to the increase of subject imports and declining prices. Hearing Transcript from original investigations at 87 (May 25, 1999). The crisis began in July 1997 with a severe devaluation of the Thai baht; subsequently other Asian currencies, including those of Indonesia and Korea, also experienced sharp devaluations. See also German, Italian, and Mexican Respondents' Post-Hearing Brief at 9-10 (Appendix Answers to Questions).

[39] Hearing Transcript from original investigations at 87.

[40] CR at IV-41-42, PR at IV-22.

[41] CR at IV-53-54, PR at IV-26-27.

[42] CR at IV-53-54 and n.110, PR at IV-26-27 and n.110.

[43] CR at IV-41 and IV-54, PR at IV-22 and IV-27.

[44] CR at IV-53-54, PR at IV-27; CR/PR at Tables IV-9 (Italy), IV-11(b) (Korea), and IV-12 (Mexico).

[45] Hearing Transcript at 238 (Cameron); CR at IV-32 n.74, PR at IV-17 n.74.

[46] Hearing Transcript at 223-24 (Fechter); CR at ***, PR at ***.

[47] Hearing Transcript at 87-88 (Shilling); French and Korean Respondents' Post-Hearing Brief at Exh. 3, p. 8.

[48] INV-CC-083 at Exh. 1 (June 6, 2005) (containing domestic industry's submission of June 1, 2005).

[49] CR at IV-42, PR at IV-22.

[50] CR at IV-42-43, PR at IV-22-23 and CR at IV-49, PR at IV-25 (while world prices for grade 304 have *** in 2005, world prices for grade 316 have ***); CR/PR at Tables IV-15 and IV-22.

[51] CR at IV-43, PR at IV-23; CR at IV-49, PR at IV-25. See also CR/PR at Tables IV-15 - IV-22. EU prices for grade 304 were *** than U.S. prices in early 2005.

showing ***.[52] Even assuming prices in Asia may be somewhat *** than U.S. prices, the growth in exports from subject producers and the Chinese joint ventures established by several subject producers indicate that the Asian market is attractive and one in which many producers are committed to supply in the future.

Moreover, increases in demand are anticipated to continue for several years. While slowing from the recent rates of increase, global apparent consumption is expected to increase steadily by at least *** percent each year through 2009.[53] Even domestic interested parties concede that worldwide demand will continue to be strong.[54] The parties agree that it is not until 2008 that increased Chinese capacity to produce stainless steel flat products is projected to overtake Chinese consumption.[55] Thus, the improved global market is not expected to reverse itself in the reasonably foreseeable future.[56]

Accordingly, the record indicates that global markets have changed and improved since the original investigations, and that the most recent conditions in the world market are likely to continue for the reasonably foreseeable future.

3. Demand

Demand for SSSS depends on demand for downstream products using SSSS. Stainless steel sheet and strip is used in a number of end uses including automotive exhaust systems, parts, and trim; pipe and tubing; sinks and other food service items; tanks and pressure vessels; electronic relays; springs; and parts for computer disk drives.[57] U.S. demand, as measured by apparent U.S. consumption, decreased irregularly by 4.6 percent from 1999 to 2004, but has improved significantly since 2003 (increasing by 11.2 percent). Apparent U.S. consumption initially decreased through 2001, increased in 2002, and declined again in 2003 before rising again in 2004.[58] While a consultant for domestic producers forecasts a slight decline in U.S. consumption in 2005, stronger growth is forecasted in 2006 and 2007.[59] One publication forecasts ***.[60]

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[52] CR/PR at Tables IV-15 - IV-22.

[53] CR at II-13, PR at II-8-9; CR at IV-42, PR at IV-22.

[54] See, e.g., INV-CC-083 at Exh. 2 (domestic producer ***).

[55] Domestic Producers' Prehearing Brief at 51; Hearing Transcript at 129-30 (Magrath) (acknowledging that forecasts vary and having seen references to 2008); Domestic Producers' Posthearing Brief at Exh. 1, p. 46; German, Italian, and Mexican Respondents' Post-Hearing Brief at 10. While one source projects that Chinese capacity may meet Chinese consumption in 2006, this assumes that all Chinese producers operate at full capacity. ***. This is unlikely as world-wide capacity has outstripped consumption throughout the period of review (id.) and domestic capacity outstripped apparent U.S. consumption last year, even though the market was tight. CR/PR at Table D-1; CR at II-5, PR at II-4. Thus, we do not place too much weight on in capacity figures particularly considering the fact that it takes time for new facilities to come online and reach their theoretical capacity.

[56] The Commission traditionally has avoided specifying a precise "reasonably foreseeable" period in particular cases given that doing so could itself be somewhat speculative and could involve arbitrary cutoffs. Nevertheless, in view of the nature of this industry and market, we have given significantly greater weight to developments likely to occur in the next two years than to those pertaining to later dates, although we cite other information as appropriate.

[57] CR at II-10, PR at II-7.

[58] CR/PR at Table D-1.

[59] CR at II-10, PR at II-7.

[60] CR at II-10-11, PR at II-7.

The record indicates demand in the U.S. market for the reasonably foreseeable future will be, at worst, slightly down from 2004 levels in 2005, with demand increasing again thereafter.[61] Other forecasts are more optimistic: domestic producer *** anticipates *** percent and domestic producer *** projects *** percent in 2005.[62]

As noted above, the record also suggests that worldwide demand, including demand in China, will continue to be strong in the foreseeable future. *** projects that global cold-rolled stainless steel consumption will increase by at least *** percent or more annually in the reasonably foreseeable future.[63]

4. Supply

The U.S. market is supplied by domestic producers, subject country producers, and producers in nonsubject countries. During the period examined in these reviews, U.S. producers held shares of the U.S. market in terms of quantity ranging from a low of 83.3 percent in 1999 to a high of 87.2 percent in 2001 and 2002.[64] U.S. producers' market share rose by 2.3 percentage points from 1999 to 2000, and then continued to grow slowly for the next three years before declining, in 2003 and 2004, to a share that was slightly more than that reported for 1999.[65]

Subject imports declined significantly following the original investigations and remained well below the levels of those investigations during most of the period of review. Subject imports declined from 15.9 percent of total U.S. consumption in 1998 to 9.7 percent in 1999, declining further to 6.5 percent in 2002 before rising again to 8.5 percent in 2004.[66]

Traditionally, nonsubject imports played a role in the U.S. market for SSSS, having about a 4 percent market share in 1996 before subject imports began to increase.[67] Nonsubject imports gained market share following the orders, reaching 7.0 percent in 1999, then decreased irregularly until 2003, when they supplied 5.6 percent of the market. Nonsubject imports rose to a period high of 7.4 percent in 2004, a year of strong U.S. apparent consumption growth.[68]

Significantly, U.S. supply became tight in 2004 as most U.S. producers reported extended lead times, controlled-order entry, or that they declined to accept new customers.[69] More specifically, the largest domestic producer, AK Steel, ***.[70]

Concurrent with growth in global consumption, as noted above, worldwide SSSS capacity and production, including capacity and production in the countries subject to these reviews, also grew substantially since the original investigations.[71] Strong global market conditions, however, have allowed

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[61] CR at II-10, PR at II-7. Domestic Producers' Posthearing Brief at Exh. 11.

[62] INV-CC-083 at Exhs. 1 and 2. While counsel for domestic producers argued that the most recent period may have been the peak of the business cycle (Hearing Transcript at 109-10 (Hartquist)), these data indicate that the cycle will continue. See also Hearing Transcript at 35 (Gerard) ("The business cycle isn't complete yet").

[63] CR at IV-42, PR at IV-22.

[64] CR/PR at Table D-1.

[65] CR/PR at Table D-1.

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

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

[68] CR/PR at Table D-1.

[69] CR at II-5, PR at II-4; Hearing Transcript at 243 (Dow), 246-47 (McKibben).

[70] INV-CC-083 at Exh. 2.

[71] One source estimates that production of stainless steel on a slab/ingot basis grew 28 percent from 2001 to 2004. (Citing data from the International Stainless Steel Forum). Another source, ***, estimates that cold-rolled stainless steel capacity *** percent from 1999 to 2004. CR at IV-40, PR at IV-21.

producers in the subject countries generally to operate at high capacity utilization rates.[72] Global capacity of stainless steel is projected to continue to grow. According to estimates, expansion in meltshop capacity for stainless steel slab is projected to increase by nearly *** metric tons between 2004 and 2009 (China represents *** tons of this amount). With respect to global stainless steel cold-rolling capacity, one source estimated an increase from *** metric tons in 2004 to *** metric tons by 2009.[73]

5. Other Conditions

The record indicates at least a moderate degree of substitutability between subject imports and the domestic like product.[74] As noted above, SSSS is a commodity-type product made in standard grades according to standardized specifications such as those developed by AISI and ASTM. While price is the most important factor to purchasers, quality and availability remain important factors to purchasers.[75] Although purchasers reported that U.S. product either is generally comparable to other countries on price, purchasers ranked the U.S. product as superior or comparable to other countries on availability, and as generally comparable on quality.[76]

D. Revocation of the Antidumping Orders on Imports from Germany, Italy, Japan, Korea, Mexico, and Taiwan and Revocation of the Countervailing Duty Orders on Imports from Italy and Korea Are Not Likely to Lead to a Continuation or Recurrence of Material Injury Within a Reasonably Foreseeable Time

1. Likely Volume of Subject Imports

In the original investigations, the Commission cumulated imports from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom. In these reviews, we concur with the Commission majority's exercise of its discretion, under 19 U.S.C. §1675a(a)(7), not to cumulate imports from France and the United Kingdom with imports from the six remaining countries subject to the orders, based on significant differences in the conditions of competition with respect to the subject imports from France and the United Kingdom versus the other subject imports. We exercise our discretion to cumulate imports from all of the remaining subject countries. In the section that follows, we have taken into account the Commission's previous volume findings, recognizing the difference represented by imports from France and the United Kingdom.[77]

In the original investigations, the Commission found the volume of subject imports to be significant based primarily on a large increase in their quantity along with a slight increase in market share. The Commission also found it significant that the domestic industry's market share did not grow appreciably despite significant increases in capacity.[78] On a quantity basis, the volume of subject imports increased from *** short tons in 1996 to *** short tons in 1997, and increased again to *** short tons in

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[72] CR/PR at Tables IV-8 (Germany), IV-9 (Italy), IV-11(Korea), IV-12 (Mexico), and IV-10 (Japan for one producer); CR at IV-15, PR at IV-10 (tabulation).

[73] CR at IV-40-41, PR at IV-21.

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

[75] CR/PR at Table II-7.

[76] CR/PR at Table II-11.

[77] During the original investigations, imports from France and the United Kingdom declined steadily and, taken together, never accounted for more than *** percent of U.S. consumption. CR/PR at Table I-1.

[78] USITC Pub. 3208 at 14-15.

1998. The share of apparent U.S. consumption accounted for by subject imports increased from *** percent in 1996, to *** percent in 1997, and *** percent in 1998.[79]

During the current period in these reviews (1999 to 2004), import levels from the subject countries declined significantly from 1999 to 2001, increased slightly in 2002, and then continued to increase, more rapidly, in 2003 and 2004.[80] Market share of subject imports showed a similar pattern but remained more or less stable from 2001 to 2004 because of the growth in apparent U.S. consumption.[81]

As noted above, the worldwide conditions of competition for SSSS have changed significantly since the original investigations. Accordingly, we conclude that, while imports may increase somewhat upon revocation, no substantial increases are likely to occur that would cause material injury. The worldwide demand characteristics for SSSS are different than they were at the time of the original investigations; 2003 and 2004 saw high levels of worldwide consumption of cold-rolled stainless steel.[82] In the United States, demand fluctuated during the period of review, with 2004 consumption levels exceeding 1998 levels.[83] While global apparent consumption of cold-rolled stainless steel shrank a bit in 2001, it increased substantially thereafter.[84] Most foreign producers reported that there has been an increase in demand for SSSS outside of the United States since 1998, particularly in Asian countries such as China.[85] These views were echoed by a substantial majority of domestic producers and U.S. importers as well.[86] We also find it noteworthy that the EU remains a substantial non-U.S. market for exports,[87] and that it grew in 2004 with the addition of 10 new member states.[88] Exports from the subject countries to the EU during the period of review increased markedly, with much of the growth occurring after 2001.[89]

Global capacity to produce SSSS, including capacity in the countries subject to these reviews, has grown since the original investigations. Although these increases in capacity arguably make it easier for the subject countries to supply more product to the U.S. market, utilization rates for foreign producers have been relatively high.[90] For example, according to the record in these reviews, capacity utilization

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[79] Calculated from CR/PR at Table I-1. These figures do not include the volumes for France and the United Kingdom.

[80] The volume of cumulated *shipments* of subject imports was *** short tons in 1999, *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004. CR/PR at Table D-1 (shipments of imports). The volume of cumulated subject *imports* was *** short tons in 1999, *** short tons in 2000, *** short tons in 2001, *** short tons in 2002, *** short tons in 2003, and *** short tons in 2004. CR/PR at Table IV-1 (imports). As the figures and trends are similar, we refer to shipments of imports throughout the remainder of this opinion wherever we use the term "imports."

[81] The market share of cumulated subject imports was *** percent in 1999, *** percent in 2000, *** percent in 2001, *** percent in 2002, *** percent in 2003, and *** percent in 2004. CR/PR at Table D-1.

[82] CR at IV-42, PR at IV-22. These data are for the broader category of all cold-rolled stainless steel, in which the subject product plays a major role.

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

[84] CR at IV-42, PR at IV-22.

[85] CR at II-13, PR at II-8; CR/PR at Table II-4.

[86] CR at II-13 n.24, PR at II-8 n.24.

[87] CR at IV-53-54, PR at IV-26-27

[88] CR at IV-53 and n.110, PR at IV-26 and n.110.

[89] CR at IV-54, PR at IV-27.

[90] We note that in these reviews, several factors have prevented assembling a comprehensive and consistent set of capacity data for subject producers of SSSS. These factors include: (1) differences between theoretical and practical capacity depending on the length and number of shifts, scheduled and unscheduled down time, and other factors; (2) the need for producers to allocate capacity among multiple stainless steel flat-rolled products, such as stainless steel

(continued...)

rates for German producers increased from *** percent in 2001 to *** percent in 2004.[91] Italian producer TKAST reported capacity utilization rates of above *** percent throughout the period, with a reported rate of *** percent in 2004.[92] In Korea, POSCO (the largest producer) reported a melting capacity utilization rate of *** percent in 2004,[93] and data for the Korean industry as a whole indicate high capacity utilization rates throughout the period, reaching *** percent in 2004.[94] Mexican producer Mexinox reported a capacity utilization rate of *** percent in 2004.[95] These relatively high utilization rates mean that, as a practical matter, the ability of subject producers to increase exports to the United States simply by producing more product is somewhat limited. Moreover, *** is planning a large increase in capacity for 2005 or 2006.[96]

With respect to Japan, only part of the industry responded to the Commission questionnaires. Public data indicate that overall stainless steel production in Japan grew from under 3.4 million metric tons in 1999 to more than 4.1 million metric tons in 2003.[97] Exports by the Japanese industry, primarily to non-U.S. destinations, also increased over this time period. Finally, based on the limited questionnaire data, one of the Japanese producers had a capacity utilization rate of *** percent in 2002, but increased to *** percent in 2004.[98]

With respect to Taiwan, which did not participate in these reviews, we have no current capacity utilization figures for Taiwan producers. Data from the original investigations, however, showed substantial increases in capacity utilization toward the end of the period.[99] Current improved market conditions, particularly in Asia, suggest that for Taiwan, this pattern should not reverse itself. Even assuming available capacity in Japan and Taiwan, given conditions in the other four cumulated countries, we do not find significant excess capacity in the subject countries overall.

While subject producers tend to export most of their production, the export trends in the cumulated countries have changed considerably since the original investigations. Specifically, subject producers have increased their exports to regional markets or to markets in which they have invested in production facilities (most notably in China). For producers in European countries such as Germany and Italy, the European market is of primary importance. For example, for German producers, the European market accounted for *** percent of their total exports in 2004.[100] For the Italian producer TKAST, shipments within Europe and to its joint venture producer in China represent over *** percent of its

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(...continued)
plate, produced on the same line as SSSS; and (3) lack of data for producers in Japan and Taiwan.

[91] CR/PR at Table IV-8. In 2004, these firms' melting capacity utilization rate was *** percent. Their hot-rolling capacity utilization rate was *** percent. CR at IV-15, PR at IV-10 (tabulation).

[92] CR/PR at Table IV-9. In 2004, TKAST's melting capacity utilization rate was *** percent, and its hot-rolling capacity utilization rate was *** percent. CR at IV-15, PR at IV-10 (tabulation).

[93] CR at IV-15, PR at IV-10 (tabulation).

[94] CR/PR at Tables IV-11.

[95] CR/PR at Table IV-12.

[96] CR at IV-10-13, PR at IV-7-9.

[97] CR at IV-27, PR at IV-15.

[98] CR/PR at Table IV-10.

[99] Original Staff Report at VII-6.

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

exports in 2004.[101] Shipments by Korean producers in 2004 to their home market, to the Asian market, and China, in which POSCO has two joint ventures, were over *** percent of total shipments.[102] [103]

As detailed above, generally favorable trends in worldwide supply and demand are likely to continue in the foreseeable future. Domestic industry representatives conceded that, as a worst-case scenario, U.S. demand will fall slightly in 2005 and rise thereafter.[104] Global apparent consumption is expected to increase at a rate of at least *** percent per year through 2009.[105]

In response to strong demand and increased raw material costs, global SSSS prices reached high levels during the latter part of the period of review.[106] Moreover, price levels in a number of major foreign markets for commodity grades of SSSS generally have been comparable to or higher than U.S. market price levels, particularly for grade ***.[107] These patterns do not suggest that, upon revocation, exports from the subject countries would be likely to seek the U.S. market.

In addition, while subject producers face some impediments to their exports of subject merchandise into certain third-country markets, these do not suggest a likely significant diversion of SSSS to the U.S. market. SSSS from Germany and Italy are subject to duties in Thailand and minimum import prices in India, but the record does not indicate that these have been important markets for firms in these countries.[108] SSSS from these countries are also subject to an ongoing antidumping investigation in Russia; however, any prediction of the outcome of the Russian proceedings would be speculative.[109]

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

[102] CR/PR at Table IV-11. Domestic producers argue that subject producers' shipments to China in general or to their joint ventures in China in particular are likely to fall as China brings more melting and hot-rolling capacity on line. While a decline may eventually occur, we do not find it to be likely in the reasonably foreseeable future. Exports to China by six of the eight subject producers subject to these reviews reached a level in 2004 that was almost double the level in 1999. CR at IV-54, PR at IV-27. (Data for Japan and Taiwan are not available).

[103] Domestic producers argue that subject producers have the ability to shift from producing non-subject cut-to-length sheet and strip to subject coiled sheet and strip if the orders are revoked because these two products generally are made on the same equipment. Domestic Producers' Prehearing Brief at 60. More than *** percent of exports of sheet and strip from subject countries to the United States were in coiled form before the orders were imposed. During the period of review, subject producers increased their shipments of cut-to-length product to the United States. Domestic Industry's Prehearing Brief at Exhibit 19. While product shifting back into subject product might be possible if the orders were revoked, we note that the record indicates that imports from subject countries of the cut product were increasing during the original investigation period, indicating that demand for that form was likely increasing. Id. Thus, we do not find it likely that such product shifting will occur to any significant degree.

[104] CR at II-10, PR at II-7; Domestic Producers' Posthearing Brief at Exh. 11; Hearing Transcript at 52 (Blot).

[105] CR at IV-42, PR at IV-22.

[106] See, e.g., Tables IV-16-19, Tables IV-20-22.

[107] According to published data from MEPS (*Stainless Steel Review*, January 2004-April 2005 editions), for several commodity grades, prices in the United States and other major world markets *** during 2004, and currently are *** in the early months of 2005 than during the comparable months in 2004. CR/PR at Tables IV-16-IV-19. For grade 409 cold-rolled coil, prices in the U.S. market were consistently *** than prices in Germany, Italy, and Korea. CR/PR at Table IV-18. For grade 430 cold-rolled coil, prices in the U.S. market were *** than those in Europe, Japan (recently), and Korea, while *** than those in Taiwan. CR/PR at Table IV-19. For other commodity grades (304 and 316), the pattern was more mixed over the period of review, but in no case did the U.S. market have consistently *** prices.

[108] CR at IV-22, PR at IV-13 (Germany); CR at IV-25, PR at IV-14 (Italy).

[109] CR at IV-22, PR at IV-13 (Germany); CR at IV-25, PR at IV-14 (Italy).

SSSS from Japan are subject to duties in China, India and Thailand.[110] Subject merchandise from Korea faces barriers in China and Thailand, but the trade barrier in China is a suspension agreement that does not contain any restrictions on volume.[111] At any rate, the barrier in China does not appear to constrain Korean producers, as exports from Korea to China have grown substantially in recent years.[112] Finally, the Mexican producer Mexinox is subject to an antidumping order on its exports to Brazil, but there is no indication that Brazil is a major market for Mexinox.[113]

Reported inventory levels of subject producers in Germany, Italy, Korea, and Mexico are either nonexistent (because some producers ***) or are very low as a percentage of shipments. Producers in Germany and Italy reported *** inventories, while inventories held by producers in Korea were less than *** percent of shipments in 2004, and Mexinox's inventories in 2004 were less than *** percent of shipments.[114]

Overall, given the worldwide changes in demand, relative price trends in global markets, and the other facts described above, we cannot conclude that it is more likely than not that subject imports will increase to significant levels in the reasonably foreseeable future if the antidumping and countervailing duty orders on SSSS were to be revoked.

2. Likely Price Effects of Subject Imports

In performing our analysis, we have taken into account the Commission's price findings in the original investigations. The Commission found price to be an important factor in purchasing decisions and that SSSS, once certified to required specifications, is a commodity product. Based on parallel declines in domestic and subject import prices that began as subject imports gained volume and on the mixed evidence of underselling, the Commission determined that subject imports depressed domestic prices for SSSS.[115]

In the current reviews, prices for U.S.-produced SSSS fluctuated, ending sharply higher. Prices for U.S. SSSS increased in 1999 through mid-2000 before declining through 2002, as a result of declining demand and a manufacturing recession.[116] Prices then began to increase in 2003, and generally have increased dramatically since early 2004.[117] The highest price reached since 1999 occurred in the fourth quarter of 2004 for five of the six pricing products.[118] Domestic producers have been able to pass along raw material costs through the increasing use of surcharges.[119] With the expectations for stable or continued increased demand in the U.S. market, coupled with rising raw material costs, prices for SSSS in the United States are likely to continue to remain strong. Moreover, completed asset write-offs and new investment by domestic producers should lead to increased competitiveness among those firms. As noted above, we do not expect the likely volume of cumulated subject imports to be significant. As a result, although price is an important consideration for purchasers, we do not find it likely that these modest

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[110] CR at IV-28-29, PR at IV-16. Moreover, the Japanese producers reportedly have been warned about sales of stainless steel sheet in Taiwan. CR at IV-29, PR at IV-16. They appear, however, not to be subject to any additional duties in Taiwan.

[111] CR at IV-32, PR at IV-18.

[112] CR/PR at Table IV-11. Korean exports to China were *** tons in 2004 compared to *** tons in 2002. Id.

[113] CR at IV-35, PR at IV-19; CR/PR at Table IV-12.

[114] CR/PR at Tables IV-8 (Germany), IV-9 (Italy), IV-11 (Korea), and IV-12 (Mexico).

[115] USITC Pub. 3208 at 21-24.

[116] CR/PR at Tables V-3-8.

[117] CR/PR at Tables V-3-8.

[118] CR/PR at Tables V-3-8. Pricing product 3 peaked in the third quarter 2004. CR/PR at Table V-5.

[119] CR at V-1-4, PR at V-1-3.

volumes of subject imports will lead to significant price declines for the domestic like product. Nor do we expect subject imports to capture increases in U.S. demand to the point that they would place downward pressure on U.S. prices. On balance, there is likely to be a marginal effect on price, but it is likely not to be significant, especially with the increased competitiveness of the U.S. industry during the period of review.

Consequently, despite the likelihood of continued mixed underselling upon revocation of the orders,[120] we find that the modest volumes of subject imports will not likely place significant downward pressure on U.S. prices. We note that domestic producer *** predicts that ***,[121] which should keep subject import volumes and U.S. prices relatively steady. We also note that the domestic industry was able to continue to raise prices even with an increase in total imports in 2004.[122] In addition, domestic producers have been able to increase prices in order to pass on increases in raw materials costs. Consequently, we find that the likely increases in volume are not likely to lead to significant price depression or suppression within a reasonably foreseeable time. Therefore, we conclude that revocation of the orders is not likely to lead to any significant price effects.

3. Likely Impact of Subject Imports

In the original investigations, the Commission found that the cumulated subject imports (including France and the United Kingdom) significantly increased their volume, from 232,717 short tons in 1996 to 277,015 short tons in 1998.[123] The Commission found increasing U.S. capacity, but observed that domestic prices and profitability declined.[124] The ratio of operating income to sales during the original period fell, from 8.4 percent in 1996; to 5.9 percent in 1997; and to 1.8 percent in 1998.[125] The Commission also found that the domestic industry's deteriorating financial performance negatively affected the industry's ability to make necessary capital improvements.[126]

As described above, after issuance of the orders on the subject countries and a decline in subject import levels, the industry experienced a brief recovery through 2000. The industry's fortunes, however, changed again in 2001 with the economic recession and the addition of domestic capacity. Despite substantially reduced subject import levels, the industry posted operating losses in 2001 (negative 2.5 percent) and 2003 (negative 14.3 percent).[127]

As noted above, the domestic industry's losses during the period of review stemmed from its restructuring efforts (e.g., write-offs of underperforming assets and increased intra-industry competition brought on by capacity expansions) and the U.S. recession. As a result of these consolidations, however, the number of industry firms was cut by more than half (to six), and the industry emerged stronger and fundamentally changed. The benefits of these changes could be seen in 2004, with higher industry productivity compared to 1998 and a solid return on investment. In 2004, the domestic industry had

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[120] CR/PR at Tables V-3-8. We note, however, that Mexico, which has the largest share of the domestic market of all subject imports, has oversold the domestic like product in 77 quarters versus underselling the domestic like product in 16 quarters during the period of review. CR/PR at Table V-11.

[121] INV-CC-083 at Exh. 2.

[122] CR/PR at Tables V-3-8.

[123] USITC Pub. 3208 at 20.

[124] USITC Pub. 3208 at 25-27.

[125] USITC Pub. 3208 at 26-27.

[126] USITC Pub. 3208 at 27.

[127] CR/PR at Table D-1.

returned to relatively high levels of production, shipments, and operating profits.[128] Indeed, the U.S. market was experiencing tight supply and domestic producers were either extending lead times or declining to accept new customers.[129]

The domestic industry has argued that one year of profitability (2004) does not overcome the weak overall performance of the industry during the period of review. However, as discussed above, the industry has undergone significant restructuring that included modernization of facilities, consolidation and expansion, and non-recurring write-offs of underperforming assets. While we do not discount the costs associated with the asset write-offs, which significantly contributed to the recent losses, they now are completed and the industry has improved because of these decisions.[130] Moreover,***.[131] We note, however, that import penetration during the period of review never climbed above 16.7 percent.[132] Moreover, import penetration during the period of the original investigations never exceeded 20.4 percent.[133] We do not find it likely that total imports will reach the levels noted by *** in the reasonably foreseeable future. In light of the fundamental changes that have occurred in the industry, including restructuring, modernization, asset write-offs, and increased profitability by the end of the period of review, we do not find the domestic SSSS industry to be vulnerable. Indeed, the industry's restructuring and productivity improvements have made it more likely that the industry could operate profitably even if prices were to decline somewhat.

In conjunction with our findings regarding likely volume and price effects, we find that revocation is not likely to lead to a significant negative impact on the domestic industry within a reasonably foreseeable time.

IV. CONCLUSION

For the foregoing reasons, we find that revocation of the antidumping duty orders on certain SSSS from Germany, Italy, Japan, Korea, Mexico, and Taiwan 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. We also determine that revocation of the countervailing duty orders on SSSS from Italy and Korea 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.

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[128] CR/PR at Table D-1.

[129] CR at II-5, PR at II-4; Hearing Transcript at 243 (Dow), 246-47 (McKibben); INV-CC-083 at Exh. 2. Based on the fact that the U.S. market was experiencing tight supply in 2004, we do not place much weight on the domestic industry's reported capacity utilization figure (73.8 percent in 2004). CR/PR at Table D-1. If the domestic producers were extending lead times or placing customers on allocations and still reporting under-utilized capacity, this suggests that the reported capacity figures are theoretical. For example,***. INV-CC-083 at Exh. 2. However, in these reviews, *** reported a capacity utilization figure of only *** percent in 2004. CR/PR at Table III-1.

[130] We find that the restructuring of the domestic SSSS industry began before the orders were issued and thus before the industry began to benefit from the existence of the orders. The domestic industry did benefit to some degree from the orders as they allowed U.S. producers time to restructure and to emerge from this period of restructuring and rationalization as a more efficient and cost effective industry. As noted above, by 2004 the industry had completed this period of restructuring.

[131] INV-CC-083 at Exh. 1.

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

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

PART I: INTRODUCTION AND OVERVIEW

BACKGROUND

On June 1, 2004, the U.S. International Trade Commission (Commission or USITC) gave notice, pursuant to section 751(c) of the Tariff Act of 1930 (the Act), that it had instituted reviews to determine whether revocation of the antidumping and countervailing duty orders on certain stainless steel sheet and strip[1] from France,[2] Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom would likely lead to the continuation or recurrence of material injury to a domestic industry. Effective September 7, 2004, the Commission determined that it would conduct full reviews pursuant to section 751(c)(5) of the Act. Information relating to the background and schedule of the reviews is provided in the following tabulation.[3]

[1] For purposes of these reviews, stainless steel is an 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. The subject merchandise, certain stainless steel sheet and strip, consists of flat-rolled products in coils that are greater than 9.5 mm in width and less than 4.75 mm in thickness, and that are annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (i.e., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

Excluded from the scope of these reviews are the following: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (i.e., cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), (5) razor blade steel, (6) flapper valve steel, (7) suspension foil, (8) certain stainless steel foil for automotive catalytic converters, (9) permanent magnet iron-chromium-cobalt alloy stainless strip, (10) certain electrical resistance alloy steel, (11) certain martensitic precipitation-hardenable stainless steel, and (12) three specialty stainless steels typically used in certain industrial blades and surgical and medication instruments. Items 5 through 12 above are described in the complete scope description of the subject merchandise presented in app. A.

The subject sheet and strip products, if imported, are classified in subheadings 7219.13.00, 7219.14.00, 7219.32.00, 7219.33.00, 7219.34.00, 7219.35.00, 7219.90.00, 7220.12.10, 7220.12.50, 7220.20.10, 7220.20.60, 7220.20.70, 7220.20.80, 7220.20.90, and 7220.90.00 of the Harmonized Tariff Schedule of the United States (HTS).

[2] Both antidumping and countervailing duty orders were imposed with respect to U.S. imports of subject merchandise from France. However, subsequent to the issuance of the review institution notices, the Department of Commerce (Commerce) discovered that it had previously revoked the countervailing duty order for France on November 7, 2003, in its notice of implementation under Section 129 of the Uruguay Round Agreements Act. Consequently, Commerce (69 FR 35585, June 25, 2004) and the Commission (69 FR 35678, June 25, 2004) both rescinded the five-year review of the countervailing duty order on stainless steel sheet and strip from France.

[3] The Commission's notice of institution, notice to conduct full reviews, scheduling notice, and statement on adequacy appear in app. B 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.

Effective date	Action
July 27, 1999	Commerce's antidumping duty orders for France (64 FR 40562), Germany (64 FR 40557), Italy (64 FR 40567), Japan (64 FR 40565), Korea (64 FR 40555), Mexico (64 FR 40560), Taiwan (64 FR 40555), and the United Kingdom (64 FR 40555)
August 6, 1999	Commerce's countervailing duty orders for France, Italy, and Korea (64 FR 42923)
June 1, 2004	Commission's institution of reviews (69 FR 30958)
September 7, 2004	Commission's decision to conduct full reviews and scheduling of the reviews (69 FR 56460, September 21, 2004)
October 8, 2004	Commerce's final results of expedited review of the antidumping duty order for France (69 FR 60357)
October 25, 2004	Commerce's final results of expedited review of the antidumping duty order for Japan (69 FR 62250)
November 22, 2004	Commerce's final results of expedited review of the antidumping duty orders for Germany (69 FR 67896), Italy (69 FR 67894), Korea (69 FR 67892), Taiwan (69 FR 67892), and the United Kingdom (69 FR 67892)
December 17, 2004	Commerce's final results of expedited review of the countervailing duty order for Korea (69 FR 75513)
February 8, 2005	Commerce's final results of full review of the antidumping duty order for Mexico (70 FR 6620)
April 26, 2005	Commission hearing[1]
May 4, 2005	Commerce's final results of full review of the countervailing duty order for Italy (70 FR 23094)
June 21, 2005	Commission vote
July 12, 2005	Commission's determinations sent to Commerce

[1] App. C presents the list of witnesses that appeared at the hearing.

The Original Investigations

On June 10, 1998, petitions were filed with Commerce and the Commission alleging that an industry in the United States was materially injured and threatened with material injury by reason of dumped imports of certain stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom and by reason of subsidized imports of such merchandise from France, Italy, and Korea.[4] On June 8, 1999, Commerce made final affirmative dumping determinations

[4] The petitions were filed by Allegheny Ludlum Corp., Pittsburgh, PA; Armco, Inc., Pittsburgh, PA; J&L Specialty Steel, Inc. (J&L), Pittsburgh, PA; Washington Steel Division of Bethlehem Steel Corp., Washington, PA; the United Steel workers of America, AFL-CIO/CLC; Butler Armco Independent Union; and Zanesville Armco Independent Organization, Inc. J&L was not, however, a petitioner in either of the investigations involving France; Armco, Butler Armco Independent Union, and Zanesville Armco Independent Organization were not petitioners in the antidumping investigation involving Mexico.

with respect to France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom and affirmative subsidy determinations for France, Italy, and Korea. The Commission, in turn, made its final affirmative injury determinations on July 19, 1999 (64 FR 40896, July 28, 1999) and Commerce issued antidumping orders for France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom and countervailing duty orders for Italy and Korea on July 27, 1999 and August 6, 1999, respectively.[5] [6]

Table I-1 presents a summary of data from the original investigations[7] and from these reviews;[8] figure I-1 shows U.S. imports of stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom since 1996. Data for both the original investigations and the reviews are believed to be generally comparable, although there have been some revisions to the scope since the original orders were imposed. As described in appendix A, Commerce has issued a series of revocations to the antidumping duty orders with respect to (1) specialty magnet stainless steel strip from Germany (October 2001), (2) stainless steel welding electrode strips from Japan (April 2000), (3) certain stainless steel used for razor blades, medical surgical blades, and industrial blades from Japan (September 2000), (4) certain stainless steel lithographic sheet from Japan (October 2000), and (5) certain nickel clad stainless steel sheet from Japan (December 2000).[9]

[5] *See* the section of this report entitled *Commerce's Administrative Reviews* for a listing of the margins, by source and company, calculated by Commerce and published in its final determinations and its antidumping and countervailing duty orders.

[6] Commerce issued a countervailing duty order with respect to France on August 6, 1999. As indicated above, however, the order was subsequently revoked.

[7] U.S. industry data for 1996-98 are based on the producer questionnaire responses of 13 firms that accounted for virtually 100 percent of U.S. production of stainless steel sheet and strip during 1998. U.S. imports are based on responses to importers' questionnaires (for France, Germany, Italy, Japan, Korea (in part), Mexico, Taiwan, and the United Kingdom), on responses to foreign producers' questionnaires (for Korea, in part), and on official import statistics of Commerce, adjusted to eliminate out-of-scope products (for all other sources).

[8] *See* the section entitled *Organization of the Report* for a discussion of the data collected during these reviews. All references to "tons" within this report should be understood to be to "short tons," unless otherwise noted.

[9] The requests for exclusion, in the order listed in the above text, were filed by (1) Sensormatic Electronics Corp., (2) Watanabe Trading Co. and Byram Steel Trading Co., (3) Techni Edge Manufacturing Co., (4) General Development Corp. and its subsidiary Printing Development Inc., and (5) NIPPON Metalworking USA, Inc. *See* the Federal Register notices cited in app. A.

Table I-1
Certain stainless steel sheet and strip: Comparative data of the U.S. market and industry from the original investigations and current reviews, 1996-2004

(*Quantity in short tons; value in 1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton, and shares/ratios in percent*)

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004
U.S. consumption quantity:									
Amount	1,563,725	1,640,800	1,747,442	1,986,791	1,945,290	1,595,049	1,734,565	1,704,087	1,895,410
U.S. producers' share	80.8	81.3	79.6	83.3	85.6	87.2	87.2	86.9	84.0
U.S. importers' share:									
France	***	***	***	***	***	***	***	***	***
Germany	***	***	***	***	***	***	***	***	***
Italy	***	***	***	***	***	***	***	***	***
Japan	***	***	***	***	***	***	***	***	***
Korea	***	***	***	***	***	***	***	***	***
Mexico	***	***	***	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***	***	***	***
Subtotal subject imports	14.9	14.9	15.9	9.7	7.6	7.3	6.5	7.5	8.5
All other sources[2]	4.3	3.8	4.6	7.0	6.8	5.6	6.3	5.6	7.4
Total imports	19.2	18.7	20.4	16.7	14.4	12.8	12.8	13.1	16.0
U.S. imports from:									
France:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Germany:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Italy:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***

Table continued on next page.

Table I-1
Certain stainless steel sheet and strip: Comparative data of the U.S. market and industry from the original investigations and current reviews, 1996-2004

(*Quantity in short tons; value in 1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton, and shares/ratios in percent*)

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004
Japan:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Korea:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Mexico:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
Taiwan (subject):[1]									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	$***	$***	$***	$***	$***	$***	$***	$***
United Kingdom:									
Quantity	***	***	***	***	***	***	***	***	***
Value	***	***	***	***	***	***	***	***	***
Unit value	$***	***	$***	$***	$***	$***	$***	$***	$***
Subtotal, subject imports:									
Quantity	238,650	257,380	288,971	179,039	163,888	110,662	118,205	132,048	167,500
Value	453,370	429,006	404,870	253,987	294,253	169,186	171,615	204,027	328,423
Unit value	$1,900	$1,667	$1,401	$1,419	$1,795	$1,529	$1,452	$1,545	$1,961
All other sources:[2]									
Quantity	67,073	64,035	79,506	138,540	132,787	88,590	109,144	95,747	140,875
Value	167,390	134,654	140,654	227,130	276,008	154,533	178,061	186,231	348,026
Unit value	$2,496	$2,103	$1,769	$1,639	$2,079	$1,745	$1,631	$1,945	$2,470
Total imports:									
Quantity	305,723	321,415	368,477	317,579	296,674	199,251	227,349	227,795	308,375
Value	620,760	563,660	545,524	481,090	570,261	323,748	349,675	390,258	676,449
Unit value	$2,030	$1,754	$1,480	$1,515	$1,922	$1,625	$1,538	$1,713	$2,194

Table continued on next page.

Table I-1
Certain stainless steel sheet and strip: Comparative data of the U.S. market and industry from the original investigations and current reviews, 1996-2004

(*Quantity in short tons; value in 1,000 dollars; unit values, unit labor costs, and unit financial data are per short ton, and shares/ratios in percent*)

Item	1996	1997	1998	1999	2000	2001	2002	2003	2004
U.S. producers:									
Capacity quantity	1,913,709	2,004,648	2,092,165	2,025,067	2,104,373	2,132,834	2,262,623	2,333,900	2,262,807
Production quantity	1,370,283	1,405,072	1,429,041	1,818,664	1,736,738	1,446,691	1,638,714	1,591,328	1,670,643
Capacity utilization	73.0	71.6	69.6	89.8	82.5	67.8	72.4	71.2	73.8
U.S. shipments: Quantity	1,263,931	1,333,176	1,390,249	1,655,812	1,665,026	1,390,225	1,513,119	1,480,047	1,592,928
Value	2,557,702	2,482,800	2,303,677	2,478,891	2,990,098	2,136,693	2,363,795	2,402,887	3,496,576
Unit value	$2,024	$1,862	$1,657	$1,497	$1,796	$1,537	$1,562	$1,624	$2,195
EOP inventory quantity	***	***	***	***	***	***	***	***	***
Inventories/total shipments	***	***	***	***	***	***	***	***	***
Production workers	8,441	8,316	8,154	4,729	5,106	4,262	4,196	4,457	4,407
Hours worked (*1,000 hours*)	18,093	18,106	16,563	10,054	10,686	8,804	8,772	9,184	8,605
Wages paid (*1,000 dollars*)	351,095	371,548	353,294	263,090	274,445	226,852	229,932	236,150	233,925
Hourly wages	$19.41	$20.52	$21.33	$26.17	$25.68	$25.77	$26.21	$25.71	$27.19
Productivity (*short tons per 1,000 hours*)	77.6	78.8	86.8	183.0	164.0	166.0	189.0	175.0	197.0
Net sales: Quantity	1,306,807	1,391,247	1,463,511	1,852,672	1,740,618	1,469,627	1,622,745	1,627,982	1,680,804
Value	2,659,658	2,599,825	2,433,455	2,814,625	3,173,050	2,310,402	2,537,555	2,608,020	3,692,443
Unit value	$2,035	$1,869	$1,663	$1,519	$1,823	$1,572	$1,564	$1,602	$2,197
Cost of goods sold	2,317,256	2,319,212	2,254,260	2,441,039	2,685,379	2,232,820	2,389,911	2,841,863	3,332,922
Gross profit or (loss)	342,402	280,613	179,195	373,586	487,671	77,582	147,644	(233,843)	359,521
Operating income or (loss)	224,511	152,870	44,764	207,013	329,065	(57,421)	20,044	(371,821)	232,123
Unit cost of goods sold	$1,773	$1,667	$1,540	$1,318	$1,543	$1,520	$1,473	$1,746	$1,983
Unit operating income or (loss)	$172	$110	$31	$112	$189	$(39)	$12	$(228)	$138
Cost of goods sold/sales	87.1	89.2	92.6	86.7	84.6	96.6	94.2	109.0	90.3
Operating income or (loss)/sales	8.4	5.9	1.8	7.4	10.4	(2.5)	0.8	(14.3)	6.3

[1] Excluding Chang Mien and, effective June 8, 1999, Tung Mung.
[2] All other sources include data for nonsubject Taiwan producers Chang Mien and, effective June 8, 1999, Tung Mung.

Notes on next page.

Continuation.

Note 1.--To avoid double counting, production was reduced by 37,729 short tons in 1996, 38,818 short tons in 1997, and 35,728 short tons in 1998 to account for rerollers' purchases from other U.S. producers. The quantity of rerollers' production reported in these reviews was *** less than during the original investigations. ***.

Note 2.--Commerce found the imports of product produced by Chang Mien (Taiwan) to be fairly traded during the original investigations. These imports amounted to ***. Commerce subsequently found the imports of Tung Mung (if not exported through Ta Chen) to be fairly traded, effective June 8, 1999. These imports amounted to *** in June-December 1999; *** in 2000; *** in 2001; *** in 2002; *** in 2003; and *** in 2004.

Source: (1) Data for 1996-98 are compiled from the confidential staff report (memorandum INV-W-131, June 18, 1999) in *Certain Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom* (Invs. Nos. 701-TA 380-382 (Final) and 731-TA-797-804 (Final)). Specifically, the data are derived from the following tables: tables III-2, III-3, III-4, III-5, IV-1, IV-3, and VI-1. Import quantities and values for France, Germany, Italy, Japan, Mexico, Taiwan and the United Kingdom were compiled from data submitted in response to the Commission's importers' questionnaires. Quantities for imports from Korea were compiled from exports to the United States as reported in foreign producer questionnaires; corresponding values were estimated using average unit values of U.S. imports from Korea as reported in importers' questionnaires. Import quantities and values for all other countries are petitioners' estimates based on official import statistics of Commerce, adjusted to eliminate out-of-scope products. (2) Data for 1999-2004 for the domestic industry are compiled from data submitted in response to the Commission producer questionnaires. Data for U.S. imports from France, Germany, Italy, Mexico, and the United Kingdom were compiled from responses to the Commission's importers' questionnaires. Import data for Korea were compiled from exports to the United States as reported in foreign producer questionnaires. Import data for Japan, Taiwan (subject), and all other sources (not including Chang Mien and Tung Mung, excluded Taiwan sources) are official Commerce statistics adjusted to subtract out the quantity and value of excluded products reported in response to the Commission's importer questionnaires and/or in proprietary Customs data. Data for Chang Mien are from importer questionnaire responses and data for Tung Mung are from proprietary Customs data.

Figure I-1
Certain stainless steel sheet and strip: U.S. imports from France, Germany, Italy, Japan, Korea, Mexico, Taiwan (subject), and the United Kingdom, 1996-2004

* * * * * * *

Previous Investigations

Stainless steel sheet and strip products have been the subject of several Commission investigations since the 1970s. A listing of the Commission's investigations is presented in table I-2.

Table I-2
Stainless steel sheet and strip: Previous and related investigations

Item/sources	Inv. No.	Year	Report No.	Action/status
Stainless steel sheet and strip, cold-rolled, from France	AD-126	1973	TC 615	Negative
Stainless steel and alloy tool steel	TA-201-5	1976	USITC 756	3-year VRA (6/14/76-6/13/79)
Stainless steel and alloy tool steel	TA-203-3	1977	USITC 838	Probable economic effect if the relief provided by Presidential Proclamation 4445, as modified by Proclamation 4477, were to be reduced or revoked
Stainless steel and alloy tool steel	TA-201-48	1983	USITC 1377	4-year import relief (quotas and tariffs)
Stainless steel sheet and strip from Germany	731-TA-92	1983	USITC 1391	Affirmative Order date: 6/23/83 Revocation date: 8/11/86
Stainless steel sheet and strip from France	731-TA-95	1983	USITC 1391	Affirmative Order date: 6/22/83 Revocation date: 8/11/86
Stainless steel sheet and strip from the United Kingdom	701-TA-195	1983	USITC 1391	Negative
Stainless steel sheet and strip, cold-rolled, from Spain	731-TA-164	1984	USITC 1593	Negative

Source: U.S. International Trade Commission publications.

Statutory Criteria

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. If a countervailable subsidy is involved, the Commission shall consider information regarding the nature of the countervailable subsidy and whether the subsidy is a subsidy described in Article 3 or 6.1 of the Subsidies Agreement."

Organization of the Report

Information obtained during the course of the reviews that relates to the above factors is presented throughout this report. A summary of data collected, which are for the 1999-2004 period,[10] is presented in appendix D. U.S. industry data are based on questionnaire responses of five firms that accounted for virtually 100 percent of integrated U.S. production of stainless steel sheet and strip during 2004.[11] U.S. import data are, depending on the source, based on either responses to questionnaires or on (adjusted) official Commerce statistics.[12] The complete and abbreviated names for industry participants are provided in appendix E. Responses by U.S. producers, importers, and purchasers of stainless steel sheet and strip to a series of questions concerning the significance of the existing antidumping and countervailing duty orders and the likely effects of their revocation are presented in appendix F.

[10] The Commission collected data for 1996-98 during the original investigations and then issued its staff report to parties on June 18, 1999. As indicated earlier, Commerce imposed antidumping duty orders in July 1999 and countervailing duty orders in August 1999. The domestic industry states that the volume of subject imports had already begun to decline by 1999 and that the Commission should assess the impact of the orders by comparing pre-order levels for 1996-98 to post-order data. Domestic interested parties' prehearing brief, p. 62, n. 35.

[11] In addition, two responses were received from firms that re-roll stainless steel sheet and strip.

[12] *See* the source note to table I-1. Importer questionnaire data for France, Germany, Italy, Mexico, and the United Kingdom are almost complete. Foreign producer questionnaire data for Korea are also believed to account for the substantial volume of exports from Korea to the United States. With respect to Japan, the questionnaire data that are used to adjust official import statistics accounted for the great majority of U.S. imports except for 1999-2001. The questionnaire data that are used to adjust official import statistics for Taiwan and for all other sources (i.e., by subtracting out excluded product) are less complete.

RESULTS OF COMMERCE'S EXPEDITED AND FULL REVIEWS

Antidumping Duty Orders

On October 8, 2004 and October 25, 2004, Commerce found that the revocation of the antidumping duty orders for stainless steel sheet and strip from France and Japan, respectively, would likely lead to continuation or recurrence of dumping. On November 22, 2004, Commerce found that revocation of the antidumping duty orders on stainless steel sheet and strip from Germany, Italy, Korea, Taiwan, and the United Kingdom would likely lead to continuation or recurrence of dumping; on February 8, 2005, it further made an affirmative finding with respect to subject merchandise from Mexico.[13] The weighted-average margins found for each review, by company, are shown in the following tabulation:

Country	*Federal Register* cite	Company	Weighted-average margin (*percent*)
Antidumping duty orders			
France[1]	69 FR 60357, Oct. 8, 2004	U&A France All others	9.38 9.38
Germany[1]	69 FR 67896, Nov. 22, 2004	TKN All others	13.48 13.48
Italy[1]	69 FR 67894, Nov. 22, 2004	TKAST All others	11.23 11.23
Japan[1]	69 FR 62250, Oct. 25, 2004	Kawasaki Steel Nippon Steel Nisshin Steel Nippon Yakin Kogyo Nippon Metal All others	40.18 57.87 57.87 57.87 57.87 40.18
Korea[1]	69 FR 67892, Nov. 22, 2004	POSCO Taihan Daiyang (DMC) All others	2.49 58.79 5.44 2.49
Mexico[2]	70 FR 6620, Feb. 8, 2005	Mexinox S.A. All others	30.85 30.85
Taiwan[1]	69 FR 67892, Nov. 22, 2004	Tung Mung/Ta Chen Tung Mung YUSCO/Ta Chen YUSCO All others	15.40 Excluded 36.44 21.00 12.61
United Kingdom[1]	69 FR 67892, Nov. 22, 2004	Avesta Sheffield All others	14.84 14.84

[1] Expedited sunset review.
[2] Full sunset review.

Note.–The antidumping duty orders remain in effect for all manufacturers and exporters of stainless steel sheet and strip from the subject sources except for Inchon (Korea) and Chang Mien (Taiwan), firms which were excluded from the orders during the original investigations. In addition, Tung Mung, a Taiwan producer/exporter, was found to have 0.00 margins in Commerce's amended final determination for Taiwan and, accordingly, was excluded from the antidumping duty order, effective June 8, 1999. The exclusion does not apply to merchandise that is exported through Ta Chen, a Taiwan middleman. (Commerce first excluded Tung Mung, effective October 15, 2002, but subsequently corrected the effective date to June 8, 1999. 66 FR 17658, April 7, 2005).

Source: Cited *Federal Register* notices; the *Federal Register* notices are presented in app. B.

[13] Commerce has not issued a duty absorption determination with respect to these orders.

Countervailing Duty Orders

Commerce found, on December 17, 2004, that revocation of the countervailing duty order on stainless steel sheet and strip from Korea would likely lead to continuation or recurrence of subsidies. On May 4, 2005, it made an affirmative determination with respect to subsidized stainless steel sheet and strip from Italy.[14] Subsidy levels for each review, by company, are presented in the following tabulation.

Country	*Federal Register* cite	Company	Weighted-average margin (*percent)*
Countervailing duty orders			
Italy[1]	70 FR 23094, May 4, 2005	TKAST Arinox All others	0.73 *de minimis* 0.73
Korea[2]	69 FR 75513, Dec. 17, 2004	INI/BNG DaiYang Taihan All others	0.54 0.67 4.64 0.63

[1] Full sunset review.
[2] Expedited sunset review.

Note 1.–The countervailing duty orders remain in effect for all manufacturers and exporters of stainless steel sheet and strip from the subject sources except for POSCO (Korea), which was excluded from the orders during the original investigations.

Note 2.– Consistent with section 752(a)(6) of the Act, the Department provided to the Commission information concerning then nature of the subsidies, and whether the subsidies are a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement. (As of January 1, 2000, Article 6.1 has ceased to apply (*see* Article 31 of the Subsidies Agreement)). (1) With respect to Italy, no receipt of benefits under the countervailable programs were contingent upon exports or the substitution of domestic over imported goods; therefore, these programs did not fall within the definition of a subsidy under Article 3 of the Subsidies Agreement. Furthermore, Commerce's review of the determinations on the record did not lead it to conclude that these programs fell within the definition of a subsidy under Article 6.1. 69 FR 78093, December 29, 2004. (2) With respect to Korea, because some programs not falling within the definition of an export subsidy under Article 3.1(a) of the Subsidies Agreement could be found to be inconsistent with Article 6 if the net countervailable subsidy exceeds five percent (as measured in accordance with Annex IV of the Subsidies Agreement), Commerce provided the Commission with program descriptions in its *Decision Memo*. 69 FR 75515, December 17, 2004.

Source: Cited *Federal Register* notices; the *Federal Register* notices are presented in app. B.

COMMERCE'S ORDERS AND ADMINISTRATIVE REVIEWS

Commerce has conducted a number of administrative reviews of the antidumping and countervailing duty orders on stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom. Information on the administrative reviews of the antidumping duty orders is shown in table I-3 while information on the administrative reviews of the countervailing duty orders is presented in table I-4.

[14] Commerce has not issued a duty absorption determination with respect to these orders.

Table I-3
Certain stainless steel sheet and strip: Commerce's determinations and administrative reviews of the antidumping duty orders

Action	Period of review	*Federal Register* cite	Company	Margin (*percent*)
France				
Final determination	4/1/97 - 3/31/98	64 FR 30820, June 8, 1999 64 FR 40562, July 27, 1999[1]	Usinor All others	9.38[2] 9.38[2]
Order (A-427-814)	--	64 FR 40562, July 27, 1999	*See* above	*See* above
Administrative review	1/4/99 - 6/30/00	67 FR 6493, Feb. 12, 2002 67 FR 12522, Mar. 19, 2002[3]	Ugine S.A.	3.00[4]
Administrative review	7/1/00 - 6/30/01	67 FR 78773, Dec. 26, 2002 68 FR 4171, Jan. 28, 2003[3]	Ugine S.A.	1.44[5]
Administrative review	7/1/01 - 6/30/02	68 FR 69379, Dec. 12, 2003	Ugine/ALZ France All others	2.93 9.38
Administrative review	7/1/02 - 6/30/03	70 FR 7240, Feb. 11, 2004 70 FR 12850, Mar. 16, 2005[3]	U&A France	11.12[6]
[1] Amended final determination. [2] Corrected from 10.64 percent. [3] Amended administrative review. [4] Corrected from 3.11 percent. [5] Corrected from 1.47 percent. [6] Corrected from 9.65 percent.				
Germany				
Final determination	4/1/97 - 3/31/98	64 FR 30710, June 8, 1999[1] 67 FR 15178, Mar. 29, 2002[1]	KTN All others	13.48[2] 13.48[2]
Order (A-428-825)	--	64 FR 40557, July 27, 1999	*See* above	25.37 25.37
Changed circumstance[3]	--	66 FR 50173, Oct. 2, 2001	--	--
Administrative review	1/4/99 - 6/30/00	67 FR 7668, Feb. 20, 2002	Krupp Thyssen	2.61
Changed circumstance[4]	--	67 FR 61319, Sep. 30, 2002	TKN	--
Administrative review	7/1/00 - 6/30/01	68 FR 6716, Feb. 10, 2003[5] 68 FR 14193, Mar. 24, 2003	TKN	4.74[6]
Administrative review	7/1/01 - 6/30/02	69 FR 6262, Feb. 10, 2004 69 FR 18872, Apr. 9, 2004[5]	TKN[7]	3.72
Administrative review	7/1/02 - 6/30/03	69 FR 75930, Dec. 20, 2004	TKN	7.03

Table continued on next page.

Table I-3--*Continued*
Certain stainless steel sheet and strip: Commerce's determinations and administrative reviews of the antidumping duty orders

Action	Period of review	*Federal Register* cite	Company	Margin (*percent*)
Notes for Germany. [1] Amended final determination. [2] Corrected from 25.72 percent. [3] Order revoked, in part, for the specialty stainless steel strip product known as "Semi Vac 90." [4] TKN is the successor in interest to KTN by virtue of its corporate name change; also, that TKN should retain the deposit rate assigned to KTN. [5] Amended administrative review. [6] Corrected from 4.77 percent. [7] TKN and TKVDM collectively.				
Italy				
Final determination	4/1/97 - 3/31/98	64 FR 30750, June 8, 1999 64 FR 40567, July 27, 1999[1]	AST All others	11.23[2] 11.23[2]
Order (A-475-824)	--	64 FR 40567, July 27, 1999	*See* above	*See* above
Administrative review	1/4/99 - 6/30/00	67 FR 1715, Jan. 14, 2002	AST	0.66
Administrative review	7/1/00 - 6/30/01	68 FR 6719, Feb. 10, 2003 68 FR 11521, Mar. 11, 2003[3]	TKAST[4]	3.34[5]
Administrative review	7/1/01 - 6/30/02	68 FR 69382, Dec. 12, 2003	TKAST	1.62
Administrative review	7/1/02 - 6/30/03	70 FR 7472, Feb. 14, 2005 70 FR 13009, Mar. 17, 2005[3]	TKAST	3.73[6]
[1] Amended final determination. [2] Corrected from 11.17 percent. [3] Amended administrative review. [4] AST was acquired by the ThyssenKrupp group and now operates as TKAST. [5] Corrected from 5.84 percent. [6] Corrected from 3.72 percent.				
Japan				
Final determination	4/1/97 - 3/31/98	64 FR 30574, June 8, 1999 64 FR 40565, July 27, 1999[1]	Kawasaki Steel Nippon Steel Nisshin Steel Nippon Yakin All others	40.18[2] 57.87 57.87 57.87 40.18[2]
Order (A-588-845)	--	64 FR 40565, July 27, 1999	*See* above	*See* above
Changed circumstance[3]	--	65 FR 17856, Apr. 5, 2000	--	--
Changed circumstance[4]	--	65 FR 54841, Sept. 11, 2000	--	--
Changed circumstance[5]	--	65 FR 64423, Oct. 27, 2000	--	--
Changed circumstance[6]	--	65 FR 77578, Dec. 12, 2000	--	--
Administrative review	1/4/99 - 6/30/00	67 FR 6495, Feb. 12, 2002	Kawasaki Steel	1.92
Scope ruling[7]	--	68 FR 7772, Feb. 18, 2003	--	--
Administrative review[8]	1/1/03 - 6/30/04	68 FR 18369, Apr. 11, 2005	Kawasaki Steel/JFE Steel	57.87

Table continued on next page.

Table I-3--*Continued*
Certain stainless steel sheet and strip: Commerce's determinations and administrative reviews of the antidumping duty orders

Action	Period of review	*Federal Register* cite	Company	Margin (*percent*)
Notes for Japan. [1] Amended final determination. [2] Corrected from 37.13 percent. [3] Order revoked, in part, for stainless steel electrode strips. [4] Order revoked, in part, for stainless steel razor blades, medical surgical blades, and industrial blades. [5] Order revoked, in part, for certain stainless steel lithographic sheet. [6] Order revoked, in part, for nickel clad stainless steel sheet and strip in coils. [7] McCord Grade 301 Precision is within the scope. [8] Preliminary.				
Korea				
Final determination	4/1/97 - 3/31/98	64 FR 30664, June 8, 1999	POSCO Taihan Inchon All others	12.12 58.79 0.00 12.12
Order (A-580-834)	--	64 FR 40555, July 27, 1999	*See* above[1]	*See* above
Amended final determination	--	66 FR 45279, Aug. 28, 2001	POSCO Taihan Inchon All others	2.49 58.79 0.00 2.49
Administrative review	1/4/99 - 6/30/00	66 FR 64950, Dec. 17, 2001 67 FR 2194, Jan. 16, 2002[2]	POSCO Samwon DMC All others	0.03 7.88 2.74 2.49[3]
Changed circumstance[4]	--	67 FR 43583, June 28, 2002	INI	--
Administrative review	7/1/00 - 6/30/01	68 FR 6713, Feb. 10, 2003 68 FR 12039, Mar. 13, 2003[2]	POSCO DMN All others	0.92[5] 5.44 2.49
[1] Inchon was excluded from the antidumping duty order. [2] Amended administrative review. [3] Corrected from 12.12 percent. [4] INI is the successor in interest to Inchon by virtue of its name change; also, that INI and Sammi remain separate legal entities. Further, INI should retain the deposit rate assigned to Inchon and that INI's acquisition of Sammi has not changed the status of either company as separate legal entities. [5] Corrected from 0.98 percent.				
Mexico				
Final determination	4/1/97 - 3/31/98	64 FR 30710, June 8, 1999 64 FR 40560, July 27, 1999[1]	Mexinox S.A. All others	30.85[2] 30.85[2]
Order (A-201-822)	--	64 FR 40560, July 27, 1999	*See* above	*See* above
Administrative review	1/4/99 - 6/30/00	67 FR 6490, Feb. 12, 2002 67 FR 15542, Apr. 2, 2002[3]	Mexinox S.A. All others	2.28[4] 30.85
Changed circumstance[5]	--	67 FR 48878, July 26, 2002	TK Mexinox	--

Table continued on next page.

Table I-3--*Continued*
Certain stainless steel sheet and strip: Commerce's determinations and administrative reviews of the antidumping duty orders

Action	Period of review	*Federal Register* cite	Company	Margin (*percent*)
Mexico–*Continued*				
Administrative review	7/1/01 - 6/30/02	69 FR 6259, Feb. 10, 2004	TK Mexinox All others	7.43 30.85
Administrative review	7/1/02 - 6/30/03	70 FR 3677, Jan. 26, 2005	TK Mexinox	5.42
Notes for Mexico. [1] Amended final determination. [2] Corrected from 30.86 percent. [3] Amended administrative review. [4] Corrected from 2.26 percent. [5] ThyssenKrupp Mexinox S.A. de C.V. (TK Mexinox) is the successor in interest to Mexinox S.A.; also, that TK Mexinox should retain the deposit rate assigned to Mexinox S.A.				
Taiwan				
Final determination	4/1/97 - 3/31/98	64 FR 30592, June 8, 1999	Tung Mung/ Ta Chen Tung Mung Chang Mien YUSCO/Ta Chen YUSCO All others	14.95 14.95 0.98 34.95 34.95 12.61
Order (A-583-831)	--	64 FR 40555, July 27, 1999	*See* above[1]	*See* above
Administrative review	1/4/99 - 6/30/00	67 FR 6682, Feb. 13, 2002	YUSCO Tung Mung Chia Far All others	0.00 0.00 21.10 12.61
Administrative review	7/1/00 - 6/30/01	67 FR 76721, Dec. 13, 2002	YUSCO Chia Far Tung Mung All others	0.00 1.11 21.10 12.12
Administrative review	7/1/01 - 6/30/02	69 FR 5960, Feb. 9, 2004	YUSCO Chia Far Tung Mung All others	1.96 0.98 21.10 12.12
Amended final determination	4/1/97 - 3/31/98	69 FR 67311, Nov. 17, 2004	YUSCO YUSCO/Ta Chen Tung Mung Tung Mung/Ta Chen	21.10 36.44 0.00[2] 15.40
Administrative review	7/1/02 - 6/30/03	70 FR 7715, Feb. 15, 2005	YUSCO Chia Far	1.92 1.10
[1] Chang Mien is de minimis and was excluded from the antidumping duty order. [2] Tung Mung is excluded from the antidumping duty order, effective June 8, 1999.				

Table continued on next page.

Table I-3--*Continued*
Certain stainless steel sheet and strip: Commerce's determinations and administrative reviews of the antidumping duty orders

United Kingdom				
Final determination	4/1/97 - 3/31/98	64 FR 30688, June 8, 1999	Avesta Sheffield All others	14.84 14.84
Order (A-412-818)	--	64 FR 40555, July 27, 1999	*See* above	*See* above
Source: Cited *Federal Register* notices.				

Table I-4
Certain stainless steel sheet and strip: Commerce's determinations and administrative reviews of the countervailing duty orders

Action	Period of review	*Federal Register* cite	Program	Firm	Margin *(percent)*
Italy					
Final determination	CY 1997	64 FR 30624, June 8, 1999	Nine programs of the Government of Italy and two programs of the European Union were found to be countervailable.[1]	AST Arinox All others	12.22 1.03 12.09
Order (C-475-825)	--	64 FR 42923, Aug. 6, 1999	--	*See* above	*See* above
Section 129 of the URAA Implementation	--	68 FR 64858, Nov. 17, 2003	Commerce modified its privatization methodology to adjust the cash deposit rates	AST All others	1.62 1.61

[1] The programs of the Government of Italy were as follows: Equity Infusions to Terni, TAS, and ILVA ; Benefits from the 1989-90 Restructuring of Finsider; Debt Forgiveness: ILVA-to-AST; Law 796/76: Exchange Rate Guarantees; Law 675/77; Law 10/91; Pre-Privatization Employment Benefits (Law 451/94); Law 181/89: Work Adjustment and Redevelopment Assistance; and Law 488/92. The programs of the European Union were as follows: European Social Fund and ECSC Article 54 Loans. None of these programs was identified as an export subsidy.

Table continued on next page.

Table I-4--*Continued*
Certain stainless steel sheet and strip: Commerce's determinations and administrative reviews of the countervailing duty orders

Korea					
Final determination	CY 1997	64 FR 30636, June 8, 1999	Eleven programs of the Government of Korea were found to be countervailable.[1]	POSCO Inchon DaiYang Sammi Taihan All others	0.65 2.64 1.58 59.30 7.00 1.68
Amended Final determination and Order (C-580-835)	--	64 FR 42923, Aug. 6, 1999	--	*See* above[2]	
Administrative review	11/17/98-12/31/99	67 FR 8229, Feb. 22, 2002[3]	--	Inchon	2.45
Administrative review	CY 2000	68 FR 13267, Mar. 19, 2003	--	Inchon	3.79
Administrative review	CY 2001	69 FR 2113, Jan. 14, 2004 69 FR 7419, Feb. 17, 2004[3]	--	INI/ Sammi[4]	0.54[5]

[1] The programs were as follows: Direction of Credit; Purchase of Sammi Specialty Steel Division by POSCO; Government of Korea Pre-1992 Infrastructure Investments at Kwangyang Bay; Investment Tax Credits; Electricity Discounts under the Requested Loan Adjustment Program; Reserve for Overseas Market Development - Article 17 of the TERCL; Short-Term Export Financing; Reserve for Export Loss - Article 16 of the TERCL; Export Industry Facility Loans; Loans from the National Agricultural Cooperation Federation; and POSCO's Two-Tiered Pricing Structure to Domestic Customers. The last six programs were identified as export subsidies.
[2] POSCO is de minimis and was excluded from the countervailing duty order.
[3] Amended administrative review.
[4] As of April 2001, Inchon changed its name to INI; as of April 2002, Sammi changed its name to BNG.
[5] Corrected from 0.55 percent.

Source: Cited *Federal Register* notices.

DISTRIBUTION OF CONTINUED DUMPING AND SUBSIDY OFFSET ACT FUNDS TO AFFECTED DOMESTIC PRODUCERS

Qualified U.S. producers of stainless steel sheet and strip are eligible to receive disbursements from the U.S. Bureau of Customs and Border Protection (Customs) under the Continued Dumping and Subsidy Offset Act of 2000 (CDSOA), also known as the Byrd Amendment.[15] Table I-5 presents CDSOA claims and disbursements for federal fiscal year 2004.

[15] 19 CFR 159.64(g).

Table I-5
Certain stainless steel sheet and strip: CDSOA claims and disbursements, federal fiscal year 2004

Country	Claimant	Share of allocation	Amount disbursed
		Percent	*Dollars*
Antidumping duty orders			
France	Carpenter Technology Corp.	0.998	697.18
	AK Steel Corp.	53.433	37,318.07
	North American Stainless	20.853	14,563.58
	Allegheny Ludlum Corp.	24.716	17,261.78
	Subtotal		69,840.61
Germany	Carpenter Technology Corp.	0.857	3,238.84
	AK Steel Corp.	45.873	173,358.43
	J&L Specialty Steel, Inc.	14.148	53,467.96
	North American Stainless	17.902	67,654.09
	Allegheny Ludlum Corp.	21.219	80,187.02
	Subtotal		377,906.34
Italy	Carpenter Technology Corp.	0.857	49.38
	AK Steel Corp.	45.873	2,643.47
	J&L Specialty Steel, Inc.	14.149	815.32
	North American Stainless	17.902	1,031.62
	Allegheny Ludlum Corp.	21.219	1,222.76
	Subtotal		5,762.55
Japan	Carpenter Technology Corp.	0.858	33,836.35
	AK Steel Corp.	45.874	1,809,956.28
	J&L Specialty Steel, Inc.	14.148	558,197.65
	North American Stainless	17.905	706,434.94
	Allegheny Ludlum Corp.	21.217	837,106.55
	Subtotal		3,945,531.77
Korea	Carpenter Technology Corp.	0.857	261.77
	AK Steel Corp.	45.873	14,011.77
	J&L Specialty Steel, Inc.	14.149	4,321.62
	Allegheny Ludlum Corp.	21.219	6,481.27
	North American Stainless	17.902	5,468.20
	Subtotal		30,544.63

Table continued on next page.

Table I-5--*Continued*
Certain stainless steel sheet and strip: CDSOA claims and disbursements, federal fiscal year 2004

Country	Claimant	Share of allocation	Amount disbursed
		Percent	***Dollars***
Mexico	Carpenter Technology Corp.	0.387	22,450.96
	AK Steel Corp.	46.088	2,675,495.44
	J&L Specialty Steel, Inc.	14.215	825,221.98
	United Steelworkers of America	0.003	199.50
	North American Stainless	17.989	1,044,278.64
	Allegheny Ludlum Corp.	21.318	1,237,584.93
	Subtotal		5,805,231.45
Taiwan	Carpenter Technology Corp.	0.857	0.23
	AK Steel Corp.	45.873	12.51
	J&L Specialty Steel, Inc.	14.149	3.86
	North American Stainless	17.902	4.88
	Allegheny Ludlum Corp.	21.219	5.78
	Subtotal		27.26
United Kingdom	Carpenter Technology Corp.	0.857	1,120.17
	AK Steel Corp.	45.873	59,959.70
	J&L Specialty Steel, Inc.	14.149	18,493.17
	North American Stainless	17.902	23,399.55
	Allegheny Ludlum Corp.	21.219	27,734.73
	Subtotal		130,707.32
Countervailing duty orders			
Italy	Carpenter Technology Corp.	0.857	610.46
	AK Steel Corp.	45.891	32,676.94
	J&L Specialty Steel, Inc.	14.115	10,050.90
	North American Stainless	17.909	12,752.30
	Allegheny Ludlum Corp.	21.227	15,114.98
	Subtotal		71,205.58
Korea	Carpenter Technology Corp.	0.387	596.79
	AK Steel Corp.	46.107	71,167.52
	J&L Specialty Steel, Inc.	14.182	21,890.09
	United Steelworkers of America	0.003	5.30
	North American Stainless	17.994	27,773.99
	Allegheny Ludlum Corp.	21.327	32,919.25
	Subtotal		154,352.95

Source: Customs' *CDSOA Annual Reports* at http://www.customs.treas.gov/linkhandler/cgov/import/add_cvd/cont_dump/cdsoa_04/fy2004_annual/annual_disbursement.ctt/annual_disbursement.pdf, retrieved May 22, 2005.

THE SUBJECT MERCHANDISE

Physical Characteristics and Uses

Physical Characteristics

Stainless steel sheet and strip, like stainless steel plate, are flat-rolled stainless steel products. Sheet, strip, and plate are distinguished from one another by thickness and width.[16] The stainless steel sheet and strip subject to these reviews closely follow industry distinctions for sheet and strip product thickness and width, as detailed by the American Society for Testing and Materials (ASTM), the Iron and Steel Society (ISS), ASM International (ASM), and the American Iron and Steel Institute (AISI). Industry definitions are summarized in table I-6.

Sheet is flat-rolled product that is under 4.75 mm (0.1875 inch) in thickness and 610 mm (24 inches) and over in width. Strip is product that is under 4.75 mm (0.1875 inch) in thickness and under 610 mm (24 inches) in width. Foil is a subset of strip products, and is defined by ASM as cold-finished product of a thickness 0.13 mm (0.005 inch) and less, and less than 610 mm (24 inches) in width. The width requirements are the same for strip and foil; it is the thickness that generally distinguishes one from the other.[17] Although the scope in these reviews is limited to sheet and strip in coils, sheet and strip (as well as plate) are also produced in flattened, cut-to-length (CTL) form.

Stainless steel sheet and strip (as well as plate) can be sold in any of several "conditions." The coiled product that results once a slab is rolled on a hot-strip mill emerges from the mill with a layer of surface oxide, dark in color, that forms while the steel is at high temperature; this product is often called hot-rolled black (HRB) band. Imports of sheet and strip in this condition are not subject to these reviews. Before the product can be used for any corrosion-resistant application, it must be annealed (a heat treatment that softens the steel) and pickled (with acid) or descaled. The surface oxide is removed in the pickling operation, giving the resulting coil a white appearance; this product is referred to as white band or hot-rolled, annealed, and pickled (HRAP) coil. Producing cold-rolled sheet and strip involves further processing hot-rolled sheet and strip to achieve tighter tolerances, better surface quality, and reduced thicknesses. Unlike carbon sheet and strip, the vast majority of stainless steel sheet and strip is sold as a cold-rolled product.

Uses

Stainless steel sheet and strip products are used in consumer and industrial applications where the corrosion resistance, heat resistance, or design characteristics of stainless steel are required. For example, the automotive industry uses sheet and strip to manufacture trim, exhaust- and emission-control systems, and wheel covers. The pipe and tube industry uses slit coil as its raw material. Sheet and strip are also used by the chemical and construction industries, as well as by appliance and industrial equipment manufacturers.

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[16] Plate is defined as flat-rolled product in thicknesses of 4.75 mm (0.1875 inch) or greater, and over 254 mm (10 inches) in width, and is not subject to these reviews.

[17] Given the overlapping thickness distinctions, ASM and ISS note that a product that is exactly 0.13 mm (0.005 inch) thick may be referred to as either strip or foil. *ASM Specialty Handbook: Stainless Steels*, Materials Park, OH, 1994, p. 39; and Iron and Steel Society, *Steel Products Manual: Stainless and Heat Resisting Steels*, Warrendale, PA, March 1999, p. 7.

Table I-6
Stainless steel flat-rolled products: Definitions of industry associations

Item	American Society for Testing Materials (ASTM)	ASM International and the Iron and Steel Society (ISS)	American Iron and Steel Institute (AISI)
Sheet	Material under 0.1875 in. (5.00 mm) in thickness and 24 in. (600 mm) and over in width.	Flat-rolled product in coils or cut lengths at least 610 mm (24 in.) wide and less than 4.76 mm (0.1875 in.) thick.	Hot-rolled or cold-reduced products under 0.1875 in. in thickness and 24 in. and over in width.
Strip	Cold-rolled material under 0.1875 in. (5.00 mm) in thickness and under 24 in. (600 mm) in width.	Flat-rolled product, in coils or cut lengths, less than 610 mm (24 in.) wide and 0.13 to 4.76 mm (0.005 to 0.1875 in.) thick. Cold-finished material 0.13 mm (0.005 in.) thick and less than 610 mm (24 in.) wide fits the definitions of both strip and foil and may be referred to by either term.	Hot-rolled or cold-reduced products under 0.1875 in. in thickness and 0.75 to under 24 in. in width.
Foil	Not defined separately from strip.	Flat-rolled product, in coil form, up to 0.13 mm (0.005 in.) thick and less than 610 mm (24 in.) wide.	Not defined separately from strip.
Plate	Material 0.1875 in. (5.00 mm) and over in thickness and over 10 in. (250 mm) in width.	Flat-rolled or forged product more than 250 mm (10 in.) in width and at least 4.76 mm (0.1875 in.) in thickness.	Flat-rolled products over 10 in. in width and 0.1875 in. or more in thickness rolled on conventional sheet/strip mills.

Source: ASTM, "Standard Specification for General Requirements for Flat-Rolled Stainless and Heat-Resisting Plate, Sheet, and Strip," designation A 480/A 480M–99a, *2000 Annual Book of ASTM Standards, Steel--Plate, Sheet, Strip, Wire; Stainless Steel Bar*, vol. 01.03, West Conshohocken, PA, 2000, p. 204.; J.R. Davis, ed., *ASM Specialty Handbook: Stainless Steels*, ASM International, Materials Park, OH, 1994, pp. 38-39; ISS, Steel Products Manual: Stainless Steels, Warrendale, PA, March 1999, p. 7; and AISI, *Instructions for Reporting Steel Shipment Statistics*, vol. 1, sec. III-A, "Product Definitions–Stainless," pp. 1-3.

Manufacturing Process

There are four basic steps in stainless steel sheet and strip production regardless of grade or final width and thickness: (1) the melting and refining of stainless steel; (2) the casting of slabs, a semifinished flat-rolled product; (3) hot-rolling the slabs; and, if specified, (4) cold-rolling the hot-rolled products.

In the first stage of production, molten stainless steel is produced by melting raw material – usually selected stainless (or other types of) steel scrap and various ferroalloys (of chromium, nickel, and molybdenum) – in an electric arc furnace. The resultant liquid steel is tapped into a furnace ladle and transferred to an argon-oxygen decarburization (AOD) vessel for further refinement (also known as

secondary steelmaking) in which oxygen, gradually replaced by argon, is blown through the molten steel, to eliminate impurities.[18] An alternate method of removing impurities from molten stainless steel is to use vacuum oxygen decarburization (VOD), in which the molten metal is placed in a vacuum while oxygen is bubbled through it. The molten metal's chemistry is tested frequently at this stage with the results used to calculate the exact amount of ferroalloys to be added in order to produce steel with specific properties according to end-use applications. Care is taken at this stage to assure that only the least costly raw materials are used, and in the minimum quantity necessary to meet the specification. This is particularly important in the production of stainless steel because the alloying elements nickel, molybdenum, and chromium represent the largest cost of the product. Once the desired chemical composition is achieved, the molten stainless steel is transferred in a preheated transfer ladle to the continuous slab caster for solidification into slabs, the wide semifinished products from which flat-rolled products are rolled.

In the casting stage, the molten stainless steel is poured into a tundish (reservoir dam) which controls the flow into the top of the mold of the continuous casting machine. Solid surfaces form as the molten stainless steel passes through and out the open bottom of the mold, and the slab solidifies as it slowly descends through the caster. The resulting slabs are generally 5 to 8 inches thick and up to 100 inches wide, depending on mill capability and the flat-rolled product that will be produced from the slab. The continuous slab is cut into lengths of up to about 35 feet for further processing. The length is limited by the mill's reheating and/or rolling capability. The slab is then inspected and conditioned by grinding the surface to remove scale and defects, in preparation for rolling in coil form on the hot-strip mill. Before it enters the rolling mill, the slab is charged in a gas-fired reheating furnace to a rolling temperature of 2,250-2,300 degrees Fahrenheit. After reaching the appropriate temperature, the slab exits the furnace and enters the hot-strip mill.

For a mill designed primarily to produce stainless steel, the roughing mill is generally a reversing mill in which the slabs are rolled to a thickness of about 1 inch in a succession of rolling passes. The finishing mill is either a reversing mill of the Steckel type, which is equipped to coil the bands after each pass in order to conserve space and temperature, or a continuous mill made up of a series of individual roll stands that may be hundreds of yards long and with the bands passing continuously through the stands in one direction only. Finally, the bands continue on to a coiler, where they are wrapped into coils.[19] The product at this point (whether it is destined to become plate, sheet, strip, or foil) is called hot-rolled black band, due to the layer of dark-colored oxide that forms on the steel's surface when it is exposed to oxygen at high temperatures. The coil is then annealed (heat treated) in an annealing furnace and pickled (descaled) in an acid bath to achieve the appropriate microstructure, remove oxide and surface defects, and impart corrosion resistance. Annealing and pickling are usually performed on a continuous process line, although they can be performed in separate units. More specifically, after cooling down from the hot-rolling process, the black band passes through a continuous furnace in which it is heated to annealing temperatures and then quickly cooled. It next passes through a grit-blasting machine in which the scale from the hot mill and the annealing furnace is cleaned using small particles of steel grit thrown at high speed by centrifugal wheels. The band then passes through pickling tanks which

[18] AK Steel claims to have the largest AOD unit in the world, with a capacity of 175 tons, at its Butler PA facility. The AOD unit can refine enough molten metal for producing up to 20 "full" coils at a time. AK Steel, "Production Facilities, Specialty Melting, Butler (Specialty/Electrical) Works," found at *http://www.aksteel.com/production_facilities/default.asp*, retrieved March 28, 2005.

[19] Because the slabs are fed into the mill at an elevated temperature, the mill is known as a "hot-strip mill."

contain acid to descale the steel, followed by a water rinse. The product at this point is considered white coil or white band, or HRAP coil or HRAP band, and can be shipped in this condition.[20]

If specified, the last production stage is cold-rolling. Cold-rolled stainless sheet and strip is manufactured by transferring HRAP coil to a cold-rolling mill to reduce the product's thickness.[21] Cold-rolling involves a further reduction in thickness ranging from 10 to 95 percent. Depending on the desired thickness of the end product, various numbers of cold-rolling passes through the mill are required to achieve the necessary reduction. As in hot-rolling, the material hardens after a certain amount of cold-rolling. Further cold-rolling becomes difficult at this point so annealing (to soften the material) and pickling must take place again. Thus a black band can repeat the anneal/pickle/cold-roll process several times depending upon the desired final thickness. The final product is considered cold-rolled, annealed, and pickled coil.

Stainless steel foil, which is the thinnest of flat-rolled products, 0.13 mm (0.005 inch) and less in thickness, is produced by further reducing cold-rolled material in a cold-rolling mill that is specifically tooled to achieve the required thinness. The cold-rolling mills employed by producers of foil are of the same type as those used by producers of cold-rolled sheet and strip; the difference is the size and speed of the rolls used, and the number of additional passes the material undergoes in processing.[22] Foil is used for specialized applications, such as substrates for catalytic converters, and tends to command a higher price due to the additional finishing processes required to produce foil products.

Stainless steel sheet and strip may undergo additional finishing operations. For example, once the final anneal/pickle/cold-roll sequence is complete, the steel may undergo a temper roll (skin pass) to improve surface condition. However, this step does not involve any further thickness reduction in the material. A finish may also be applied to the product. Stainless steel sheet and strip are available in a number of rolled (or unpolished) and polished finishes.[23] Although not a "standard industry finish," some producers offer a bright annealed finish, which has a mirror-like appearance. After cold-rolling and annealing in a controlled atmosphere furnace, the final appearance of this product is generally developed by a single light skin pass through a cold mill over highly polished rolls, but may also entail additional millwork, such as grinding the surface at an intermediate gauge. This surface is often specified for architectural applications and for other uses where a highly reflective surface is desired.[24]

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[20] A relatively small quantity is sold in this condition; the vast majority is further processed by cold-rolling to its final gauge (thickness). Field visit with North American Stainless, March 21, 2005.

[21] There are two types of cold-rolling mills–either a reversing Z-mill, such as a Sendzimir mill; or a continuous or tandem mill.

[22] For example, Alleghney Rodney (New Bedford, MA), the strip division of Allegheny Technologies Inc. and a producer of stainless steel foil, has both a Sendzimir wide hot-strip mill and a 42-inch Sendzimir cold-rolling mill. Richard Serjeantson, ed., *Iron and Steel Works of the World*, 12th edition, Metal Bulletin Books, p. 525.

[23] Examples of unpolished finishes for stainless sheet include HRAP No. 1 finish (typically used in products such as air heaters, furnace stacks, gas turbine parts, and industrial oven liners); No. 2D finish, which is a cold-rolled, dull finish (typically used in automotive exhaust systems, builders' hardware, chemical processing equipment, and institutional kitchen equipment); and No. 2B finish, which is a cold-rolled, bright finish (typically used in bakeware, flatware, pharmaceutical equipment, plumbing fixtures, and wheel covers). Examples of polished finishes range from No. 3 finish, used for food processing and scientific apparatus, to No. 8, the mirror finish, used for press plates, small mirrors, and reflectors. ISS, Steel Products Manual: Stainless Steels, Warrendale, PA, March 1999, pp. 219-220; and Specialty Steel Industry of North America, Finishes for Stainless Steel, Washington, DC, pp. 3-8.

[24] Id. Three rolled (unpolished) finishes (No. 1, No. 2, and bright annealed) and one polished finish (mill buffed) are commonly available for strip products.

Sheet and strip may also be edge-trimmed, slit, or cut-to-length.[25] Edge condition is often more important for strip than it is for sheet. Strip is produced with various edge specifications: (1) mill edge (as produced, condition unspecified); (2) No. 1 edge (edge-rolled, rounded, or square); (3) No. 3 edge (as-slit); or (4) No. 5 edge (square edge produced by rolling or filing after slitting). Mill edge is the least expensive edge condition and is adequate for many purposes. No. 1 edge provides improved width tolerance over mill edge plus a cold-rolled edge condition; rounded edges are preferred for applications requiring the lowest degree of stress concentration at corners. No. 3 and No. 5 edges give progressively better width tolerance and squareness over No. 1 edge.[26]

Interchangeability and Producer and Customer Perceptions

The availability of substitutes for stainless steel sheet and strip depend upon the desired applications. Other materials do not have the necessary combination of corrosion resistance, heat resistance, and ease of maintenance imparted by stainless steel. Other steels may possess a greater degree of machinability, and some coatings (such as galvanized carbon steel) may provide corrosion resistance, but these machining steels and metallic coatings do not provide corrosion or heat resistance to the same degree or across the same range of atmospheres and temperatures as stainless steel. The substitution by ceramics, which possess greater heat-resistance capability, would be limited by the materials' limited fracture resistance and lack of ductility or flexibility. Other possible substitutes for stainless steel include aluminum (limited by its lower tensile strength and lesser hardness), titanium alloys, high-nickel alloys, and plastics. Substitutability of each of these is limited by both technical and cost factors.

Channels of Distribution

*** domestically produced stainless steel sheet and strip is captively consumed and a *** amount (i.e., less than *** percent) was transferred to related firms in ***. Internal consumption/company transfers of subject imports fell irregularly from *** percent of total U.S. importers' shipments in 1999 to *** percent in 2004.[27] U.S. producers' shipped product to both distributors and end users with the majority of shipments made directly to end users at the beginning of the period but with distributor shipments predominant by 2004. Specifically, 36.0 percent of domestically produced stainless steel sheet was shipped to distributors in 1999 and 64.0 percent was shipped to end users. By 2004, 55.6 percent was shipped to distributors and 44.4 percent was shipped to end users.[28] [29]

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[25] By contrast, finished cold-rolled sheet and plate in coils is sold in mill widths to downstream customers (e.g., welded-pipe producers) that slit the steel to their own width specifications. Field visit with North American Stainless, March 21, 2005.

[26] *ASM Specialty Handbook: Stainless Steels*, p. 39.

[27] Specifically, U.S. imports from *** were ***. Subject captive consumption for *** was ***; data for Taiwan are not available. ***. *** were reported for subject merchandise from *** and data for Taiwan are not available.

[28] ***.

[29] The domestic industry argues that the shift in distribution pattens "makes the domestic industry more vulnerable to a recurrence or continuation of injury because sales of subject imports are concentrated through distributors)." Domestic interested parties' prehearing brief, p. 58, n. 33 (statement edited in e-mail, counsel for domestic interested parties, May 20, 2005). A U.S. steel consumer comments that "the domestic mills are selling an increasing share of their production via distribution because they made policy changes to discourage users from buying direct: (i) the mills increased the minimum bill of materials ("BOM") tonnage required for direct sales; and (ii) they imposed a price penalty of BOM business." Illinois Tool Works' posthearing brief, p. 4.

Most subject merchandise was shipped to distributors throughout the period. In 1999, 93.4 percent was shipped to distributors and 6.6 percent to end users, whereas, in 2004, 87.0 percent was shipped to distributors and 13.0 percent to end users. Specifically, subject merchandise from France was increasingly shipped to end users (with a *** percent end-user share in 1999 compared to *** percent end-user share in 2004). Subject merchandise from Germany was *** shipped to distributors throughout the period examined (with a *** percent distributor-share in 2004). Distribution patterns for stainless steel sheet and strip imports from Italy varied, with distributors accounting for *** of subject shipments at the beginning and end of the period examined (with *** percent, *** percent, and *** percent shares in 1999, 2000, and 2004, respectively) but a *** portion during the middle of the period (i.e., *** percent, *** percent, and *** percent shares in 2001, 2002, and 2003, respectively). Subject merchandise from Korea was *** shipped through distributors as was *** reported subject merchandise from Japan until *** when end-user shipments were ***. Subject merchandise from Mexico was, in large part, shipped to distributors *** as was *** reported subject merchandise from the United Kingdom.[30] Data for Taiwan are not available.[31]

Comparison of Domestically Produced and Imported Product

The classification system for the grades of stainless steel is presented below:

> Stainless steel alloys are designated by the American Iron and Steel Institute (AISI) numbering system, Unified Numbering System (UNS),[32] or proprietary alloy name. Of the two numbering systems, the AISI system is older but more common in the United States.[33] Under this system, stainless steel alloy grades are designated in three-digit numeric series, based on contents of chromium, nickel, and certain other elements. One- or two-letter suffixes indicate variations in the content of certain alloying elements (e.g., "L" for low carbon, or the chemical symbol for the presence of a particular element).[34]
>
> The 200 Series classification includes austenitic stainless steels[35] of chromium-nickel grades containing chromium (16.0-22.0 percent), nickel (1.0-7.0 percent), with manganese (5.5-15.5 percent) substituted for some of the nickel as in 300 Series

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[30] The UK producer indicated, however, that its distribution channels were "significantly different" from those of commodity grades in that its UK operations worked directly with end-user customers to produce specified merchandise to order. Outokumpu's prehearing brief, p. 15.

[31] U.S. import shares as reported do not include internal consumption but do include company transfers.

[32] The UNS designation consists of an initial "S" followed by a five-digit number. For stainless steel grades with an AISI designation, the first three digits of the UNS designation generally corresponding to the three-digit AISI numeric designation. The last two UNS digits are "00" for basic AISI three-digit designations, with differences reflecting variations of the basic AISI grade. High-nickel grades are indicated by the initial letter "N" followed by a five-digit number. ASM International, *ASM Specialty Handbook, Stainless Steels*, Materials Park, OH, 1994, p. 5.

[33] ASM International, *ASM Specialty Handbook, Stainless Steels*, Materials Park, OH, 1994, p. 5.

[34] Information about the various stainless steel alloy classifications are compiled from Iron and Steel Society, *Steel Products Manual, Stainless Steels*, Warrendale, PA, March 1999, "Overview of Stainless Steels," pp. 1-2; table 2-1 "Stainless Steels, Cast or Heat Chemical Ranges and Limits," pp. 17-22; and appendix I "Typical Applications of Selected Stainless Steels," pp. 251-255; and from ASM International, *ASM Specialty Handbook, Stainless Steels*, Materials Park, OH, 1994, pp. 5-12 and pp. 13-38.

[35] "Austenitic," "ferritic," and "martenistic" refer to different crystalline structures of steel. For more details, *see* e.g., ASM International, *ASM Specialty Handbook, Stainless Steels*, Materials Park, OH, 1994, pp. 13-38.

classification (*see* below). Stainless steel grades within the 200 Series can be hardened by cold working but not by annealing (heat treating), but annealing does impart formability and renders the steel essentially nonmagnetic, although some may become slightly magnetic by cold working. These austenitic steels exhibit high corrosion resistance to atmospheric conditions and presence of many industrial gasses and chemicals, but the degree of resistance varies by grade. Many grades in this series also retain strength at high temperature and do not become brittle at low temperatures. However, substitution of less-costly manganese for more-costly nickel results in less corrosion resistance and less formability for 200 Series grades than compared to 300 Series grades without manganese additions.

The 300 Series classification includes both austenitic and austenitic-ferritic (duplex) stainless steels of varying chromium-nickel grades with other alloying elements, particularly nitrogen and molybdenum. The austenitic stainless steels contain lower chromium (16.0-26.0 percent) and higher nickel (5.0-34.0 percent) contents than do duplex stainless steels with higher chromium (23.0-28.0 percent) and lower nickel (2.5-5.0 percent) contents. Austenitic stainless steel grades in this series exhibit properties similar to those in the 200 Series classification. By contrast, austenitic-ferritic stainless steels offer several advantages over straight-austenitic grades, particularly higher resistance to pitting and cervice corrosion, and about twice the yield strength.

The 400 Series classification includes both ferritic and martenistic stainless steels of "straight-chrome" grades that contain 10.5-27.0 percent chromium with or without small amounts (0.5-1.0 percent) of nickel for the ferritic stainless steels, and that contain 11.5-18.0 percent chromium with or without small amounts (0.60-2.50 percent) of nickel or other alloying elements for the martenistic stainless steels. Ferritic stainless steel grades in this series cannot be heat hardened and can be only moderately hardened by cold working. They are magnetic, are moderately ductile, and moderately resist corrosion and oxidation. Ferritic grades are also relatively weak at high temperature and may lack durability at low temperatures. Martenistic stainless steel grades are also magnetic but can be heat hardened.

Table I-7 lists the grades of U.S. shipments of both domestically produced and imported stainless steel sheet and strip on a firm by firm basis.[36]

[36] The ThyssenKrupp respondent interested parties indicate that any focus on grade would not take into account the true differentiation in steel products since stainless steel sheet and strip is also sold in various combinations of non-standard widths or gauges, finishes, and/or metallic and non-metallic coatings. They state that any failure to "take these difference into account provides a false measure of the actual competitive overlap between the imports and subject producers." ThyssenKrupp's posthearing brief, pp. 33-34.

Table I-7
Certain stainless steel sheet & strip: U.S. shipments, by source and by grade, 2004

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Each grade that was separately identified in table I-7 was reported to be shipped by both U.S. producers and by subject importers (in aggregate). Reported shipments of domestically produced stainless steel sheet and strip were clustered in grades 304, 304L, and 409. Substantial quantities of U.S. subject imports were also shipped in grades 304 and 409 (but not 304L). In addition, proportionally more imports of subject merchandise are of grades 430 and 434/436 steel than U.S.-produced product. Japanese-produced stainless steel sheet and strip was primarily *** product while UK produced product was ***.[37] Additional information about the stainless steel sheet and strip products available from specific sources is provided in the Part IV of this report.

Table I-8 lists grades of U.S. shipments of domestically produced product on a firm-by-firm basis.

Table I-8
Certain stainless steel sheet & strip: U.S. shipments, by source and by grade, 2004

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DOMESTIC LIKE PRODUCT ISSUES

In its original determinations, the Commission found the domestic like product to correspond to the scope of Commerce's investigations.[38] In response to a question soliciting comments regarding the appropriate domestic like product in the Commission's notice of institution of these reviews, the domestic interested parties and Nucor indicated their agreement with the definitions of the domestic like product and industry.[39] The Korean interested parties agreed at the time of the filing of their *Response* to the definitions of the domestic like product and industry indicated in the notice of institution. The German, Italian, and Mexican interested parties, however, stated that they reserved the right to address the issue of whether ASTM grade 409, a grade of stainless steel sheet and strip originally developed for the automotive exhaust and emission control market, should be defined as a separate domestic like product.[40]

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[37] The reported quantities from Japan and the United Kingdom are believed to represent the majority of subject imports from these sources. Grades reported by U.S. producers that fell within the "others" category consisted of: grades ***.

[38] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, p. 8.

[39] *Response to the Commission's Notice of Institution* by the domestic interested parties, pp. 20-21, and *Response to the Commission's Notice of Institution* by Nucor, p. 5. The domestic interested parties reaffirmed their position in their prehearing brief (pp. 4-5) stating that "no material facts have changed since the original investigation."

[40] *Responses to the Commission's Notice of Institution* by the German interested parties, p. 12; Korean interested parties, p. 10; Italian interested party, p. 10; and the Mexican interested party, p. 9. (However, no party requested in their comments on the draft questionnaires that the Commission collect data on a possible grade 409 industry.) "ThyssenKrupp" (which, hereinafter, will be used to refer to the German, Italian, and Mexican interested parties) indicated that it does not challenge the Commission's original single like product determination but emphasizes that the subject product encompasses a range of both commodity steel grades and specialty steel products where there is not necessarily direct competition. ThyssenKrupp's posthearing brief, p. 5.

Several like product issues were raised in the preliminary phase of the original investigations. First, the Commission considered whether the domestic like product should be defined to include all hot-rolled, annealed and pickled (HRAP) flat products (i.e., sheet, strip, and plate). The second issue was whether hot-rolled and cold-rolled stainless steel sheet and strip in coils should be defined as separate domestic like products. Finally, the Commission considered whether to define stainless steel foil as a separate like product. Following the traditional six-factor analysis, the Commission determined not to include all HRAP stainless steel plate in the domestic like product.[41] With respect to the issue of whether hot-rolled and cold-rolled stainless steel sheet and strip in coils should be defined as separate like products, the Commission applied a semi-finished products analysis and determined that the domestic like product consisted of both hot-rolled and cold-rolled products.[42] The Commission likewise did not find stainless steel foil to be a separate like product.[43] In the final phase of the original investigations, Japanese respondents argued that grade 409 stainless steel sheet and strip is a separate like product.[44] The Commission found that grade 409 was one stainless steel sheet and strip product that fell within the continuum of all stainless steel sheet and strip and, in turn, found a single domestic like product that consisted of all stainless steel sheet and strip.[45]

Respondents during the original investigations also identified several niche products that they argued did not compete with the stainless steel sheet and strip available from U.S. producers and should therefore be excluded from the merchandise that was subject to the investigations. These niche products included: (1) bright-annealed and polished stainless steel sheet and strip in widths of 36 inches and greater ("bright-annealed") produced by Usinor, (2) grade 301 high tensile spring steel strip used in automotive safety belts and double hung window balance systems ("grade 301 high tensile spring steel") produced by Lee Steel Strip, (3) doctor blade steel produced by Lee Steel Strip, (4) lithographic sheet

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[41] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Preliminary),* USITC Publication 3118, August 1998, pp. 5-9. The Commission subsequently reaffirmed its decision in the final phase of the original investigations. *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, pp. 5-6

[42] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, the Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Preliminary),* USITC Publication 3118, August 1998, pp. 10-12.

[43] Ibid., pp. 12-14.

[44] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, p. 8. Respondents further alleged during the original investigations that there were two additional separate like products. Avesta Sheffield, located in the United Kingdom, manufactured a cold-rolled stainless steel sheet and strip product in coils with a three dimensional raised pattern under the trademark name HyClad. Avesta Sheffield argued that HyClad's unique physical appearance, which results from a process of embossing or coining, made it appropriate only for architectural use. Ibid., p. I-9. HyClad accounted for *** percent to *** percent of Avesta Sheffield's total production in the United Kingdom of subject merchandise during 1996-98. Confidential staff report (memorandum INV-W-131, June 18, 1999), p. I-13. Stahlwerk Ergste Westig, in Germany, maintained that its precision stainless steel strip, which is made to tighter tolerances than both the American standards (i.e., ASTM) and European standards, constituted a separate like product. *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, p. 9.

[45] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, pp. I-7 - I-8.

used by Printing Developments, Inc. to produce printing plates for printing labels directly on shaving cream cans, (5) grade 403 stainless steel produced by Sumitomo Metals Industries, Ltd. for a specialized application, and (6) floor plate. Niche products accounted for 5.7 percent of total U.S. imports of subject merchandise in 1998.[46] Petitioners argued during the original investigations that they had agreed to have excluded from the scope those niche products that the domestic industry did not produce or have plans to produce.[47] Further, as indicated above, Commerce has issued a series of partial revocations of the orders. The domestic interested parties stated in their response to the notice of institution that the exclusions are low volume specialty products that are not believed to account for more than 1 percent of the total stainless steel and sheet market.[48]

U.S. MARKET PARTICIPANTS

U.S. Producers

In their prehearing brief, the domestic interested parties describe the "essential structure" of the current stainless steel sheet and strip industry as "very similar" to that in 1999 "although the names over the door for some facilities have changed and there have been some additions and subtractions to facilities as upgrades in equipment occurred."[49] French and Korean interested parties, in contrast, describe a "highly concentrated and highly competitive" domestic industry that is "far different" today than in 1999.[50] In their posthearing brief, the ThyssenKrupp interested parties emphasize the increasing vertical integration of the U.S. industry, specifically noting that all of the U.S. mills are now integrated in contrast to 1998 when three of the producing firms (Armco, J&L, and NAS) had to acquire slabs and/or outsource hot-rolling.[51]

The 13 producers of stainless steel sheet and strip identified during the original investigations were U.S. mills Allegheny Ludlum, Armco, J&L, NAS, Nucor, and Washington Steel, as well as 7

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[46] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, pp. I-9 - I-10. Specifically, niche products represented a *** portion of each manufacturers' total exports of subject merchandise to the United States in 1998 with the exception of bright-annealed product from France. Bright-annealed steel accounted for *** percent of ***'s total exports to the United States in 1998 of subject merchandise. Confidential staff report (memorandum INV-W-131, June 18, 1999), p. I-15.

[47] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, p. I-10.

[48] *Response to the Commission's notice of institution* of the domestic interested parties, p. 11, note 6. The domestic interested parties further indicated that they did not have an accurate method by which to estimate the volume of these products. Ibid.

[49] Domestic interested parties' prehearing brief, p. 56.

[50] French and Korean interested parties' posthearing brief, p. 1.

[51] ThyssenKrupp's posthearing brief, p. 3. *See* the description of Armco's plant operations at the time of the original investigations at *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, pp. III-1 and III-2.

rerollers (table I-9).[52] Specific information on industry closures and expansions since the original investigations is provided below.[53]

Table I-9
Certain stainless steel sheet and strip: U.S. producers, their plant location(s), their shares of production in 1998 and 2004, and their positions on the orders

Firm	Plant location(s)	Percent of production		Position on orders
		1998	2004	
Integrated producers				
AK[1]	Middletown, OH; Rockport, IN; Butler, PA;[2] Mansfield, OH; Coshocton, OH; Zanesville, OH	***[3]	***	Supports
Allegheny Ludlum[4]	Brackenridge, PA; New Castle, IN; Vandergrift, PA; West Leechburg, PA; Wallingford, CT; and Waterbury, CT	***	***	Supports
J&L[5]	Louisville, OH; Midland, PA	***	***	***
NAS[6]	Ghent, KY	***	***	Supports
Nucor[7]	Crawfordsville, IN	***	***	***
Washington Steel[8]	Houston, PA;[9] Washington, PA;[10]	***	--	Not applicable
Rerollers				
Original investigations[11]	Various locations	***	--	--
Somers Thin Strip[12]	Waterbury, CT	--	(13)	***
Theis Precision[14]	Bristol, CT	--	(13)	***
Total	--	100.0	100.0	--

Notes on next page.

[52] Four of the 13 producers were petitioners (i.e., Allegheny, Armco, J&L, and Washington Steel). The four petitioning firms accounted for *** percent of U.S. stainless steel sheet and strip production in 1998.

[53] With the exception of ***, *** reported anticipating any changes in the character of their operations or organization relating to the production of stainless steel sheet and strip in the future. *** stated that it has "***." ***. AK's, Allegheny Ludlum's, NAS's, Nucor's, Somers Thin Strip's, and Theis Precision's producer questionnaire responses.

The Commission's questionnaire also requested that firms indicate whether any changes in the character of their operations or organization are anticipated if the existing orders for subject stainless steel sheet and strip were to be revoked. ***. *** also described scenarios where increased imports could (or would) lead to reduced profitability. ***. Ibid.

Continuation.

[1] Firm is not owned, in whole or in part, by any other firm. AK acquired Armco in September 1999 and in that same year opened its Rockport, IN, facility.
[2] ***.
[3] Figure is the share of production accounted for by Armco during the original investigations.
[4] Firm is ***-percent owned by Allegheny Technologies (Pittsburgh, PA). At the time of the original investigations, Allegheny Ludlum was a wholly owned subsidiary of Allegheny Teledyne. Allegheny Teledyne changed its name to Allegheny Technologies on November 29, 1999. ***.
[5] J&L was a subsidiary of the Usinor Group during most of the period examined and in 2003 became a subsidiary of the Arcelor Group. Usinor (which now operates as U&A France within the Arcelor Group) was the principal producer of subject imports from France during the original investigations. In June 2004, most of the J&L stainless steel assets were acquired by Allegheny Ludlum.
[6] Firm is ***-percent owned by Acerinox, S.A. (Madrid, Spain), its primary parent at the time of the original investigations. Acerinox S.A. manufactures stainless steel sheet & strip in Spain and is the parent of a firm (Columbus) that manufactures in Middelburg, South Africa. Both Spain and South Africa are nonsubject sources.
[7] Firm is not owned, in whole or in part, by any other firm.
[8] Washington Steel had been owned and controlled by the Bethlehem Group prior to the 1998 sell-off of its assets.
[9] ***.
[10] ***.
[11] Rerollers responding to the Commission's questionnaire in the original investigations consisted of: Cold Metal Products, Inc.; Hamilton Precision Metals; Precision Specialty Metals; Rahns Specialty Metals, Inc.; Rodney Metals; Somers Thin Strip; and Theis Precision Steel.
[12] Firm is a ***-percent owned business unit of Olin Corp. It is related to Avesta (Finland), a manufacturer of stainless steel sheet and strip.
[13] ***.
[14] Firm is ***-percent owned by Theis of America, Inc. (Wilmington, DE). With respect to the stainless steel sheet and strip products, the firm primarily processes ***. E-mail from ***, Theis Precision, March 21, 2005.
[15] ***.

Note.–Carpenter Specialty Alloys (Reading, PA) also manufactures stainless steel sheet and strip. ***. Correspondence from Carpenter Specialty Alloys, January 13, 2005.

Source: Compiled from data submitted in response to Commission questionnaires, unless otherwise noted.

Integrated Steel Mills

AK primarily produces carbon steel at its Middletown, OH, steel works. In September 1999, AK acquired Armco, whose stainless steel sheet and strip facilities included the main flat-roll mill in Butler, PA (which included a melt shop and caster); a second hot-strip mill in Mansfield, OH;[54] and combination sheet and strip cold mill in Coschocton, OH. Also, in 1999, AK added a reportedly state-of-the-art finishing facility to cold roll and anneal and pickle stainless (and other) steels in Rockport, IN; ***.[55]

[54] The Mansfield, OH, facility was reported during the original investigations to produce mainly grade 409 stainless, a low-cost grade used extensively for automobile exhaust system parts.

[55] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, pp. III-1 - III-2; and AK's producer questionnaire response. *Also see* http://www.aksteel.com/production_facilities/fax_pop_mid.html, retrieved March 7, 2005.

Allegheny Ludlum's main stainless steel plant is in Brackenridge, PA, where it uses electric arc furnaces (EAF) to melt stainless and other specialty materials.[56] In 1998 and 1999, Allegheny Ludlum acquired the former Washington Steel melt shop and Steckel mill (in Houston, PA) and the hot anneal and pickle lines (in Washington, PA).[57] [58] Washington Steel had been owned by Lukens Steel during most of the period examined during the original investigations. In May 1998, Lukens Steel, including Washington Steel, was acquired by Bethlehem Steel Corp. (Bethlehem Steel).[59] In 2004, J&L (a then-subsidiary of the Arcelor Group)[60] also sold most of its stainless steel assets to Jewell Acquisition, LLC, a wholly owned subsidiary of Allegheny Ludlum.[61] The J&L stainless steel operations included its new (in 1997) direct roll and pickle line (DRAP) in Midland, PA, that was reported to represent an innovative approach to the finishing of hot-rolled and cold-rolled stainless steel sheet and strip (and plate).[62] By combining or even eliminating several production processes, this new technology was cited in the original report as being expected to result in considerable savings in production costs. The J&L assets also included a finishing facility in Louisville, OH.[63] [64] The domestic interested parties describe Allegheny Ludlum as modernizing its facilities during late 2003 and 2004 and "replacing older melting and related equipment with newer, more efficient furnaces." They state that "{t}hese improvements undertaken largely for efficiency, will result in a marginal increase in Allegheny's melt capacity."[65]

As shown in table I-9, NAS is owned by Acerinox S.A. (Madrid, Spain). Acerinox is one of the world's largest stainless steel producers, with manufacturing operations in Spain and South Africa, as

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[56] The facility includes a hot strip mill and finishing lines.

[57] ***.

[58] Allegheny Ludlum's producer questionnaire response.

[59] According to the original report, Bethlehem Steel announced its intention to sell the former Luken's assets after incurring operating losses. *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final)*, USITC Publication 3208, July 1999, pp. III-3.

[60] The domestic industry argues that, with its sell-off of J&L, the United States will "become more important as an export market" to U&A France, a subject manufacturer within the Arcelor Group. Domestic interested parties' prehearing brief, p. 13.

[61] *Response to the Commission's notice of institution* by the domestic interested parties, p. 14, and Allegheny Ludlum's producer questionnaire response.

[62] The Midland facility also contained an anneal and pickling line but no hot mill. J&L's former parent, Arcelor, was reported to have said that "the lack of a hot-rolling mill was a handicap for J&L." "Arcelor Memo Indicates Plan to Sell-Off J&L," in AMM.com (December 22, 2003) at http://www.amm.com/subscrib/2003/dec/week4/1222tp02.htm, retrieved March 7, 2005. The ThyssenKrupp interested parties describe J&L as "unsuccessfully" attempting to compete with NAS in selling commodity grade product while at the same time being "dependent" on NAS for hot-rolling. ThyssenKrupp's posthearing brief, p. 4.

[63] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final)*, USITC Publication 3208, July 1999, pp. III-2 - III-3, and Allegheny Ludlum's producer questionnaire response. *See also* http://www.alleghenyludlum.com/ludlum/pages/companyinfo/history.asp, retrieved March 7, 2005.

[64] A portion of the former J&L assets in Detroit, MI, Louisville, KY, and Midland, PA, were sold by a U.S. purchaser (Casey Equipment Co., Pittsburgh, PA) to Nanjing Ganglian Precision Stainless Steel (China). *See* "China Firm Buys Stainless Steel Mill Equipment" in AMM.com (August 2, 2002) at http://www.amm.com/subscrib/2002/aug/week/0809st02.htm, retrieved March 7, 2005.

[65] *Response to the Commission's notice of institution* by the domestic interested parties, p. 14.

well as the NAS plant in Ghent, KY.[66] NAS began production operations in 1992 without a hot-rolling mill in place but completed the installation of a new Steckel hot-rolling mill in late 1998.[67] ***.[68]

Nucor, traditionally a carbon steel manufacturer, was a recent entrant in the stainless steel market at the time of the original investigations. At that time it primarily produced grade 409 stainless steel for use in auto exhaust system equipment. The firm continues to offer only a limited series of grade 409 products from its Crawfordsville, IN, mill. Nucor indicated in a letter to the Commission that ***.[69]

Rerollers[70]

Rerollers do not melt and hot roll products but rather purchase either a hot-rolled, annealed and pickled product or a cold-rolled product, and further cold-roll and anneal and pickle it into lighter gauges. Petitioners, during the original investigations, characterized the great majority of rerollers as taking already finished cold-rolled sheet and strip material and further processing it into very thin products, very precisely dimensioned products, and very expensive finished products. As shown in table I-9, seven rerollers responded to the Commission's questionnaires during the original investigations; these firms accounted for slightly more than *** percent of reported production of stainless steel sheet and strip in 1998.[71] A number of the rerollers that, in 1998, provided information to the Commission on their operations have since either gone out of business or been purchased by the integrated mills.[72] During the original investigations, Rodney Metals ***.[73] Cold Metals Products, Inc. and Rahns Specialty Metals either moved or closed[74] and Hamilton Precision Metals, Inc. indicated that it no longer produced stainless steel sheet and strip. ***.[75]

Domestic Producers' U.S. Imports and Purchases

The only related party issue considered by the Commission during the original investigations was J&L's relationship to Usinor (now U&A France), the principal producer of subject imports from

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[66] In January 2002, the Acerinox Group acquired a shareholding of Columbus, a manufacturer of both flat stainless steel products (including the subject merchandise) and long stainless steel products in South Africa.

[67] *Certain Stainless Steel Plate From Belgium, Canada, Italy, Korea, South Africa, and Taiwan, Investigations Nos. 701-TA-376, 377, and 379 (Final) and Investigations Nos. 731-TA-788-793 (Final),* USITC Publication 3188, May 1999, p. III-4.

[68] E-mail from counsel for domestic interested parties, March 17, 2005. ***. Ibid.

[69] Letter from counsel for Nucor, March 17, 2005.

[70] The Commission determined in the original investigations that rerollers should be included in the domestic industry based on the overall nature of rerollers' production-related activities in the United States. *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, p. 8, n. 46.

[71] Confidential staff report (memorandum INV-W-131, June 18, 1999), p. III-6.

[72] One industry observer commented that it is increasingly difficult for rerollers to operate profitably as the prices between their purchased hot-rolled product and sales of downstream cold-rolled stainless steel sheet and strip have narrowed. Staff telephone interview with ***, March 11, 2005.

[73] E-mail from counsel for domestic interested parties, March 3, 2005.

[74] Rahns Specialty Metals has been reported to be owned by Ugine & ALZ.

[75] Staff telephone interview with ***, March 11, 2005. As indicated in table I-9, Somers Thin Strip and Theis Precision are still operating and have provided questionnaire responses.

France.[76] In response to Commission questionnaires issued for these reviews, ***[77]. ***.[78] With respect to the rerollers, ***.[79] ***.[80]

Other Operations

Most U.S. producers did not report being involved in toll production. ***.[81] There is *** U.S. production of stainless steel sheet and strip in a foreign trade zone and *** reported a *** of captive consumption of domestically produced stainless steel sheet and strip.[82]

U.S. Importers

Calculation of U.S. Imports

During the original investigations, 46 firms reported that they imported the subject merchandise and provided usable data to the Commission. These firms were believed to have accounted for the vast majority of U.S. imports from the countries subject to investigation, i.e., France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom. The Commission calculated U.S. imports based on importers' questionnaire data (supplemented, for Korea, by the responses to the foreign producer questionnaire). Import quantities and values for all other countries were petitioners' estimates based on official Commerce statistics, adjusted to eliminate out-of-scope products.[83]

The HTS statistical reporting numbers covering imports of the subject merchandise during 1996-98 also include nonsubject stainless steel sheet and strip as well as other products (for example, black band or stainless steel sheet and strip that has not been annealed or otherwise heat-treated). This situation still exists although a comparison between Commerce data and that gathered through questionnaires for the original investigations suggests that, for some sources, there are only relatively small amounts of nonsubject product included in the Commerce data.[84]

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[76] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final)*, USITC Publication 3208, July 1999, p. 9. The Commission found that appropriate circumstances did not exist to exclude J&L from the domestic industry. Ibid. There did not appear to be any direct subject imports by U.S. producers during 1996-98.

[77] As indicated previously, the J&L stainless steel assets were acquired by Allegheny Ludlum in 2004.

[78] ***. The firm stated that ***. Ibid. ***. E-mail from counsel for the domestic interested parties, March 24, 2005.

[79] ***.

[80] ***; ***.

[81] ***.

[82] ***.

[83] *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final)*, USITC Publication 3208, July 1999, p. IV-1.

[84] Specifically, there were minimal or only small differences between subject questionnaire data and official Commerce statistics for ***, Taiwan (when Chang Mien, an excluded source, is added in), and for the United Kingdom. A comparison for Japan, however, suggests that relatively substantial quantities of nonsubject product entered from that source during 1996-98. (In addition, the majority of the subsequent scope exclusions apply to Japanese product.) Finally, U.S. imports from Korea as reported under the official Commerce statistics for stainless steel sheet and strip categories were consistently higher than subject merchandise as reported in questionnaire data.

The Commission sent importer questionnaires to those firms reported in proprietary Customs documents as importing more than minimal amounts under the HTS statistical reporting numbers that cover stainless steel sheet and strip. Tables I-10 identifies the responding importers, their locations, the reported foreign manufacturer/source(s), and lists each firm's imports for 2004; table I-11 lists each importer's U.S. and foreign producer affiliations. Questionnaire data for certain of the subject countries (specifically, France, Germany, Italy, Mexico, and the United Kingdom) are almost complete; therefore, the quantity and value of U.S. imports as shown in this report were compiled from questionnaires for those sources.[85] The majority of the firms that imported substantial volumes from Japan have also responded to Commission questionnaires.[86] However, the data for Japan remain incomplete for *** since ***.[87] U.S. imports for Japan were calculated for the purposes of this report by adjusting official Commerce statistics to subtract out the reported nonsubject merchandise supplemented, where necessary, using firm-specific proprietary Customs data.[88] With respect to Korea, *** importers have not responded to Commission questionnaires.[89] U.S. imports for Korea are derived from exports to the United States as reported in the foreign producer questionnaires.[90] [91] With respect to Taiwan, this report uses official import statistics.[92] [93] One reporting firm (***) indicated that it imported nonsubject merchandise from Taiwan[94] (not including the scope exclusions for Chang Mien and Tung Mung); that firm's data were subtracted from the official Commerce import statistics.

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[85] With respect to ***, a substantial portion of total U.S. imports under the covered HTS statistical reporting numbers were reported to not be subject merchandise. *See* the importer questionnaire responses of ***.

[86] ***.

[87] ***.

[88] Data for U.S. imports of subject merchandise from Japan are, therefore, overstated to the extent that data on Japanese imports of excluded products were not reported to the Commission. ***, a U.S. importer of Japanese stainless steel sheet and strip manufactured by ***, could not separate their U.S. imports of cut-to-length stainless steel from their subject imports. Staff telephone interview with ***, ***, March 23, 2005.

[89] ***.

[90] As indicated above, U.S. imports from Korea were also based on foreign export data during the original investigations. Proprietary Customs data show that there were U.S. imports under the covered HTS statistical reporting numbers for product manufactured by *** during the first part of the period examined. These firms did not provide foreign producer questionnaire responses in these reviews and it is not clear whether responses were received during the original investigations. Four firms were described during the original investigations as producing stainless steel sheet and strip in Korea; three (i.e., POSCO, DaiYang, and Sammi) were mentioned by name. *Certain Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, The Republic of Korea, Mexico, Taiwan, and The United Kingdom, Invs. Nos. 701-TA-380-382 and 731-TA-797-804 (Final),* USITC Publication 3208, July 1999, p. VII-5. (*See* Part IV of this report for a discussion of whether any actual manufacturing activity is conducted in Korea by ***; although proprietary Customs data uses the term "manufacturer" to refer to the firms, *** are believed to only be exporting subject merchandise).

[91] U.S. imports from Korea in 2002, 2003, and 2004 as reported in the questionnaires account for an even greater portion of official Commerce statistics than that reported during the original investigations and the pricing information provided later in this report are, thus, believed to be complete for those years (i.e., allowing for some portion of the Commerce data to be excluded product).

[92] ***.

[93] This report also uses official import statistics for all other sources, adjusted to exclude any merchandise reported in Commission questionnaires to not meet the definition of subject product. ***.

[94] ***, March 22, 2005.

Table I-10
Certain stainless steel sheet and strip: U.S. importers, their locations, U.S. and foreign producer affiliation(s), and their U.S. imports and shares of U.S. imports in 2004

Firm	Location[1]	Foreign manufacturer/source	U.S. imports in 2004	
			Quantity (*short tons*)	Share (*percent*)
France				
Arcelor USA[2]	New York, NY	U&A France	***[2]	***[2]
Germany				
***	***	***	***[3]	***
TKNNA	Bannockburn, IL	***	***	***
TKSSNA	Mississauga, ON	***	***[4]	***
TKVDM USA	Florham Park, NJ	***	***	***
***	***	***	***	***
Total for source	--	--	***	***
Italy				
TKAST USA	Bannockburn, IL	TKAST	***	***
Japan				
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***[6]	***
***	***	***	***	***
***	***	***	***	***
Non-respondents	--	--	***	***
Total for source	--	--	***	***

Table continued on next page.

Table I-10--*Continued*
Certain stainless steel sheet and strip: U.S. importers, their locations, U.S. and foreign producer affiliation(s), and their U.S. imports and shares of U.S. imports in 2004

Firm	Location[1]	Foreign manufacturer of the imported merchandise	U.S. imports in 2004	
			Quantity (*short tons*)	Share (*percent*)
Korea				
***	***	***	***	***
***	***	***	***[7]	***
***	***	***	***	***
***	***	***	***[8]	***
***	***	***	***[9]	***
Non-respondents	***	***	***	***
Total for source	--	--	***	***
Mexico				
Mexinox USA	Bannockburn, IL	Mexinox S.A.	***	***
Taiwan				
***	***	***	***	***
***	***	***	***[10] ***[10]	*** ***
***	***	***	***[11]	***
Non-respondents	--	--	***	***
Total for source	--	--	***	***
United Kingdom				
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Total for source	--	--	***	***

Table continued on next page.

Table I-10--*Continued*
Certain stainless steel sheet and strip: U.S. importers, their locations, U.S. and foreign producer affiliation(s), and their U.S. imports and shares of U.S. imports in 2004

Firm	Location[1]	Foreign manufacturer of the imported merchandise	U.S. imports in 2004	
			Quantity (*short tons*)	Share (*percent*)
Nonsubject sources				
***	***	***	***	***
***[12]	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
***	***	***	***	***
Non-respondents	--	--	***	***
Total for source	--	--	140,875	45.7
Total				
Subject: Reporting firms	--	--	151,455	49.1
Nonreporting firms	--	--	16,045	5.2
Subtotal			167,500	54.3
Nonsubject: Reporting firms	--	--	40,996	13.2
Nonreporting firms	--	--	99,879	32.4
Subtotal			140,875	45.7
Total	--	--	308,375	100.0

Notes on next page.

Continuation.

[1] Some importers maintain separate offices in various U.S. locations; the location listed here is that of the reporting office. Reporting offices were instructed in Commission questionnaires to provide consolidated responses, where possible, for all U.S. locations.
[2] Reported data include ***. ***. E-mail from counsel for Arcelor USA, May 9, 2005.
[3] ***.
[4] ***.
[5] ***.
[6] ***.
[7] ***.
[8] ***.
[9] ***.
[10] ***.
[11] ***.
[12] ***.

Note.–***. *See table I-11 for U.S and foreign producer affiliation(s).*

Source: Compiled from data submitted in response to Commission questionnaires, except as noted.

Table I-11
Certain stainless steel sheet and strip: U.S. and foreign producer affiliation(s), by firm

* * * * * * *

Commerce, as indicated earlier, excluded Chang Mien from the antidumping duty order covering subject merchandise from Taiwan during its original investigations and, effective June 8, 1999, subsequently excluded product manufactured by Tung Mung.[95] With respect to Chang Mien, ***.[96] With respect to Tung Mung, available proprietary Customs data show ***.[97]

U.S. Importers' Related Firms

As shown, several of the importing firms[98] are related to non-U.S. manufacturers of the subject merchandise. Arcelor USA[99] is related to U&A France, which produces stainless steel sheet and strip in France. U&A France is part of the Arcelor Group, a world leader in the production of carbon and

[95] Product manufactured by Tung Mung and exported through Ta Chen remains subject to the order.

[96] ***.

[97] Any entries of stainless steel sheet and strip manufactured by Tung Mung and exported through Ta Chen would, as indicated earlier, be subject to the antidumping duty order. U.S. imports of product manufactured and/or exported by Ta Chen were not separately requested in Commission questionnaires.

[98] The term "importer" is used in this report to refer to firms that may be listed as either the importer of record or the consignee on proprietary Customs documents. In most instances, the consignee as listed on Customs documents is also the importer of record.

[99] U&A France is the importer of record for its shipments of stainless steel sheet and strip from France to the United States. That product is, in turn, sold to its affiliate, Arcelor USA, which then resells to its U.S. customers. An affiliated company in France, Imphy Ugine Precision (IUP), is a of subject merchandise produced by U&A France. IUP shipped *** tons of stainless steel sheet and strip to the United States in 2003. (The importer of record for the IUP-rolled product was Rahns Specialty Metals, an affiliated U.S. importer, which is no longer operating.) Response to the Commission's notice of institution by the French interested parties, pp. 4-5.

stainless steels that was formed in 2002 with the merger of Aceralia (Spain), Arbed (Luxembourg), and Usinor (France).[100] Subsidiaries of TKAG (i.e., ThyssenKrupp)[101] manufacture stainless steel sheet and strip in Germany, Italy, and Mexico; their U.S. affiliates accounted for *** U.S. imports of subject merchandise from these sources. The majority of reported U.S. imports from Japan and Taiwan were by U.S. firms unrelated to the respective Japanese and Taiwan manufacturers. In contrast, for Korea, *** importers are related (***).[102] ***.

U.S. importers are also related, in some instances, to firms in the United States that may receive, inventory, hold, ship, or process stainless steel sheet and strip. The following such relationships are shown in the below tabulation:

* * * * * * *

Operations of U.S. Importers

As shown in table I-10, some U.S. firms that participated in the U.S. market during the earlier part of the period reviewed are no longer importing. Substantial U.S. imports by *** ceased after 1999. *** stopped importing after 2002 while U.S. imports from *** fell sharply in 2001 compared to the volumes reported in 1999 and 2000 and then stopped by 2002. *** also stopped importing nonsubject merchandise in 2001. In contrast, Arcelor USA has consistently imported from France and the TKAG-affiliates have imported from Germany, Italy, and Mexico throughout the period examined although there were some volume fluctuations on an annual basis.[103] ***.

[100] U&A, which specializes in stainless steel flat products, is the main business unit for the Arcelor stainless sector. U&A's bright-annealing lines at Gueugnon (France) and Genk (Belgium) are dedicated to specialty markets; it also operates a continuous integrated cold-rolling line in Isbergues (France) and facilities at Genk (Belgium) for thick extra-wide products. *See* http://www.arcelor.com/subsite/2003AnnualResults/en/page.php?page=051c_053a#, retrieved March 22, 2005. Arcelor USA distributes both the stainless steel sheet and strip (from France) that is subject to the instant reviews and stainless steel plate (from Belgium) that is subject to a concurrent series of five-year sunset reviews (invs. Nos. 701-TA-376, 377, & 379 and 731-TA-788-793).

[101] ThyssenKrupp is a worldwide technology group that was formed in 1999 by the merger of Thyssen AG with Fried. Krupp AG Hoesch-Krupp. It is headquartered in Dusseldorf, Germany, and focuses its operations on the steel, capital goods, and services sectors. *See* http://www.thyssenkrupp.com/en/konzern/index.html, retrieved March 22, 2005.

[102] The domestic industry cites ThyssenKrupp testimony at the hearing that its U.S. marketing efforts for its TKAST (Italy), Mexinox (Mexico), and TKN/TKNP (Germany) sales are coordinated through its Chicago (Bannockburn), IL office. They state that "this coordinated approach shows the commitment of the ThyssenKrupp organization to the U.S. market and will permit ThyssenKrupp to market every grade, finish, and type of {stainless steel sheet and strip} in the United States from multiple mills ..." Domestic interested parties' posthearing brief, p. 9-10, citing testimony of ThyssenKrupp Stainless GmbH (Fechter), hearing transcript, pp. 256-257.

The domestic industry also points to POSCO's existing U.S. sales arm in Fort Lee, NJ as allowing it "to return to the U.S. market quickly and in large volumes." Domestic interested parties' prehearing brief, p. 24.

[103] *See* Part IV of this report for import trends.

As discussed earlier in this report, most U.S. imports of subject merchandise are sold through distributors.[104] In addition, several of the reporting U.S. importers are themselves end users of stainless steel sheet.[105] ***.[106] ***.

***. With respect to future deliveries, *** stated that ***.[107] Other firms that had arranged for future deliveries are shown in the tabulation below:

* * * * * * *

U.S. Purchasers

Thirty-three purchasers responded to the Commission's purchasers' questionnaire with usable data. Eighteen of these are end users, 14 are distributors, and one purchased product for export.[108] End users reported producing a number of products, primarily parts for the automobile industry or other industries, but also tubular products and appliances. Distributors were asked to identify the products produced by firms that purchased stainless steel sheet and strip from them; responses included applications for automobiles, appliances, construction, food service equipment, hose manufacturers, electrical equipment, refineries, packaging, and the chemical industry. Responding purchasers were from 11 states, including 6 Midwestern states, three east coast states, California, and Oklahoma.

APPARENT U.S. CONSUMPTION AND MARKET SHARES

Tables I-12 and I-13 present apparent U.S. consumption and market shares, respectively, for 1999-2004. As shown, apparent U.S. consumption, in terms of quantity, fell steadily from 1999 to a period low in 2001 and then rose irregularly to a level in 2004 that was 4.6 percent below that reported for 1999.[109] There were only relatively minor shifts in share patterns among market participants for the

[104] These shares include transfers of stainless steel sheet and strip to related firms by U.S. importers but exclude their captive consumption.

[105] ***.

[106] ***.

[107] ***'s importer questionnaire response. ***. Ibid.

[108] Purchasers reporting that they produced products used to manufacture other products are included as end users.

[109] The domestic industry states that actual consumption of stainless steel sheet and strip differs from the figures shown in table I-12 (and table I-1) due to the build-up or draw-down of inventories. According to the domestic industry, the increase in apparent U.S. consumption from 1998 to 1999 included a stocking of inventories while 1999 to 2000 reflected a period of adjustment as inventories were drawn down. Lower consumption during 2001-03 was due to a manufacturing recession while the rise in apparent U.S. consumption from 2003 to 2004 was due, in part, to an increase in inventory levels throughout the distribution system. Domestic interested parties' posthearing brief, exhibit 1, pp. 7-8.

U.S. Steel Consumers note that, although U.S. apparent consumption figures declined from 1999 to 2004, several respondents to Commission questionnaires indicated that demand has risen within the United States. U.S. Steel Consumers' prehearing brief, p. 13.

Table I-12
Certain stainless steel sheet and strip: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Quantity (*short tons*)					
U.S. producers' U.S. shipments	1,655,812	1,665,026	1,390,225	1,513,119	1,480,047	1,592,928
U.S. shipments of imports from--						
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea[1]	***	***	***	***	***	***
Mexico[1]	***	***	***	***	***	***
Taiwan (subject)[1 2]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	192,440	147,477	116,234	112,301	128,293	161,607
All other sources[1 3]	138,540	132,787	88,590	109,144	95,747	140,875
Total imports	330,979	280,264	204,824	221,446	224,040	302,482
Apparent U.S. consumption	1,986,791	1,945,290	1,595,049	1,734,565	1,704,087	1,895,410
	Value (*$1,000*)					
U.S. producers' U.S. shipments	2,478,891	2,990,098	2,136,693	2,363,795	2,402,887	3,496,576
U.S. shipments of imports from--						
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan[1]	***	***	***	***	***	***
Korea[1]	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	312,888	301,309	198,942	187,263	223,195	353,031

Table continued on next page.

Table I-12--*Continued*
Certain stainless steel sheet and strip: U.S. shipments of domestic product, U.S. shipments of imports, and apparent U.S. consumption, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Value (*$1,000*)					
All other sources[1] [3]	227,103	276,008	154,562	178,061	186,231	348,026
Total imports	539,991	577,317	353,504	365,325	409,425	701,057
Apparent U.S. consumption	3,018,882	3,567,415	2,490,197	2,729,118	2,812,312	4,197,633

[1] Data are U.S. imports and not U.S. importers' shipments (which are not available).
[2] Consists of all Taiwan producers/exporters except for Chang Mien and, since June 8, 1999, Tung Mung.
[3] Includes Chang Mien and, since June 8, 1999, Tung Mung.

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

Table I-13
Certain stainless steel sheet and strip: U.S. market shares, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Quantity (*short tons*)					
U.S. apparent consumption	1,986,791	1,945,290	1,595,049	1,734,565	1,704,087	1,895,410
	Share of quantity (*percent*)					
U.S. producers' shipments	83.3	85.6	87.2	87.2	86.9	84.0
U.S. shipments of imports from--						
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	9.7	7.6	7.3	6.5	7.5	8.5
All other sources[2]	7.0	6.8	5.6	6.3	5.6	7.4
Total imports	16.7	14.4	12.8	12.8	13.1	16.0

Table continued on next page.

Table I-13--*Continued*
Certain stainless steel sheet and strip: U.S. market shares, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Value (*$1,000*)					
U.S. apparent consumption	3,018,882	3,567,415	2,490,197	2,729,118	2,812,312	4,197,633
	Share of value (*percent*)					
U.S. producers' shipments	82.1	83.8	85.8	86.6	85.4	83.3
U.S. shipments of imports from--						
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	10.4	8.4	8.0	6.9	7.9	8.4
All other sources[2]	7.5	7.7	6.2	6.5	6.6	8.3
Total imports	17.9	16.2	14.2	13.4	14.6	16.7

[1] Consists of all Taiwan producers/exporters except for Chang Mien and, since June 8, 1999, Tung Mung.
[2] Includes Chang Mien and, since June 8, 1999, Tung Mung.

Source: Table I-12.

period for which data were collected. U.S. producers' market shares varied by only 3.9 percentage points (i.e., from a period low to a period high) during 1999-2004; that for subject imports varied by 3.2 percentage points; and that held by nonsubject importers varied by only 1.8 percentage points. U.S. producers' market shares remained above 80.0 percent throughout the 1999-2004 period. The share of quantity comprising subject imports fell steadily from *** percent in 1999 to *** percent in 2002, then rose to *** percent in 2004. Nonsubject imports' share of the U.S. market was also higher in 2004 compared to earlier periods.

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

U.S. MARKET SEGMENTS AND CHANNELS OF DISTRIBUTION

Most stainless steel sheet and strip sold in the United States is cold-rolled, although a small portion is sold hot-rolled, annealed, and pickled. U.S. producers reported that most of their commercial sales of stainless steel sheet and strip were further processed. Three integrated producers reported that *** percent of their sales were of product that was further processed, including, cold rolling, temper rolling, annealing, polishing, flattening, cutting, and slitting; while *** reported that *** percent of its product is cold rolled.[1] The two nonintegrated producers reported that *** percent of the product they sold was further processed. Likewise, the *** of subject imports are from mills in the subject countries that ***.

Between 1999 and 2004, U.S. producers steadily shifted from selling to end users to selling to distributors. In 1999, the majority of sales by U.S. producers (64.0 percent) were to end users but in 2004, the majority of their sales (55.6 percent) were to distributors/service centers (table II-1). In 2004, the vast majority of sales by subject country importers, except for those importing from France and Japan, were also to distributors/service centers. Service centers often uncoil, level, and cut stainless steel sheet and strip to length; they may also slit and re-edge the product before selling to end users such as fabricators.

Five of six responding U.S. producers, including all of the integrated producers, and nine of 24 responding importers reported selling to the contiguous United States and/or nationwide (table II-2). Delivery is typically arranged by the seller; all five responding U.S. producers and 19 of 24 importers reported arranging transportation. Most sales were reportedly within 1,000 miles of the U.S. producer's or importer's facilities.[2]

DISTINCTIVE PRODUCT CHARACTERISTICS

Most U.S. producers reported that they produce both stainless steel sheet, at least 24 inches in width, and stainless steel strip, less than 24 inches in width. Some importers provide product in metric widths. One purchaser, a distributor to food service equipment and construction customers, reported that it preferred product from Taiwan because the metric size produced better yields.

Stainless steel strip which is 0.005 inch (0.13 mm) or less in thickness is described as foil. Three domestic producers, ***, reported that they produced stainless steel foil and four of 26 responding importers sell stainless steel foil in the U.S. market.[3] Much of the stainless steel sheet and strip produced by integrated domestic producers and eventually sold to end users as foil is further processed by domestic producers called rerollers.

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[1] ***.

[2] One of six U.S. producers reported that half or more of its sales of stainless steel sheet and strip were within 100 miles of its facility while five producers reported that half or more of their sales were between 101 and 1,000 miles. Five of 19 responding importers sold half or more within 100 miles of their facility, eight sold half or more between 101 and 1,000 miles, and six sold half or more over 1,000 miles.

[3] ***.

Table II-1
Certain stainless steel sheet and strip: Channels of distribution for domestic product and subject imports sold in the U.S. market (as a share of total shipments), by year and by country, 1999-2004

	1999	2000	2001	2002	2003	2004
	Share of quantity *(percent)*					
Domestic:						
Shipments to distributors/service centers	36.0	41.1	44.8	46.6	48.9	55.6
Shipments to other end users	64.0	58.9	55.2	53.4	51.1	44.2
France:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Germany:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Italy:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Japan:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Korea:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Mexico:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Taiwan:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
United Kingdom:						
Shipments to distributors/service centers	***	***	***	***	***	***
Shipments to other end users	***	***	***	***	***	***
Source: Compiled from data submitted in response to Commission questionnaires.						

Table II-2
Certain stainless steel sheet and strip: Geographic market areas in the United States served by domestic producers and importers of subject product, by country

Region	Producers	Importers	F	G	It	J	K	M	T	UK
General market area:										
Contiguous U.S.[1]	2	2	***	0	***	0	0	***	***	***
National	3	7	***	3	***	0	1	***	***	***
Specific market area:										
Northeast	1	7	***	3	***	2	1	***	***	***
Midwest	1	11	***	2	***	6	2	***	***	***
Southeast	1	7	***	2	***	3	2	***	***	***
Central Southwest	0	2	***	0	***	0	2	***	***	***
Mountains	0	1	***	0	***	1	0	***	***	***
Pacific Coast	1	8	***	3	***	1	5	***	***	***

[1] One importer that reported selling to the contiguous U.S. reported that it imported nonsubject product.

Note.--F=France, G=Germany, It=Italy, J=Japan, K=Korea, M=Mexico, T=Taiwan, UK= United Kingdom. Six U.S. producers and 22 importers responded to this question. If firms reported either contiguous U.S. or national then any specific regions reported were not recorded. Most firms that reported serving specific market areas reported serving more than one. Some importers sold product from more than one subject country.

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

SUPPLY AND DEMAND CONSIDERATIONS

U.S. Supply

Lead Times and Supply Limitations

Most U.S. producers and importers reported that the vast majority of their sales are produced to order rather than from inventory. Five of six responding producers reported that *** percent or more of their sales were of product made-to-order and the other producer sold ***. Twelve of 20 responding importers reported that all sales were made-to-order; six reported that 55 to 92 percent were made-to-order; one reported 52 percent of sales were from inventories; and three reported that all sales were from inventories.[4] Reported lead times for U.S. producers' sales to order were about 2 weeks to 3 months, while lead times for sales from inventories were 2 to 14 days. Importers reported lead times of about 2 weeks to 6 months for made-to-order product and 2 to 7 days for product from inventories. ***, which imported product from ***, reported the shortest delivery times for imported made-to-order product. All four responding U.S. producers and most importers (18 of 24) reported that lead times generally had remained unchanged since 1999.[5] Pridgeon and Clay, a purchaser, reported that it faced extended lead

[4] The numbers do not add to the total because one firm reported both selling 100 percent of its imports ***.

[5] Three importers reported that lead times regularly fluctuate and three reported that leadtimes had increased; specifically, one reported product was on allocation and two reported increased lead times in 2004.

times from domestic producers with leadtimes increasing from 12 weeks in 2004 to 16 weeks in 2005.[6] Another purchaser, ITW, reported that lead times were extended from the second quarter of 2004 until the end of 2004 but had returned to normal.[7]

Four domestic producers reported that their "firm refused, declined, or had been unable to supply stainless steel sheet and strip since 1999." Specifically, one firm reported that allocation had been for brief periods; one reported that it *** but did not explain how this caused it to limit supply; one reported that it restricts supply based on customer credit, customer history of canceling orders to buy elsewhere, or orders that are in excess of normal requirements; and one reported that when delivery times increase, it uses controlled order entry because customers can over order at these times to protect the timing of their deliveries. AK Steel reported that its lead times were extended during March-July 2004; ATI reported that about 40 percent of its products were under controlled order entry for about 3 months during 2004; and NAS reported that it did not take on any new customers from March 2004 until about the end of 2004.[8]

Six of 21 responding importers also reported limiting supply. Specifically, three firms reported limited supply since 2004; one firm reported that it was on allocation from its European mills; one reported brief allocations from time to time; and one reported that the uncertainty created by the antidumping order limits supply.

Several purchasers reported in their questionnaire responses that the supply of stainless steel sheet and strip has been tight since 1999.[9] Purchasers were asked if they had faced any supply limitations since 1999 from domestic or subject import sources.[10] Nine of 15 responding firms reported no supply limitations for U.S. product; four reported one or more problems including short shipments (2 firms), late deliveries (2 firms), allocations (2 firms), and controlled order entry (1 firm); and two reported less serious restrictions.[11] Regarding subject imports, four of 13 purchasers reported some kind of restrictions on purchases. Specifically, one firm reported that Japanese and Korean mills refused to supply the United States in 2004-05; one firm reported that a German producer refused to quote 304BA in 2003-04; one firm reported refusal to quote because prices were better outside the United States; and one firm reported a threat of allocation for subject product.

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[6] Hearing transcript, pp. 246-247 (McKibben).

[7] Hearing transcript, pp. 249-251 (Dow).

[8] Hearing transcript, pp. 142-145 (Long, Hartford, and Schmitt).

[9] Two purchasers reported allocations, one in response to a question on supply factors and one in response to a question on the availability of specific product. The latter firm reported that the U.S. producers have tended to specialize in commodity product and put light gauge products on allocation. Another purchaser, ***, reported that "since the last quarter of 2003, supply has been very tight, with mills running at or near capacity and lead times at their longest level in three years - roughly 12 weeks. As a result of this high demand, we see U.S. stainless steel sheet and strip producers trying to rationalize their customer base, eliminating smaller customers, particularly on 300 series product."

[10] This question was not included in the purchasers questionnaire, but was faxed and/or emailed to purchasers that had responded to the questionnaire.

[11] One of these firms reported that it had been told by a U.S. mill in 2004-05 that it could get only the contracted amount at the contract price and one firm reported being put on allocation by three U.S. mills but was, nonetheless, able to get supply ***.

Domestic Supply

Based on available information, staff believes that U.S. stainless steel sheet and strip producers are likely to respond to changes in demand with small to moderate changes in shipments to the U.S. market. Factors contributing to this degree of responsiveness are discussed below.

Industry capacity

Domestic capacity for production of stainless steel sheet and strip increased from 2.0 million short tons in 1999 to 2.3 million in 2004. Reported capacity utilization decreased from 89.8 percent in 1999 to 67.8 percent in 2001 and then increased to 73.8 percent in 2004. This level of capacity utilization suggests that U.S. producers may have some available capacity to increase production of stainless steel sheet and strip in response to an increase in prices. The reported capacity utilization rate, however, may overstate the actual ability of U.S. producers to increase production, in light of available information that indicates longer lead times and supply limitations.[12]

Alternative markets

Domestic producers' exports, as a percentage of total shipments, fluctuated during 1999 to 2004, accounting for between 4.3 and 9.9 percent of total shipments. The level of exports indicates that domestic producers are likely to be constrained in their ability to shift shipments between the United States and other markets in response to price changes. The four responding U.S. producers stated that it would be difficult to shift their shipments to markets outside of the United States. Four of five producers reported tariff and non-tariff barriers in other markets; specifically, two firms reported that there were tariffs on stainless steel sheet and strip in Europe and Asia.

Inventory levels

U.S. producers' inventories accounted for *** to *** percent of their total shipments during 1999-2004, and were consistently lower in 2003-04 than in 1999-2002. These inventory levels suggest that U.S. producers may be somewhat limited in their ability to respond to changes in demand with changes in the quantity shipped from inventories. Relatively low inventories are not unusual in this industry given that most product is produced to order.

Production alternatives

Three of six responding producers stated that they could switch production from stainless steel sheet and strip to other products.[13] Other products that could be produced on the same equipment as stainless steel sheet and strip are, carbon steel (***), high nickel alloys and silicon electrical steels (***), and copper alloys and carbon steel (***).

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[12] A further discussion of capacity constraints, including melting, hot-rolling, and cold-rolling capacity and bottlenecks, appears in Part III of this report.

[13] ***.

Supply of Subject Imports to the U.S. Market

Based on available information, staff believes that most subject stainless steel sheet and strip producers are likely to respond to changes in demand with small to moderate changes in shipments to the U.S. market. Country specific factors contributing to the responsiveness of supply are outlined in table II-3.

Table II-3
Certain stainless steel sheet and strip: Foreign producers' capacity, capacity utilization, inventories, internal consumption, sales to various markets, and overall ability to shift sales to the United States

* * * * * * *

Foreign producers were asked to discuss factors that affected their ability to supply the U.S. market. Some factors reported that are relevant to most or all subject producers include increased international transportation costs due to increased energy costs; production to order makes shifting between purchasers difficult; firms' commitment to supply their regional markets;[14] low prices in the U.S. market, and commitment to supply current customers. Other factors that were reported which may affect only certain foreign producers or countries, include firms that have not recently sold to the U.S. market, and firms that have different product specifications in different markets.

Other factors that affect the ability to increase sales to the U.S. market include capacity and capacity utilization rates, internal consumption, and inventories. While most countries reportedly had increases in capacity, most also had increases in capacity utilization rates; *** were the only countries with lower capacity utilization rates in 2004 than in 1999. Internal consumption was only reported by producers in ***; however, given the small share internally consumed, this effect would tend to be small. In general, the ratio of inventories to shipments was low, although *** reported an increase from 1999 to 2004.

U.S. Demand

Based on available information, consumers are likely to respond to changes in the price of stainless steel sheet and strip with small to moderate changes in their purchases of stainless steel sheet and strip. Factors related to demand responsiveness include limited short-term substitutability of other products for stainless sheet and strip and the cost share in the final products in which stainless steel sheet and strip is used. A number of firms reported that the prices of substitute products, including aluminum and carbon steel, have increased more than the price of stainless steel sheet and strip. Even though some substitution has been reported there appears to have been less substitution from these products to stainless steel sheet and strip than one would expect if these products were easily substitutable. Also, given the complex products ultimately produced using stainless steel sheet and strip, it is likely that any substitution will occur slowly.

Demand Characteristics

U.S. demand for stainless steel sheet and strip depends on the level of U.S. production of downstream products using stainless steel sheet and strip products, and demand for these downstream products. Stainless steel sheet and strip is sold to service centers and directly to end users, and it is used

[14] Foreign producers specifically noted Asian regional markets. In addition, as discussed in part IV, the EU provides a regional market for producers in France, Germany, Italy, and the United Kingdom.

internally by mills. Service centers may further process the stainless steel sheet and strip to customer specifications. Reported end uses include automotive exhaust systems, parts, and trim; pipe and tubing; sinks and other food service items; tanks and pressure vessels; electronic relays; springs; and parts for computer disk drives. In 2004, *** percent of domestic shipments of stainless steel sheet and strip was either consumed internally by domestic mills or by affiliated companies for production of stainless steel foil; there are no substitutes for stainless steel sheet and strip in the production of stainless steel foil.

Available data indicate that apparent U.S. consumption of stainless steel sheet and strip declined from 2.0 million tons in 1999 to 1.6 million tons in 2001, then increased slightly to 1.9 million tons in 2004. Overall, apparent U.S. consumption in 2004 was 4.6 percent lower than it had been in 1999.

Producers', importers', and purchasers' perceptions of changes in U.S. demand during 1999-2004 were mixed. Two of six responding U.S. producers and seven of 19 importers reported that demand had increased; one producer and six importers reported that demand was unchanged; one producer and two importers reported that demand had declined; and three producers and four importers reported other changes.[15] In addition, some firms noted that U.S. demand declined because of a shift in production of downstream products from the United States to other countries. Ten of 17 responding purchasers reported that demand for their products utilizing stainless steel sheet and strip had increased since 1999, with 8 of these firms reporting that their firms' demand for stainless steel sheet and strip had increased.[16]

A consultant for U.S. producers forecasts a decline in U.S. consumption of stainless steel sheet and strip in 2005 and then an increase in 2006 and 2007.[17] ***. ***.[18] ***.[19]

Substitute Products

Substitutes for stainless steel sheet and strip are limited. Four of five responding U.S. producers reported that there were no substitutes; however, nine of 17 responding importers and 11 of 17 responding purchasers reported that there were substitutes.[20] Reported substitutes include aluminum, galvanized steel, corrosion resistant steel, painted carbon steel, nickel based alloys, carbon steel products, high strength carbon steel, glass, faux stainless steel, copper, brass, plastics, and composites. Reported end uses in which these products could be substituted for stainless steel sheet and strip were appliances (aluminum, glass, faux stainless, painted carbon steel); auto parts and trim (aluminum, chrome plated

[15] One importer reporting demand was unchanged stated that there had been a decline in fabrication and manufacturing in the United States; however, this had been offset by an increase in capital spending. One importer reported that U.S. demand had declined because of a shift in manufacturing to lower cost countries. Of the three producers reporting other changes, one reported that fluctuations had occurred but overall demand had declined from 1999 to 2004; one firm reported that the exchange rate had influenced demand; and one reported year-to-year fluctuations in demand. Fluctuations in U.S. demand were also reported by the four importers reporting other changes.

[16] Of the other seven responding purchasers, five reported demand was unchanged and two reported demand had declined.

[17] Consumption is forecasted to increase from *** tons in 2005 to *** tons in 2007. Posthearing brief of domestic interested parties, exh. 11.

[18] ***, in May 10, 2005 submission by French and Korean respondent interested parties.

[19] ***, in May 10, 2005 submission by French and Korean respondent interested parties.

[20] Of the remaining seven purchasers, five reported there were no substitutes and one reported that substitutes were dictated by its customer.

carbon steel, copper); electrical cabinets; truck parts (aluminum); brackets (plastic); aircraft (titanium); heat shields (aluminized); food service equipment;[21] construction products; and sanitary applications.

Four of 14 responding purchasers reported that changes in the price of substitutes can affect the price of stainless steel sheet and strip. One purchaser reported that substitutes can force suppliers of stainless steel sheet and strip to reduce prices to prevent switching and one purchaser reported that the rise in the price of carbon steel had made stainless steel sheet and strip more attractive.[22] Five of 11 responding importers reported that changes in relative prices of substitutes can affect the price of stainless steel sheet and strip. Four of these firms reported that increases in the prices of aluminum and carbon steel had been greater than increases in prices of stainless steel sheet and strip and one firm reported that the effect of changes in prices of substitutes varies depending on the nickel and molybdenum content of the stainless steel sheet and strip product. The only U.S. producer that reported substitutes for stainless steel sheet and strip stated that the prices of substitutes did not affect the price of stainless steel sheet and strip.

Cost Share

Reported costs shares of stainless steel sheet and strip in the products produced from it varied greatly.[23] The two responding U.S. producers reported a range of 30 to 75 percent; four of seven importers reported 50 percent or higher while three reported 15 to 30 percent; and six of nine purchasers reported 50 percent or higher while three reported 5 to 28 percent. For appliances, reported cost shares of stainless steel sheet and strip ranged from *** percent to *** percent, depending on the type of appliance, and for tubing, stampings, and exhaust systems, reported cost shares were 50 to 80 percent. One end user, ***, reported that stainless steel sheet and strip accounted for 20 percent of the cost of ***, 8 percent of the cost of ***, and 20 percent of the cost of ***.

Demand Outside of the United States

Demand outside of the United States reportedly increased since 1999 as a result of economic growth, particularly in China.[24] In addition, some importers reported that demand for stainless steel sheet and strip had increased because of the development of "new applications" for the product. Foreign producers responses to whether demand increased, decreased, or remained unchanged, in their home market, the U.S. market, and other countries are shown in table II-4. Regarding future demand, seven of 16 responding foreign producers expected changes, with six firms expecting demand to increase and one expecting demand to continue to fluctuate.

*** projects that global apparent consumption of cold-rolled stainless steel flat products will ***.[25] Respondent interested parties cite predictions that China's demand for cold-rolled stainless steel flat products will "***" and that consumption in Europe will grow at an average annual rate of 4.8

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[21] *** completed a purchaser questionnaire although it purchased through service centers rather than from importers or producers. Its responses are not included in the purchasers' responses, however where its information is useful it is included in this section. It reported that there were ***.

[22] In addition, one purchaser that reported the price of substitutes had not affected the price of stainless steel sheet and strip also stated that changes in stainless steel sheet and strip prices had influenced the price of substitutes.

[23] Two producers, seven importers, and nine purchasers provided usable answers regarding cost shares.

[24] Four of five responding U.S. producers and 14 of 16 responding importers reported an increase in demand outside of the United States since 1999. All four U.S. producers and nine of the 14 importers that reported a growth in demand outside of the United States specifically mentioned China as a source of demand growth.

[25] ***. ***, in May 10, 2005 submission by French and Korean respondent interested parties.

Table II-4
Certain stainless steel sheet and strip: Foreign producers' responses on the changes in demand in home market, other markets, and the U.S. market

	Home market				Other countries				U.S. market				Other responses and comments
	I	U	D	O	I	U	D	O	I	U	D	O	
France	***	***	***	***	***	***	***	***	***	***	***	***	--
Germany	2	0	0	1	2	0	0	1	0	1	0	2	***.
Italy	***	***	***	***	***	***	***	***	***	***	***	***	***.
Japan	***	***	***	***	***	***	***	***	***	***	***	***	***.
Korea	4	1	0	0	4	1	0	0	2	1	0	2	***.
Mexico	***	***	***	***	***	***	***	***	***	***	***	***	***.
Taiwan	***	***	***	***	***	***	***	***	***	***	***	***	***.
U.K.	***	***	***	***	***	***	***	***	***	***	***	***	--

Note.--I = increased, U = unchanged, D = decreased, O = other.

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

percent over 5 years.[26] Domestic interested parties assert that increased demand in China will be offset by increased production in China, causing global overcapacity and diversion of imports.[27] A further discussion of demand outside of the United States can be found in part IV of this report.

SUBSTITUTABILITY ISSUES

The degree of substitution between domestic and imported stainless steel sheet and strip depends on factors such as product specifications and product quality and consistency, and on conditions of sale such as reliability of supply and delivery, payment terms, and delivery lead time. In general, there seems to be at least a moderate degree of substitution between domestic and subject imported product.

Market Shares by Grade

Purchasers were asked to report, by country, the grades of stainless steel sheet and strip that they purchased in 2004 (table II-5). Producers' and importers' 2004 U.S. shipments, by grade, along with 1998 purchaser data from the original investigation are shown in table II-6. In 2004, subject import shipments of grade 430 were greater than U.S. shipments of grade 430 and subject import shipments of grades 432/436 were almost *** as large as domestic shipments. For the remaining products (including "other") subject import shipments were 2.8 to 5.7 percent of domestic shipments.

[26] Prehearing brief of French and Korean respondent interested parties, pp. 33-34 (public version).

[27] Prehearing brief of domestic interested parties, pp. 50-54.

Table II-5
Certain stainless steel sheet and strip: Number of purchasers reporting purchasing various grades produced in the United States, subject countries, and nonsubject countries in 2004

Producing country	Grades						
	304/304L	316/316L	409	430	434/436	Other[1]	Total[2]
U.S.	25	19	19	16	4	15	29
France	4	0	1	4	1	0	6
Germany	6	2	0	4	3	2	9
Italy	2	0	1	2	3	1	4
Japan	1	0	0	0	0	1	2
Korea	6	1	0	2	0	0	6
Mexico	10	4	1	10	2	1	10
Taiwan	4	0	0	2	0	0	4
United Kingdom	1	1	0	0	0	0	1
Nonsubject countries[3]	10	2	2	5	0	4	10
Unknown source	2	1	1	1	1	1	2

[1] Other includes grades 301, 304, 310s, 316, 321, 410, 420, 431, 439, 441, 18CRCB, and 17-7ph. Data were collected separately for 403 but are included with "other;" only one firm reported purchases of 403 (from U.S.-producers).
[2] Total number of firms reporting purchasing any product from each country.
[3] Nonsubject countries include Belgium, China, Finland, Romania, South Africa, and Spain.

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

Table II-6
Certain stainless steel sheet and strip: Shipments and purchases of common steel grades, by grade and by source, 1998 and 2004[1]

Producing country and year	Quantity (*short tons*)						
	304/304L	316/316L	409	430	434/436	Other[2]	Total
U.S.:							
1998	277,783	43,636	266,392	17,242	1,617	42,653	649,323
2004	***	***	***	***	***	***	1,597,139
France:							
1998	812	246	1,031	6,603	3,467	0	12,159
2004	***	***	***	***	***	***	***
Germany:							
1998	2,198	980	1,726	1,946	324	909	8,083
2004	***	***	***	***	***	***	***
Italy:							
1998	3,218	52	738	486	249	256	4,999
2004	***	***	***	***	***	***	***
Japan:							
1998	1,894	78	28,826	2,485	1,315	381	34,979
2004	***	***	***	***	***	***	***
Korea:							
1998	6,431	74	95	27	0	0	6,627
2004	***	***	***	***	***	***	***
Mexico:							
1998	17,793	686	35	12,123	800	468	31,905
2004	***	***	***	***	***	***	***
Taiwan:							
1998	3,966	48	0	645	0	0	4,659
2004	***	***	***	***	***	***	***
United Kingdom:							
1998	1,174	254	0	1,567	0	10	3,005
2004	***	***	***	***	***	***	***
Total subject:							
1998	37,487	2,417	32,451	25,882	6,154	2,024	106,415
2004	***	***	***	***	***	10,213	149,836

[1] The 1998 data are purchases reported by U.S. purchasers. The 2004 data are sales reported by importers and domestic producers. Therefore, the amounts reported in 1998 represent a much smaller share of total shipments in that year than the amounts reported in 2004.

[2] Data were collected separately for grade 403. Because only *** were reported, all of which was U.S.-produced, these data have been incorporated into the "other" category.

Source: Compiled from data submitted in response to Commission questionnaires and confidential staff report for the original investigations (memorandum INV-W-150, July 6, 1999), tables II-2 through II-7.

Most subject imports were of five specified grades; however, *** were almost all "other" product.[28] Sales of *** products were largely of products in the 400 series. The *** of imports from France were ***, which is used in ***applications. ***.[29] *** imports of 430 grade were ***, and most of the rest of its imports were concentrated in grades 304/304L. Most shipments of *** product were of 430 grade.

The composition of subject import shipments has shifted since 1998. In 1998, the most common import shipments from *** importers were grades 340/340L. Between 1998 and 2004, ***.

Factors Affecting Purchasing Decisions

Price and quality were most often identified by purchasers as the major factors in deciding from whom to purchase stainless steel sheet and strip (table II-7). Other factors frequently listed as among the three most important factors were availability and delivery.

Table II-7
Certain stainless steel sheet and strip: Most important factors in selecting a supplier, as reported by purchasers

Factor	First[1]	Second	Third[2]
Price/cost	13	7	8
Quality	12	12	5
Availability	4	5	5
Product consistency	1	1	0
Delivery (timeliness and reliability)	0	5	9
Traditional supplier/contract	0	1	1
Technical support and service	0	0	2
Product range	0	0	2
Other[3]	3	1	0

[1] One purchaser reported both quality and consistency as first factor.
[2] One purchaser reported both availability and delivery time as third factor.
[3] "Other" includes formability, customer designates the producer, and mill reputation for first factor; and capability for second factor.

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

Purchasers were asked to identify factors that determine the quality of stainless steel sheet and strip. Purchasers reported numerous factors including meeting buyer, auto industry, or ASTM specifications; consistency in gauge, chemistry, physical properties, and surface appearance; performance; few defects or rejections of intermediate and end-use products; surface condition including quality, finish, flatness, and suitability for polishing; mechanical properties including strength, formability, weld-ability and corrosion resistance; shape including thickness tolerance and low camber; seller's reputation; and on time delivery.

[28] *** imports were mostly precision strip, ***. ***. ***. Prehearing brief of ***.

[29] Prehearing brief of French and Korean respondent interested parties, p. 18. Posthearing brief of French and Korean respondent interested parties, exh. A.

Five of six responding U.S. producers[30] and 14 of 22 importers indicated that their customers require some type of qualification. Meeting ASTM requirements was the most common type of certification reported by producers; however, ASME, ISO, and customer- and product- specific requirements were also reported. Some importers reported that even with ASTM certification, customers still required additional certification or qualification such as ISO 9002 certification, QQS certification, or multiple trial runs.

Most responding purchasers (28 of 33) require some type of supplier qualification.[31] The reported time required for supplier qualification ranged from "almost immediate" to one year. Nine purchasers reported that they required product samples or testing. In addition to product quality requirements, purchasers may also consider delivery performance and price. Seven of 33 responding purchasers reported that a domestic or foreign supplier had failed in attempts to qualify product, or had lost its approved status since 1999. Five firms had eliminated one or more suppliers' product based on quality, including three for Nucor (U.S.), one for J&L (U.S.), one for "a U.S. company that was no longer in business," and one for Deyang (Korea); one purchaser reported that *** was disqualified based on cost; and one purchaser reported that *** was disqualified for not supporting a mill claim.[32]

Seven of 33 responding purchasers specifically ordered stainless steel sheet and strip from one country in particular over other sources of supply. Three purchasers reported preferences for U.S. product; specifically, two reported a general preference for U.S. product for all applications and one reported that domestic product chemistry worked better for some flexible hose applications. Three purchasers reported that their customers specify the producer, with one firm reporting that Asian and French producers were preferred for their bright annealed ability, and another purchaser stated that some of its customers preferred product from Mexinox because of the finish.

Purchasers were asked if they always, usually, sometimes, or never purchased the lowest priced stainless steel sheet and strip. Purchasers were more likely to purchase the least expensive stainless steel sheet and strip for spot purchases than for contract purchases, as shown in the following tabulation.

Response	Always	Usually	Sometimes	Never
Pay lowest price for spot purchases	5	13	8	5
Pay lowest price for contract purchases	3	6	6	8

Purchasers were also asked if they purchased stainless steel sheet and strip from one source although a comparable product was available at a lower price from another source. Nineteen purchasers reported reasons including quality, reliability of supply, timing, customer preference, minimum order quantity, preference for metric sizes because of better yields, relationship with supplier, realization that the low price might not continue through the length of the contract, and politics.

Purchasers were asked to rate the importance of 15 factors in their purchasing decisions (table II-8). The factors most often rated as "very important" were quality meets industry standards (33 firms), availability (32 firms), reliability of supply (32 firms), product consistency (31 firms), price (30 firms), and delivery time (28 firms).

Purchasers were asked about changes in their purchasing patterns for stainless steel sheet and strip from subject and nonsubject sources since 1999. Fifteen of 32 responding purchasers reported that they had purchased stainless steel sheet and strip from subject countries before 1999. Eight firms

[30] One producer reported that it did not know if certification was required.

[31] Twenty-four purchasers require qualification for all of the stainless steel sheet and strip they purchase; three purchasers require certification only for some purchases; and one firm reported that all domestic suppliers were already qualified.

[32] *** is a distributor ***. *** may be a distributor or an importer of nonsubject product.

Table II-8
Certain stainless steel sheet and strip: Importance of purchase factors, as reported by purchasers

Factor	Very important	Somewhat important	Not important
	Number of firms responding		
Availability	32	1	0
Delivery terms	19	12	2
Delivery time	28	5	0
Discounts offered	11	18	4
Extension of credit	8	21	4
Price	30	3	0
Minimum quantity requirements	7	19	7
Packaging	6	21	5
Product consistency	31	1	0
Quality meets industry standard	33	0	0
Quality exceeds industry standard	15	13	4
Product range	6	24	3
Reliability of supply	32	1	0
Technical support/service	17	16	0
U.S. transportation costs	13	19	1

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

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

purchased product from France, 11 from Germany, six from Italy and Japan, seven from Korea and Taiwan, and four from Mexico and the United Kingdom. Of the 14 firms reporting purchasing from the subject countries before 1999, two reported no change in their pattern of purchasing from these countries. Ten firms reported that because of the order they discontinued purchases from subject countries, specifically Japan (3 firms), France (2 firms), Korea (2 firms), Germany (1 firm), Mexico (1 firm), and Taiwan (1 firm); and all subject sources (1 firm).[33] Two firms reported that because of the order they reduced purchases from subject countries, specifically Germany (1 firm), Italy (1 firm), Korea (1 firm), and Taiwan (1 firm). Four firms reported that they changed the pattern of purchases from subject countries for other reasons including increased demand (no country reported); availability and quality (all subject countries except for Japan and Mexico); price (Taiwan); and higher prices in Europe, increased demand in Asia and Latin America, and the high cost of compliance with Commerce requirements (Germany, Italy, and Mexico). Sixteen purchasers reported that they did not purchase from nonsubject countries before or after the orders; nine reported that their purchases from nonsubject countries were essentially unchanged; two increased their purchases from nonsubject countries because of the orders; and

[33] One firm that did not report the name of the country reported it had changed purchases based on price. This firm had purchased from France, Germany, Italy, and Japan before 1999.

one increased their purchases from nonsubject countries because of increased demand and attractive prices.

Purchasers were asked how frequently they and their customers purchased stainless steel sheet and strip from specific producers and from specific countries; the following tabulation summarizes the responses.

Purchaser / Customer Decision	Always	Usually	Sometimes	Never
Purchaser makes decision based on producer	8	6	11	8
Purchaser's customer makes decision based on producer	3	2	16	11
Purchaser makes decision based on country	2	2	8	21
Purchaser's customer makes decision based on country	1	1	9	21

Purchasers and their customers more frequently make purchasing decisions based on the producer of the stainless steel sheet and strip than on the country of origin. Of the purchasers that reported that they always make decisions based on the manufacturer, many cited quality issues as the reason while other reasons cited were delivery time and consistency of product.

Comparisons of Domestic Products, Subject Imports, and Nonsubject Imports

Producers, importers, and purchasers were asked to report how frequently stainless steel sheet and strip from different countries were interchangeable (table II-9). Almost all responding U.S. producers reported that the domestic and subject imported products are always used in the same applications. Importers' responses were more mixed, with most importers reporting that U.S. and subject imported product were either frequently or sometimes interchangeable. One-third to one-half of purchasers reported that U.S. and subject imported product were always interchangeable; specifically, France- 9 of 19 purchasers; Germany- 10 of 22; Italy- 6 of 19; Japan- 9 of 18; Korea- 10 of 20; Mexico- 6 of 18; Taiwan- 5 of 14; and UK- 3 of 9. For most countries, less than one-third of purchasers reported that the products were only "sometimes" interchangeable, except for Mexico (8 of 18 reported "sometimes"). No purchasers reported that the products were "never" interchangeable.

If firms reported that stainless steel sheet and strip from country pairs were not interchangeable, they were asked to explain. A number of importers reported that qualification processes of up to two years reduced interchangeability. Nine purchasers reported differences between domestic and imported products including differences in surface, mechanical, and chemistry quality; differing specifications; proprietary grades; different grades are common in the United States than are common in other countries; differing nickel content; differences between metric and imperial measurement systems; and location and transportation.

Producers and importers were also asked to assess how often differences other than price between stainless steel sheet and strip produced in the United States, subject countries, and nonsubject countries were significant in their sales of the product (table II-10). Four of five responding U.S. producers reported that differences between stainless steel sheet and strip produced in the United States and in all other countries were never a significant factor in their sales of the products. One producer reported that there were sometimes or frequently differences other than price between U.S. and each subject country (except it did not compare U.S. and Italy); it reported that product from Korea and Taiwan was inferior but that product from Japan was very good quality.

Table II-9
Certain stainless steel sheet and strip: U.S. firms' perceived degree of interchangeability of products produced in the United States, subject, and nonsubject countries[1]

	U.S. producers				U.S. importers				U.S. purchasers[2]			
Country comparison	A	F	S	N	A	F	S	N	A	F	S	N
U.S. vs. France	4	1	0	0	1	3	1	1	9	6	4	0
U.S. vs. Germany	4	0	0	0	2	3	5	1	10	7	5	0
U.S. vs. Italy	4	1	0	0	1	2	5	1	6	8	5	0
U.S. vs. Japan	4	1	0	0	1	3	4	1	9	6	2	0
U.S. vs. Korea	4	0	1	0	2	4	2	1	10	4	6	0
U.S. vs. Mexico	4	0	0	0	1	3	5	1	6	4	8	0
U.S. vs. Taiwan	4	0	1	0	2	3	1	1	5	5	4	0
U.S. vs. U.K.	4	1	0	0	2	3	1	1	3	5	1	0
France vs. Germany	3	0	0	0	0	2	1	0	6	3	3	0
France vs. Italy	3	0	0	0	0	2	1	0	4	4	3	0
France vs. Japan	3	0	0	0	0	2	2	0	3	5	3	0
France vs. Korea	3	0	0	0	0	2	1	0	4	5	3	0
France vs. Mexico	3	0	0	0	0	2	1	0	3	3	4	0
France vs. Taiwan	3	0	0	0	0	2	1	0	3	2	3	0
France vs. U.K.	3	0	0	0	0	2	1	0	2	3	0	0
Germany vs. Italy	3	0	0	0	0	2	1	0	5	4	3	0
Germany vs. Japan	3	0	0	0	0	2	2	0	4	5	3	0
Germany vs. Korea	3	0	0	0	0	2	1	0	4	5	3	0
Germany vs. Mexico	3	0	0	0	0	2	1	0	3	3	4	0
Germany vs. Taiwan	3	0	0	0	0	2	1	0	3	2	3	0
Germany vs. U.K.	3	0	0	0	0	2	1	0	2	3	0	0
Italy vs. Japan	3	0	0	0	0	2	2	0	3	3	5	0
Italy vs. Korea	3	0	0	0	0	2	1	0	3	3	5	0
Italy vs. Mexico	3	0	0	0	0	2	1	0	3	3	4	0
Italy vs. Taiwan	3	0	0	0	0	2	1	0	3	2	3	0
Italy vs. U.K.	3	0	0	0	0	2	1	0	2	3	0	0

Table continued on the following page.

Table II-9--*Continued*
Certain stainless steel sheet and strip: U.S. firms' perceived degree of interchangeability of products produced in the United States, subject, and nonsubject countries[1]

	U.S. producers				U.S. importers				U.S. purchasers			
Country comparison	A	F	S	N	A	F	S	N	A	F	S	N
Japan vs. Korea	3	0	0	0	0	2	2	0	5	5	2	0
Japan vs. Mexico	3	0	0	0	0	2	1	1	3	2	3	1
Japan vs. Taiwan	3	0	0	0	0	2	2	0	3	3	2	0
Japan vs. U.K.	3	0	0	0	0	2	2	0	2	3	0	0
Korea vs. Mexico	3	0	0	0	0	2	1	0	3	1	5	0
Korea vs. Taiwan	3	0	0	0	0	2	1	0	3	2	3	0
Korea vs. U.K.	3	0	0	0	0	2	1	0	2	2	1	0
Mexico vs. Taiwan	3	0	0	0	0	2	1	0	3	1	3	0
Mexico vs. U.K.	3	0	0	0	0	2	1	0	2	1	1	0
Taiwan vs. UK	3	0	0	0	0	2	1	0	2	1	0	0
U.S. vs. Nonsubject	4	0	0	0	2	2	2	1	5	2	4	0
France vs. Nonsubject	3	0	0	0	0	1	2	0	3	1	1	0
Germany vs. Nonsubject	3	0	0	0	0	1	2	0	3	2	1	0
Italy vs. Nonsubject	3	0	0	0	0	1	2	0	3	1	1	0
Japan vs. Nonsubject	3	0	0	0	0	1	2	0	3	2	1	0
Korea vs. Nonsubject	3	0	0	0	0	1	2	0	3	1	1	0
Mexico vs. Nonsubject	3	0	0	0	0	1	2	0	3	1	1	0
Taiwan vs. Nonsubject	3	0	0	0	0	1	2	0	3	0	2	0
U.K. vs. Nonsubject	3	0	0	0	0	1	2	0	3	1	2	0

[1] Producers, importers, and purchasers were asked if stainless steel sheet and strip produced in the United States and in other countries is used interchangeably.

[2] One purchaser reported that Italian and U.S. product were both frequently and sometimes interchangeable; both responses are recorded.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never.

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

Table II-10
Certain stainless steel sheet and strip: U.S. firms' perceived significance of differences other than price between U.S.-produced and imported product[1]

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
U.S. vs. France	0	0	1	4	1	0	2	2
U.S. vs. Germany	0	0	1	4	1	4	2	2
U.S. vs. Italy	0	0	0	4	1	4	1	2
U.S. vs. Japan	0	1	0	4	1	1	4	4
U.S. vs. Korea	0	1	0	4	2	0	5	2
U.S. vs. Mexico	0	0	1	4	1	4	2	2
U.S. vs. Taiwan	0	1	0	4	1	0	3	2
U.S. vs. U.K.	0	0	1	4	1	0	3	2
France vs. Germany	0	0	0	3	0	0	1	1
France vs. Italy	0	0	0	3	0	0	1	1
France vs. Japan	0	0	0	3	0	0	1	1
France vs. Korea	0	0	0	3	0	0	2	1
France vs. Mexico	0	0	0	3	0	0	1	1
France vs. Taiwan	0	0	0	3	0	0	1	1
France vs. U.K.	0	0	0	3	0	0	1	1
Germany vs. Italy	0	0	0	3	0	0	1	1
Germany vs. Japan	0	0	0	3	0	0	1	2
Germany vs. Korea	0	0	0	3	0	0	2	1
Germany vs. Mexico	0	0	0	3	0	0	1	1
Germany vs. Taiwan	0	0	0	3	0	0	1	1
Germany vs. U.K.	0	0	0	3	0	0	1	1
Italy vs. Japan	0	0	0	3	0	0	1	1
Italy vs. Korea	0	0	0	3	0	0	2	1
Italy vs. Mexico	0	0	0	3	0	0	1	1
Italy vs. Taiwan	0	0	0	3	0	0	1	1
Italy vs. U.K.	0	0	0	3	0	0	1	1

Table continued on the following page.

Table II-10--*Continued*
Certain stainless steel sheet and strip: U.S. firms' perceived significance of differences other than price between U.S.-produced and imported product[1]

Country comparison	U.S. producers				U.S. importers			
	A	F	S	N	A	F	S	N
Japan vs. Korea	0	0	0	3	0	0	3	1
Japan vs. Mexico	0	0	0	3	0	0	1	1
Japan vs. Taiwan	0	0	0	3	0	0	2	1
Japan vs. U.K.	0	0	0	3	0	0	1	2
Korea vs. Mexico	0	0	0	3	0	0	1	1
Korea vs. Taiwan	0	0	0	3	0	0	1	1
Korea vs. U.K.	0	0	0	3	0	0	1	1
Mexico vs. Taiwan	0	0	0	3	0	0	1	1
Mexico vs. U.K.	0	0	0	3	0	0	1	1
Taiwan vs. UK	0	0	0	3	0	0	1	1
U.S. vs. Nonsubject	0	0	0	4	1	0	4	1
France vs. Nonsubject	0	0	0	3	0	0	2	0
Germany vs. Nonsubject	0	0	0	3	0	0	2	0
Italy vs. Nonsubject	0	0	0	3	0	0	2	0
Japan vs. Nonsubject	0	0	0	3	0	0	2	0
Korea vs. Nonsubject	0	0	0	3	0	0	2	0
Mexico vs. Nonsubject	0	0	0	3	0	0	2	0
Taiwan vs. Nonsubject	0	0	0	3	0	0	2	0
U.K. vs. Nonsubject	0	0	0	3	0	0	2	0

[1] Producers and importers were asked if differences other than price between stainless steel sheet and strip produced in the United States and in other countries were a significant factor in their sales of the products.

Note.--"A" = Always, "F" = Frequently, "S" = Sometimes, "N" = Never.

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

In contrast, most importers reported that there were frequently or sometimes differences between U.S. and subject imported product. Few importers compared imported product sources, mostly reporting that there were "sometimes" differences between country pairs. Reported specific differences other than price include, customer requirements for specific grades and specific manufacturers; quality (superior quality of Japanese product); product range; on time delivery; product consistency; rejection rate; and technical support.

Purchasers were also asked to compare stainless steel sheet and strip produced in the United States and in other countries with respect to 14 different attributes (table II-11).[34] The majority of purchasers reported that the U.S. product was superior to that imported from all subject countries with respect to delivery time. One half or more of responding purchasers that compared the United States with France and Germany reported that the U.S. had superior availability. Half or more of the firms comparing U.S. and Italian product reported that the U.S. product was superior in availability, delivery terms, product consistency, product range, product reliability, and technical support. Half or more of the firms comparing U.S. and Japanese product reported that U.S. product was superior in terms of availability, delivery terms, price, minimum quantity requirements, reliability of supply, and U.S. transportation costs. On the other hand, two of four purchasers rated Japanese product as superior to the U.S. product in product consistency and quality meets industry standard and three purchasers reported that Japanese product was superior in quality exceeds industry standard. U.S. product was rated as superior to Korean product by half or more of responding purchasers in terms of availability and reliability of supply. Half of the responding purchasers reported that the U.S. product was superior to the Mexican product with respect to reliability of supply. The majority of purchasers rated the U.S. product as superior to product from Taiwan in availability, delivery terms, minimum quantity requirements, reliability of supply, technical support, and transportation costs. In all other factors, the majority or at least half of the responding firms reported that the subject product and U.S. product were comparable.

Although few purchasers provided comparisons between subject countries, or between subject and nonsubject countries, most country pairs were reported to be comparable for most factors. The majority of responding purchasers reported that France was superior to Italy in product consistency and quality exceeds industry standard, while Italy was superior in price. Most responding purchasers reported that French product was superior to Korean product in product range, and that German product was inferior to Japanese product in product consistency and quality exceeds industry standard. Two of three responding purchasers reported that German product was superior to Korean product with respect to product range. Both responding purchasers reported that German product was inferior to Mexican product in availability, minimum quantity requirements, and reliability of supply. Both responding purchasers reported that Italian product was inferior to Japanese product in terms of product consistency and quality exceeds industry standard. Two of three responding purchasers reported that Italian product was inferior to Korean product in product consistency and product range. Both responding purchasers reported that Italian product was inferior to Mexican product in terms of U.S. transportation costs. Finally, two of three purchasers comparing U.S. and Chinese product reported that the U.S. product was superior in product range and reliability of supply.

[34] Comparisons were tabulated only where more than one firm compared product from a country pair. China was the only nonsubject country for which there were multiple comparisons. No purchasers compared U.K. product with product from any other country including the United States in this question.

One firm compared U.S. product to "all other countries," reporting that the U.S. was superior in delivery terms, delivery time, technical support, and U.S. transportation cost; that other countries' product was superior in discounts offered; and that the countries were comparable with respect to all other factors. This purchaser's responses have not been included with other responses.

Table II-11
Certain stainless steel sheet and strip: Comparisons of imported and U.S. product, as reported by purchasers

Factor	U.S. vs France			U.S. vs Germany			U.S. vs Italy			U.S. vs Japan			U.S. vs Korea			U.S. vs Mexico			U.S. vs Taiwan		
	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I	S	C	I
	Number of firms responding																				
Availability	5	3	2	5	4	1	7	2	1	3	1	0	5	5	0	3	6	0	2	1	0
Delivery terms	3	7	0	4	6	0	5	4	1	3	1	0	3	7	0	3	6	0	2	1	0
Delivery time	7	2	1	6	4	0	7	1	2	4	0	0	7	3	0	5	4	0	2	1	0
Discounts offered	1	7	1	1	7	1	0	9	0	0	3	0	0	9	0	0	7	1	0	3	0
Extension of credit	0	10	0	2	8	0	0	9	1	0	4	0	0	10	0	0	9	0	0	3	0
Lower price	1	6	2	4	3	2	2	4	3	2	0	1	2	5	2	1	5	2	0	2	1
Minimum quantity requirements	3	7	0	4	6	0	4	6	0	2	2	0	2	8	0	0	8	1	2	1	0
Packaging	0	10	0	0	10	0	0	10	0	0	3	1	0	10	0	0	9	0	0	3	0
Product consistency	1	7	2	1	8	1	6	4	0	0	2	2	0	8	2	1	6	2	1	1	1
Quality meets industry standards	0	10	0	0	10	0	2	8	0	0	2	2	0	10	0	0	8	1	1	2	0
Quality exceeds industry standards	2	6	2	1	7	2	4	6	0	0	1	3	0	8	2	1	6	2	0	2	1
Product range	2	6	2	2	5	3	6	3	1	1	2	1	4	5	1	4	5	0	1	2	0
Reliability of supply	3	4	3	3	5	2	6	2	2	4	0	0	8	2	0	4	4	1	2	1	0
Technical support/service	2	7	1	1	8	1	6	3	1	1	2	1	4	5	1	3	6	0	2	1	0
U.S. transportation costs	4	6	0	4	6	0	3	6	1	2	2	0	3	7	0	4	5	0	2	1	0

Table continued on the following page.

Table II-11--*Continued*
Certain stainless steel sheet and strip: Comparisons of imported and U.S. product, as reported by purchasers

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

Table continued on the following page.

Table II-11--*Continued*
Certain stainless steel sheet and strip: Comparisons of imported and U.S. product, as reported by purchasers

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

Note.--S=first listed country's product is superior; C=both countries' products are comparable; I=first listed country's product is inferior. Not all companies gave responses for all factors.

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

ELASTICITY ESTIMATES

U.S. Supply Elasticity[35]

The domestic supply elasticity for stainless steel sheet and strip measures the sensitivity of the quantity supplied by U.S. producers to changes in the U.S. market price of stainless steel sheet and strip.

[35] A supply function is not defined in the case of a non-competitive market.

The elasticity of domestic supply depends on factors such as the level of excess capacity, the existence of inventories, and the availability of alternate markets for domestically produced sheet and strip. Analysis of these factors indicates that the U.S. industry has the capacity to increase domestic shipments in response to price increases; an estimate in the range of 3 to 5 is suggested. Staff has lowered its estimate from the prehearing report estimate based on additional information regarding domestic producer capacity and supply considerations. French and Korean respondent interested parties disagreed with staff's prehearing estimated range of 5 to 10, asserting that the industries short run supply elasticity was very low in 2004 because of lack of capacity and that U.S. producers increased output by only 3.4 percent in a period of sharply rising prices.[36] German, Italian, and Mexican respondent interested parties also disagreed with the estimate, citing tight supply, inability to shift production to other products, and low inventory levels.[37]

U.S. Demand Elasticity

The U.S. demand elasticity for stainless steel sheet and strip measures the sensitivity of the overall quantity demanded to a change in the U.S. market price of stainless steel sheet and strip, and depends on the availability and viability of substitute products, as well as the component share of sheet and strip in the production of downstream products. Based on the available information, the aggregate demand elasticity for the U.S. stainless steel sheet and strip market is estimated to be in the range of 0.5 to 1.0. Respondent interested parties disagreed with estimate, stating they believe the estimate of 0.5 to 1.25 from the original investigation is more accurate, given the high world steel prices and "ready substitutes."[38] Available information indicates that substitutability of other products for stainless steel sheet and strip is limited in the short term and therefore staff believes that a range of 0.5 to 1.0 is reasonable.

Substitution Elasticity

The elasticity of substitution depends on the extent of product differentiation between the domestic and imported products. Product differentiation depends on factors such as the range of products produced, quality, availability, and reliability of supply. Based on available information, the elasticity of substitution between domestically produced stainless steel sheet and strip and subject imported stainless steel sheet and strip is likely to be in the range of 2 to 5 for all subject countries.

Domestic interested parties disagreed with staff's assessment of substitutability and stated "that there would continue to be a high degree of fungibility between subject imports from all eight countries and the U.S. product if the orders were revoked."[39] Respondent interested parties also disagreed with the elasticity of substitution estimate, stating that they believe the range is lower than 2 to 5.[40] While the domestic and subject imported products appear to be generally substitutable, there are some differences, particularly with respect to the grades sold; therefore, staff believes an elasticity of substitution in the range of 2 to 5 is reasonable.

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[36] Prehearing brief of French and Korean interested parties, exh. 1, p. 14.

[37] Prehearing brief of German, Italian, and Mexican interested parties, exh. 6.

[38] Prehearing brief of German, Italian, and Mexican interested parties, exh. 6.

[39] Prehearing brief of domestic interested parties, pp. 33-39.

[40] Prehearing brief of German, Italian, and Mexican interested parties, exh. 6.

PART III: CONDITION OF THE U.S. INDUSTRY[1]

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

Table III-1 presents data for U.S. producers' capacity, production, and capacity utilization, by firm, for the period for which the Commission requested information in its questionnaires (1999-2004). Reported fluctuations in capacity were, at least in part,[2] due to adjustments within the industry as firms combined operations and either expanded or shut down production facilities.

Table III-1
Certain stainless steel sheet and strip: U.S. producers' capacity, production, and capacity utilization, by firm, 1999-2004

Firm	1999	2000	2001	2002	2003	2004
	Capacity (*short tons*)					
AK***	***	***	***	***	***	***
Allegheny Ludlum***	***	***	***	***	***	***
J&L***	***	***	***	***	***	***
NAS***	***	***	***	***	***	***
Nucor***	***	***	***	***	***	***
***	***	***	***	***	***	***
Total	2,025,067	2,104,373	2,132,834	2,262,623	2,333,900	2,262,807
	Production (*short tons*)					
AK	***	***	***	***	***	***
Allegheny Ludlum	***	***	***	***	***	***
J&L	***	***	***	***	***	***
NAS	***	***	***	***	***	***
Nucor	***	***	***	***	***	***
***	***	***	***	***	***	***
Total	1,818,664	1,736,738	1,446,691	1,638,714	1,591,328	1,670,643

Table continued on next page.

[1] As indicated in Part I, the Commission, during the original investigations, found that rerollers were part of the domestic industry. For the purposes of this report, capacity, production, and shipment figures reported by ***. In contrast, ***; accordingly, its data have been added to capacity, production, and shipment figures. ***.

[2] Stainless steel sheet and strip is manufactured in mills and on rolling and finishing lines that are also used to manufacture a wide variety of other steel products. *** stated that its reported average production capacity figures are based on *** while *** reported that its capacity figures for stainless steel sheet and strip were allocated based on sales volumes and represent "the level of production reasonably expected to attain assuming normal operating conditions and a representative product mix." *** and *** likewise indicated that they allocated their reported subject capacity based on their historical product mix while *** stated that its capacity figures were determined by its product mix plan for each year. Allegheny Ludlum's, AK's, NAS's, Nucor's, and Theis Precision's producer questionnaire responses.

Table III-1--*Continued*
Certain stainless steel sheet and strip: U.S. producers' capacity, production, and capacity utilization, by firm, 1999-2004

Firm	1999	2000	2001	2002	2003	2004
	Capacity utilization (*percent*)					
AK	***	***	***	***	***	***
Allegheny Ludlum	***	***	***	***	***	***
J&L	***	***	***	***	***	***
NAS	***	***	***	***	***	***
Nucor	***	***	***	***	***	***
***	***	***	***	***	***	***
Average	89.8	82.5	67.8	72.4	71.2	73.8

[1] Reported production capacity is based on operating 168 hours per week for 52 weeks per year.
[2] Reported production capacity is based on operating 168 hours per week for 50 weeks per year.
[3] Reported production capacity is based on operating 144 hours per week for 51 weeks per year.

AK.–***. AK stated in its questionnaire response that its reported capacity changes reflect ***.

Allegheny Ludlum.–***. Allegheny Ludlum reported a *** percent increase in its capacity to produce the subject merchandise (as shown in this table). Allegheny Ludlum stated in its questionnaire response that its reported changes in capacity reflected ***. Allegheny Ludlum also noted in its last revised questionnaire response that it adjusted the capacity figures it originally reported to: ***.

NAS.–***.

Nucor.–Firm manufactures stainless steel sheet and strip in plants used to produce carbon steel; the subject merchandise is a *** portion of total output.

***.–Firm reported ***.

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

Capacity Adjustments and Allocations

As discussed in Part I of this report, the domestic stainless steel industry has consolidated its manufacturing operations in recent years with AK's acquisition of Armco in September 1999 and Allegheny Ludlum's acquisition of former Washington Steel facilities in 1998 and 1999, followed by its purchase in 2004 of much of J&L's stainless steel assets. The following tabulation lists the capacity adjustments that have been made during the period examined to the facilities in which stainless steel sheet and strip are produced:

Firm	Period	Capacity adjustment (*tons*)	Description and/or impacted production stage	Location
AK	***	***	added finishing facility to cold roll and anneal and pickle stainless steel	Rockport, IN
	***	***	***	***
Allegheny Ludlum	***	***	acquired melt shop	Houston, PA
	***	***	acquired Steckel mill	Houston, PA
	***	***	acquired hot anneal and pickle lines	Washington, PA
	***	***	***	***
	***	***	***	***
	***	***	acquired melt shop	Midland, PA
	***	***	acquired anneal and pickle lines	Midland, PA
	***	***	acquired finishing facility	Louisville, OH
NAS	***	***	added melt shop	Ghent, KY
	***	***	added cold anneal and pickle line and another (the third) Sendzimir mill	Ghent, KY

[1] Includes nonsubject production.

Note.–Nucor states that ***.

As discussed in the notes to table III-1, reported subject capacity figures are allocations in that stainless steel sheet and strip is manufactured on production lines used to produce other steel products (or uses common production employees). AK has manufactured ***. Likewise, Allegheny Ludlum has, during the period for which data were collected, used common equipment to manufacture both the subject merchandise and ***. NAS reported the common production of ***. The *** of Nucor's common production lines are used for ***. Appendix G lists overall capacity and production data, on a firm basis, for products manufactured on the same equipment and machinery used in the production of the subject merchandise.[3] Capacity utilization figures calculated from the data provided by firms are listed below:

* * * * * * *

As shown, AK reported capacity utilization figures well over *** for *** in *** but ***. As shown in table III-1, AK reported subject capacity utilization of *** percent in 2004. Allegheny Ludlum's reported subject capacity utilization of *** percent in 2004 (table III-1) ***, by stage for its overall capacity in 2004 (which were *** percent for melt capacity, *** percent for hot-rolling capacity, and *** percent for cold-rolling capacity). NAS's reported subject capacity utilization of *** percent in 2004 (table III-1) was *** in 2004.

U.S. producers were also requested in Commission questionnaires to describe the constraints in 2004 that set the limit(s) on their production capacity at each stage. Firms responded as shown below:

* * * * * * *

[3] French and Korean respondent interested parties state that it is "impossible" to allocate capacity across various product lines and that "the binding constraint in the U.S. and world stainless industry generally is melting capacity, not hot-rolling or cold-rolling capacity." French and Korean respondent interested parties' prehearing brief, exhibit 1, p. 13 (the "Crandall Report").

Responses to a question about the feasibility of product shifting on common production equipment using the same labor are provided in the tabulation below:

* * * * * * *

Reported Subject Capacity, Production, and Capacity Utilization

As shown in table III-1, reported U.S. capacity on an aggregated basis to produce stainless steel sheet and strip increased gradually between 1999 and 2004, with an overall rise of 11.7 percent to a period high in 2004.[4] In contrast, production fell irregularly by 8.1 percent from 1999 to 2004 although reported production in 2004 was 15.5 percent higher than the period low in 2001. By firm, AK's production of stainless steel sheet and strip fell by *** percent from 1999 to 2004, Allegheny Ludlum and J&L's combined production fell by *** percent, while production reported by NAS rose by *** percent. Nucor and reroller Theis Precision remained *** domestic suppliers throughout the period examined. Capacity utilization for the domestic producers fell irregularly from 89.8 percent in 1999 to 72.4 percent in 2002 and remained below 75.0 percent for each succeeding period.

Respondent interested parties question the capacity utilization figures calculated from data supplied by the U.S. producers and state that the domestic industry has been operating "at or near full effective capacity at one or more stages throughout the review period" {emphasis supplied}.[5] Respondent interested parties also characterize testimony at the Commission's hearing by the domestic industry as providing evidence that there is an appearance {emphasis supplied} of less than full capacity (at least in 2004 when they cite the domestic industry's testimony that J&L, anticipating closure, was not in a position to accept orders at its full capacity in early 2004 (hearing transcript (Hartford), p. 147); that Allegheny Ludlum needed to deploy the newly acquired J&L assets fully (hearing transcript (Hartford), pp. 147-148); while AK determined, in 2004, not to reopen some inefficient finishing capacity since it "made the determination that there was more panic buying going on than anything else" (hearing transcript (Long), pp. 148-149).[6]

The domestic interested parties maintain that "effective capacity has exceeded apparent consumption in every year" of the period examined in the reviews. They cite the hearing testimony of Allegheny Ludlum and NAS that the disruption in product availability in early 2004 was due to accelerated buying by customers concerned that J&L's exit from the industry would create a short supply in the U.S. market.[7] They further state that the panic buying and double ordering "abated" with Allegheny Ludlum's purchase of J&L and the addition of a third Sendzimir mill at NAS in February 2004 leaving the domestic industry with "excess" production capacity.[8] U.S. steel consumers, in their posthearing brief, assert that supply constraints remain and that the domestic industry is unable to provide all the stainless steel sheet and strip required by the downstream consumers.[9]

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[4] Data for *** are shown below:

* * * * * * *

[5] French and Korean respondent interested parties' posthearing brief, pp. 2-4.

[6] ThyssenKrupp respondent interested parties' posthearing brief, appendix, pp. 19-20.

[7] Domestic interested parties' posthearing brief, p. 3, citing testimony of NAS (Schmitt) and Allegheny Ludlum (Hartford), hearing transcript, pp. 43 and 47, respectively.

[8] Domestic interested parties' posthearing brief, p. 13, n. 6, and exhibit 1, p. 40.

[9] U.S. Steel Consumers' posthearing brief, pp. 3-5. U.S. Steel Consumers also indicated that the supply limitation "may be attributed in part to the individual quality requirements and automotive industry certification requirements (continued...)

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

Table III-2 presents data on U.S. producers' shipments.

Table III-2
Certain stainless steel sheet and strip: U.S. producers' shipments, by type, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Quantity (*short tons*)					
Domestic shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	1,655,812	1,665,026	1,390,225	1,513,119	1,480,047	1,592,928
Export shipments	71,822	74,970	78,961	109,075	146,919	89,411
Total	1,727,634	1,739,996	1,469,186	1,622,194	1,626,966	1,682,339
	Value (*$1,000*)					
Domestic shipments	***	***	***	***	***	***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	2,478,891	2,990,098	2,136,693	2,363,795	2,402,887	3,496,576
Export shipments	153,499	165,523	162,274	160,063	192,257	179,065
Total	2,632,390	3,155,621	2,298,967	2,523,858	2,595,144	3,675,641
	Unit value (*per short ton*)					
Domestic shipments	$***	$***	$***	$***	$***	$***
Internal consumption	***	***	***	***	***	***
Transfers to related firms	***	***	***	***	***	***
U.S. shipments	1,497	1,796	1,537	1,562	1,624	2,195
Export shipments	2,137	2,208	2,055	1,467	1,309	2,003
Average	1,524	1,814	1,565	1,556	1,595	2,185

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

[9] (...continued)
that are necessary for many grades and applications of stainless steel." U.S. Steel Consumers' prehearing brief, p. 8.

As shown in table III-2, U.S. producers' U.S. shipments of stainless steel sheet and strip, in terms of quantity, fell irregularly by 16.0 percent from 1999 to 2001 and then rose irregularly by 14.6 percent from 2001 to 2004. U.S. shipments in 2004 remained 3.8 percent below the level reported for 1999. Captive consumption was ***; transfers to related firms were ***. U.S. exports accounted for 5.7 percent of total shipments during the 1999-2004 period. The unit values of U.S. shipments rose at the beginning of the period examined by almost $300 per ton from $1,497 per ton in 1999 to $1,796 per ton in 2000. Reported unit values were then lower during the next three years before rising by more than $550 per ton from $1,624 per ton in 2003 to $2,195 per ton in 2004. The unit value of U.S. producers' U.S. shipments in 2004 was 46.6 percent higher than the unit value in 1999. The tabulation below presents unit values on a per-firm basis for the integrated manufacturers:[10]

* * * * * * *

The company-specific trends for all firms, with the exception of ***, did not differ from that shown on an industry-wide basis (i.e., a rise from 1999 to 2000 followed by a decline over the next two to three years followed by a sharp increase in 2004). Unit values reported by *** while those reported by *** fall ***. ***.[11]

Most stainless steel sheet and strip is sold as a cold-rolled product. Tables G-1 through G-4 list subject shipments of cold-rolled stainless steel sheet and strip on a firm-by-firm basis. The figures shown in tables G-1 through G-4 for hot-rolled stainless steel sheet and strip consist primarily of that hot-rolled product that is subsequently consumed by each firm in their downstream cold-rolling operations.[12]

U.S. PRODUCERS' INVENTORIES

Data on U.S. producers' end-of period inventories are presented in table III-3.

Table III-3
Certain stainless steel sheet and strip: U.S. producers' end-of-period inventories, as of December 31, 1999-2004

* * * * * * *

[10] The unit values of U.S. shipments by the domestic rerollers reflect additional cold-rolling and other processing activities, as shown in the tabulation below:

Item	1999	2000	2001	2002	2003	2004
	Unit value (*per short ton*)					
Somers Thin Strip	$***	$***	$***	$***	$***	$***
Theis Precision	***	***	***	***	***	***

[11] Letter from ***, March 17, 2005. The firm characterized itself as a "***." Ibid.

[12] The differences between the reported hot-rolled and cold-rolled figures reflect both subject product that is sold as hot-rolled stainless steel sheet and strip and the yield loss from subsequent cold-rolling. *** reported that there is a yield factor of around *** percent in producing cold-rolled stainless steel sheet and strip. E-mail from ***, March 17, 2005.

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

Employment data for the U.S. stainless steel sheet and strip industry are presented in table III-4.

Table III-4
Certain stainless steel sheet and strip: Average number of production of related workers (PRWs), hours worked, wages paid to such employees, hourly wages, productivity, and unit labor costs, 1999-2004

Item	1999	2000	2001	2002	2003	2004
Number of PRWs	4,729	5,106	4,262	4,196	4,457	4,407
Hours worked by PRWs (*1,000*)	10,054	10,686	8,804	8,772	9,184	8,605
Wages paid to PRWs (*$1,000*)	263,090	274,445	226,852	229,932	236,150	233,925
Hourly wages	$26.17	$25.68	$25.77	$26.21	$25.71	$27.19
Productivity (*short tons per 1,000 hours worked*)	183	164	166	189	175	197
Unit labor costs (*per short ton*)	$142	$156	$155	$139	$146	$137
Source: Compiled from data submitted in response to Commission questionnaires.						

As shown, the number of PRWs and hours worked rose from 1999 to period highs in 2000 for both indicators, then fell in 2001 and again in 2002, increased somewhat in 2003, and then declined in 2004. The number of PRWs employed in 2004 was 6.8 percent lower than that reported for 1999; the hours worked by such workers was 14.4 percent lower in 2004 than in 1999. The magnitude of the rise in employment from 1999 to 2000 was not matched by increasing production. Stainless steel sheet and strip production in the United States actually fell from 1999 to 2000 as reflected in the decrease in productivity. In contrast, production rose from 2001 to 2002 and then again from 2003 to 2004 while employment levels (and hours worked) fell.

Productivity and unit labor costs within the U.S. stainless steel sheet and strip industry are presented on a firm-by-firm basis in table III-5. As shown, productivity data reported by *** are consistently *** than that for the other integrated producers except for ***. However, as discussed earlier, ***.[13] Productivity and unit labors costs for ***, a reroller, also differed from those of the integrated producers. ThyssenKrupp characterizes NAS as "indisputably the world's lowest-cost and highly competitive producer of commodity products in the 300 series (austenitic) and, more recently in the 400 series (ferritic) grades."[14]

Table III-4
Certain stainless steel sheet and strip: Productivity and unit labor costs, by firm, 1999-2004

* * * * * * *

[13] It stated that "***." Letter from counsel for ***, March 17, 2005.

[14] ThyssenKrupp respondent interested parties' posthearing brief, p. 10.

As shown in table I-1, there was a sharp decrease in certain employment indicators (specifically, the number of production workers, hours worked, and wages paid) reported during the original investigations compared to data compiled during these reviews. Domestic interested parties state that the magnitude of this decrease is overstated since ***. The domestic industry indicates that the plant closures and layoffs of 1998-99 did, however, result in a "significant decline" of more than 1,000 workers.[15] ***.[16]

The United Steelworkers Union (USW) entered into its most recent collective bargaining agreement with Allegheny Ludlum in June 2004 with Allegheny Ludlum's acquisition of the former J&L stainless steel assets. That agreement is scheduled to expire on July 1, 2007. The USW also has an agreement with AK that covers *** workers at the Mansfield, OH facility. That agreement was finalized in January 2004 and, after a recent extension, is now scheduled to expire on February 10, 2007.[17]

FINANCIAL EXPERIENCE OF THE U.S. INDUSTRY

Background

Five integrated U.S. producers[18] and two rerollers[19] provided financial data on their operations on stainless steel sheet and strip. These producers accounted for all known U.S. production of stainless steel sheet and strip in 2004. Financial data of the U.S. integrated producers and rerollers are consolidated. The consolidated total net sales quantity and value and raw materials (i.e., cost of goods sold) are reduced by a percentage of domestically produced raw materials purchased by responding rerollers from U.S. steel mills in each year. The rerollers' net sales in short tons accounted for less than *** percent of total consolidated total net sales in 2004.

There were a number of changes to the domestic stainless steel sheet and strip industry during the period for which data were collected. AK acquired Armco in September 1999, opened the Rockport, IN, facility in 1999, and closed the Butler sheet and strip finishing facility in August 2003.[20] Allegheny Ludlum closed its Houston, PA, melt shop in 2001 and its Washington, PA, finishing operations in 2002; in 2004, it acquired a Midland, PA, melt shop, roll, anneal and pickle line, and a Louisville, OH, finishing facility. The net impact of these transactions was *** for Allegheny Ludlum.[21] J&L's principal operating assets along with its books and records were acquired by Jewel Acquisition LLC, a wholly owned subsidiary of Allegheny Ludlum on June 1, 2004. Hence, J&L data were provided from the books and

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[15] Domestic interested parties' posthearing brief, exhibit 1, pp. 81-82.

[16] E-mail, counsel for the domestic interested parties, May 12, 2005.

[17] Domestic interested parties' posthearing brief, exhibit 1, p. 42, and e-mail, counsel for domestic interested parties, May 20, 2005. The ThyssenKrupp respondent interested parties cite press articles that the Allegheny Ludlum acquisition of J&L was, in part, dependent on the ratification of the labor agreement (which eliminated jobs at J&L and provided for voluntary retirement offers at both J&L and Allegheny Ludlum). ThyssenKrupp's prehearing brief, p. 13.

[18] The integrated U.S. producers are AK, Allegheny Ludlum, J&L, NAS, and Nucor. The fiscal years of all five companies end on December 31.

[19] U.S. rerollers are Somer Thin Strip and Theis Precision. The fiscal years of both companies end on December 31.

[20] Producers' questionnaire of AK, part II-2, page 4.

[21] Producers' questionnaire of Allegheny Ludlum, part II-2, page 4.

records of J&L by Allegheny Ludlum.[22] NAS started its melt shop in 2002, and started operating an additional cold annealing and pickling line as well as a third Sendzimir Mill in 2004.[23]

Operations on Stainless Steel Sheet and Strip

Income-and-loss data for the U.S. producers on their stainless steel sheet and strip operations are presented in table III-6, per-short-ton data are shown in table III-7, and components of cost of goods sold are presented in table III-8. Raw materials data by type and by firm are shown in table III-9, while selected financial data, by firm, are presented in table III-10. To summarize, net sales values initially increased from 1999 to 2000, decreased in 2001, and then increased over the remainder of the period for which data were collected. Profitability also initially increased through 2000, decreased to breakeven or below during 2001-03, and then rose in 2004. The period-to-period change in net sales values was the result of decreased net sales quantities and increased sales average unit values (AUVs) compared to 1999 data, while the swing in profitability was the result of unit costs decreasing at a slower rate than sales AUVs, except in 2000 and 2004 when they increased at a slower rate than sales AUVs.

The domestic industry's aggregate operating income margin improved from 7.4 percent in 1999 to 10.4 percent in 2000, turned to a negative 2.5 percent in 2001 and a negative 14.3 percent in 2003, and then increased to a positive 6.3 percent in 2004. Out of seven firms, only one firm reported operating losses in 1999, two firms in 2000 and 2004, and three firms during 2001-03.

The volume of total net sales decreased irregularly by approximately 9 percent from 1999 to 2004. Reported quantities decreased by approximately 6 percent from 1999 to 2000, declined by approximately 16 percent in 2001, increased by approximately 10 percent in 2002, rose slightly by 0.3 percent in 2003, and then increased by approximately 3 percent in 2004.

From 1999 to 2000, on a per-short ton basis, the total of average cost of goods sold (COGS) and selling, general, and administrative (SG&A) expenses increased by less than the increase in the average selling price, resulting in the producers' improved operating income. In 2001, COGS declined by less than the decrease in average selling price, resulting in operating losses (*** percent of this loss is due to an asset write-off by ***); in 2002, COGS and SG&A expenses combined declined by more than the decrease in average selling price, resulting in a small operating income; in 2003, COGS and SG&A expenses increased by much more than the increase in average selling price, resulting in a large operating loss (*** percent of this loss is due to the asset write-offs by *** and ***); and in 2004, average selling price increased much faster than the increase in COGS, while SG&A expenses fell, resulting in a much higher operating income.

With regard to the individual components of COGS, raw materials accounted for 41 to 55 percent of the total cost of goods sold whereas other factory costs accounted for 38 to 49 percent during the periods for which data were collected. The total unit cost of goods sold increased from 1999 to 2000, particularly because of increasing costs of raw materials and other factory costs. The total unit cost of goods sold then declined during 2001-02, mainly because of declining raw material costs, but then jumped in 2003 and 2004 because of rising raw material costs.

Table III-9 presents raw materials by types and by firms. Three firms provided the quantity and value of raw material components used in the production of stainless steel sheet and strip while one firm supplied such data used in the shipments of such sheet and strip. ***. The average per-pound value of nickel for all reporting firms trended upward from 1999 to 2000, declined in 2001, and then moved upward and rose sharply in 2004. The average per-pound value of chromium for all reporting firms

[22] Letter from David A. Hartquist, Collier Shannon Scott, March 3, 2005.

[23] Producers' questionnaire of NAS, part II-2, page 4.

Table III-6
Certain stainless steel sheet and strip: Results of operations of U.S. producers in the production of certain stainless steel sheet and strip, fiscal years 1999-2004

Item	Fiscal years					
	1999	2000	2001	2002	2003	2004
	Quantity (*short tons*)					
Net sales	1,852,672	1,740,618	1,469,627	1,622,745	1,627,982	1,680,804
	Value (*$1,000*)					
Net sales	2,814,625	3,173,050	2,310,402	2,537,555	2,608,020	3,692,443
Cost of goods sold	2,441,039	2,685,379	***	2,389,911	***	3,332,922
Asset write-offs [1]	0	0	***	0	***	0
Gross profit or (loss)	373,586	487,671	77,582	147,644	(233,843)	359,521
SG&A expenses	166,573	158,606	135,003	127,600	137,978	127,398
Operating income or (loss)	207,013	329,065	(57,421)	20,044	(371,821)	232,123
Interest expense	34,244	44,251	30,612	30,775	26,065	32,698
Other expense	18,618	13,834	14,984	21,471	31,318	25,029
Other income items	4,823	3,728	2,239	5,884	2,956	24,550
Dumping and subsidy funds received	0	0	1,737	2,767	6,817	6,477
Net income or (loss)	158,974	274,708	(99,041)	(23,551)	(419,431)	205,423
Depreciation/amortization	129,861	138,448	131,210	121,878	328,092	104,075
Cash flow	288,835	413,156	32,169	98,327	(91,339)	309,498
	Ratio to net sales (*percent*)					
Cost of goods sold	86.7	84.6	***	94.2	***	90.3
Assets write offs [1]	0.0	0.0	***	0.0	***	0.0
Gross profit or (loss)	13.3	15.4	3.4	5.8	(9.0)	9.7
SG&A expenses	5.9	5.0	5.8	5.0	5.3	3.5
Operating income or (loss)	7.4	10.4	(2.5)	0.8	(14.3)	6.3
Net income or (loss)	5.6	8.7	(4.3)	(0.9)	(16.1)	5.6
	Number of firms reporting					
Operating losses	1	2	3	3	3	2
Data	7	7	7	7	7	7

[1] ***. See e-mail from ***, Georgetown Economics, March 17, 2005.
[2] Without the asset write-offs, the operating loss margins would be *** percent in 2001 and *** percent in 2003.

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

Table III-7
Certain stainless steel sheet and strip: Results of operations (per short ton) of U.S. producers in the production of certain stainless steel sheet and strip, fiscal years 1999-2004

Item	Fiscal years					
	1999	2000	2001	2002	2003	2004
	Unit value (*per short ton*)					
Net sales	$1,519	$1,823	$1,572	$1,564	$1,602	$2,197
Cost of goods sold	1,318	1,543	***	1,473	***	1,983
Assets write offs	0	0	***	0	***	0
Gross profit or (loss)	202	280	53	91	(144)	214
SG&A expenses	90	91	92	79	85	76
Operating income or (loss)	112	189	(39)	12	(228)	138
Net income or (loss)	86	158	(67)	(15)	(258)	122

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

Table III-8
Certain stainless steel sheet and strip: Components of cost of goods sold of U.S. producers in the production of certain stainless steel sheet and strip, fiscal years 1999-2004

Item	Fiscal years					
	1999	2000	2001	2002	2003	2004
	Value (*$1,000*)					
Raw materials	1,078,680	1,306,716	928,148	1,012,995	1,167,961	1,819,441
Direct labor	252,640	238,450	208,673	217,425	287,111	261,417
Other factory costs [1]	1,109,719	1,140,213	1,095,999	1,159,491	1,386,791	1,252,064
Total cost of goods sold	2,441,039	2,685,379	2,232,820	2,389,911	2,841,863	3,332,922
	Share of cost of goods sold (*percent*)					
Raw materials	44.2	48.7	41.6	42.4	41.1	54.6
Direct labor	10.4	8.9	9.3	9.1	10.1	7.8
Other factory costs [1]	45.5	42.5	49.1	48.5	48.8	37.6
Total cost of goods sold	100.0	100.0	100.0	100.0	100.0	100.0
	Unit value (*per short ton*)					
Raw materials	$582	$751	$632	$624	$717	$1,082
Direct labor	136	137	142	134	176	156
Other factory costs [1]	599	655	746	715	852	745
Total cost of goods sold	1,318	1,543	1,519	1,473	1,746	1,983

[1] Other factory costs for 2001 and 2003 include the amounts of asset write-offs by ***.

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

Table III-9
Certain stainless steel sheet and strip: Raw materials of U.S. producers used in the production of certain stainless steel sheet and strip, by types and by firms, fiscal years 1999-2004

* * * * * * *

Table III-10
Certain stainless steel sheet and strip: Results of operations of U.S. producers in the production of certain stainless steel sheet and strip, by firms, fiscal years 1999-2004

* * * * * * *

moved upward from 1999 to 2000, then showed a downward irregular trend until 2003, but increased noticeably in 2004. The average per-pound value of molybdenum for all reporting firms decreased from 1999 to 2001, and then increased each year and rose by approximately *** in 2004 from 2003. The average per-pound value of stainless steel scrap for all reporting firms increased from 1999 to 2000, declined during 2001-02, and then rose in 2003 and 2004. *** average cost per pound for stainless steel scrap was much lower than that of *** during each reporting period. The average per-pound value of slabs was mixed during the reporting period but was high in 2000 and 2004. The average per-pound value of black bands increased from 1999 to 2000 and thereafter generally decreased. *** used *** as its raw materials; therefore, its average cost of total raw materials was higher than that for the other producers until 2002. The average per-pound cost of total raw materials for all reporting firms was higher in 2000 and increased markedly in 2004 except for ***.

Table III-10 presents selected financial data on a company-by-company basis, and illustrates some of the similarities and differences among the producers. AK, which is ***, accounting for *** percent of total sales volume and *** percent of total net sales value in 2004, reported ***. Allegheny Ludlum reported ***.[24] Allegheny Ludlum reported ***. J&L reported ***. J&L reported ***.[25] NAS reported ***. Nucor reported ***. Both rerollers reported ***.

[24] As noted in the prehearing brief of the French and Korean respondent interested parties, Allegheny Ludlum reported in its 2004 Form 10-K $61.5 million operating profit on sales of $1.6 billion for its flat-rolled products business segment while it reported to the Commission ***. In response to this argument, Allegheny Ludlum stated that ATI's public annual shareholders' report reflects the flat-rolled products segment operating income for 2004 that excluded corporate and retirement benefit expenses. Even though these expenses are a legitimate cost of the business and included in operating income in ATI's audited financial statements, these costs are presented separately in the Business Segments footnote to comply with GAAP financial reporting disclosure requirements. Flat roll corporate expenses were *** and retirement benefit expenses were *** in 2004. For stainless steel sheet and strip only, corporate expenses were *** and retirement benefit expenses were ***. *See* *** and response to Chairman Koplan's question on page 53 of the domestic interested parties' posthearing brief.

[25] An impairment loss on long-lived assets to be held and used shall be included in income from continuing operations before income taxes in the income statement of a business enterprise according to GAAP (Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the impairment or disposal of long-lived assets" (par. 25). Losses could have many components, such as severance-related costs, write-down of certain fixed assets, and inventories which are usually recorded in cost of goods sold and/or SG&A expenses, or as a separate item above the operating income line with appropriate footnote disclosure. The results of operations of a component of an entity that has either been disposed of or is classified as held for sale shall be reported in discontinued operations if the operations of the component have been eliminated from the ongoing operations of the entity as a result of disposal transaction and the entity will have no significant continuing involvement in the operations of the component after the disposal transaction (SFAS 144, par. 42).

With respect to its ***, AK stated that "***."[26]

With respect to its ***, Allegheny Ludlum indicated that "***."[27]

With respect to its ***, Allegheny Ludlum stated that "***."[28]

With respect to the ***, Allegheny Ludlum indicated that "***."[29]

As J&L data were provided by Allegheny Ludlum due to the acquisition on June 1, 2004, it could not answer any questions on the past operations of J&L because "there is no one to speak on behalf of J&L".[30]

With respect to its ***, NAS stated that "***."[31]

With respect to its ***, NAS indicated that "***."[32]

With respect to its ***, NAS stated that "***."[33]

With respect to the major factors besides ***, Nucor indicated that "***."[34]

With regard to its ***, Nucor indicated that "***."[35]

With respect to its ***, Nucor stated that ***.[36]

The variance analysis showing the effects of prices and volume on the producers' net sales of stainless steel sheet and strip, and of costs and volume on their total expenses, is presented in table III-11. The analysis is summarized at the bottom of the table. The information for this variance analysis is derived from table III-6. There was no significant internal consumption or transfers to related firms during the period for which data were collected. The variance analysis provides an assessment of changes in profitability as related to changes in pricing, cost, and volume. This analysis is more effective when the product involved is a homogeneous product with no variation in product mix. The analysis shows that the increase in operating income from 1999 to 2004 is primarily attributable to the much higher favorable price variance (higher selling prices), which more than offset the unfavorable net cost/expense variance (higher unit costs) and net volume variance (lower volume).

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[26] ***.

[27] ***.

[28] Ibid.

[29] Ibid.

[30] ***.

[31] ***.

[32] Ibid.

[33] Ibid.

[34] Letter from Alan H. Price, Wiley Rein & Fielding LLP, March 17, 2005.

[35] Ibid.

[36] Ibid.

Table III-11
Certain stainless steel sheet and strip: U.S. producers' variance analysis on their operations producing certain stainless steel sheet and strip, fiscal years 1999-2004

Item	Fiscal years					
	1999-2004	1999-2000	2000-01	2001-02	2002-03	2003-04
	Value (*$1,000*)					
Total net sales:						
Price variance	1,138,924	528,660	(368,646)	(13,564)	62,276	999,802
Volume variance	(261,106)	(170,235)	(494,002)	240,717	8,189	84,621
Total net sales variance	877,818	358,425	(862,648)	227,153	70,465	1,084,423
Cost of sales:						
Cost variance	(1,118,332)	(391,980)	34,481	75,543	(444,239)	(398,851)
Volume variance	226,449	147,640	418,078	(232,634)	(7,713)	(92,208)
Total cost variance	(891,883)	(244,340)	452,559	(157,091)	(451,952)	(491,059)
Gross profit variance	(14,065)	114,085	(410,089)	70,062	(381,487)	593,364
SG&A expenses:						
Expense variance	23,722	(2,108)	(1,090)	21,469	(9,966)	15,057
Volume variance	15,453	10,075	24,693	(14,066)	(412)	(4,477)
Total SG&A variance	39,175	7,967	23,603	7,403	10,378	10,580
Operating income variance	25,110	122,052	(386,486)	77,465	(391,865)	603,944
Summarized as:						
Price variance	1,138,924	528,660	(368,646)	(13,564)	62,276	999,802
Net cost/expense variance	(1,094,610)	(394,088)	33,391	97,012	(454,205)	(383,794)
Net volume variance	(19,204)	(12,521)	(51,231)	(5,983)	65	(12,064)

Note.--Unfavorable variances are shown in parentheses; all others are favorable.

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

Investment in Capital Expenditures and Research and Development Expenses

The responding firms' aggregate data on capital expenditures and research and development (R&D) expenses on their stainless steel sheet and strip operations are shown in table III-12. Capital expenditures declined from 1999 to 2000, increased in 2001 and 2003, and decreased in 2002 and 2004. The majority of capital expenditures in 1999 were incurred by *** and in 2001 and 2003 were incurred ***. AK acquired Armco and opened the Rockport, IN, facility in 1999. NAS started its melt shop in 2001 and added the third annealing and pickling line and the third Sendzimir mill in 2003. For ***, the major capital expenditure items consisted of ***. R&D expenses declined each year during the period of review. ***.

Table III-12
Certain stainless steel sheet and strip: Capital expenditures and research and development expenses of U.S. producers of certain stainless steel sheet and strip, fiscal years 1999-2004

Item	Value (*$1,000*)					
	1999	2000	2001	2002	2003	2004
Capital expenditures	233,051	163,749	195,224	111,502	220,784	123,039
R&D expenses	14,853	14,446	12,797	11,382	9,115	***

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

Assets and Return on Investment

The Commission's questionnaire requested data on assets used in the production, warehousing, and sale of stainless steel sheet and strip to compute return on investment (ROI). Although ROI can be computed in many different ways, a commonly used method is income divided by total assets. Therefore, ROI is calculated as operating income divided by total assets used in the production, warehousing, and sale of stainless steel sheet and strip.

Data on the U.S. stainless steel sheet and strip producers' total assets and their ROI are presented in table III-13. The total assets utilized in the production, warehousing, and sale of stainless steel sheet and strip declined each year during 2000-03, and increased in 2004. ***.

The ROI improved from 8.3 percent in 1999 to 13.3 percent in 2000, then turned negative (a negative 2.9 percent in 2001 and a negative 19.5 percent in 2003), and then rose to 9.9 percent in 2004. The trend of ROI was the same as the trend of the operating income margin in table III-6 during the reporting period.

Table III-13
Certain stainless steel sheet and strip: Value of assets and return on investment of U.S. producers in the production of certain stainless steel sheet and strip, fiscal years 1999-2004

Item	Fiscal years					
	1999	2000	2001	2002	2003	2004
	Value (*$1,000*)					
Value of assets:						
Current assets:						
Cash and equivalents	5,784	15,269	1,764	3,439	1,240	14,330
Accounts receivable, net	322,966	287,756	208,317	232,240	274,755	396,460
Inventories	540,920	617,998	504,204	530,902	544,403	750,127
Other current assets	18,818	19,955	17,498	17,003	24,774	21,971
Total current assets	888,488	940,978	731,783	783,584	845,172	1,182,888
Property, plant and equipment: [1]						
Book value	1,412,690	1,327,064	1,155,951	1,110,730	1,049,353	1,153,126
Other non-current assets	204,880	214,718	100,479	49,920	14,794	6,468
Total assets	2,506,058	2,482,760	1,988,213	1,944,234	1,909,319	2,342,482
Operating income or (loss)	207,013	329,065	(57,421)	20,044	(371,821)	232,123
	Ratio of operating income to total assets (*percent*)					
Return on investment	8.3	13.3	(2.9)	1.0	(19.5)	9.9

[1] *** only reported the book value of property, plant and equipment. Hence, original cost and accumulated depreciation for property, plant and equipment are not presented.

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

PART IV: U.S. IMPORTS AND THE FOREIGN INDUSTRY

U.S. IMPORTS

U.S. imports of stainless steel sheet and strip are presented in table IV-1.[1] [2] As shown, subject merchandise has continued to enter the United States since the imposition of the orders. In terms of quantity, imports of subject merchandise declined by 38.2 percent from 1999 to 2001 then steadily rose by 51.4 percent from 2001 to 2004. U.S. subject imports in 2004 were only slightly below the quantity imported in 1999 although subject import levels throughout the review period remained well below those reported during the original investigations (table I-1).[3] Nonsubject imports, however, were much higher in 1999 (138,540 tons, as shown in table IV-1) compared to the reported level in 1998 (79,506 tons, as shown in table I-1). This apparent rise, however, should be viewed with caution since, as shown in the notes to table I-1, nonsubject imports were calculated using different methodologies in the original investigations and the reviews.[4]

[1] U.S. import data are, as shown in the notes to table IV-1, derived from questionnaire data and from official Commerce statistics, adjusted to exclude nonsubject merchandise. A comparison of the import data in table IV-1 to unadjusted official Commerce statistics, however, show generally similar trends for each subject source with two notable exceptions. ***.

[2] As discussed earlier in this report and shown in table I-10, subject U.S. imports from France, Germany, Italy, and Mexico are, for each source, *** imported by a single source related to the foreign manufacturer and a *** portion of subject U.S. imports from *** are internally consumed by the importing firm or a related manufacturer.

[3] It is not absolutely accurate to compare import data for the review period to that gathered during the original investigations since, as noted earlier, Commerce made a series of scope exclusions after it first imposed the orders. These exclusions were primarily for Japanese merchandise although one exclusion covered U.S. imports of a stainless steel sheet and strip product from Germany. *See* appendix A for a description of the excluded products.

[4] Specifically, nonsubject imports presented during the original investigations were petitioners' estimates based on adjusting official Commerce statistics. (Counsel for the domestic interested parties indicated that the nonsubject data they submitted ***. It is not clear whether this methodology can be duplicated using currently available data and staff did not make an actual request to the domestic interested parties that they attempt to do so. *See* e-mail from the domestic interested parties, March 28, 2005.) Nonsubject imports were calculated by subtracting the quantity and value of excluded products reported in response to the Commission's importer questionnaires and/or in proprietary Customs data. To the extent that imports of excluded product were not reported to the Commission, these data will be overstated.

Table IV-1
Certain stainless steel sheet and strip: U.S. imports, by sources, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Quantity (*short tons*)					
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	179,039	163,888	110,662	118,205	132,048	167,500
All other imports[2]	138,540	132,787	88,590	109,144	95,747	140,875
Total imports	317,579	296,674	199,251	227,349	227,795	308,375
	Value (*$1,000*)					
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	253,987	294,253	169,186	171,615	204,027	328,423
All other imports[2]	227,103	276,008	154,562	178,061	186,231	348,026
Total imports	481,090	570,261	323,748	349,675	390,258	676,449

Table continued on next page.

Table IV-1--*Continued*
Certain stainless steel sheet and strip: U.S. imports, by sources, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Unit value (*per short ton*)					
France	$***	$***	$***	$***	$***	$***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	1,419	1,795	1,529	1,452	1,545	1,961
All other imports[2]	1,639	2,079	1,745	1,631	1,945	2,470
Total imports	1,515	1,922	1,625	1,538	1,713	2,194

[1] Consists of all Taiwan producers/exporters except for Chang Mien and, since June 8, 1999, Tung Mung.
[2] Includes Chang Mien and, since June 8, 1999, Tung Mung.

Source: U.S. imports from France, Germany, Italy, Mexico, and the United Kingdom were compiled from responses to the Commission's importers' questionnaires. Import data for Korea were compiled from exports to the United States as reported in foreign producer questionnaires. Import data for Japan, Taiwan (subject), and all other sources (not including Chang Mien and Tung Mung, excluded Taiwan sources) are official Commerce statistics adjusted to subtract out the quantity and value of excluded products reported in response to the Commission's importer questionnaires and/or in proprietary Customs data. Data for Chang Mien are from importer questionnaire responses and data for Tung Mung are from proprietary Customs data.

Nonsubject imports of stainless steel sheet and strip have, since 1999, followed a similar trend to that shown by subject imports. In terms of quantity, nonsubject imports fell by 36.1 percent from 1999 to 2001 and then rose irregularly by 59.0 percent from 2001 to 2004. The primary nonsubject import sources for 1999-2004 were, according to official Commerce statistics, Canada and Belgium followed (in order) by China, South Africa, Brazil, Sweden, and then Finland. As shown in the tabulation below, which are unadjusted official Commerce statistics, U.S. imports from China rose sharply in 2004 and now account for 37.7 percent of total U.S. imports of stainless steel sheet and strip from nonsubject sources (not including the excluded Taiwan product) compared to less than 0.2 percent in 1999.

Source	1999	2000	2001	2002	2003	2004
	Quantity (*short tons*)					
China	269	1,846	2,622	5,799	8,555	54,352
Canada	37,920	31,646	26,234	33,643	37,044	16,764
Belgium	31,756	29,016	18,858	20,194	16,311	15,475
Brazil	8,266	7,479	9,220	11,040	12,888	15,282
South Africa	11,259	13,593	7,717	13,200	4,766	14,761
Finland	10,547	7,425	4,160	5,215	5,939	10,230
Sweden	10,660	11,692	6,425	6,590	8,188	8,701
All other nonsubject[1]	28,449	25,146	14,677	15,773	4,566	8,503
Total	139,126	127,843	89,913	111,454	98,257	144,068

[1] Not including the excluded Taiwan sources.

Note.–Figures as reported include what is believed to be a relatively small volume of merchandise that does not meet the definition of "certain stainless steel sheet and strip."

*** was the importer of record for the U.S. imports from Canada; ***. Belgium-produced stainless steel sheet and strip was imported by ***.[5] Outokumpu (Sheffield), the UK subject producer, is related to firms that manufacture stainless steel sheet and strip in both Finland and Sweden (Outokumpu Stainless Oy and Outokumpu Stainless AB, respectively).[6] There is minimal information on the record concerning U.S. importers of stainless steel sheet and strip from China although, as shown in table I-8, *** reported U.S. imports of *** tons from *** in China in 2004.[7]

As shown in a comparison of table IV-1 to table I-1, there has been some variation since 1999 in U.S. import trends among sources. Subject imports from France fell *** after the imposition of the orders, rose in 2000, fell again in 2001, and have since risen to a level that is *** than that reported in 1997 and 1998 although *** than the volume imported in 1996.[8] U.S. import levels for subject merchandise from Germany, Italy, and Japan fell to *** lower levels after the imposition of the orders and have remained low throughout 1999-2004 compared to the earlier-reported quantities.[9] U.S. import levels for subject merchandise from the United Kingdom also fell to a level where they accounted for *** percent or less of the U.S. market, in quantity terms, during the period for which data were examined (table I-13). U.S. import levels for subject merchandise from Korea initially remained comparable to

[5] The merchandise it imports is ***. E-mail from ***, March 18, 2005. ***

[6] As shown in table I-10, Outokumpu reported ***.

[7] ***.

[8] ***.

[9] With reference to the post-order period, subject imports from Germany *** from 1999 to 2002 then have fallen to a level in 2004 somewhat *** than that reported for 1999. Subject imports from Japan continued their post-order decline through 1999 and 2000, and are *** in 2004. Subject imports from Italy were *** lower in 1999 than in 2000 or the succeeding years during which they varied from a high in 2003 to a period low in 2004. (However, as shown in table I-12, U.S. shipments of subject merchandise from Italy were *** in 1999 than in 2000.)

those reported during the original investigations until 2001 when they declined *** and remained relatively low for the next two years before rising *** in 2004. In contrast, U.S. import levels for Mexico were, in 1999, higher than those reported during the original investigations (table I-1).[10] Finally, U.S. imports from Taiwan fell during the post-order period but not to the extent shown by the other subject sources (except for Mexico).[11] [12] As shown in table IV-2, subject merchandise from Mexico, as a share of total quantity, accounted for *** percent of total U.S. imports in 2004 followed by (for subject sources) France at *** percent and then Korea and Taiwan at *** percent each. Nonsubject sources accounted for *** percent of total U.S. imports in 2004. Import unit values for both subject sources (in aggregate) and nonsubject sources rose from 1999 to 2000 and then declined in both 2001 and 2002 before increasing in 2003 and again in 2004 to a level that was 38.3 percent (for subject imports) and 50.6 percent (for nonsubject imports) higher than that reported in 1999. A comparison of unit values calculated for each subject source during the 1999-2004 period to those reported during the original investigations suggests that the post-order product mix for Japan and the United Kingdom is *** different from that imported earlier for those countries (table I-1).

During the period for which data were collected in these reviews, imports from the United Kingdom were primarily high-priced precision strip.[13] With respect to subject imports from France, U&A France states that the firm continues to sell *** value-added 400-grade, high critical finish steel in the United States.[14]

The ThyssenKrupp respondent interested parties indicate that the product mix of the German and Italian producers is largely the same as in 1999 and that their exports to the U.S. market are "designed as a complement to maintain Mexinox's position as the principal participant serving the North American market."[15] Further, "Mexinox has continued a strategy, begun before the original determination, of leaving the high-volume commodity products to domestic and other suppliers, and to moving to more value-added applications (e.g., mid-to-light gauge, polished finishes and bright annealed products) that are in short supply from U.S. producers."[16] Further, "Mexinox increasingly has focused on producing

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[10] Since 1999, U.S. imports of stainless steel sheet and strip from Mexico fell by *** percent from 1999 to 2002, then increased by *** percent to a point in 2004 that was ***.

[11] Post-order subject import levels for Taiwan are not absolutely comparable to pre-order levels due to Commerce's November 2004 exclusion of Tung Mung, which was effective as of June 1999. ***.

[12] Taiwan subject import levels fluctuated during the 1999-2004 period and were *** in 2004 than in 1999.

[13] Outokumpu's prehearing brief, pp. 2 and 14. Precision strip is a high-valued niche product that is manufactured to extremely tight tolerances using material that must meet customer-specified mechanical and metallurgical property requirements. Ibid., p. 14. Outokumpu states that decision to reduce its imports of stainless steel sheet and strip (most of which was commodity grade) to the United States preceded the filing of the original petitions. It reports that its predecessor firm, Avesta Sheffield "***." Outokumpu's posthearing brief, p. 2. The *** manufacture precision strip domestically as does Allegheny Ludlum and AK.

[14] French and Korean respondent interested parties' posthearing brief, exhibit 1, pp. 5-6. The brief cites Commission data that *** percent of U.S. sales of French-manufactured stainless steel sheet and strip were 400-grade during the original investigations while over *** percent was 400-grade in 2004. Ibid. Identified categories of U.S. imports of subject merchandise from France are: ***. Ibid., exhibit 1A, pp. 1-2.

[15] ***. E-mail from counsel for the ThyssenKrupp interested parties, March 21, 2005.

[16] ThyssenKrupp's posthearing brief, appendix, p. 44.

Table IV-2
Certain stainless steel sheet and strip: *Per country* share of the quantity, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Share of quantity (*percent*)					
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	56.4	55.2	55.5	52.0	58.0	54.3
All other imports[2]	43.6	44.9	44.5	48.0	42.0	45.7
Total imports	100.0	100.0	100.0	100.0	100.0	100.0

[1] Consists of all Taiwan producers/exporters except for Chang Mien and, since June 8, 1999, Tung Mung.
[2] Includes Chang Mien and, since June 8, 1999, Tung Mung.

Source: Table IV-1.

and selling products in ***."[17] Korean respondents indicated in their posthearing submission that the Korean industry is also more oriented towards the production of higher grade specialty products than at the time of the original investigations.[18] U.S. producers state that they compete in the full range of stainless steel sheet and strip products, including bright-annealed sheet and strip and aluminized grade 409[19] and the Japanese niche products.[20]

Table IV-3 shows the ratios of U.S. imports to domestic production.

[17] ThyssenKrupp's prehearing brief, p. 36.

[18] French and Korean respondent interested parties' posthearing brief, exhibit 3, p. 7.

[19] Domestic interested parties' posthearing brief, p. 3.

[20] Domestic interested parties' prehearing brief, p. 20, n. 12.

Table IV-3
Certain stainless steel sheet and strip: Ratio of U.S. imports to domestic production, 1999-2004

Item	1999	2000	2001	2002	2003	2004
	Ratio (*percent*)					
France	***	***	***	***	***	***
Germany	***	***	***	***	***	***
Italy	***	***	***	***	***	***
Japan	***	***	***	***	***	***
Korea	***	***	***	***	***	***
Mexico	***	***	***	***	***	***
Taiwan (subject)[1]	***	***	***	***	***	***
United Kingdom	***	***	***	***	***	***
Subtotal, subject imports	9.8	9.4	7.6	7.2	8.3	10.0
All other imports[2]	7.6	7.6	6.1	6.7	6.0	8.4
Total imports	17.5	17.1	13.8	13.9	14.3	18.5

[1] Consists of all Taiwan producers/exporters except for Chang Mien and, since June 8, 1999, Tung Mung.
[2] Includes Chang Mien and, since June 8, 1999, Tung Mung.

Source: Calculated from table III-1 and table IV-1.

U.S. IMPORTERS' INVENTORIES

U.S. importers' inventories of stainless steel sheet and strip imports, as reported in questionnaire data, are shown in table IV-4.

Table IV-4
Certain stainless steel sheet and strip: U.S. importers' end-of-period inventories of subject imports, by source, 1999-2004

* * * * * * *

SUBJECT COUNTRY CAPACITY, PRODUCTION, CAPACITY UTILIZATION, DOMESTIC SHIPMENTS, EXPORT SHIPMENTS, AND INVENTORIES

Subject Country Producers

Subject manufacturers are listed in table IV-5 along with each firm's reported capacity, production, total exports, and exports to the United States in 2004; table IV-6 presents data on firm U.S. stainless steel sheet and strip exports, by year. Only *** indicated in their responses to the Commission's foreign producer questionnaire that they had plans to add, expand, curtail, or shut down

Table IV-5
Certain stainless steel sheet and strip: Subject manufacturers, their locations, and their capacity, production, total exports, and exports to the United States in 2004

Firm	Location	2004			
		Capacity	Production	Total exports	Exports to the U.S.
		Quantity (*short tons*)			
France:					
U&A France	Paris	***	***	***	***
IUP	Pont du Roide	(1)	(1)	(1)	(1)
Germany:					
TKN	Krefeld	***	***	***	***
TKNP	Dahlerbruck	(1)	(1)	(1)	(1)
TKVDM	Werdohl	***	***	***	***
Edel. Buderus	Wetzlar	***	***	***	***
Kaltwalzwerke[2]	Hagen	***	***	***	***
Italy:					
TKAST	Terni	***	***	***	***
Japan:					
Hitachi Metals	Tokyo	***	***	***	***
Takasago Tekko	Tokyo	***	***	***	***
Korea:					
POSCO	Seoul	***[4]	***[4]	***	***
BNG	Kyungnam	***	***	***	***
DaiYang	Seoul	***[3]	***[3]	***[3]	***[5]
INI	Inchon	***	***	***	***
Taihan	Seoul	***	***	***	***
Mexico:					
Thyssen Krupp Mexinox	San Luis Potosi	***	***	***	***
Taiwan:					
Stanch[6]	Taichung	***	***	***	***
United Kingdom:					
Outokumpu (Sheffield)	Sheffield	***[7]	***	***	***

[1] Data included in the above figures.
[2] Data for this company are incomplete and are not included in broader industry aggregations.
[3] Not provided.
[4] ***. *See* the section of this report entitled "The Industry in Korea" for a further discussion.
[5] Estimated based on *** data.
[6] Firm is believed to ***.
[7] ***.

Notes continued on next page.

Continuation.

Note 1--Figures for *** include a small quantity of CTL stainless steel sheet and strip; figures for ***; figures for *** include very limited quantities of hot-rolled stainless that it purchases and then resells; and figures for *** include CTL stainless steel sheet and strip.

Note 2.–Reported capacities for following firms are for their cold-rolling capacity (i.e., the firms re-rolled acquired hot-rolled stainless steel sheet and strip): ***. *** has hot-rolling capacity in some of its facilities but does not have the capacity to produce the subject merchandise. In addition, neither *** hot roll subject merchandise at their on-site production plants but instead use affiliated facilities. Finally, *** indicated that it ***.

Note 3.–***.

Note 4.–Data for Japan and Taiwan are understated.

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

Table IV-6
Certain stainless steel sheet and strip: Exports to the United States from subject foreign countries, by source, 1998-2004

* * * * * * *

production capacity and/or production of stainless steel sheet and strip in the subject countries in the future. *** expects ***.[21] *** cited a possible limited expansion in the short term, particularly in hot-rolled and annealed and pickled products for ***. *** detailed its ***, which includes ***. Finally, Mexinox (Mexico) indicated that it is in the process of installing a new line to produce bright-annealed (BA) products that will become fully operational in ***, but will *** expand its overall production capacity for subject merchandise.[22] *** further indicated that it would not anticipate any changes to the character of its operations or organization relating to the production of the subject merchandise in the event that the antidumping and countervailing duty orders were revoked.

Non-U.S. producers, like those in the United States, manufacture stainless steel sheet and strip in facilities that are also used to produce other steel products. Most non-U.S. producers, however, reported little ability to engage in product shifting. The domestic interested parties argue that "there is an incentive and the ability to shift production between coiled and cut sheet depending on the relative prices and cost of each, taking into account payment of dumping duties on {the coiled product}."[23] Respondent interested parties reply that "there always has been a U.S. market" for cut-to-length sheet and strip. They argue that the increases in U.S. imports of cut-to-length sheet and strip cited by the domestic industry at

[21] ***.

[22] The ThyssenKrupp respondents indicated that this line is being moved from its TKAST plant in Italy and cite hearing testimony that only one U.S. producer of 48-inch wide bright-annealed product remained after the closure of Atlas Steel (Canada). ThyssenKrupp's posthearing brief, appendix, p. 7, n.21, citing hearing transcript (Fechter), p. 226.

[23] Domestic interested parties' prehearing brief, p. 90. (They provide import statistics on both coiled and cut-to-length sheet and strip as exhibit 19 to their prehearing brief.) Further "the mill production process for producing cut sheet from coiled sheet is to transfer the coil to a cut-to-length line for leveling and shearing to the ordered length, and then to test and package the resulting cut sheet for shipment. The added cost of cutting {stainless steel sheet and strip} into a sheared sheet is approximately $40 to $80 per ton, with an expected yield loss of 1 to 2 percent." Ibid., p. 60.

the hearing "are linked in time to the abandonment of that segment by most of the domestic mills."[24] Many of the subject producers concentrate on the production of stainless steel sheet and strip[25] while other companies reported a wider range of products produced on the same equipment used to produce the subject merchandise.[26]

Appendix G lists overall capacity and production data, by country, for products manufactured on the same equipment and machinery used in the production of the subject merchandise. Capacity utilization figures calculated from the data provided by firms are listed below:

* * * * * * *

The Industry in France

U&A France is the only manufacturer of subject merchandise in France.[27] During the original investigations it operated as the Ugine Division of Usinor. U&A France produces only stainless flat-rolled products and does not manufacture carbon or other non-stainless steel products. Sales of the subject merchandise represented *** percent of its sales in its most recent fiscal year.[28] Data on U&A France's subject stainless sheet and strip operations are presented in table IV-7.

[24] ThyssenKrupp respondent interested parties' posthearing brief, pp. 12-13. In August 1998, Washington Steel shut down two cutting lines that Allegheny Ludlum did not re-open when it acquired Washington Steel. In 2002, AK and J&L closed three more lines. Cutting lines were also eliminated during this period, according to ThyssenKrupp, by several end users and other operations that started up (including NAS' new cold-rolling mill and a number of new service centers) reportedly did not add cutting capability. Ibid. Cut-to-length production of stainless steel sheet and strip by the integrated U.S. producers is shown in appendix G.

[25] U&A France (France) reported in its foreign producer questionnaire response that *** percent of the cold-rolling lines machinery used in the production of the subject merchandise was allocated to *** in 2004. TKN/TKNP (Germany) reported using *** percent of its common machinery to produce *** while its affiliate TKAST (Italy) reported that the equipment in question accounted for *** percent of its production of ***. Takasago Tekko (Japan) reported using *** percent of common equipment in the production of ***. BNG (Korea) and DaiYang (Korea) used common equipment to produce *** percent and *** percent, respectively, cut-to-length stainless steel sheet and strip while INI (Korea) used the same equipment utilized in the production of the subject product to produce *** percent ***. Finally, all of *** equipment and machinery is used in the production of the subject product.

[26] With respect to Germany, TKVDM stated that *** of the machinery used to produce the subject product was used in the production of ***, while Edelstahlwerke Buderus (Germany) allocated *** of the same equipment for the production of ***. *** percent of the equipment and machinery used to produce the subject merchandise by Hitachi Metals (Japan) was also used for ***. POSCO (Korea) produces hot-rolled stainless steel plate at ***. ***. Mexinox (Mexico) indicated that *** percent of its machinery used in the production of the subject product is also used to produce ***. Finally, Outokumpu (Sheffield) (United Kingdom) reported using *** percent of its machinery and equipment in the production of ***.

[27] IUP is an affiliated firm to U&A France; it rerolls merchandise produced by U&A France. As indicated earlier, IUP shipped *** tons of stainless steel sheet and strip to the United States during 2003. The importer of record for this merchandise was Rahns Specialty Metals, an affiliated U.S. importer that has since stopped operating. Response by the French respondent interested parties to the Commission's notice of institution, p. 4.

[28] U&A France's foreign producer questionnaire response.

Table IV-7
Certain stainless steel sheet and strip: Data for the industry in France, 1999-2004

* * * * * * *

Capacity to produce subject merchandise at U&A France rose from *** tons in 1999 to *** tons in 2004, an increase of *** percent (table IV-7).[29] Production increased by *** percent during the same period, rising from *** tons in 1999 to *** tons in 2004. Capacity utilization was *** percent in 2004, *** percentage points higher than it was in 1999. Exports accounted for between *** percent and *** percent of U&A France's total shipments during 1999-2004. U&A France pointed out in its questionnaire response that ***. The EU market accounted for *** percent of U&A France's stainless steel sheet and strip shipments in 1999 and *** percent in 2004, as the quantity of its EU shipments has risen by *** percent between 1999 and 2004. As shown in table IV-7, U&A France has seen its stainless steel sheet and strip exports both to China and to other Asian markets decline in relative terms between 1999 and 2004, while its exports to the United States and to "other" markets have increased. Exports to the United States have increased by *** percent from 1999 to 2004. U&A France reported in its questionnaire response that demand has ***.

U&A France melts slab at its subject product facilities where it also maintains cold-rolling and anneal and pickling lines.[30] In 1999, U&A France ***; in 2000, the firm ***. Overall cold-rolling capacity at U&A France was reported to be generally level throughout 1999-2004 with a ***. In June 2004, U&A France closed its Ardoise melt shop and, as indicated earlier, ***. ***. As shown in table G-5, U&A France reported a drop-off to *** tons of overall melt capacity in 2004 from the *** maintained throughout 1999-2003. Full-year melt capacity utilization was reported to be *** percent for 2004[31] while overall cold-rolling capacity utilization was *** percent. U&A France reported ***.[32]

Stainless steel sheet and strip from France is subject to an antidumping duty order in Brazil (since 2000), with a 30.9 percent margin, and India (since 2001), with a duty of $370 per metric ton. U&A France indicates that the Brazilian duty order is set to expire in May 2005.[33]

The Industry in Germany

During the period examined in the original investigations there was one major producer of stainless steel sheet and strip in Germany – Krupp Thyssen Nirosta GmbH – and one minor producer – Stahlwerk Ergste Westig GmbH. In the current reviews the Commission received complete questionnaires from four German firms (TKN/TKNP,[34] TKVDM, Edelstahlwerke Buderus, and Stahlwerk

[29] Reported overall melt capacity at U&A France fell by *** percent from 1999 and 2004 while overall cold-rolling capacity rose by *** percent (table G-5). *See* the below discussion of U&A France's overall operations.

[30] ***.

[31] U&A France noted in its questionnaire response that ***.

[32] U&A France's foreign producer questionnaire response.

[33] French and Korean respondent interested parties' prehearing brief, p. 46.

[34] TKNP, a precision strip manufacturing facility, was part of TKN until October 2003, when it was spun off as a wholly owned subsidiary of TKNP. TKNP/TKN's foreign producer questionnaire response.

Ergste Westig[35]). The German firm THDE was unable to provide full data.[36] As shown in table IV-5, TKN/TKNP is, ***.[37] Subject merchandise accounted for *** percent of TKN's and *** percent of TKNP's sales but only *** percent of Edelstahlwerke Buderus' sales in their most recent fiscal year. With respect to TKVDM, *** percent of its total sales were represented by subject merchandise.[38] Data on the German industry's stainless steel sheet and strip operations are presented in table IV-8.

Table IV-8
Certain stainless steel sheet and strip: Data for the industry in Germany, 1999-2004

* * * * * * *

Capacity to produce the subject merchandise in Germany increased from 1999 to 2004.[39] In 1999 German production capacity was *** tons; by 2004 it was *** tons, an increase of *** percent.[40] Over the same time period production rose *** percent from *** tons in 1999 to *** tons in 2004. Total commercial shipments increased by *** percent.[41] Capacity utilization was *** percent in 2004, an increase of *** percentage points compared to 1999. *** accounted for *** of the German industry's shipments throughout the entire period for which data were collected. Shipments *** accounted for *** percent of total shipments in 1999 and *** percent of total shipments in 2004. Germany's second largest market was ***, which accounted for *** percent of shipments in 2004. Exports to the United States *** from 1999 to 2004, but remained below *** percent of total shipments.

Table G-6 presents aggregate overall capacity data for the German industry. These data primarily consist of the operations of TKN/TKNP.[42] TKN/TKNP maintains two melt facilities, one located in Bochum (Germany) and the other in Krefeld. It does not, however, have hot-rolling facilities but instead ***.[43] TKN/TKNP's reported capacity utilization figures were *** percent for ***. ***.[44]

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[35] *See* note 3 to table IV-5 for a discussion of Stahlwerk Ergste Westig's operations. As described in Part I of this report, Stahlwerk Ergste Westig did, however, participate in the original investigations arguing that its precision strip products constituted a separate like product.

[36] THDE reported a 2004 capacity of *** tons and production of *** tons, with capacity utilization of *** percent. The company exported *** percent of its production of the subject merchandise but had *** exports to the United States in 2004.

[37] Edelstahlwerke Buderus ***. TKVDM ***. TKVDM's foreign producer questionnaire response.

[38] Edelstahlwerke Buderus', TKN/TKNP's, and TKVDM's foreign producer questionnaire responses.

[39] *** indicated that it was "not in a position to break down average production capacity by product," instead directing attention to its melting, hot-rolling, and cold-rolling capacity. Because this company's product mix ***, in the absence of other data Staff calculated ***'s capacity based on its cold-rolling capacity utilization.

[40] Overall German melt capacity rose by *** percent while overall cold-rolling capacity increased by *** percent (table G-6).

[41] Sales increased particularly due to ***. ThyssenKrupp also addressed the *** in its questionnaire response. The firm reportedly has ***. *** developed more of its ***, citing *** as the driving factor behind growth in those markets. *** reported a decision to focus on ***, citing ***.

[42] ***. ***. Edelstahlwerke Buderus' and TKVDM's foreign producer questionnaire responses.

[43] It states that "***."

[44] TKN/TKNP's foreign producer questionnaire response.

The ThyssenKrupp respondent interested parties reported existing measures against German-produced cold-rolled stainless steel products in India and Thailand. The former measure, dating from December 2002, resulted in minimum import prices, while the latter, dating from March 2003, resulted in a tariff of 25.75 percent. In addition, there is an antidumping duty investigation underway in Russia pertaining to stainless steel products containing nickel. The measures and investigation pertain to Europe as a whole and, based on ***.[45]

The Industry in Italy

During the period examined in the original investigations there was one major producer of stainless steel sheet and strip in Italy – Acciai Speciali Terni SPA or AST – and a smaller producer – Arinox SRL. TKAST, now a division of ThyssenKrupp, remains the primary manufacturer of stainless steel sheet and strip in Italy. The firm, which formerly operated as AST, was acquired by Krupp Thyssen Stainless in 1998 and then transferred to its current owner Thyssen Krupp Steel Italia SpA in 1999.[46] [47] Sales of the subject merchandise represented *** percent of TKAST's sales in its most recent fiscal year.[48] Data on its subject stainless sheet and strip operations are presented in table IV-9.

Table IV-9
Certain stainless steel sheet and strip: Data for the industry in Italy, 1999-2004

* * * * * * *

Capacity to produce the subject merchandise in Italy increased over the period for which data were collected. In 1999, TKAST had a capacity of *** tons; by 2004, capacity had reached *** tons, an increase of *** percent.[49] [50] Over the same time period production rose by *** percent from *** tons in 1999 to *** tons in 2004. Meanwhile, capacity utilization for TKAST was *** percent in 2004, down *** percentage points from 1999.[51] *** was the primary market for TKAST throughout the period for which data were collected. In 1999 *** percent of shipments were ***; this share declined to *** percent by 2004. However, the quantity shipped *** increased by *** percent from 1999 to 2004. Exports accounted for about *** of shipments from 1999 to 2004. Aside from ***, *** was the next largest market for TKAST, although the quantity shipped to *** declined over the same time period. However, exports to *** grew considerably from *** tons in 1999 to *** tons in 2004, an increase of *** percent.

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[45] The domestic industry also cites a World Trade Organization (WTO) report that indicates that the Brazilian order for cold-rolled flat stainless steel cited earlier also applies to Germany. Domestic interested parties' prehearing brief, pp. 94-95.

[46] TKAST's foreign producer questionnaire response. TKAST states that its changes in organization and corporate structure "***." Ibid.

[47] Arinox SRL is the only rerolling facility in Italy outside of TKAST; it specializes in ultra thin and precision cold-rolled stainless steel. ***. E-mail, counsel for the Italian respondent interested parties, May 23, 2005.

[48] Ibid.

[49] ***.

[50] TKAST's overall melt capacity rose by *** percent from 1999 to 2004; overall hot-rolling capacity rose by *** percent during the period; and overall cold-rolling capacity rose by *** percent (table G-7).

[51] TKAST states that the "only meaningful measure" for capacity is derived from its common production lines. Submission from counsel for TKAST, April 13, 2005, p. 3. TKAST's overall capacity figures for its melt, hot-rolling, and cold-rolling operations were *** for 1999-2004 (calculated from table G-7).

TKAST provided several explanations for its growth in its response to the Commission's questionnaire, including ***.[52]

As described above and shown in table G-7, overall production capacity in the facilities where TKAST manufactures subject merchandise has risen steadily since 1999. TKAST reported that it made *** in its melt shop during the period examined. *** melting capacity, however, became ***. In 2000-01, it ***. TKAST states that ***. Any remaining melting capacity ***.[53]

*** reported existing measures against cold-rolled stainless steel products in India and Thailand. The former measure, dating from December 2002, resulted in minimum import prices, while the latter, dating from March 2003, resulted in a tariff of 25.57 percent. In addition, there is an antidumping duty investigation underway in Russia pertaining to stainless steel products containing nickel. The measures and investigation pertain to Europe as a whole and, ***.[54]

The Industry in Japan

During the period examined in the original investigations there were reportedly 11 stainless steel sheet and strip producers in Japan with a combined annual capacity of more than 2.6 million tons. In comments provided to the Commission, the Japan Iron & Steel Federation ("JISF") listed the following 11 firms as producing stainless steel and sheet producers in Japan: Daido Steel Co., Ltd.; Hitachi Metals Ltd.; JFE Steel Corp.; Nippon Kinzoku Co., Ltd; Nippon Steel Corp.; Nippon Steel & Sumikin Stainless Steel Corp.; Nippon Metal Industry Co., Ltd; Nippon Yakin Kogyo Co., Ltd.; Nisshin Steel Co., Ltd.; Sumitomo Metals Industries, Ltd.; and Takasago Tekko K.K.[55] Only two of these firms, Hitachi Metals[56] and Takasago Tekko K.K., returned questionnaires, and only the latter reported ***.[57] In addition, exporter Marubeni-Itochu Steel Inc. provided a questionnaire response with ***. Data on Takasago Tekko's stainless steel sheet and strip operations are presented in table IV-10. Questionnaire data for the industry as a whole are substantially understated and therefore are not summarized.[58]

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[52] TKAST's foreign producer questionnaire response.

[53] TKAST's foreign producer questionnaire response.

[54] TKAST's foreign producer questionnaire response.

[55] JISF stated that "these Japanese producers of subject merchandise have declined to participate in the Commission's investigation as interested parties. This decision was made for two primary reasons. First, the Japanese producers do not view the U.S. market as an important market. Both the home market and markets in Asia and Europe have proven significantly more important to the Japanese industry. Second, to the extent the Japanese industry does service the U.S. market, it is often with custom product for end users that has proven less sensitive to the high costs imposed by the antidumping order." JISF's comments, p. 1, n. 1.

[56] Hitachi Metals reported that ***.

[57] Takasago Tekko ***.

[58] As discussed, however, in Part I of this report the majority of the firms that imported substantial volumes of subject stainless steel sheet and strip from Japan since 1999 responded to the Commission importers' questionnaire. The names of the foreign manufacturers that are continuing post-order to export subject merchandise to the United States as shown in table I-8. As indicated earlier, several U.S. importers reported importing nonsubject stainless steel sheet and strip products manufactured in Japan that were excluded from the antidumping duty order.

Table IV-10
Certain stainless steel sheet and strip: Data for Takasago Tekko K.K. (Japan), 1999-2004

* * * * * * *

Japan's industry has reconfigured since 1999. Nippon Metal Industries closed its melting furnaces and hot-rolling mills at Sagamihara, transferring melting and rolling to its Kinuura works. In October 2002, Kawasaki Steel and NKK merged to form JFE Steel. In October 2003, the stainless steel divisions of Nippon Steel and Sumitomo Metal Industries merged to form Nippon Steel-Sumitomo Stainless Corp. Both conglomerates reportedly continue to trade with smaller Japanese producers.[59] [60] Stainless steel production in Japan grew between 1999 and 2003, rising from less than 3.4 million metric tons to more than 4.1 million metric tons. Total stainless steel exports also increased between 1999 and 2003: in particular, hot-rolled coil exports rose from 281,100 metric tons to 448,200 metric tons and cold-rolled sheet exports rose from 470,200 metric tons to 495,700 metric tons.[61] Data for Japanese stainless steel sheet and strip output presented in the exhibit to JISF's comments are shown below:

Item	1999	2000	2001	2002	2003	2004
Production (*metric tons*)[1]	1,808,923	2,129,970	2,456,029	2,537,094	2,462,080	2,883,960
Inventories (*metric tons*)[1]	102,755	116,257	137,710	112,911	109,052	119,099
Inventories/production (*percent*)	5.7	5.5	5.6	4.4	4.4	4.1
[1] Japan Stainless Steel Association.						

JISF states the increase in subject production and fall in inventories as a ratio to production for the 1999-2004 period is reflective of the rise in Japanese demand.[62]

*** did not report any expansions or closings of facilities in its questionnaire response but mentioned that its sales volume was decreasing year by year. It reported being forced to *** due to decreasing demand in the Japanese home market;[63] however, in other countries demand is increasing ***.

[59] Inco Limited, *World Stainless Steel Statistics 2004 Edition*, Toronto, Ontario, Canada, November 2004, p. 27. Data and market information provided by Inco are reproduced by permission.

[60] Japan's Fair Trade Commission reportedly fined six stainless steel producers 6.78 billion yen for conspiring to fix domestic prices of flat-rolled stainless sheet between September 2001 and February 2003. Allegedly the mills and their wholesalers "conspired to raise stainless flat-rolled prices on four occasions by 10,000 to 20,000 yen ($96 to $192) per tonne each time. The commission (JFTC) said the general sales managers of the companies met regularly to discuss prices." American Metal Markets, *Japan stainless producers face $64.9M in fines*, posted on March 16, 2005, at http://www.amm.com/news-2005-03-16__13-12-51.html, retrieved on April 5, 2005.

[61] Inco Limited, *World Stainless Steel Statistics 2004 Edition*, Toronto, Ontario, Canada, November 2004, pp. 4 (production) and A-43 (exports).

[62] JISF's posthearing brief, p. 7.

[63] ***'s experience differs from that reported by the JISF (described above).

*** reported barriers with regard to stainless steel products in China and Thailand.[64] The company *** to these countries. The trade barriers that India and Thailand have in place for certain subject merchandise from the EU also apply to Japan.[65] Finally, Japanese producers have reportedly been warned regarding sales of stainless steel sheet in Taiwan.[66]

The Industry in Korea

During the period examined in the original investigations there were reportedly four producers of stainless steel sheet and strip in Korea. The Commission received questionnaires from five Korean firms for the current reviews: POSCO and rerollers, BNG, DaiYang, INI, and Taihan.[67] POSCO is the only Korean producer of hot-rolled product, *** of which its supplies to unaffiliated downstream Korean cold-rollers and to affiliated rerollers in China.[68] Counsel for Korean respondent interested parties indicates that there are a few additional rerollers in Korea other than the reporting firms but that the non-reporting rerollers account for a "very minor portion" of total stainless steel sheet and strip production in Korea.[69] Data on the Korean industry's subject stainless steel sheet and strip are presented in table IV-11.[70] [71] Data for the industry in Korea, less POSCO are shown in table IV-11a and data for the industry in Korea, less INI, are shown in table IV-11b.

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[64] The company did not provide details, however, *** reported an antidumping duty order of 58 percent on stainless steel sheet and strip from Japan in China.

[65] Domestic interested parties' prehearing brief, pp. 94-95, citing the WTO Semi-Annual Report of Measures in Force by India from January-June 2004 and the Semi-Annual Report of Definitive Duties in Force as of December 31, 2004 (for Thailand).

[66] American Metal Market, *Japan stainless sheet exports may destabilize Taiwanese mart*, posted on March 7, 2005, at http://www.amm.com/subscrib/2005/mar/week2/0307st03.htm, retrieved on March 8, 2005. Specifically, the article states that YUSCO accused Japan of exporting large volumes of low-grade hot- and cold-rolled stainless sheet into Taiwan at prices said to be $400 - $450 a tonne lower than domestic (Taiwan) material.

[67] Proprietary Customs data for 1999-2003 lists the most substantial Korean manufacturer/exporters in order of their value of exports of stainless steel sheet and strip products to the United States as: ***. ***. As indicated earlier, ***. The Korean respondent interested parties indicate that ***. E-mail from counsel for the Korean respondent interested parties, May 18, 2005.

[68] French and Korean respondent interested parties' prehearing brief, pp. 7 and 37. ***. E-mail from counsel for Korean respondent interested parties, May 18, 2005.

[69] E-mail, counsel for Korean respondent interested parties, May 20, 2005.

[70] The capacity, production, and home market shipment figures presented in table IV-11 may be argued to be double-counted in that they measure product that POSCO sells to *** both on the hot-rolled level (as reported by POSCO) and on the cold-rolled level (as reported by ***). After consulting with the Korean respondent interested parties, staff decided not to adjust the aggregate data to subtract out POSCO's sales to ***. *See* e-mail, dated May 19, 2005, from Commission staff to the Korean respondent interested parties. Doing so would distort the capacity utilization, inventory to production and shipment ratios, and unit values presented in table IV-11. Korean production and home market shipments are "potentially" (i.e., the transactions are between unaffiliated firms) overstated by the following quantities, which represents POSCO's sales to ***: *** tons in 1999, *** tons in 2000, *** tons in 2001, *** tons in 2002, *** tons in 2003, and *** tons in 2004. ***. *See* e-mail from the Korean respondent interested parties, May 18, 2005.

[71] *** reported data for only the first nine months of 2004. Staff adjusted its data by 4/3 to approximate full-year 2004 operations.

Table IV-11
Certain stainless steel sheet and strip: Data for the industry in Korea, 1999-2004

* * * * * * *

Table IV-11a
Certain stainless steel sheet and strip: Data for the industry in Korea, less POSCO, 1999-2004

* * * * * * *

Table IV-11b
Certain stainless steel sheet and strip: Data for the industry in Korea, less INI, 1999-2004

* * * * * * *

Capacity to produce the subject merchandise increased over the period for which data were collected in Korea. In 1999, Korea had a capacity of *** tons; by 2004 capacity reached *** tons, an increase of *** percent.[72] Korea also saw an increase in production of *** percent over the same time period, with *** and *** tons of stainless steel sheet and strip produced in 1999 and 2004, respectively. During the period for which data were collected capacity utilization increased by *** percentage points to *** percent in 2004, from *** percent in 1999. A *** portion of Korean-produced subject merchandise is shipped within the home market.[73] *** was the primary export market. Shipments to *** were relatively constant as a proportion of total shipments of Korean-manufactured stainless steel sheet and strip throughout 1999-2004, although the absolute quantity of merchandise shipped to *** increased by *** percent from 1999 to 2004. After *** the next biggest export market was ***, with shipments growing by *** percent from 1999 to 2004.

As shown in table G-9a, both POSCO's overall melt and hot-rolling capacity were level from 1999 to 2002 and then rose by *** percent and *** percent, respectively, from 2002 to 2004. The firm attributed its recent expansion to the need to ***.[74] [75] Aggregate Korean overall cold-rolling capacity was *** tons in 2004 (*** tons at POSCO and *** tons at the rerollers).[76] POSCO's overall cold-rolling capacity rose by *** percent from 1999 to 2004 (table G-9a); overall cold-rolling capacity by the four reporting rerollers rose by *** percent (table G-9b). DaiYang reported ***.[77]

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[72] As discussed above, capacity figures include both hot-rolled and cold-rolled capacity for that portion of Korean production that POSCO sells to the four reporting rerollers.

[73] The actual shares are potentially distorted by the inclusion of "double-counted" merchandise.

[74] ***. POSCO's foreign producer questionnaire response. After the completion of a 600,000 metric ton melt facility for its Zhangjiagang Pohand Stainless Steel Ltd. joint venture, the firm reportedly will ***. French and Korean respondent interested parties' posthearing brief, exhibit 3, p. 6. POSCO argues that its joint ventures in China "represent a structural change from the period prior to the orders –i.e., POSCO's investments like the investments of other steel companies, represent much of the capacity that is coming on-stream in China." French and Korean respondent interested parties' prehearing brief, p. 39.

[75] POSCO's exports of hot-rolled stainless steel sheet to its affiliated joint ventures in China accounted for *** percent of its total exports to China in 2004 and *** percent in the first quarter of 2005. French and Korean respondent interested parties' prehearing brief, p. 38.

[76] *See* tables G-9a and G-9b. *** of it was used to cold-roll the subject merchandise.

[77] DaiYang's foreign producer questionnaire response. The firm reported that it has ***. Ibid. BNG reported that *** and Taihan has also ***. BNG and Taihan's foreign producer questionnaire responses.

*** indicated that their firms were subject to antidumping duties and investigations in other countries besides the United States. Barriers have been in place in China since 2000 and Thailand since 2003 on cold-rolled stainless steel. Thailand imposed an antidumping duty of 50.99 percent while a suspension agreement has been reached with China with respect to its 6 percent antidumping duty. Korean respondent interested parties state that the antidumping duty orders and suspension agreements have had limited impact since the duties *** and the suspension agreements do not contain volume restrictions.[78]

The Industry in Mexico

Mexinox is the only producer of stainless steel sheet and strip in Mexico. It does not maintain an integrated manufacturing facility but instead ***. Mexinox's current manufacturing base consists of ***. Sales of the subject merchandise represented *** percent of its sales in its most recent fiscal year.[79] Data on Mexinox's stainless steel sheet and strip operations are presented in table IV-12.[80]

Table IV-12
Certain stainless steel sheet and strip: Data for the industry in Mexico, 1999-2004

* * * * * * *

Mexican capacity for the subject merchandise increased over the period for which data were collected. In 1999 capacity was *** tons; by 2004, that number had grown to *** short tons, an increase of *** percent.[81] Production also increased, reaching *** tons in 2004, *** percent higher than the 1999 production figure of *** tons. Capacity utilization decreased during this time period to *** percent in 2004, down *** percentage points from 1999.[82]

From 1999 to 2004 exports accounted for *** of Mexinox's total shipments. *** continues to be the primary market for Mexinox, although declining as a share of total shipments from *** percent in 1999 to *** percent in 2004. The quantity of subject merchandise shipped to the United States declined by *** percent over the same time period. Other than ***, the biggest market for Mexinox was ***, however, the most noticeable amount of growth took place in *** where shipments increased *** percent over the period for which data were collected, and *** markets where *** tons were shipped in 1999 and *** tons were shipped in 2004. The firm cited *** as well as the overall rebound of the global industry in 2004 as contributing to its growth in specific sectors.

[78] French and Korean respondent interested parties' prehearing brief, p. 44.

[79] Mexinox's foreign producer questionnaire response.

[80] ***.

[81] Reported overall cold-rolling capacity at Mexinox rose by *** percent from 1999 and 2004 (table G-10). *See* the below discussion of Mexinox's overall operations.

[82] The ThyssenKrupp respondent interested parties state that Mexinox is ***. ThyssenKrupp's prehearing brief, p. 51.

The reported increases in Mexinox's capacity and production reflect ***. ***. As shown in table G-10, Mexinox reported cold-rolling capacity of *** tons in 2004; its aggregate annealing and pickling capacity in 2004 was *** tons. As indicated earlier, Mexinox is in the process of installing a new line to produce bright annealed steel; it states, however, in its questionnaire response that ***.[83]

Brazil has an antidumping order of 44.4 percent in place on the subject merchandise produced by Mexinox.[84]

The Industry in Taiwan

During the period examined in the original investigations there were reportedly three firms responsible for the majority of stainless steel sheet and strip production in Taiwan: Yieh United Steel Corp. (or YUSCO), Chia Far Industrial Factory, and Tung Mung Development Co.[85] In the current reviews, however, only one firm, Stanch, provided the Commission with a questionnaire response.[86] YUSCO, along with numerous other Taiwan producers, was sent but did not respond to the Commission's questionnaire for these reviews. U.S. imports of subject merchandise from Taiwan fell after the imposition of the antidumping duty order from *** tons in 1998 to *** tons in 1999 (table I-1). Taiwan-produced stainless steel and strip continued, however, to be exported to the United States throughout the period examined in the review. In 2004, *** tons of stainless steel sheet and strip were imported from Taiwan.[87]

YUSCO is reportedly the largest integrated stainless steel mill in Southeast Asia, with melting capacity of 1 million metric tons; hot-rolling capacity of 900,000 metric tons; and cold-rolling capacity of 600,000 metric tons.[88] It was founded in December 1988. Stainless steel production in Taiwan grew between 1999 and 2003, rising from less than 1.2 million metric tons to more than 1.5 million metric tons. Total stainless steel exports also increased between 1999 and 2003: in particular, hot-rolled coil exports rose from 102,300 metric tons to 401,600 metric tons and cold-rolled sheet exports rose from 423,000 metric tons to 497,500 metric tons.[89]

Stanch, the only reporting firm, reported targeting *** for increased sales. The company attributed its sales to its ***. Stanch reported a decrease in home market demand as well as ***. As noted above, Japanese producers reportedly have been warned regarding sales of stainless steel sheet in Taiwan. Stanch reported no antidumping measures or investigations on its subject exports.

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[83] Mexinox's foreign producer questionnaire response.

[84] Mexinox's foreign producer questionnaire response.

[85] Proprietary Customs data for 1999-2003 lists the most substantial Taiwan manufacturer/exporters in order of their value of exports of stainless steel sheet and strip to the United States as: ***. The domestic industry ***. E-mail from counsel for domestic interested parties, May 13, 2005. As indicated earlier, both Chang Mien and Tung Mung (excepting merchandise exported through Ta Chen) have been excluded from the antidumping duty orders with respect to Taiwan.

[86] Stanch reported cold-rolling capacity in its questionnaire response (table G-11). The domestic industry points out, however, that ***. Domestic interested parties' prehearing brief, p. 77. *See also* www.stanch.com. Data for Stanch are not, therefore, listed in this report, and Table IV-13 is deleted.

[87] As shown in table I-3, Commerce has conducted several administrative reviews of the antidumping duty order on stainless steel sheet and strip from Taiwan.

[88] YUSCO, http://www.yusco.com.tw/English/about_yusco_ch_right1.htm, retrieved on April 5, 2005.

[89] Inco Limited, *World Stainless Steel Statistics 2004 Edition*, Toronto, Ontario, Canada, November 2004, pp. 4 (production) and A-51 (exports).

The Industry in the United Kingdom

During the period examined in the original investigations there were reportedly two firms – Avesta Sheffield and Lee Steel Strip, Ltd. (Lee Steel) – that accounted for all stainless steel sheet and strip production in the United Kingdom. At present there is one primary producer, Outokumpu (Sheffield).[90] Outokumpu (Sheffield), the successor firm to Avesta Sheffield,[91] acquired Lee Steel from the Carelo Group in November 1999. Outokumpu (Sheffield)'s stainless steel sheet and strip operations accounted for *** percent of its sales in its most recent fiscal year. As indicated earlier, the firm does not have the capacity to hot-roll steel but instead ***.[92] Data on the United Kingdom's stainless steel sheet and strip industry are presented in table IV-14.

Outokumpu (Sheffield)'s production capacity was the same in 2004 as it in 1999 although the firm reported a temporary expansion in 2002-03.[93] In 1999 capacity was *** tons; after an increase to *** tons in 2002 and 2003, capacity returned to *** tons in 2004. Production, however, increased by *** percent from *** tons in 1999 to *** tons in 2004. As indicated in the note to table IV-14, capacity utilization figures are not available. The firm indicated in its questionnaire response that it ***.

Exports accounted for about *** of Outokumpu (Sheffield)'s total shipments during the period for which data were collected. The primary market for Outokumpu (Sheffield) is ***, where its shipments have grown irregularly over the period for which data were collected. In 1999, *** percent of total shipments went to ***; by 2004 this share had grown to *** percent. Meanwhile the quantity of subject merchandise that was shipped to *** increased by *** percent from 1999 to 2004. *** is Outokumpu (Sheffield)'s fastest growing export market; exports have increased by *** percent since 1999, and reached *** tons in 2004. Shipments to the home market and the United States, in contrast, have declined.

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[90] Commission questionnaires were sent to a number of manufacturers/exporters in the United Kingdom including those shown as exporting stainless steel sheet and strip in proprietary Customs data. In these data, *** and the *** companies are listed as the primary UK manufacturers of stainless steel sheet and strip products exported to the United States under the covered HTS numbers. ***. ***. ***. As described earlier, Avesta Sheffield described HyClad as a cold-rolled stainless steel sheet and strip product in coils with a three dimensional raised pattern under a trademark name (i.e., HyClad). It argued during the original investigations that HyClad's unique physical appearance, which results from a process of embossing or coining, made it appropriate only for architectural use. HyClad accounted for *** percent to *** percent of Avesta Sheffield's total production in the United Kingdom of subject merchandise during 1996-98. Confidential staff report (memorandum INV-W-131, June 18, 1999), pp. I-9 and I-13. One U.S. importer (***) reported that it has imported small volumes of subject merchandise manufactured by *** throughout 1999-2004 period. ***'s importer questionnaire response. To the best of *** knowledge, *** does not have the capacity to hot- or cold-rolling stainless steel sheet and strip but instead only pattern-rolls metal surfaces. Telephone interview with ***, May 16, 2005.

Further, *** indicated that it exported small quantities of stainless steel sheet and strip to the United States but declined to provide a complete questionnaire response. E-mail from ***, January 1, 2005. Finally, ***, another UK steel processor, indicated that it supplies hot-rolled stainless steel to customers in the EU for cold rolling. It stated that "***." The firm, however, *** that is further processed into razor and flapper valve grade steel, both of which are excluded products. E-mail from ***, March 7, 2005.

[91] In January 2001, Outokumpu Oyj acquired the majority interest in the corporate parents of Avesta Sheffield and its successor firms; by December 2002, Outokumpu Oyj was the sole owner of former Avesta Sheffield entities. Outokumpu's prehearing brief, p. 1, n. 2.

[92] Outokumpu (Sheffield)'s foreign producer questionnaire response. As shown in table G-12, Outokumpu (Sheffield) reported *** utilization of its UK-based melt shop.

[93] ***.

Table IV-14
Certain stainless steel sheet and strip: Data for the industry in the United Kingdom, 1999-2004

* * * * * * *

The only reason that Outokumpu (Sheffield) provided for expansion was that ***. Additionally, the firm stated that it is continually trying to become more competitive in markets across the globe. Outokumpu (Sheffield) did not report any antidumping duties in place by any country other than the United States.

GLOBAL MARKET

General

Global production of stainless steel has grown markedly in recent years. On a liquid steel basis, by one published estimate world production of stainless steel grew from 17.9 million metric tons in 1999 to 22.1 million metric tons in 2003.[94] More recent published estimates point to continued growth in global production. A second source reported that, on an ingot/slab equivalent basis, crude stainless and heat resisting steel production rose from 19.2 million metric tons in 2001 to 20.7 million metric tons in 2002, 22.9 million metric tons in 2003, and 24.6 million metric tons in 2004.[95]

Inco reported that more than 6 million metric tons of melt capacity may be brought online in China over the next six years.[96] Inco's estimate of potential growth in melt capacity is consistent with those of the International Stainless Steel Forum (ISSF), which forecast an increase in stainless and heat-resisting crude steel production of 5.0 percent in 2005,[97] and ***, which identified nearly *** metric tons of planned expansions in meltshop capacity for stainless steel slab between 2004 and 2009, with *** metric tons in China alone.[98] With respect to global stainless steel cold-rolling capacity, *** reported *** from *** metric tons in 1999 to *** metric tons in 2004, largely in ***. *** forecasts continued growth in global stainless steel cold-rolling capacity to *** metric tons by 2009, primarily in *** and secondarily in ***.[99]

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[94] Inco Limited, *World Stainless Steel Statistics 2004 Edition*, Toronto, Ontario, Canada, November 2004, p. 4. According to this source, much of the growth between 1999 and 2003 was concentrated in China, Finland, India, Italy, Japan, Korea, and Taiwan. Ibid.

[95] International Stainless Steel Forum - *Stainless Steel Statistics* at http://www.worldstainless.org/, retrieved on April 5, 2005. According to this source, the increases in crude stainless and heat resisting steel production between 2001 and 2004 were primarily in Asia and secondarily in Western Europe / Africa. Ibid.

[96] Inco Limited, *World Stainless Steel Statistics 2004 Edition*, Toronto, Ontario, Canada, November 2004, p. 15.

[97] International Stainless Steel Forum, *ISSF forecasts year of consolidation*, media release dated May 12, 2005. This source observed that, after rapid growth in the last quarter of 2004, 2005 production growth of 5.0 percent would be "slightly below" the long-term average market growth, but noted that 2006 production levels likely would be "a bit above" 6.0 percent. ISSF further reported that "(i)n 2005, China will expand its stainless melting activities with significant new capacities coming on-stream. The apparent aim is to make the world's largest stainless steel market self-sufficient." Ibid.

[98] *** in May 10, 2005 submission by French and Korean respondent interested parties.

[99] *** in domestic interested parties' prehearing brief, exhibit 11, and in May 10, 2005 submission by French and Korean respondent interested parties.

Worldwide, stainless steel consumption also has grown since 1999. As the tabulation below illustrates, through 2003, the most recent year for which public data are available, much of the growth (measured in thousands of metric tons) was centered in Asia, largely but not exclusively in China.[100]

Region	1999	2000	2001	2002	2003
Western Europe	4,757	5,400	4,823	4,966	4,797
Asia, other than China	4,379	4,935	4,863	4,927	5,419
China	1,663	1,879	2,282	3,161	4,200
Americas	2,937	3,017	2,587	2,679	2,685
Other	769	819	918	976	1,120
World total	14,505	16,050	15,473	16,709	18,221

Published sources indicate that Asia and Western Europe account for the largest shares of consumption of cold-rolled sheet and strip, the largest component of stainless steel. In 2003, consumption of cold-rolled stainless steel sheet and strip was greatest in Asia excluding China (3.3 million metric tons), then Western Europe (2.9 million metric tons), China (2.5 million metric tons), and the Americas (1.8 million metric tons).[101]

Confidential data on global apparent consumption also indicate that demand for cold-rolled stainless steel flat products has grown in recent years, with the notable exception of 2001. Data compiled by *** on global apparent consumption of cold-rolled stainless steel are tabulated below:[102]

* * * * * * *

Confidential data on global apparent consumption indicate that demand for cold-rolled stainless steel flat products may continue to grow in the coming years, but at a slower rate. Data compiled by *** on forecasted global apparent consumption of cold-rolled stainless steel are tabulated below:[103]

* * * * * * *

According to one public source, world prices for cold-rolled stainless steel coils increased over the course of calendar year 2003 and 2004. As reported by MEPS, world prices for grade 304 cold-rolled stainless steel coils increased from $1,545 per metric ton in January 2003 to $1,961 per metric ton in December 2003, and from $2,137 per metric ton in January 2004 to $2,827 per metric ton in December 2004. Similarly, world prices for grade 316 cold-rolled stainless steel coils increased from $2,109 per

[100] Inco Limited, *World Stainless Steel Statistics 2004 Edition*, Toronto, Ontario, Canada, November 2004, p. 6. Inco highlighted the recovery of the Japanese market in 2003 (after a contraction in 2002) and continued strong growth in China (attributable to high levels of economic growth; relocation of industrial and manufacturing capacity; and high levels of residential and commercial construction). Inco noted that China (like India before it) is increasingly consuming 200 series steel, a low-nickel variant of stainless steel. Ibid., pp. 11-15.

[101] Inco Limited, *World Stainless Steel Statistics 2004 Edition*, Toronto, Ontario, Canada, November 2004, p. 7.

[102] *** in May 10, 2005 submission by French and Korean respondent interested parties; *** in May 11, 2005 submission by domestic interested parties.

[103] Ibid.

metric ton in January 2003 to $2,688 per metric ton in December 2003, and from $2,919 per metric ton in January 2004 to $4,502 per metric ton in December 2004.[104] More recently, world prices for grade 304 cold-rolled stainless steel coils have begun to decline, falling to $2,712 per metric ton in February 2005, while world prices for grade 316 cold-rolled stainless steel coils have continued to increase, rising to $4,736 per metric ton in 2005.[105]

As presented in table IV-15, price and surcharge data for grade 304 cold-rolled stainless steel coil compiled by Metal Bulletin Research likewise exhibited a net increase over the course of 2004 and into 2005. In the United States and Europe, however, transaction prices declined in February and March 2005, although Asian prices continued to increase. Transaction prices in Europe were higher than those in the United States in 7 of 15 months during this period, most recently in December 2004. Asian prices were consistently lower than transaction prices in Europe and the United States throughout the 15-month period.[106]

Tables IV-16 - IV-19 present negotiated transaction prices for grades 304, 316, 409, and 430 cold-rolled stainless steel coils, respectively, in select subject markets. According to data compiled by MEPS for January 2004 through April 2005, negotiated transaction prices for grades 304, 409, and 430 cold-rolled stainless steel coils generally *** over the course of 2004, but began to *** in 2005, while negotiated transaction prices for grade 316 cold-rolled stainless steel coils generally continued to *** until April 2005. For grade 304 coils, prices were *** in the UK than in the United States; *** in Korea and France; *** in Germany, Italy, and Japan; and *** in Taiwan. For grade 316 coils, prices were *** in the UK, France, Germany, and Italy than in the United States; and *** in Korea, Japan, and Taiwan. For grade 409 coils, prices were *** in France and the UK than in the United States; *** in Germany and Italy; and *** in Korea. For grade 430 coils, prices were *** in Germany, the UK, and Italy than in the United States; *** in France and Korea; ***; and *** in Taiwan.

[104] MEPS, *World Stainless Steel Product Prices* at http://www.meps.co.uk/Stainless%20Prices.htm, retrieved on March 14, 2005. This source, unlike other MEPS price series, is available to the public and its use is unrestricted.

[105] MEPS, *World Stainless Steel Product Prices* at http://www.meps.co.uk/Stainless%20Prices.htm, retrieved on May 23, 2005.

[106] Metal Bulletin Research, *Stainless Steels Monthly*, p. 1 of issues 125-139 (January 2004 - March 2005) in domestic interested parties' posthearing brief, exhibit 8 (public).

Table IV-15
Stainless steel cold-rolled coil: Base prices plus applicable alloy surcharges, grade 304 cold-rolled coil,[1] by market and by month, January 2004-March 2005

Period	Stainless steel price summary (*dollars per metric ton*)		
	United States	Europe	Asia
2004:			
January	2,254	2,479	2,013
February	2,590	2,692	2,200
March	2,770	2,699	2,205
April	2,837	2,744	2,174
May	2,782	2,808	2,106
June	2,727	2,815	2,086
July	2,580	2,737	2,135
August	2,837	2,751	2,250
September	3,035	2,911	2,500
October	3,026	2,933	2,550
November	2,970	2,991	2,550
December	3,099	3,102	2,600
2005:			
January	3,133	3,077	2,625
February	2,925	2,801	2,675
March	2,968	2,772	2,700

[1] Cold-rolled coil is defined by Metal Bulletin Research as a product sold in a thickness of 2mm.

Note.– Transaction prices for Europe and the United States are the sum of published base prices and alloy surcharges for each month. Surcharges for European producers were reported in Euros, which were converted to U.S. dollars using the Federal Reserve Board foreign exchange rates available at http://www.federalreserve.gov/releases/G5/.

Source: Metal Bulletin Research, *Stainless Steels Monthly*, January 2004 - March 2005, p. 1, in domestic interested parties' posthearing brief, exhibit 8 (public).

Table IV-16
Stainless steel cold-rolled coil: Negotiated transaction prices plus applicable alloy surcharges, grade 304 cold-rolled coil, by subject country and by month, January 2004-April 2005

* * * * * * *

Table IV-17
Stainless steel cold-rolled coil: Negotiated transaction prices plus applicable alloy surcharges, grade 316 cold-rolled coil, by subject country and by month, January 2004-April 2005

* * * * * * *

Table IV-18
Stainless steel cold-rolled coil: Negotiated transaction prices plus applicable alloy surcharges, grade 409 cold-rolled coil, by subject country and by month, January 2004-April 2005

* * * * * * *

Table IV-19
Stainless steel cold-rolled coil: Negotiated transaction prices plus applicable alloy surcharges, grade 430 cold-rolled coil, by subject country and by month, January 2004-April 2005

* * * * * * *

Tables IV-20 - IV-22 present negotiated transaction prices for grades 304, 316, and 430 cold-rolled stainless steel sheet, respectively, in select subject markets. According to data compiled by *** for January 2004 through April 2005, negotiated transaction prices for grades 304 and 430 cold-rolled stainless steel sheet generally *** over the course of 2004, but began to *** in 2005, while negotiated transaction prices for grade 316 cold-rolled stainless steel sheet generally continued to *** until April 2005. For grade 304 sheet, prices were *** in the UK than in the United States; *** in France and Germany; and *** in Italy and Japan. For grade 316 sheet, prices were *** in the UK, Germany, France, and Italy than in the United States; and *** in Japan. For grade 430 sheet, prices were *** in Japan than in the United States; *** in the UK; *** in France and Germany; and *** in Italy.[107]

Table IV-20
Stainless steel cold-rolled coil: Negotiated transaction prices plus applicable alloy surcharges, grade 304 cold-rolled stainless steel sheet, by subject country and by month, January 2004-April 2005

* * * * * * *

Table IV-21
Stainless steel cold-rolled coil: Negotiated transaction prices plus applicable alloy surcharges, grade 316 cold-rolled stainless steel sheet, by subject country and by month, January 2004-April 2005

* * * * * * *

[107] Price data compiled by MEPS and by *** frequently serve as reference points for the parties in these reviews. The data, however, are not collected on exactly the same bases. In addition to the specific product definitions used by each publication, MEPS and *** use different time periods for data collection. MEPS reportedly presents data collected ***, while *** presents data for the end of the previous month for each monthly presentation. Staff telephone interview with ***, May 13, 2005.

Table IV-22
Stainless steel cold-rolled coil: Negotiated transaction prices plus applicable alloy surcharges, grade 430 cold-rolled stainless steel sheet, by subject country and by month, January 2004-April 2005[3]

* * * * * * *

Finally, *** presents confidential global price trends and forecasts for grade 304 and grade 430 cold-rolled coils. On an annual basis, data from this source indicate that U.S. prices for grade 304 coils were ***. U.S. prices were ***. U.S. prices were ***. This source forecasts ***.[108]

For grade 430 cold-rolled coils, U.S. prices reported by this source were ***. U.S. prices were ***. This source forecasts ***.[109]

Subject Countries' Export Markets

Based on responses from the producers of stainless steel sheet and strip in the eight subject countries, the two major non-U.S. markets for stainless steel sheet and strip are the European Union (EU) and China. For these producers, the EU has expanded as a market since 1999 and remains a substantial non-U.S. market for exports of stainless steel sheet and strip (based on combined exports). Exports to China, however, have grown more rapidly, especially since 2002. While the EU remains the larger of these two major export markets, exports to China reached 91 percent of the level of exports to the EU by 2004 (from 54 percent in 1999).

EU

Ten countries (Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia) joined the EU on May 1, 2004.[110] Prior to that time, the EU consisted of 15 members (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Netherlands, Portugal, Spain, Sweden, and the United Kingdom). Based on questionnaire data tabulated below, combined shipments of stainless steel sheet and strip by France, Germany, Italy, and the United Kingdom within the EU and exports of stainless steel sheet and strip from Japan, Korea, Mexico, and Taiwan to the EU increased by 18 percent between 1999 and 2004, with much of the growth occurring

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[108] *** in prehearing brief of domestic interested parties, exhibit 11.

[109] *** in prehearing brief of domestic interested parties, exhibit 11.

[110] As a customs union, the EU maintains a common external tariff, has abolished customs duties between Member States, and since 1993, has removed internal border restrictions. The EU has expanded gradually, increasing from six Member States to 15 between 1958 and 1995. The "EU Enlargement" in May 2004 added ten new Member States, increasing population in the EU by nearly 20 percent and increasing GDP by almost 5 percent. *See* "Customs and Tariffs" at www.eurunion.org/legislat/customs.htm (retrieved on June 9, 2004); "The Customs Policy of the European Union" at www.europa.eu.int/comm/publications/booklets/move/19/txt_en.htm (retrieved June 9, 2004); and "EU Enlargement: The New EU 25 compared to the EU15", Eurostat news release STAT/04/36, March 11, 2004.

Twelve of the 15 Member States of the EU as it existed prior to May 1, 2004, have adopted a common currency, the *euro*. The *euro* has been accepted in these Member States as an accounting unit since 1999 and as common currency since 2002. At this time, Denmark, Sweden, and the United Kingdom have not adopted the *euro*, nor have the ten newest Member States. *See* "The Euro: Our Currency" at www.europa.eu.int/comm/economy_finance/euro/faqs/faqs_19_en.htm (retrieved June 9, 2004) and "The Euro" at www.economist.com/research/backgrounders/displayBackgrounder.cfm?bg=974014 (retrieved June 9, 2004).

after 2001.[111] Reported average unit values for such shipments increased irregularly, and were higher than reported average unit values for total exports in each of the six years.

Item	1999	2000	2001	2002	2003	2004
Exports to the EU (*short tons*)	796,096	772,282	808,773	865,936	884,226	937,307
Exports to the EU (*per short ton*)	$1,402	$1,734	$1,381	$1,380	$1,630	$2,118
Total exports (*per short ton*)	$1,317	$1,602	$1,269	$1,274	$1,467	$1,866

China

Based on questionnaire data tabulated below, exports of stainless steel sheet and strip from the eight subject countries to China increased by 99 percent between 1999 and 2004, with much of the growth occurring after 2002. Reported average unit values for such shipments increased irregularly, but were lower than reported average unit values for total exports in each of the six years.

Item	1999	2000	2001	2002	2003	2004
Exports to China (*short tons*)	428,889	365,915	495,131	523,169	736,328	852,968
Exports to China (*per short ton*)	$1,119	$1,367	$1,046	$1,082	$1,206	$1,541
Total exports *(per short ton*)	$1,317	$1,602	$1,269	$1,274	$1,467	$1,866

[111] Home market shipments by the stainless steel sheet and strip industries in France, Germany, Italy, and the United Kingdom are not included in this calculation.

PART V: PRICING AND RELATED INFORMATION

FACTORS AFFECTING PRICES

By definition, stainless steel is an iron alloy that contains at least 10.5 percent chromium and no more than 1.2 percent carbon. Some common grades of stainless steel, such as 304 and 316, contain significant amounts of nickel. Other common grades, such as 409 and 430, contain little if any nickel. Raw materials for the production of stainless steel sheet and strip include carbon steel and stainless steel scrap, as well as alloy materials (especially chromium, nickel, and molybdenum). Stainless steel sheet and strip is produced by combining raw materials with capital, labor, and energy inputs. Prices are affected by the cost of these factors of production and by transportation costs, exchange rates, and market competition.

The cost of certain stainless steel sheet and strip also depends on the extent of processing; the extent of cold reduction (thinner materials costs more per ton); surface finish; or slitting to narrower width. At each step, processing adds value to certain stainless steel sheet and strip and, therefore, affects pricing. For example, one domestic producer in the original investigations estimated that front end melting added *** per ton to the cost of raw materials, hot rolling added *** per ton, annealing and pickling added *** per ton, and cold rolling, followed by annealing and pickling and finishing, added *** per ton. Another domestic producer in those investigations estimated that producing a 2B finish added *** per ton and cutting to length added *** per ton.[1] Most stainless steel sheet and strip discussed in this section is cold-rolled or cold-reduced.

Raw Material Costs

Raw material components vary based on the grade of stainless steel produced and the proportion and composition of scrap material used. Raw material costs, thus, depend on the desired characteristics of the final product. U.S. producers typically price stainless steel sheet and strip using surcharges which vary by the type of material and with the cost of the inputs. Six of 21 responding importers also reported the use of surcharges. Surcharges are calculated using formulas based on trigger prices for each raw material and vary depending on the specific grade of steel.

Raw material costs for stainless steel sheet and strip depend on the grade of stainless steel produced and the unit cost of inputs such as chromium and nickel. Grade 304, for instance, contains 18.0-20.0 percent chromium and 8.0-10.5 percent nickel. Grade 409 contains 10.5-11.75 percent chromium and no more than 0.5 percent nickel. The price of stainless steel scrap tends to follow the market price of the alloys that make up its composition. The raw material costs of a specific grade of stainless steel can be calculated from these values and the unit cost of inputs.

From 1999 to 2004, the cost of iron scrap, the principal component of stainless steel sheet and strip, increased significantly, as did the price of manganese. As a result, some firms added new surcharges for these inputs as well as titanium, in addition to the existing surcharges for nickel, chromium, and molybdenum.[2] The raw material costs for nickel, chromium, molybdenum, iron, and manganese requirements for five typical grades of stainless steel sheet and strip are reported in table V-1 by quarter. The average surcharge for all five types of stainless steel sheet and strip products increased

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[1] Confidential staff report for the original investigations (memorandum INV-W-150, July 6, 1999), p. V-1.

[2] As of April 14, 2005, the price of titanium has risen to $14.88 per pound, well above the $3.50 per pound base price, which would equal a surcharge of about $74 per ton for type 409 stainless steel. American Metal Market, *NAS latest to add titanium to surcharge formula*, April 14, 2005, retrieved from http://www.amm.com/News-2005-04-14 20-54-49.html, on April 15, 2005.

Table V-1
Certain stainless steel sheet and strip: Calculated alloy cost of nickel, chromium, molybdenum, iron, and manganese, per ton, by grade of stainless and by quarter, January 1999-December 2004

Period	Product 1, grade 304	Product 2, grade 409	Product 3, grade 430	Product 4, grade 316L	Products 5 & 7, grade 304L
	Unit value *(per ton)*				
1999:					
Jan.-Mar.	$666	$310	$338	$822	$666
Apr.-June	660	251	280	837	660
July-Sept.	768	279	308	964	770
Oct.-Dec.	880	290	320	1,102	880
2000:					
Jan.-Mar.	1,040	330	364	1,284	1,040
Apr.-June	1,075	371	402	1,317	1,075
July-Sept.	972	348	379	1,201	972
Oct.-Dec.	873	302	336	1,081	873
2001:					
Jan.-Mar.	793	292	322	975	793
Apr.-June	765	258	284	955	765
July-Sept.	664	247	270	842	664
Oct.-Dec.	660	263	284	829	660
2002:					
Jan.-Mar.	731	269	289	920	731
Apr.-June	761	234	259	975	761
July-Sept.	794	278	304	1,099	794
Oct.-Dec.	840	308	333	1,114	840
2003:					
Jan.-Mar.	951	327	355	1,207	951
Apr.-June	965	330	364	1,264	965
July-Sept.	1,088	381	417	1,439	1,088
Oct.-Dec.	1,308	373	412	1,734	1,308
2004:					
Jan.-Mar.	1,558	439	491	2,065	1,558
Apr.-June	1,521	553	615	2,119	1,521
July-Sept.	1,739	694	743	2,524	1,739
Oct.-Dec.	1,726	683	728	2,699	1,726

Source: Data provided March 17, 2005 by domestic interested parties as a result of staff request. *See also* posthearing brief of domestic interested parties, exh. 17.

between 1999 and 2004. The increase has been steady since fourth quarter 2002, following fluctuations earlier in the period.

The costs of alloying elements have changed from month to month.[3] At the same time, the costs attributable to nickel, chromium, and molybdenum varied widely by grade of stainless. Grades 409 and 430 contain very little if any nickel; surcharge costs for these grades increased by 115 to 120 percent. Surcharge costs for grade 316L, which contains the most nickel, increased by 228 percent, and surcharge costs for grades 304 and 304L, which contain the most chromium, increased by 159 percent. Some firms mentioned that purchasers were attempting to shift to lower nickel types of stainless steel sheet and strip because of the high cost of nickel.

*** U.S. producers responding to the pricing section questions in the producers' questionnaire for certain stainless steel sheet and strip are not integrated producers. These firms purchase hot bands or cold-rolled stainless steel sheet and strip to be rerolled to customers' specifications, including the slit width, edge, or other finish.

Energy costs are another important factor in the production of stainless steel sheet and strip. Both electricity and natural gas prices were higher in 2003 and 2004 than in 2001-02, as shown in the following chart:

Item	1999	2000	2001	2002	2003	2004
U.S. natural gas industrial price[1]	$3.12	$4.45	$5.24	$4.02	$5.81	$6.40
Electricity price[2]	.0443	.0464	.0504	.0488	.0513	.0511

[1] In dollars per thousand cubic feet.
[2] In dollars per kilowatt-hour.

Sources: U.S. Energy Information Administration, http://tonto.eia.doe.gov/dnav/ng/hist/n3035us3a.htm, http://www.eia.doe.gov/cneaf/electricity/epm/table5_6_b.html, and http://www.eia.doe.gov/cneaf/electricity/epa/average_price_state.xls, retrieved April 18, 2005.

Transportation Costs to the United States

Transportation costs for stainless steel sheet and strip from subject countries to the United States (excluding U.S. inland costs) are presented in table V-2. 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. Korean respondent interested parties noted that the transport cost from Korea had risen, although the share had declined since the increase in total customs value was more than the increase in transport costs.[4]

U.S. Inland Transportation Costs

Reported U.S. inland transportation costs for stainless steel sheet and strip steel ranged from 2 to 9 percent for U.S. producers, with three of the five responding producers reporting costs between 2 and 3 percent.[5] All 17 responding importers reported U.S. inland transportation costs between 0.5 and 5 percent, with 10 of these firms reporting costs below 3 percent.[6]

[3] The average monthly costs of chromium, molybdenum, and nickel for AK from 2000 to 2004 are shown in appendix H. AK's average monthly costs of iron, starting in March 2004, are also presented in appendix H.

[4] Posthearing brief of French and Korean interested parties, exh. 3.

[5] One producer reported transportation costs were 95 percent. This response is not included in the data.

[6] One importer reported transportation costs were 45 percent, one 95 percent, and one 100 percent. These responses are not included in the data.

Table V-2
Certain stainless steel sheet and strip: Transportation costs to the U.S. market, by country, 1999-2004

Country	1999	2000	2001	2002	2003	2004
	Share of customs value (*percent*)					
France	4.9	5.8	9.2	11.3	6.8	6.7
Germany	4.0	3.6	3.7	3.3	2.6	3.5
Italy	7.0	4.8	5.5	5.6	5.8	5.1
Japan	4.2	5.1	3.4	3.6	4.2	4.6
Korea	6.1	4.7	4.6	6.2	6.2	4.7
Mexico	1.8	1.5	1.8	1.8	1.6	1.2
Taiwan	5.8	4.8	5.9	6.6	5.7	4.4
UK	4.0	4.3	3.3	5.6	4.1	4.0

Source: Compiled from official statistics of Commerce.

Exchange Rates

Quarterly real and nominal exchange rates reported by the IMF for the currencies of France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom against the U.S. dollar during the period January 1999 to December 2004 are shown in figure V-1.[7]

[7] Nominal Taiwan data are from the St. Louis Federal Reserve Bank; real data were not available for Taiwan. Real exchange rates are nominal exchange rates adjusted for inflation.

Figure V-1
Exchange rates: Indices of the nominal and real exchange rates between the currencies of France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom vis-a-vis the U.S. dollar, by quarters, January 1999-December 2004

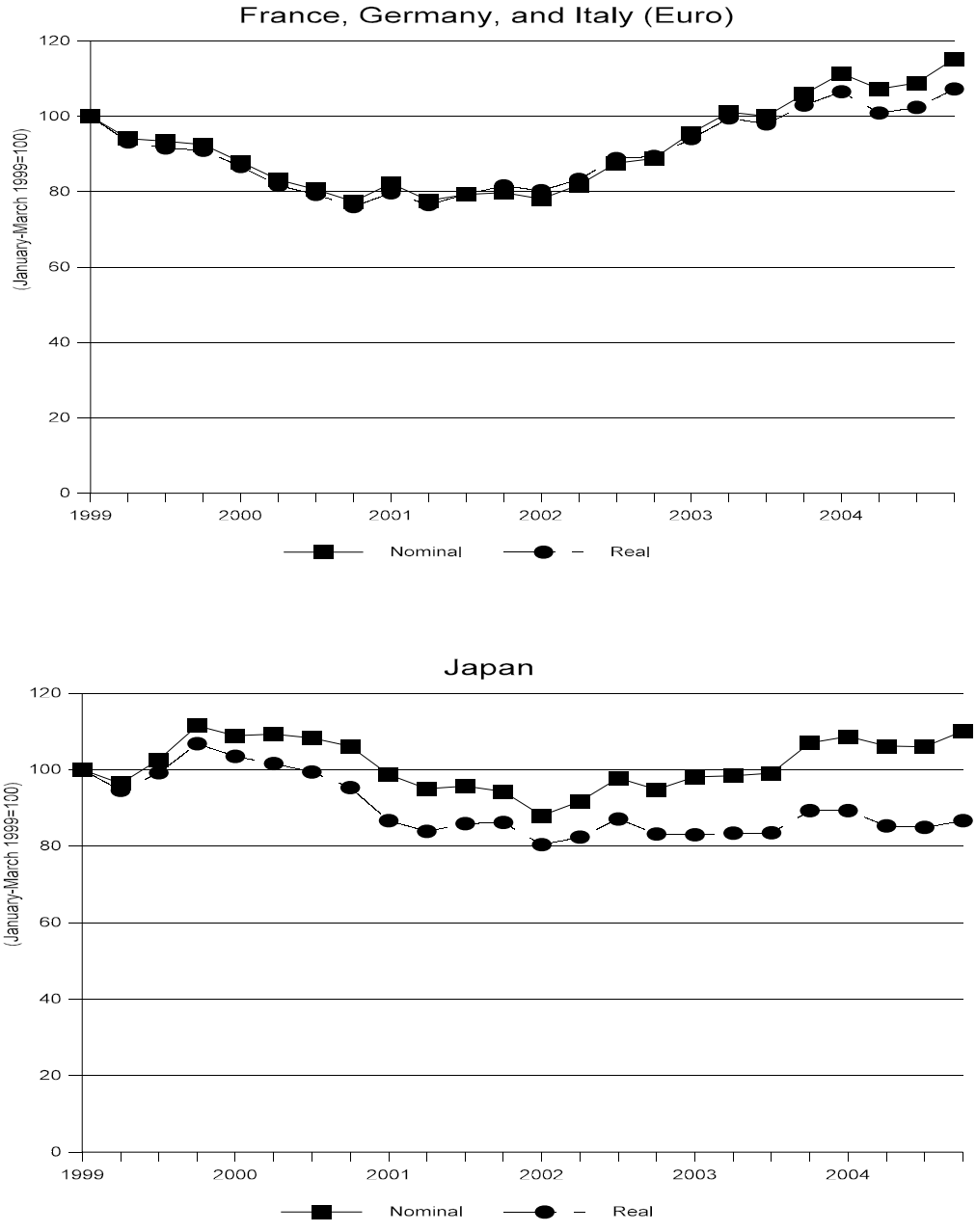
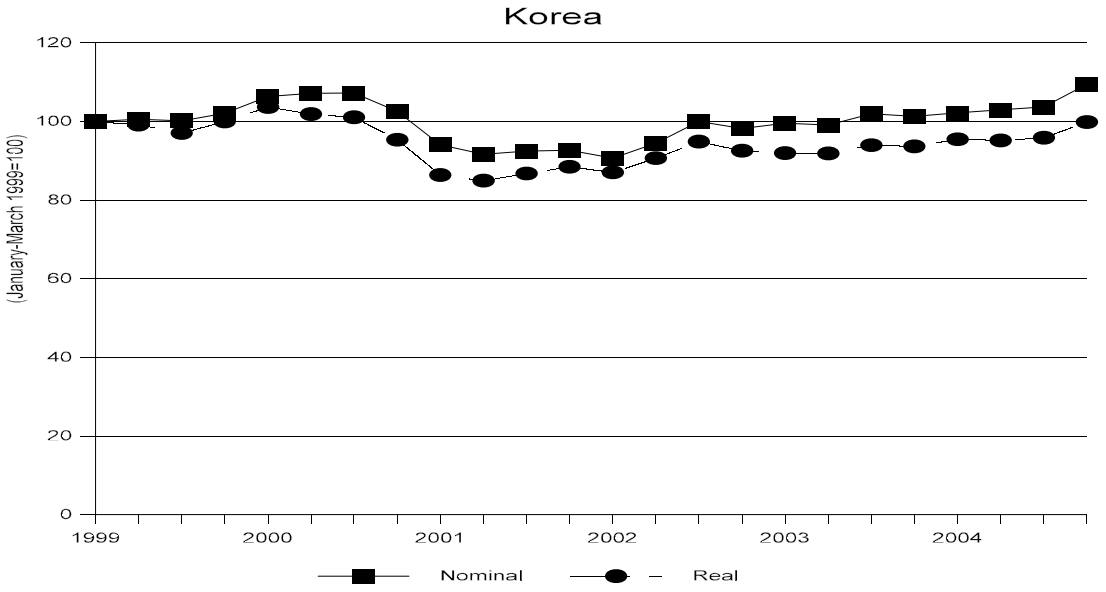


Figure continued on next page.

Figure V-1--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the currencies of France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom vis-a-vis the U.S. dollar, by quarters, January 1999-December 2004



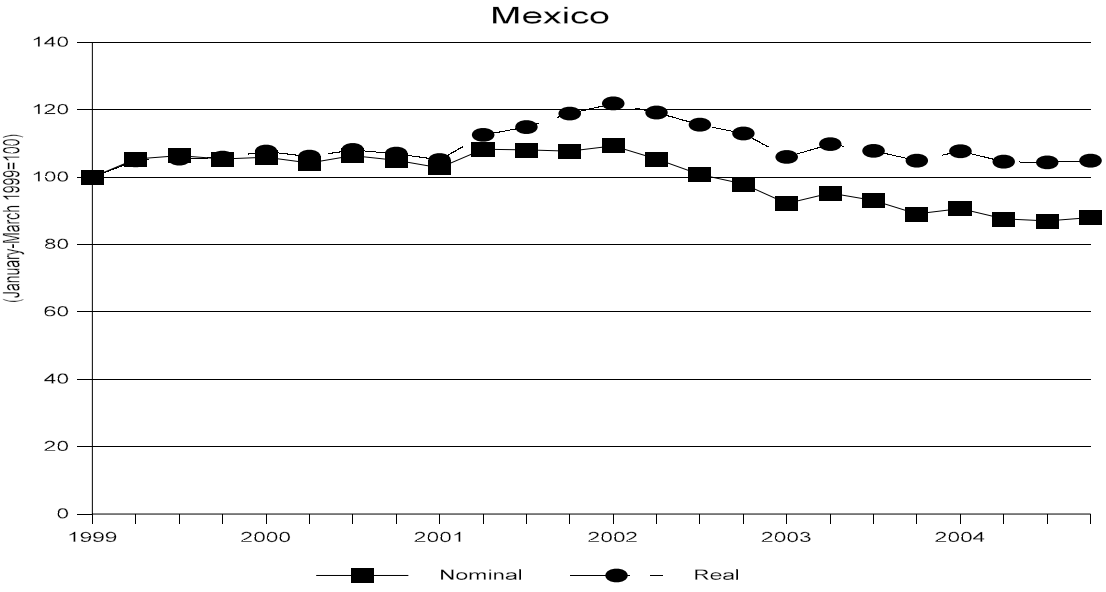
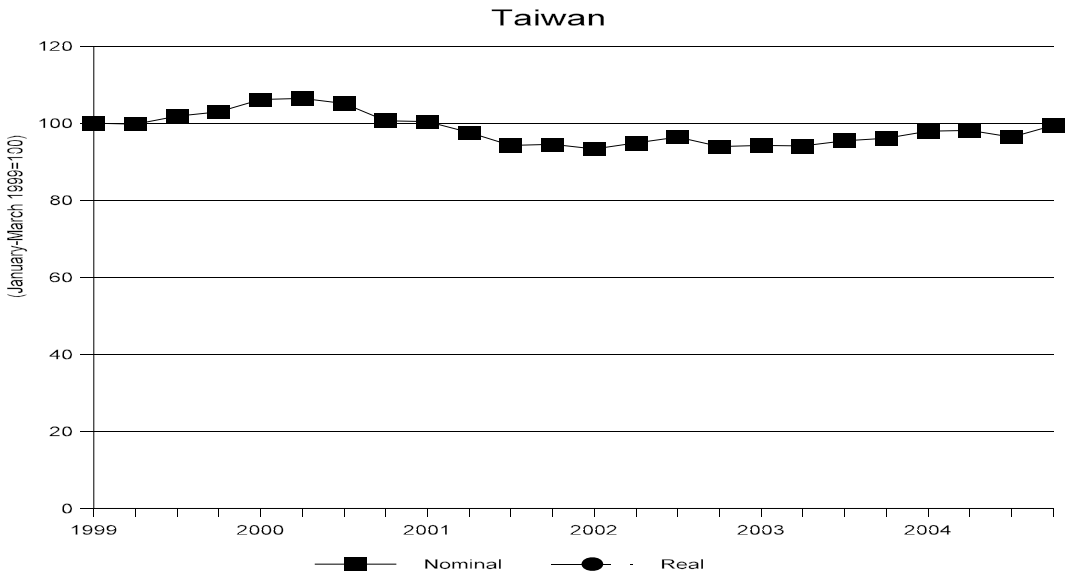
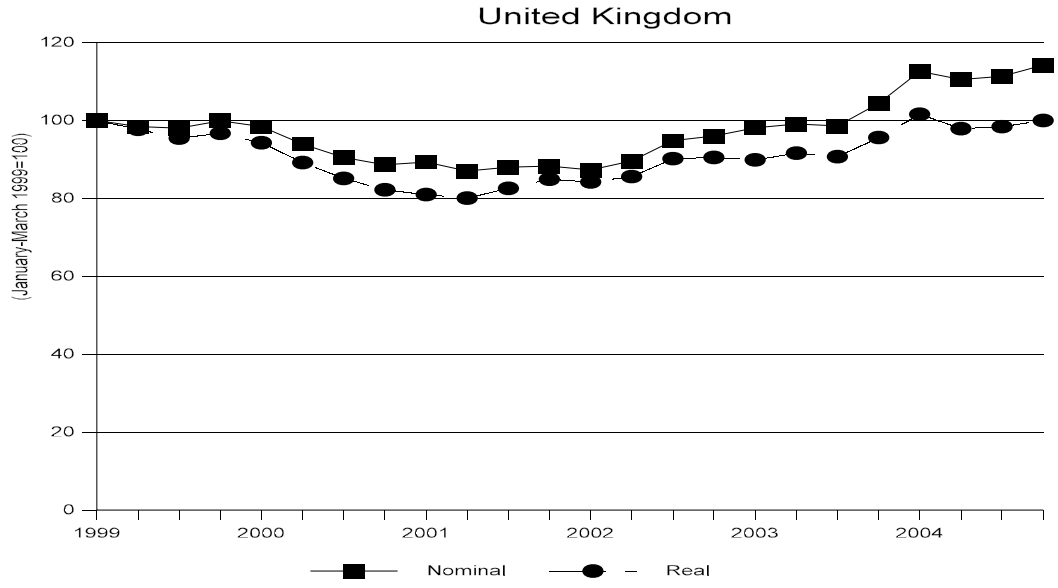


Figure continued on next page.

Figure V-1--*Continued*
Exchange rates: Indices of the nominal and real exchange rates between the currencies of France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom vis-a-vis the U.S. dollar, by quarters, January 1999-December 2004





Sources: International Monetary Fund, *International Financial Statistics*, http://ifs.apdi.net/imf, retrieved Apr. 29, 2005. For Taiwan, St. Louis Federal Reserve, http://research.stlouisfed.org/fred2/series/DEXTAUS/downloaddata retrieved Feb. 14, 2005.

PRICING PRACTICES

Pricing Methods

All six responding U.S. producers reported that their prices typically are negotiated either on a transaction-by-transaction or customer-by-customer basis. Ten responding importers reported transaction-by-transaction-pricing; five reported cost plus markups; three reported contract prices,[8] and seven reported other methods. All responding U.S. producers reported using both contract and spot sales; four of six producers sold the majority of their product on a spot basis, one sold the majority on a contract basis, and one reported that half of its sales were on a spot basis and half were on a contract basis. Thirteen importers reported selling only on a spot basis; eight reported selling mostly on a contract basis; and one reported that its sales were equally divided between contract and spot. Most contracts were one year or less in length; only two producers and two importers reported any sales on a long-term contract basis.

Stainless steel sheet and strip producers use several pricing methods. Many reported that they negotiate multi-year and annual contracts while others stated that they negotiate quarterly agreements. Finally, other producers reported that they have spot agreements which are based on published prices. Sales managers study competitive market data from sales representatives, trade magazines, industry reports, and on the volume and price of imports. Some producers publish monthly internal price lists for their customers including "extras" for picking, oiling, sizing, etc. A surcharge may be added to account for energy and scrap costs. Surcharges were particularly common in the past year as energy and raw material costs rose. Surcharges are often invoiced separately from the price of the stainless steel. Most sales are not based on single transaction agreements, but on ongoing commitments and relationships to buyers. The price may be influenced by whether the purchase is a single transaction or a contract for multiple shipments. Often prices on the spot market are determined by current market forces.

Sales Terms and Discounts

The three responding producers reported selling on an f.o.b. basis.[9] Twelve of 21 importers reported selling on a delivered basis, while the remainder quote prices that do not include U.S. transportation costs. Three out of five responding producers reported some volume discounts to some customers, while one reported no discount policy and one reported prices were set considering quantity (so that there were rarely discounts). In contrast, only one of 24 responding importers reported volume discounts although some importers reported that volume was considered in determining prices. Seventeen importers reported either no discounts or no discount policy and four reported early payment discounts. Five of six producers and 15 of 23 importers reported selling net 30 days.

Fourteen purchasers reported that they purchase stainless steel sheet and strip daily, eight reported that they purchase weekly, six reported that they purchase monthly, and four reported that they purchase annually.[10] All but one purchaser indicated that they do not expect this purchasing pattern to change in the next two years. On average, most purchasers reportedly contact two to three suppliers before making a purchase.

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[8] One importer reported both transaction by transaction sales and contracts, and so has been included in both groups.

[9] The other U.S. producers did not respond to this question.

[10] In addition, one reported daily, weekly, and monthly; one reported quarterly; one reported annual contracts with daily delivery; and one reported frequently.

PRICE DATA

The Commission requested U.S. producers and importers of stainless steel sheet and strip to provide quarterly data for the total quantity and f.o.b. value of stainless steel sheet and strip products that were shipped to unrelated customers in the U.S. market. Data were requested for the period January 1999 to December 2004. The products for which pricing data were requested are as follows:

Product 1.–AISI Grade 304, 0.075 inch nominal thickness (0.068-0.082 inch actual), width 48-60 inches, 2B finish.

Product 2.--AISI Grade 409, 0.039-0.079 inch actual thickness, width 36-48 inches, 2D finish.

Product 3.--AISI Grade 430, 0.036 inch nominal thickness (0.032-0.040 inch actual), width 36-48 inches, bright-annealed (BA) or "Best Bright" finish.

Product 4.--AISI Grade 316L, 0.060 inch nominal thickness (0.054-0.066 inch actual), width 48-60 inches, 2B finish.

Product 5.--AISI Grade 304L, 0.060 inch nominal thickness (0.054-0.066 inch actual), width 48-60 inches, 2B finish.

Product 6.--AISI Grade 434, 27 gauge (0.0161-0.0177 inch actual thickness), width 36-48 inches, BA finish.

Product 7.--AISI Grade 304L, 0.075-0.135 inch actual thickness, width 36-48 inches, 2B finish.

No firms reported data for product 6. Five U.S. producers and 19 importers of stainless steel sheet and strip from subject countries provided usable pricing data for sales of the requested products, although not all firms reported pricing for all products for all quarters. For the subject imports, one importer provided data from France, one from Germany, one from Italy, one from Japan, six from Korea, one from Mexico, two from Taiwan, and one from the UK. By quantity, pricing data reported by responding firms in the six years accounted for approximately *** percent of reported U.S. producers' shipments of stainless steel sheet and strip, *** percent of reported U.S. shipments of subject imports from France, *** percent from Germany, *** percent from Italy, *** percent from Japan, *** percent from Korea, *** percent from Mexico, *** percent from Taiwan, and *** percent from the United Kingdom.

Price Trends and Comparisons

Purchasers were asked if there has there been a change in the price of stainless steel sheet and strip since 1999, and if so, if the price of U.S.-produced stainless steel sheet and strip changed more or less than the price of imported stainless steel sheet and strip from subject and nonsubject countries. Two firms reported that prices had not changed (one firm did not specify a country and one specified France). Eleven purchasers reported that prices of U.S. produced product and imported product had changed by the same amount (five firms specified all countries; two did not specify any countries; and the remaining four reported for specific countries, including two each for France, Italy, and Mexico; three for Germany; and one each for Japan and Korea).

Nine firms reported that the domestic price was now relatively higher than prices for product from other countries, specifically France, Germany, Korea, Mexico, Europe, and China. Three firms reported that U.S. prices were now lower than prices from other countries; one firm specified all

countries; one specified all countries except Mexico, and one specified Germany, Italy, Korea, Mexico, and Taiwan. In addition, one firm reported that prices in the United States had risen since 1999, but it could not compare U.S. prices with the prices from subject countries because with the antidumping restrictions it was unable to get quotes for these imports.

Data on prices, quantities, and margins of underselling (overselling) of products 1 through 5 and 7 are presented in tables V-3 through V-8. Table V-9 compares all subject import prices, quantities, and margins of underselling for products 1 through 5 and 7. Prices of products 1 through 5 and 7 are presented in figure V-2. Table V-10 summarizes the pricing data, while table V-11 summarizes the data on margins.[11]

Domestic interested parties contend that certain price data may be inaccurate, with actual prices lower than reported prices.[12] Mexinox responded to this allegation, explaining that it had correctly reported its sales values.[13]

[11] In the original investigations, subject imports were priced lower than domestic product in 212 of 336 comparisons. Specifically, imports from each subject country were priced lower than domestic product in the following number of comparisons: France- 4 of 16; Germany- 23 of 47; Italy- 43 of 71; Japan- 21 of 36; Korea- 9 of 16; Mexico- 26 of 48; Taiwan- 40 of 41; and UK- 46 of 61. Confidential staff report for the original investigations (memorandum INV-W-150, July 6, 1999), p. V-31.

[12] Domestic interest parties prehearing brief, pp. 102-104.

[13] Hearing transcript, p. 233-234 (Lewis).

Table V-3
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 1999-December 2004

Period	United States		Germany			Korea		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:								
Jan.-Mar.	$1,490	5,002	-	-	-	$***	***	***
Apr.-June	1,413	7,040	-	-	-	***	***	***
July-Sept.	1,448	6,557	-	-	-	***	***	***
Oct.-Dec.	1,618	6,628	-	-	-	***	***	***
2000:								
Jan.-Mar.	1,907	8,437	-	-	-	***	***	***
Apr.-June	2,104	7,050	-	-	-	***	***	***
July-Sept.	1,969	7,001	-	-	-	***	***	***
Oct.-Dec.	1,726	6,251	-	-	-	***	***	***
2001:								
Jan.-Mar.	1,519	6,981	$***	***	***	***	***	***
Apr.-June	1,360	6,850	***	***	***	***	***	***
July-Sept.	1,386	8,216	***	***	***	***	***	***
Oct.-Dec.	1,312	6,894	***	***	***	-	-	-
2002:								
Jan.-Mar.	1,312	7,768	***	***	***	-	-	-
Apr.-June	1,314	9,202	***	***	***	-	-	-
July-Sept.	1,421	7,529	***	***	***	-	-	-
Oct.-Dec.	1,423	7,028	-	-	-	-	-	-
2003:								
Jan.-Mar.	1,456	7,844	-	-	-	-	-	-
Apr.-June	1,458	7,233	-	-	-	-	-	-
July-Sept.	1,508	7,968	-	-	-	-	-	-
Oct.-Dec.	1,639	8,855	-	-	-	-	-	-
2004:								
Jan.-Mar.	2,089	9,171	-	-	-	-	-	-
Apr.-June	2,354	9,567	-	-	-	-	-	-
July-Sept.	2,347	9,288	-	-	-	***	***	***
Oct.-Dec.	2,478	8,101	-	-	-	***	***	***

Table continued on the following page.

Table V-3--*Continued*
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 1[1] and margins of underselling/(overselling), by quarters, January 1999-December 2004

Period	United States		Mexico			Taiwan		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:								
Jan.-Mar.	$1,490	5,002	$***	***	***	***	***	***
Apr.-June	1,413	7,040	***	***	***	***	***	***
July-Sept.	1,448	6,557	***	***	***	-	-	-
Oct.-Dec.	1,618	6,628	***	***	***	***	***	***
2000:								
Jan.-Mar.	1,907	8,437	***	***	***	-	-	-
Apr.-June	2,104	7,050	***	***	***	-	-	-
July-Sept.	1,969	7,001	***	***	***	-	-	-
Oct.-Dec.	1,726	6,251	***	***	***	-	-	-
2001:								
Jan.-Mar.	1,519	6,981	***	***	***	-	-	-
Apr.-June	1,360	6,850	***	***	***	-	-	-
July-Sept.	1,386	8,216	***	***	***	-	-	-
Oct.-Dec.	1,312	6,894	***	***	***	-	-	-
2002:								
Jan.-Mar.	1,312	7,768	***	***	***	-	-	-
Apr.-June	1,314	9,202	***	***	***	-	-	-
July-Sept.	1,421	7,529	***	***	***	-	-	-
Oct.-Dec.	1,423	7,028	***	***	***	-	-	-
2003:								
Jan.-Mar.	1,456	7,844	***	***	***	-	-	-
Apr.-June	1,458	7,233	***	***	***	-	-	-
July-Sept.	1,508	7,968	***	***	***	-	-	-
Oct.-Dec.	1,639	8,855	***	***	***	-	-	-
2004:								
Jan.-Mar.	2,089	9,171	***	***	***	-	-	-
Apr.-June	2,354	9,567	***	***	***	-	-	-
July-Sept.	2,347	9,288	***	***	***	-	-	-
Oct.-Dec.	2,478	8,101	***	***	***	-	-	-

[1] AISI Grade 304, 0.075 inch nominal thickness (0.068-0.082 inch actual), width 48-60 inches, 2B finish.

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

Table V-4
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 2[1] and margins of underselling/(overselling), by quarters, January 1999-December 2004

Period	United States		Germany			Italy		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:								
Jan.-Mar.	$1,108	19,947	-	-	-	$***	***	***
Apr.-June	1,074	22,385	-	-	-	***	***	***
July-Sept.	1,066	21,106	-	-	-	***	***	***
Oct.-Dec.	1,079	23,518	-	-	-	***	***	***
2000:								
Jan.-Mar.	1,059	27,007	-	-	-	***	***	***
Apr.-June	1,083	25,721	-	-	-	-	-	-
July-Sept.	1,008	28,835	-	-	-	-	-	-
Oct.-Dec.	1,038	26,549	-	-	-	***	***	***
2001:								
Jan.-Mar.	1,035	26,015	$***	***	***	***	***	***
Apr.-June	1,052	21,368	***	***	***	***	***	***
July-Sept.	1,034	23,801	***	***	***	-	-	-
Oct.-Dec.	1,061	19,658	***	***	***	-	-	-
2002:								
Jan.-Mar.	1,061	17,870	***	***	***	***	***	***
Apr.-June	1,023	22,002	***	***	***	***	***	***
July-Sept.	1,000	18,809	-	-	-	***	***	***
Oct.-Dec.	984	20,128	-	-	-	***	***	***
2003:								
Jan.-Mar.	989	15,076	-	-	-	-	-	-
Apr.-June	1,011	13,906	-	-	-	-	-	-
July-Sept.	1,018	16,521	-	-	-	-	-	-
Oct.-Dec.	1,013	10,744	-	-	-	-	-	-
2004:								
Jan.-Mar.	1,060	12,052	-	-	-	-	-	-
Apr.-June	1,170	8,395	-	-	-	-	-	-
July-Sept.	1,201	9,405	-	-	-	-	-	-
Oct.-Dec.	1,271	7,258	-	-	-	-	-	-

[1] AISI Grade 409, 0.039-0.079 inch actual thickness, width 36-48 inches, 2D finish.

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

Table V-5
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 3 and margins of underselling/(overselling), by quarters, January 1999-December 2004

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Table V-6
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 4[1] and margins of underselling/(overselling), by quarters, January 1999-December 2004[2]

Period	United States		Germany			Mexico		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:								
Jan.-Mar.	$1,948	1,251	-	-	-	$***	***	***
Apr.-June	1,861	1,389	-	-	-	***	***	***
July-Sept.	1,935	1,536	-	-	-	***	***	***
Oct.-Dec.	2,103	1,566	-	-	-	***	***	***
2000:								
Jan.-Mar.	2,407	2,150	-	-	-	***	***	***
Apr.-June	2,625	1,695	-	-	-	***	***	***
July-Sept.	2,537	1,554	$***	***	***	***	***	***
Oct.-Dec.	2,228	1,441	-	-	-	***	***	***
2001:								
Jan.-Mar.	1,952	1,535	***	***	***	***	***	***
Apr.-June	1,757	1,561	***	***	***	***	***	***
July-Sept.	1,815	1,570	-	-	-	***	***	***
Oct.-Dec.	1,712	1,419	-	-	-	***	***	***
2002:								
Jan.-Mar.	1,730	1,432	***	***	***	***	***	***
Apr.-June	1,673	1,595	-	-	-	***	***	***
July-Sept.	1,911	1,456	-	-	-	***	***	***
Oct.-Dec.	1,877	1,510	-	-	-	***	***	***
2003:								
Jan.-Mar.	1,895	1,663	-	-	-	***	***	***
Apr.-June	2,014	1,573	-	-	-	***	***	***
July-Sept.	1,984	1,199	-	-	-	***	***	***
Oct.-Dec.	2,254	1,281	-	-	-	***	***	***
2004:								
Jan.-Mar.	2,782	1,511	-	-	-	***	***	***
Apr.-June	3,249	1,663	-	-	-	***	***	***
July-Sept.	3,515	1,572	-	-	-	***	***	***
Oct.-Dec.	3,784	1,697	-	-	-	***	***	***

[1] AISI Grade 316L, 0.060 inch nominal thickness (0.054-0.066 inch actual), width 48-60 inches, 2B finish.
[2] Price data was also provided ***.

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

Table V-7
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 5[1] and margins of underselling/(overselling), by quarters, January 1999-December 2004[2]

Period	United States		Mexico		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:					
Jan.-Mar.	$1,432	3,037	$***	***	***
Apr.-June	1,413	3,103	***	***	***
July-Sept.	1,433	2,848	***	***	***
Oct.-Dec.	1,619	2,562	***	***	***
2000:					
Jan.-Mar.	1,933	2,883	***	***	***
Apr.-June	2,160	1,891	***	***	***
July-Sept.	1,988	1,850	***	***	***
Oct.-Dec.	1,771	2,477	***	***	***
2001:					
Jan.-Mar.	1,533	2,341	***	***	***
Apr.-June	1,347	2,579	***	***	***
July-Sept.	1,712	2,398	***	***	***
Oct.-Dec.	1,329	2,473	***	***	***
2002:					
Jan.-Mar.	1,263	2,387	***	***	***
Apr.-June	1,387	2,337	***	***	***
July-Sept.	1,452	2,424	***	***	***
Oct.-Dec.	1,411	1,897	***	***	***
2003:					
Jan.-Mar.	1,470	2,275	***	***	***
Apr.-June	1,498	2,275	***	***	***
July-Sept.	1,536	1,976	***	***	***
Oct.-Dec.	1,709	2,314	***	***	***
2004:					
Jan.-Mar.	2,173	2,477	***	***	***
Apr.-June	2,375	1,962	***	***	***
July-Sept.	2,337	2,898	***	***	***
Oct.-Dec.	2,493	4,105	-	-	-

[1] AISI Grade 304L, 0.060 inch nominal thickness (0.054-0.066 inch actual), width 48-60 inches, 2B finish.
[2] Price data was also provided for ***.

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

Table V-8
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported product 7[1] and margins of underselling/(overselling), by quarters, January 1999-December 2004

Period	United States		Italy			Mexico		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:								
Jan.-Mar.	$1,472	3,079	$***	***	***	$***	***	***
Apr.-June	1,424	3,458	***	***	***	***	***	***
July-Sept.	1,488	3,461	***	***	***	***	***	***
Oct.-Dec.	1,609	4,043	-	-	-	***	***	***
2000:								
Jan.-Mar.	1,898	4,138	-	-	-	***	***	***
Apr.-June	2,150	3,485	-	-	-	***	***	***
July-Sept.	2,006	2,876	-	-	-	***	***	***
Oct.-Dec.	1,791	2,794	-	-	-	***	***	***
2001:								
Jan.-Mar.	1,558	2,540	-	-	-	***	***	***
Apr.-June	1,398	2,964	-	-	-	***	***	***
July-Sept.	1,401	3,261	-	-	-	***	***	***
Oct.-Dec.	1,353	2,632	-	-	-	***	***	***
2002:								
Jan.-Mar.	1,351	2,874	-	-	-	***	***	***
Apr.-June	1,418	2,603	-	-	-	***	***	***
July-Sept.	1,523	2,727	-	-	-	***	***	***
Oct.-Dec.	1,471	2,337	-	-	-	***	***	***
2003:								
Jan.-Mar.	1,513	2,617	-	-	-	***	***	***
Apr.-June	1,542	3,204	-	-	-	***	***	***
July-Sept.	1,598	2,586	-	-	-	***	***	***
Oct.-Dec.	1,730	2,770	-	-	-	***	***	***
2004:								
Jan.-Mar.	2,140	3,764	-	-	-	***	***	***
Apr.-June	2,365	3,030	-	-	-	***	***	***
July-Sept.	2,433	4,314	-	-	-	***	***	***
Oct.-Dec.	2,551	6,069	-	-	-	***	***	***

[1] AISI Grade 304L, 0.075-0.135 inch actual thickness, width 36-48 inches, 2B finish.

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

Table V-9
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported products 1-5 and 7 and margins of underselling/(overselling), by quarters, January 1999-December 2004

Period	Product 1[1]					Product 2[2]				
	United States		All subject imports			United States		All subject imports		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:										
Jan.-Mar.	$1,490	5,002	$***	***	***	$1,108	19,947	$***	***	***
Apr.-June	1,413	7,040	***	***	***	1,074	22,385	***	***	***
July-Sept.	1,448	6,557	***	***	***	1,066	21,106	***	***	***
Oct.-Dec.	1,618	6,628	***	***	***	1,079	23,518	***	***	***
2000:										
Jan.-Mar.	1,907	8,437	***	***	***	1,059	27,007	***	***	***
Apr.-June	2,104	7,050	***	***	***	1,083	25,721	-	-	-
July-Sept.	1,969	7,001	***	***	***	1,008	28,835	-	-	-
Oct.-Dec.	1,726	6,251	***	***	***	1,038	26,549	***	***	***
2001:										
Jan.-Mar.	1,519	6,981	***	***	***	1,035	26,015	***	***	***
Apr.-June	1,360	6,850	***	***	***	1,052	21,368	***	***	***
July-Sept.	1,386	8,216	***	***	***	1,034	23,801	***	***	***
Oct.-Dec.	1,312	6,894	***	***	***	1,061	19,658	***	***	***
2002:										
Jan.-Mar.	1,312	7,768	***	***	***	1,061	17,870	***	***	***
Apr.-June	1,314	9,202	***	***	***	1,023	22,002	***	***	***
July-Sept.	1,421	7,529	***	***	***	1,000	18,809	***	***	***
Oct.-Dec.	1,423	7,028	***	***	***	984	20,128	***	***	***
2003:										
Jan.-Mar.	1,456	7,844	***	***	***	989	15,076	-	-	-
Apr.-June	1,458	7,233	***	***	***	1,011	13,906	-	-	-
July-Sept.	1,508	7,968	***	***	***	1,018	16,521	-	-	-
Oct.-Dec.	1,639	8,855	***	***	***	1,013	10,744	-	-	-
2004:										
Jan.-Mar.	2,089	9,171	***	***	***	1,060	12,052	-	-	-
Apr.-June	2,354	9,567	***	***	***	1,170	8,395	-	-	-
July-Sept.	2,347	9,288	***	***	***	1,201	9,405	-	-	-
Oct.-Dec.	2,478	8,101	***	***	***	1,271	7,258	-	-	-

[1] Product 1 is AISI Grade 304, 0.075 inch nominal thickness (0.068-0.082 inch actual), width 48-60 inches, 2B finish.
[2] Product 2 is AISI Grade 409, 0.039-0.079 inch actual thickness, width 36-48 inches, 2D finish.

Table continued on the following page.

Table V-9--*Continued*
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported products 1-5 and 7 and margins of underselling/(overselling), by quarters, January 1999-December 2004

Period	Product 3[3]					Product 4[4]				
	United States		All subject imports			United States		All subject imports		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:										
Jan.-Mar.	$***	***	$***	***	***	$1,948	1,251	$***	***	***
Apr.-June	***	***	***	***	***	1,861	1,389	***	***	***
July-Sept.	***	***	***	***	***	1,935	1,536	***	***	***
Oct.-Dec.	***	***	***	***	***	2,103	1,566	***	***	***
2000:										
Jan.-Mar.	***	***	***	***	***	2,407	2,150	***	***	***
Apr.-June	***	***	***	***	***	2,625	1,695	***	***	***
July-Sept.	***	***	***	***	***	2,537	1,554	***	***	***
Oct.-Dec.	***	***	***	***	***	2,228	1,441	***	***	***
2001:										
Jan.-Mar.	***	***	***	***	***	1,952	1,535	***	***	***
Apr.-June	***	***	***	***	***	1,757	1,561	***	***	***
July-Sept.	***	***	***	***	***	1,815	1,570	***	***	***
Oct.-Dec.	***	***	***	***	***	1,712	1,419	***	***	***
2002:										
Jan.-Mar.	***	***	***	***	***	1,730	1,432	***	***	***
Apr.-June	***	***	***	***	***	1,673	1,595	***	***	***
July-Sept.	***	***	***	***	***	1,911	1,456	***	***	***
Oct.-Dec.	***	***	***	***	***	1,877	1,510	***	***	***
2003:										
Jan.-Mar.	***	***	***	***	***	1,895	1,663	***	***	***
Apr.-June	***	***	***	***	***	2,014	1,573	***	***	***
July-Sept.	***	***	***	***	***	1,984	1,199	***	***	***
Oct.-Dec.	***	***	***	***	***	2,254	1,281	***	***	***
2004:										
Jan.-Mar.	***	***	***	***	***	2,782	1,511	***	***	***
Apr.-June	***	***	***	***	***	3,249	1,663	***	***	***
July-Sept.	***	***	***	***	***	3,515	1,572	***	***	***
Oct.-Dec.	***	***	***	***	***	3,784	1,697	***	***	***

[3] Product 3 is AISI Grade 430, 0.036 inch nominal thickness (0.032-0.040 inch actual), width 36-48 inches, bright-annealed (BA) or "Best Bright" finish.
[4] Product 4 is AISI Grade 316L, 0.060 inch nominal thickness (0.054-0.066 inch actual), width 48-60 inches, 2B finish.

Table continued on the following page.

Table V-9--*Continued*
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices and quantities of domestic and imported products 1-5 and 7 and margins of underselling/(overselling), by quarters, January 1999-December 2004

Period	Product 5[5]					Product 7[6]				
	United States		All subject imports			United States		All subject imports		
	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)	Price (*per ton*)	Quantity (*tons*)	Price (*per ton*)	Quantity (*tons*)	Margin (*percent*)
1999:										
Jan.-Mar.	$1,432	3,037	$***	***	***	$1,472	3,079	$***	***	***
Apr.-June	1,413	3,103	***	***	***	1,424	3,458	***	***	***
July-Sept.	1,433	2,848	***	***	***	1,488	3,461	***	***	***
Oct.-Dec.	1,619	2,562	***	***	***	1,609	4,043	***	***	***
2000:										
Jan.-Mar.	1,933	2,883	***	***	***	1,898	4,138	***	***	***
Apr.-June	2,160	1,891	***	***	***	2,150	3,485	***	***	***
July-Sept.	1,988	1,850	***	***	***	2,006	2,876	***	***	***
Oct.-Dec.	1,771	2,477	***	***	***	1,791	2,794	***	***	***
2001:										
Jan.-Mar.	1,533	2,341	***	***	***	1,558	2,540	***	***	***
Apr.-June	1,347	2,579	***	***	***	1,398	2,964	***	***	***
July-Sept.	1,712	2,398	***	***	***	1,401	3,261	***	***	***
Oct.-Dec.	1,329	2,473	***	***	***	1,353	2,632	***	***	***
2002:										
Jan.-Mar.	1,263	2,387	***	***	***	1,351	2,874	***	***	***
Apr.-June	1,387	2,337	***	***	***	1,418	2,603	***	***	***
July-Sept.	1,452	2,424	***	***	***	1,523	2,727	***	***	***
Oct.-Dec.	1,411	1,897	***	***	***	1,471	2,337	***	***	***
2003:										
Jan.-Mar.	1,470	2,275	***	***	***	1,513	2,617	***	***	***
Apr.-June	1,498	2,275	***	***	***	1,542	3,204	***	***	***
July-Sept.	1,536	1,976	***	***	***	1,598	2,586	***	***	***
Oct.-Dec.	1,709	2,314	***	***	***	1,730	2,770	***	***	***
2004:										
Jan.-Mar.	2,173	2,477	***	***	***	2,140	3,764	***	***	***
Apr.-June	2,375	1,962	***	***	***	2,365	3,030	***	***	***
July-Sept.	2,337	2,898	***	***	***	2,433	4,314	***	***	***
Oct.-Dec.	2,493	4,105	-	-	-	2,551	6,069	***	***	***

[5] Product 5 is AISI Grade 304L, 0.060 inch nominal thickness (0.054-0.066 inch actual), width 48-60 inches, 2B finish.
[6] Product 7 is AISI Grade 304L, 0.075-0.135 inch actual thickness, width 36-48 inches, 2B finish.

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

Figure V-2
Certain stainless steel sheet and strip: Weighted-average f.o.b. prices of domestic and imported products 1-5 and 7

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Table V-10
Certain stainless steel sheet and strip: Summary of weighted-average f.o.b. prices for products 1 through 5 and 7, by countries

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Table V-11
Certain stainless steel sheet and strip: Summary of underselling/overselling, by country, 1999-2004

Country/period	Number of quarters of underselling	Number of quarters of overselling	Simple average margin of underselling/ (overselling)	Weighted average margin of underselling/ (overselling)[1]
France:				
1999	0	0	-	-
2000	***	***	***	***
2001	***	***	***	***
2002	***	***	***	***
2003	***	***	***	***
2004	***	***	***	***
Total	7	13	(1.4)	0.0
Germany:				
1999	***	***	***	***
2000	***	***	***	***
2001	***	***	***	***
2002	***	***	***	***
2003	***	***	***	***
2004	***	***	***	***
Total	25	15	2.0	2.3
Italy:				
1999	***	***	***	***
2000	***	***	***	***
2001	***	***	***	***
2002	***	***	***	***
2003	***	***	***	***
2004	***	***	***	***
Total	23	13	4.6	7.9
Japan:				
1999	0	0	-	-
2000	0	0	-	-
2001	0	0	-	-
2002	0	0	-	-
2003	***	***	***	***
2004	***	***	***	***
Total	0	1	***	***

Table continued on the following page.

Table V-11–*Continued*
Certain stainless steel sheet and strip: Summary of underselling/overselling, by country, 1999-2004

Product/period	Number of quarters of underselling	Number of quarters of overselling	Simple average margin of underselling/ (overselling)	Weighted average margin of underselling/ (overselling)[1]
Korea:				
1999	***	***	***	***
2000	***	***	***	***
2001	***	***	***	***
2002	0	0	-	-
2003	0	0	-	-
2004	***	***	***	***
Total	10	7	(3.8)	(3.5)
Mexico:				
1999	***	***	***	***
2000	***	***	***	***
2001	***	***	***	***
2002 [2]	***	***	***	***
2003	***	***	***	***
2004 [2]	***	***	***	***
Total	16	77	(2.9)	(1.5)
Taiwan:				
1999	***	***	***	***
2000	***	***	***	***
2001	0	0	-	-
2002	0	0	-	-
2003	0	0	-	-
2004	0	0	-	-
Total	4	1	8.0	***
United Kingdom:				
1999	***	***	***	***
2000	***	***	***	***
2001	0	0	-	-
2002	0	0	-	-
2003	0	0	-	-
2004	0	0	-	-
Total	3	1	2.3	***

[1] The margins are weighted by the value of the imported product sold in the same quarter.
[2] In one quarter in 2002 and one quarter in 2004, ***.

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

APPENDIX A

DEFINITION OF THE SUBJECT MERCHANDISE

CERTAIN STAINLESS STEEL SHEET AND STRIP

For the purposes of these reviews, stainless steel is an 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. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (i.e., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to these orders is currently imported under the HTS at the following statistical reporting numbers: 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.13.0081, 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.20.8000, 7220.20.9030, 7220.20.9060, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. (Prior to 2001, U.S. imports under HTS statistical reporting numbers 7219.13.0031, 7219.13.0051, 7219.13.0071, and 7219.13.0081 were entered under HTS statistical reporting numbers 7219.13.0030, 7219.13.0050, 7219.13.0070, and 7219.13.0080.) Although Commerce provides the HTS statistical reporting numbers for convenience and customs purposes, its written description of the merchandise covered by these orders is dispositive. HTS statistical reporting number 7220.20.8000, although listed above, covers razor blade steel, an excluded product.

Excluded from the scope of these reviews are the following: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (i.e., cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), (5) razor blade steel, (6) flapper valve steel, (7) suspension foil, (8) certain stainless steel foil for automotive catalytic converters, (9) permanent magnet iron-chromium-cobalt alloy stainless strip, (10) certain electrical resistance alloy steel, (11) certain martensitic precipitation-hardenable stainless steel, and (12) three specialty stainless steels typically used in certain industrial blades and surgical and medication instruments. Items 5 through 12 are further described below.

Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades.[1] (This definition is slightly broader than the definition provided in the HTS for statistical reporting number 7220.20.8000.)

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of

[1] See Chapter 72 of the HTS ("Additional U.S. Note" 1(d)).

vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Suspension foil is a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. It is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is a ductile stainless steel strip that contains, by weight, 26 to 30 percent chromium and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as "Arnokrome III."[2]

Certain electrical resistance alloy steel is a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high-temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as "Gilphy 36."[3]

Certain martensitic precipitation-hardenable stainless steel is a high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging and will exhibit yield strengths as high as 1700 MPa and ultimate tensile strengths as high as 1750 MPa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most

[2] "Arnokrome III" is a trademark of Arnold Engineering Co.

[3] "Gilphy 36" is a trademark of Imphy S.A.

commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as "Durphynox 17."[4]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medication instruments are also excluded from these reviews. They are described as follows:

(A) Stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives). (Note. This list of uses is illustrative and provided for descriptive purposes only.) This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt.

(B) The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent, and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is "GIN5" steel.

(C) The third specialty steel has a chemical composition by weight that is similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, "GIN6."[5]

In addition, Commerce revoked in part the antidumping duty orders with respect to imports of the following products:

(A). Specialty magnet stainless steel strip product from Germany known as SemiVac 90 (see 66 FR 50173, October 20, 2001). The revoked product is a permanent magnet iron-chromium-cobalt stainless steel strip containing, by weight, 13 percent chromium, 6 percent cobalt, 71percent iron, 6 percent nickel and 4 percent molybdenum. The product is supplied in widths up to 1.27 cm (12.7 mm), inclusive, with a thickness between 45 and 75 microns, inclusive. This product exhibits magnetic remanence between 400 and 780 nWb, and coercivity of between 60 and 100 oersteds. This product is currently supplied under the trade name ''SemiVac 90."

(B). Stainless steel welding electrode strips from Japan that are manufactured in accordance with American Welding Society (AWS) specification ANSI/AWS A5.9-93 (see 65 FR 17856, April 5, 2000,). The revoked products are stainless steel welding electrode strips that are manufactured in accordance with American Welding Society (AWS) specification ANSI/AWS A5.9–93. The products are 0.5 mm in thickness, 60mm in width, and in coils of approximately 60 pounds each. The products are limited to the following AWS grade classifications: ER 308L, ER309L, ER 316L and ER 347, and a modified ER 309L or 309LCb which meets the following chemical composition limits (by weight): carbon – 0.03% maximum; chromium -20.0–22.0%; nickel - 10.0–12.0%; molybdenum - 0.75% maximum; manganese

[4] "Durphynox 17" is a trademark of Imphy, S.A.

[5] "GIN Mo," "GIN5," and "GIN6" are the proprietary grades of Hitachi Metals America Ltd.

-1.0–2.5%; silicon - 0.65% maximum; phosphorus - 0.03% maximum; sulfur -0.03% maximum; copper - 0.75% maximum; columbium - 8 times the carbon level minimum -1.0% maximum.

(C). Certain stainless steel used for razor blades, medical surgical blades, and industrial blades from Japan that are sold under proprietary names such as DSRIK7, DSRIKA, and DSRIK9 (see 65 FR 54841, September 11, 2000). The revoked products are specialty products with a thickness of 0.15 mm to 1.000 mm, or 0.006 inches to 0.040 inches, and a width of 6 mm to 50 mm, or 0.250 inches to 2.000 inches. The edge of the products are slit, and the finish is bright. The steel contains the following chemical composition by weight: carbon 0.65% to 1.00%, silicon 1.00% maximum, manganese 1.00% maximum, phosphorus 0.35% maximum, sulfur 0.25% maximum, nickel 0.35% maximum, chromium 0.15% maximum, and molybdenum 0.30% maximum.

(D). Certain stainless steel lithographic sheet from Japan that is made of 304-grade stainless steel (see 65 FR 64423, October 27, 2000). The revoked sheet is made of 304-grade stainless steel and must satisfy each of the following fifteen specifications. The sheet must (1) have an ultimate tensile strength of minimum 75 KSI; (2) a yield strength of minimum 30 KSI; (3) a minimum elongation of 40 percent; (4) a coil weight of 4000-6000 lbs.; (5) a width tolerance of -0/+0.0625 inch; and (6) a gauge tolerance of +/-0.001 inch. With regard to flatness, (7) the wave height and wave length dimensions must correspond to both edge wave and center buckle conditions; (8) the maximum wave height shall not exceed 0.75 percent of the wave length or 3 mm (0.118 inch), whichever is less; and (9) the wave length shall not be less than 100 mm (3.937 inch). With regard to the surface, (10) the surface roughness must be RMS (RA) 4-8; (11) the surface must be degreased and no oil will be applied during the slitting operation; (12) the surface finish shall be free from all visual cosmetic surface variations or stains in spot or streak form that affect the performance of the material; (13) no annealing border is acceptable; (14) the surface finish shall be free from all defects in raised or depression nature (e.g., scratches, gouges, pimples, dimples, etc.) exceeding 15 microns in size and with regard to dimensions; and (15) the thickness will be .0145+/-.001 and the widths will be either 38", 38.25", or 43.5" and the thickness for 39" material will be .0118 +/-.001 inches.

(E). Certain nickel clad stainless steel sheet from Japan (see 65 FR 77578, December 12, 2000). The revoked nickel clad stainless steel sheet must satisfy each of the following specifications. The sheet must: (1) Have a maximum coil weight of 1000 pounds; (2) with a coil interior diameter of 458 mm to 540 mm; (3) with a thickness of .33 mm and a width of 699.4 mm; (4) fabricated in three layers with a middle layer of grade 316L or UNS 531603 sheet and strip sandwiched between the two layers of nickel cladding, using a roll bonding process to apply the nickel coating to each side of the stainless steel, each nickel coating being not less than 99 percent nickel and a minimum 0.038 mm in thickness. The resultant nickel clad stainless steel sheet and strip also must meet the following additional chemical composition requirement (by weight): The first layer weight is 14%, specification Ni201 or N02201, carbon 0.009, sulfur 0.001, nickel 99.97, molybdenum 0.001, iron 0.01, and copper 0.001 for a combined total of 99.992. The second layer weight is 72%, specification 316L or UNS 513603, carbon 0.02, silicon 0.87, manganese 1.07, phosphorus 0.033, sulfur 0.001, nickel 12.08, chromium 17.81, molybdenum 2.26, and iron 65.856 for a combined total of 100. The third layer is 14%, specification Ni201 or N02201, carbon 0.01, sulfur 0.001, nickel 99.97, molybdenum 0.001, iron 0.01, and copper 0.001 for a combined total of 99.993. The weighted average weight is 100%. The following is the weighted average composition, by weight: carbon 0.01706, silicon 0.6264, manganese 0.7704, phosphorus 0.02376, sulfur 0.001, nickel 36.6892, chromium 12.8232, molybdenum 1.62748, iron 47.41912, and copper 0.00028. The above-described material sold as grade 316L and manufactured in accordance with UNS specification 531603. This material is reported under statistical reporting number 7219.90.0020 of the Harmonized Tariff Schedule of the United States.

APPENDIX B

FEDERAL REGISTER NOTICES AND THE COMMISSION'S STATEMENT ON ADEQUACY

INTERNATIONAL TRADE COMMISSION

[Investigations No. 701–TA–380–382 and 731–TA–797–804 (Review)]

Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom

AGENCY: United States International Trade Commission.

ACTION: Institution of five-year reviews concerning the countervailing duty and antidumping duty orders on stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom.

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 countervailing duty and antidumping duty orders on stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom 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 July 21, 2004. Comments on the adequacy of responses may be filed with the Commission by August 16, 2004. 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 1, 2004.

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 July 27, 1999, the Department of Commerce issued antidumping duty orders on imports of stainless steel sheet and strip in coils from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom (64 FR 40555–40570). On August 6, 1999, the Department of Commerce issued countervailing duty orders on imports of stainless steel sheet and strip in coils from France, Italy, and Korea (64 FR 42923–42925). The Commission is conducting 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 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 France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom.

(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 determinations, the Commission found the Domestic Like Product to be stainless steel sheet and strip in coils corresponding to the scope of the subject merchandise.

(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 determinations, the Commission defined the Domestic Industry as all producers of stainless steel sheet and strip in coils.

(5) The Order Date is the date that the countervailing duty and antidumping duty orders under review became effective. In the reviews concerning the antidumping duty orders, the Order Date is July 27, 1999. In the reviews concerning the countervailing duty orders, the Order Date is August 6, 1999.

(6) 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 FR. 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 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's designated agency ethics official has advised that a 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

[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. 04–5–091, expiration date June 30, 2005. Public reporting burden for the request is estimated to average 7 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.

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 FR. 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 July 21, 2004. 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 August 16, 2004. 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 countervailing duty and 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 since 1998.

(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 2003 (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 2003 (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 or countervailing 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 and/or countervailing 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 and/or countervailing 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 2003 (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 or countervailing 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 since the Order Dates, 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.

By order of the Commission.

Issued: May 24, 2004.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–12294 Filed 5–28–04; 8:45 am]

BILLING CODE 7020–02–P

DEPARTMENT OF JUSTICE

Civil Rights Division; Agency Information Collection Activities: Proposed Collection; Comments Requested

ACTION: 30-Day Notice of Information Collection Under Review: Complaint Form Coordination and Review Section, Civil Rights Division, Department of Justice.

The Department of Justice (DOJ), Office of Justice Programs (OJP) has submitted the following information collection request to the Office of Management and Budget (OMB) for review and approval in accordance with the Paperwork Reduction Act of 1995. The proposed information collection is published to obtain comments from the public and affected agencies. This proposed information collection was previously published in the **Federal Register** Volume 69, Number 37, on page 8681, on February 25, 2003, allowing for a 60 day comment period.

The purpose of this notice is to allow for an additional 30 days for public comment until July 1, 2004. This process is conducted in accordance with 5 CFR 1320.10.

Written comments and/or suggestions regarding the items contained in this notice, especially the estimated public burden and associated response time, should be directed to The Office of Management and Budget, Office of Information and Regulatory Affairs, Attention Department of Justice Desk Officer, Washington, DC 20503. Additionally, comments may be submitted to OMB via facsimile to (202) 395–5806. Written comments and suggestions from the public and affected agencies concerning the proposed collection of information are encouraged. Your comments should address one or more of the following four points:

—Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;

—Evaluate the accuracy of the agencies estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;

—Enhance the quality, utility, and clarity of the information to be collected; and

—Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

Overview of This Information Collection

(1) *Type of Information Collection:* Extension of a currently approved collection.

(2) *Title of the Form/Collection:* Compliant Form, Coordination and Review Section, Civil Rights Division

(3) *Agency form number, if any, and the applicable component of the Department of Justice sponsoring the collection:* Form Number: none. Civil Rights Division.

(4) *Affected public who will be asked or required to respond, as well as a brief abstract:* Primary: Individuals and households. The information collected from the respondents is used to investigate the alleged discrimination, to seek whether a referral is necessary, and to provide information needed to initiate investigation of the complaint.

(5) *An estimate of the total number of respondents and the amount of time estimated for an average respondent to respond:* The estimated total number of respondents is 1,400. It will take the average respondent approximately 30 minutes to complete the form.

(6) *An estimate of the total public burden (in hours) associated with the collection:* There are an estimated 700 total annual burden hours associated with this collection.

If additional information is required contact: Brenda E. Dyer, Deputy Clearance Officer, United States Department of Justice, Justice Management Division, Policy and Planning Staff, Patrick Henry Building, Suite 1600, 601 D Street NW., Washington, DC 20530.

TSMC North America, 2585 Junction Ave., San Jose, California 94134

WaferTech L.L.C., 5509 NW. Parker Street, Camas, Washington 98607.

(b) The respondents are the following companies alleged to be in violation of section 337, and are the parties upon which the complaint is to be served:

Semiconductor Manufacturing International Corporation, No. 18 Zhangjiang Road, Pudong New Area, Shanghai 201203, China.

Semiconductor Manufacturing International (Shanghai) Corporation, No. 18 Zhangjiang Road, Pudong New Area, Shanghai 201203, China.

SMIC Americas, 45757 Northport Loop West, Fremont, California 94538.

(c) Jay H. Reiziss, Esq., Office of Unfair Import Investigations, U.S. International Trade Commission, 500 E Street, SW., Room 401–D, Washington, DC 20436, who shall be the Commission investigative attorney, party to this investigation; and

(3) For the investigation so instituted, the Honorable Sidney Harris is designated as the presiding administrative law judge.

Responses to the complaint and the notice of investigation must be submitted by the named respondents in accordance with section 210.13 of the Commission's Rules of Practice and Procedure, 19 CFR 210.13. Pursuant to 19 CFR 201.16(d) and 210.13(a), such responses will be considered by the Commission if received no later than 20 days after the date of service by the Commission of the complaint and notice of investigation. Extensions of time for submitting responses to the complaint will not be granted unless good cause therefor is shown.

Failure of a respondent to file a timely response to each allegation in the complaint and in this notice may be deemed to constitute a waiver of the right to appear and contest the allegations of the complaint and this notice, and to authorize the administrative law judge and the Commission, without further notice to the respondent, to find the facts to be as alleged in the complaint and this notice and to enter both an initial determination and a final determination containing such findings, and may result in the issuance of a limited exclusion order or a cease and desist order or both directed against such respondent.

Issued: September 16, 2004.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–21192 Filed 9–20–04; 8:45 am]

BILLING CODE 7020–02–P

INTERNATIONAL TRADE COMMISSION

[Investigations Nos. 701–TA–381–382 and 731–TA–797–804 (Review)]

Stainless Steel Sheet and Strip From France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom

AGENCY: International Trade Commission.

ACTION: Notice of Commission determinations to conduct full five-year reviews and scheduling of full five-year reviews concerning the countervailing duty orders on stainless steel sheet and strip from Italy and Korea and the antidumping duty orders on stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom.

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 countervailing duty orders on stainless steel sheet and strip from Italy and Korea and the antidumping duty orders on stainless steel sheet and strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom would be likely to lead to continuation or recurrence of material injury within a reasonably foreseeable time. The Commission also hereby gives notice of scheduling of the subject full five-year reviews. The Commission has determined to exercise its authority to extend the review period by up to 90 days pursuant to 19 U.S.C. 1675(c)(5)(B). 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 September 7, 2004.

FOR FURTHER INFORMATION CONTACT: Debra Baker (202–205–3180), 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 September 7, 2004, 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 and the respondent interested party group responses concerning France, Germany, Italy, Korea, and Mexico to its notice of institution (69 FR 30958, June 1, 2004) were adequate and that the respondent interested party group responses concerning Japan, Taiwan, and the United Kingdom were inadequate. Nevertheless, the Commission determined to conduct full reviews of all orders in order to promote administrative efficiency. 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.

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 April 6, 2005, 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 April 26, 2005, 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 April 22, 2005. 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 April 22, 2005, 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 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 April 15, 2005. 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 May 5, 2005; 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 May 5, 2005. On June 3, 2005, 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 June 7, 2005, 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).

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: September 15, 2004.

By order of the Commission.

Marilyn R. Abbott,

Secretary to the Commission.

[FR Doc. 04–21143 Filed 9–20–04; 8:45 am]

BILLING CODE 7020–02–P

MILLENNIUM CHALLENGE CORPORATION

[MCC FR 04–10]

Public Outreach Meeting

AGENCY: Millennium Challenge Corporation.

ACTION: Notice.

SUMMARY: The Millennium Challenge Corporation (MCC) will hold a public outreach meeting on Friday, September 24, 2004. On August 31, 2004, MCC published its proposed criteria and methodology for selection of countries eligible for Millennium Challenge Account Assistance in FY 2005 and initiated a 30-day public comment period, as required by the Millennium Challenge Act of 2003, 22 U.S.C.A 7701, 7707(b). MCC staff will review the criteria and methodology and entertain questions from the audience.

DATES: Friday, September 24, 2004, 11 a.m.–12 p.m.

ADDRESSES: General Services Administration, Main Entrance, 18th and F Streets, NW., Washington, DC 20405.

FOR FURTHER INFORMATION CONTACT: Information on the meeting may be obtained from Cassandra Jastrow at (202) 521–3855.

SUPPLEMENTARY INFORMATION: Due to security requirements at the meeting location, all individuals wishing to attend the meeting are encouraged to arrive at least 20 minutes before the meeting begins and must comply with all relevant security requirements of the General Services Administration. Those wishing to attend should e-mail Cassandra Jastrow at *jastrowcl2@mcc.gov* with the following information: Name, telephone number, affiliation/company name, social security number, and date of birth. Seating will be available on a first come, first served basis.

Dated: September 16, 2004.

Frances C. McNaught,

Vice President, Domestic Relations, Millennium Challenge Corporation.

[FR Doc. 04–21191 Filed 9–20–04; 8:45 am]

BILLING CODE 9210–01–P

NATIONAL COUNCIL ON DISABILITY

International Watch Advisory Committee Meetings (Conference Calls)

Time and Dates for 2005: 12 noon, Eastern Time, January 6, March 3, May 5, July 7, September 1, November 3.

Place: National Council on Disability, 1331 F Street, NW., Suite 850, Washington, DC.

Agency: National Council on Disability (NCD).

Status: All parts of these conference calls will be open to the public. Those interested in participating in conference calls should contact the appropriate staff member listed below. Due to limited resources, only a few telephone lines will be available for each conference call.

Agendas: Roll call, announcements, overview of accomplishments, planning, reports, new business, adjournment.

Contact Person for More Information: Joan M. Durocher, Attorney Advisor and Designated Federal Official, National Council on Disability, 1331 F Street NW., Suite 850, Washington, DC 20004; 202–272–2004 (voice), 202–272–2074 (TTY), 202–272–2022 (fax), *jdurocher@ncd.gov* (e-mail).

International Watch Advisory Committee Mission: The purpose of NCD's International Watch is to share information on international disability issues and to advise NCD on developing policy proposals that will advocate for a foreign policy that is consistent with the values and goals of the Americans with Disabilities Act.

Notification to Importers

This notice serves as a final reminder to importers of their responsibility under 19 CFR 351.402(f) to file a certificate regarding the reimbursement of antidumping and countervailing duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping and countervailing duties occurred and the subsequent increase in antidumping duties by the amount of antidumping and countervailing duties reimbursed.

This notice also serves as a reminder to parties subject to administrative protective order (APO) of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3). Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

This notice is in accordance with section 777(i)(1) of the Act and 19 CFR 251.213(d)(4).

Dated: October 4, 2004.

Jeffrey A. May,

Deputy Assistant Secretary for Import Administration.

[FR Doc. E4–2557 Filed 10–7–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

Stainless Steel Sheet and Strip in Coils from France; Final Results of the Expedited Sunset Review of the Antidumping Duty Order

[A–427–814]

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

ACTION: Notice of Final Results of Expedited Sunset Review of the Antidumping Duty Order on Stainless Steel Sheet and Strip in Coils from France.

SUMMARY: On June 1, 2004, the Department of Commerce (''the Department'') initiated a sunset review of the antidumping duty order on stainless steel sheet and strip in coils (''SSSSC'') from France pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of domestic interested parties and inadequate responses from respondent interested parties, the Department conducted an expedited (120–day) sunset review. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

EFFECTIVE DATE: October 8, 2004.

FOR FURTHER INFORMATION CONTACT: Hilary E. Sadler, Esq., Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–4340.

SUPPLEMENTARY INFORMATION:

Background:

On June 1, 2004, the Department published the notice of initiation of the sunset review of the antidumping duty order on SSSSC from France.[1] On June 16, 2004, the Department received a Notice of Intent to Participate from Nucor Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steelworkers of America, AFL–CIO; the local 3303 United Auto Workers; and Zanesville Armco Independent Organization, Inc. (collectively ''domestic interested parties'') within the deadline specified in section 351.218(d)(1)(i) of the Department's regulations. The domestic interested parties claimed interested party status under section 771(9)(C) and (D) of the Act, as domestic manufacturers of SSSSC or certified unions whose workers are engaged in the production of SSSSC in the United States. On July 1, 2004, the Department received a complete substantive response collectively from the domestic interested parties within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. We received a waiver of participation from Ugine & ALZ France. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department determined to conduct an expedited review of this order.

Scope of the Order

For purposes of this review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat–rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold–rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing. The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.1300.81[2], 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.20.8000, 7220.20.9030, 7220.20.9060, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the review of this order are the following: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat–rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (i.e., cold–rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), and (5) razor blade steel. Razor blade steel is a flat–rolled product of stainless steel, not

[1] *See Initiation of Five-Year (''Sunset'') Reviews, 69 FR 30874 (June 1, 2004)(''Initiation Notice'').*

[2] Due to changes to the HTS numbers in 2001, 7219.13.0030, 7219.13.0050, 7219.13.0070, and 7219.13.0080 are now 7219.13.0031, 7219.13.0051, 7219.13.0071, and 7219.13.0081, respectively.

further worked than cold–rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See chapter 72 of the HTS, ''Additional U.S. Note'' 1(d). Flapper valve steel is also excluded from the scope of the order. This product is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors. Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus–or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length. Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron. Permanent magnet iron–chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.''[3] Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non–magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.''[4] Certain martensitic precipitation–hardenable stainless steel is also excluded from the scope of this order. This high–strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500–grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent [[Page 69381]] or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[5] Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).[6] This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''[7].

Analysis of Comments Received

All issues raised in these reviews are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated September 29, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding

[3] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

[4] ''Gilphy 36'' is a trademark of Imphy, S.A.

[5] ''Durphynox 17'' is a trademark of Imphy, S.A.

[6] This list of uses is illustrative and provided for descriptive purposes only.

[7] ''GIN4 Mo,'' ''GIN5,'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

recommendations in this public memorandum which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at http://ia.ita.doc.gov/frn, under the heading ''October 2004.'' The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty order on SSSSC from France would be likely to lead to continuation or recurrence of dumping at the following weighted–average percentage margins:

Manufacturers/Exporters/Producers	Weighted Average Margin (percent)
Ugine & ALZ France, S.A.	9.38 percent
All Others	9.38 percent

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: September 29, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–2556 Filed 10–7–04; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

Application for Duty-Free Entry of Scientific Instrument

Pursuant to Section 6(c) of the Educational, Scientific and Cultural Materials Importation Act of 1966 (Pub. L. 89–651; 80 Stat. 897; 15 CFR part 301), we invite comments on the question of whether an instrument of equivalent scientific value, for the purposes for which the instrument shown below is intended to be used, is being manufactured in the United States.

Comments must comply with 15 CFR 301.5(a)(3) and (4) of the regulations and be filed within 20 days with the Statutory Import Programs Staff, U.S. Department of Commerce, Washington, DC 20230. Applications may be examined between 8:30 a.m. and 5 p.m. in Suite 4100W, U.S. Department of Commerce, Franklin Court Building, 1099 14th Street, NW., Washington, DC.

Docket Number: 04–017. *Applicant:* University of Pennsylvania. *Instrument:* Electron Microscope, Model Tecnai G^2 TWIN BioTWIN. *Manufacturer:* FEI Company, The Netherlands. *Intended Use:* The instrument is intended to be used to observe a wide variety of biological specimens to detect structural changes within viruses, cells, cellular components, or tissues as related to changes of genes or a variety of treatments in order to identify specific correlations between the molecular change of genes and proteins and the structural changes or abnormalities in the cells and tissues. Application accepted by Commissioner of Customs: September 13, 2004.

Gerald A. Zerdy,

Program Manager, Statutory Import Programs Staff.

[FR Doc. E4–2558 Filed 10–7–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

National Construction Safety Team Advisory Committee Meeting

AGENCY: National Institute of Standards and Technology, United States Department of Commerce.

ACTION: Notice of rescheduling of partially closed meeting.

SUMMARY: The National Institute of Standards and Technology (NIST) is announcing the rescheduling of the National Construction Safety Team (NCST) Advisory Committee (Committee) meeting planned for Tuesday, October 5, 2004, and Wednesday, October 6, 2004 (69 FR 55585). NIST is rescheduling the meeting in response to public requests for additional time to make public comments and to have more of the meeting sessions open to the public. The meeting will be rescheduled to be held at NIST on Tuesday, October 19, 2004, from 8 a.m. to 5 p.m. and Wednesday, October 20, 2004, from 8 a.m. to 3 p.m.

DATES: The meeting will be rescheduled to be held on October 19, 2004, at 8 a.m. and will adjourn at 3 p.m. on October 20, 2004. The closed portion of the meeting is scheduled to begin at 11 a.m. and end at 3 p.m. on October 20.

ADDRESSES: The meeting will be held in the Employees Lounge, Administration Building, at NIST, Gaithersburg, Maryland. Please note admittance instructions under the **SUPPLEMENTARY INFORMATION** section of this notice.

FOR FURTHER INFORMATION CONTACT: Stephen Cauffman, National Construction Safety Team Advisory Committee, National Institute of Standards and Technology, 100 Bureau Drive, MS 8611, Gaithersburg, Maryland 20899–8611. Mr. Cauffman's e-mail address is *stephen.cauffman@nist.gov* and his phone number is (301) 975–6051.

SUPPLEMENTARY INFORMATION: The Committee was established pursuant to Section 11 of the National Construction Safety Team Act (15 U.S.C. 7310 *et seq.*). The Committee is composed of nine members appointed by the Director of NIST who were selected for their technical expertise and experience, established records of distinguished professional service, and their knowledge of issues affecting teams established under the NCST Act. The Committee will advise the Director of NIST on carrying out investigations of building failures conducted under the authorities of the NCST Act that became law in October 2002 and will review the procedures developed to implement the NCST Act and reports issued under section 8 of the NCST Act. Background information on the NCST Act and information on the NCST Advisory Committee is available at *www.nist.gov/ncst*.

Pursuant to the Federal Advisory Committee Act, 5 U.S.C. app. 2, notice is hereby given that the National Construction Safety Team (NCST) Advisory Committee (Committee), National Institute of Standards and Technology (NIST), will meet Tuesday, October 19, 2004, from 8 a.m. to 5 p.m. and Wednesday, October 20, 2004, from 8 a.m. to 3 p.m. at NIST headquarters in Gaithersburg, Maryland.

The primary purpose of this meeting is to provide an update on the progress of the federal building and fire safety investigation of the World Trade Center Disaster (WTC Investigation). The agenda will also include a discussion on the progress of the Rhode Island Nightclub Investigation. The agenda may change to accommodate Committee business. The final agenda will be posted on the NIST Web site at *www.nist.gov/ncst*.

The Assistant Secretary for Administration, with the concurrence of the General Counsel, formally determined on August 2, 2004, that portions of the meeting of the National Construction Safety Team Advisory Committee that involve discussions regarding the proprietary information and trade secrets of third parties, data and documents that may also be used in criminal cases or lawsuits, matters the premature disclosure of which would be likely to significantly frustrate implementation of a proposed agency

implementing the procedural provisions of the National Environmental Policy Act (NEPA) at 40 CFR 1503.3 in addressing these points.

After the comment period ends on the Draft EIS, comments will be analyzed, considered, and responded to by the Forest Service in preparing the Final EIS. The Final EIS is scheduled to be completed in the spring/summer of 2007. The responsible official will consider the comments, responses, and environmental consequences discussed in the Final EIS, and applicable laws, regulations, and policies in making decisions regarding the revision. The responsible official will document decisions and reasons for the decisions in a Record of Decision for the revised plan. The decisions will be subject to appeal in accordance with 36 CFR, part 217. Jack Troyer, Intermountain Regional Forester, is the responsible official for this EIS.

Dated: October 8, 2004.

Alice B. Carlton,

Forest Supervisor.

[FR Doc. 04–23210 Filed 10–22–04; 8:45 am]

BILLING CODE 3410–11–P

DEPARTMENT OF AGRICULTURE

Forest Service

Eastern Washington Cascades Provincial Advisory Committee and the Yakima Provincial Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Eastern Washington Cascades Provincial Advisory Committee and the Yakima Provincial Advisory Committee will meet on Wednesday, November 10, 2004, at the Sunnyslope Fire Station, Rural County Fire District #1, 206 Easy Street, Wenatchee, Washington. The meeting will begin at 9 a.m. and continue until 3 p.m. During this meeting we will share information on new developments relating to the Northwest Forest Plan, an update on Burned Area Recovery projects, report on fuels reduction and fuels accomplishments in 2004, discuss the Healthy Forest Restoration Act as it relates to the Okanogan and Wenatchee National Forest, and discuss future needs for a Snoqualimie Pass Adaptive Management Area Subcommittee. All Eastern Washington Cascades and Yakima Province Advisory Committee meetings are open to the public.

FOR FURTHER INFORMATION CONTACT: Direct questions regarding this meeting to Paul Hart, Designated Federal Official, USDA, Wenatchee National Forest, 215 Melody Lane, Wenatchee, Washington 98801, 509–664–9200.

Dated: October 19, 2004.

Paul Hart,

Designated Federal Official, Okanogan and Wenatchee National Forests.

[FR Doc. 04–23812 Filed 10–22–04; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF AGRICULTURE

Forest Service

Glenn/Colusa County Resource Advisory Committee

AGENCY: Forest Service, USDA.

ACTION: Notice of meeting.

SUMMARY: The Glenn/Colusa County Resource Advisory Committee (RAC) will meet in Willows, California. Agenda items to be covered include: (1) Introductions, (2) Approval of Minutes, (3) Public Comment, (4) Welcome New Members, (5) Web site Update, (6) General Discussion, (7) Next Agenda.

DATES: The meeting will be held on October 25, 2004, from 1:30 p.m. and end at approximately 4:30 p.m.

ADDRESSES: The meeting will be held at the Mendocino National Forest Supervisor's Office, 825 N. Humboldt Ave., Willows, CA 95988. Individuals wishing to speak or propose agenda items must send their names and proposals to Jim Giachino, DFO, 825 N. Humboldt Ave., Willows, CA 95988.

FOR FURTHER INFORMATION CONTACT: Bobbin Gaddini, Committee Coordinator, USDA, Mendocino National Forest, Grindstone Ranger District, P.O. Box 164, Elk Creek, CA 95939. (530) 968–5329; EMAIL *ggaddini@fs.fed.us.*

SUPPLEMENTARY INFORMATION: The meeting is open to the public. Committee discussion is limited to Forest Service staff and Committee members. However, persons who wish to bring matters to the attention of the Committee may file written statements with the Committee staff before or after the meeting. Public input sessions will be provided and individuals who made written requests by October 22, 2004 will have the opportunity to address the committee at those sessions.

Dated: October 18, 2004.

James F. Giachino,

Designated Federal Official.

[FR Doc. 04–23811 Filed 10–22–04; 8:45 am]

BILLING CODE 3410–11–M

DEPARTMENT OF COMMERCE

International Trade Administration

[A–588–845]

Stainless Steel Sheet and Strip in Coils from Japan; Final Results of the Expedited Sunset Review of the Antidumping Duty Order

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

ACTION: Notice of Final Results of Expedited Sunset Review of the Antidumping Duty Order on Stainless Steel Sheet and Strip in Coils from Japan.

SUMMARY: On June 1, 2004, the Department of Commerce (''the Department'') initiated a sunset review of the antidumping duty order on stainless sheet and strip in coils (''SSSSC'') from Japan pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of domestic interested parties and inadequate response from respondent interested parties, the Department conducted an expedited (120–day) sunset review. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

EFFECTIVE DATE: October 25, 2004.

FOR FURTHER INFORMATION CONTACT: Hilary E. Sadler, Esq., Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–4340.

SUPPLEMENTARY INFORMATION:

Background:

On June 1, 2004, the Department published the notice of initiation of the sunset review of the antidumping duty order on SSSSC from Japan.[1] On June 16, 2004, the Department received a Notice of Intent to Participate from Nucor Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steelworkers of America, AFL–CIO; the local 3303 United Auto Workers; and Zanesville Armco Independent Organization, Inc. (collectively ''domestic interested

[1] *See Initiation of Five-Year (''Sunset'') Reviews*, 69 FR 30874 (June 1, 2004)(*''Initiation Notice''*).

parties'') within the deadline specified in section 315.218(d)(1)(i) of the Department's regulations. The domestic interested parties claimed interested party status under sections 771(9)(C) and (D) of the Act, as domestic manufacturers of SSSSC or certified unions whose workers are engaged in the production of SSSSC in the United States. On July 1, 2004, the Department received a complete substantive response collectively from the domestic interested parties within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. We did not receive responses from any respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department determined to conduct an expedited review of this order.

Scope of the Order:

For purposes of this review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat–rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold–rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing. The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.1300.81[2], 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.20.8000, 7220.20.9030, 7220.20.9060, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the review of this order are the following: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat–rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (i.e., cold–rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), and (5) razor blade steel. Razor blade steel is a flat–rolled product of stainless steel, not further worked than cold–rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See chapter 72 of the HTS, ''Additional U.S. Note'' 1(d). Flapper valve steel is also excluded from the scope of the order. This product is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus–or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length. Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron. Permanent magnet iron–chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.''[3]

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non–magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The

[2] Due to changes to the HTS numbers in 2001, 7219.13.0030, 7219.13.0050, 7219.13.0070, and 7219.13.0080 are now 7219.13.0031, 7219.13.0051, 7219.13.0071, and 7219.13.0081, respectively.

[3] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

product is currently available under proprietary trade names such as ''Gilphy 36.''[4]

Certain martensitic precipitation–hardenable stainless steel is also excluded from the scope of this order. This high–strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500–grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[5]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).[6] This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''.[7]

Analysis of Comments Received

All issues raised in these reviews are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to Jeffrey A. May, Acting Assistant Secretary for Import Administration, dated October 15, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at http://ia.ita.doc.gov/frn, under the heading ''October 2004.'' The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty order on SSSSC from Japan would be likely to lead to continuation or recurrence of dumping at the following percentage weighted–average percentage margins:

Manufacturers/Exporters/Producers	Weighted Average Margin (percent)
Kawasaki Steel Corporation	40.18 percent
Nippon Steel Corporation	57.87 percent
Nisshin Steel Co., Ltd.	57.87 percent
Nippon Yakin Kogyo	57.87 percent
Nippon Metal Industries	57.87 percent
All Others	40.18 percent

We are issuing and publishing the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: October 15, 2004.

Jeffrey A. May,

Acting Assistant Secretary for Import Administration.

[FR Doc. E4–2837 Filed 10–25–04; 8:45 am]

BILLING CODE 3510–DS–S

[4] ''Gilphy 36'' is a trademark of Imphy, S.A.

[5] ''Durphynox 17'' is a trademark of Imphy, S.A.

[6] This list of uses is illustrative and provided for descriptive purposes only.

[7] ''GIN4 Mo,'' ''GIN5,'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

DEPARTMENT OF COMMERCE

International Trade Administration

[C–351–829]

Hot–rolled Flat–Rolled Carbon–Quality Steel Products from Brazil; Extension of Time Limit for the Final Results of Sunset Review of Countervailing Duty Order

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

ACTION: Notice of Extension of Time Limit for the Final Results of Sunset Review of Countervailing Duty Order: Hot–Rolled Flat–Rolled Carbon–Quality Steel Products from Brazil.

SUMMARY: The Department of Commerce (''the Department'') is extending the time limit for its final results in the sunset review of the countervailing duty order on hot–rolled flat–rolled carbon–quality steel products (''hot–rolled steel'') from Brazil. The Department intends to issue the final results of this sunset reviews on or about November 22, 2004.

EFFECTIVE DATE: October 25, 2004.

FOR FURTHER INFORMATION CONTACT: Hilary Sadler, Esq., Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC 20230; telephone: (202) 482–4340.

Extension of Final Results of Review:

On May 3, 2004, the Department initiated a sunset review of the countervailing duty order on hot–rolled steel from Brazil. *See Initiation of Five–Year (Sunset) Reviews*, 69 FR 24118 (May 3, 2004). The Department, in this proceeding, determined that it would conduct an expedited sunset review of this order based on inadequate responses to the notice of initiation from respondent interested parties. The Department's final results of this review were originally scheduled for August 31, 2004 and were extended on August 31, 2004 to October 15, 2004. *See Certain Hot–Rolled Flat–Rolled Carbon–Quality Steel Products from Brazil; Extension of Final Results of Expedited Sunset Review of the Suspended Countervailing Duty Investigation*, 69 FR 54647 (September 9, 2004). The

Cash Deposit Rates

The following antidumping duty deposits will be required on all shipments of PSF from Korea entered, or withdrawn from warehouse, for consumption, effective on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) the cash deposit rate for the reviewed company will be the rate listed above; (2) for previously reviewed or investigated companies not listed above, the cash deposit rate will continue to be the company–specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, the previous review, or the original investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) if neither the exporter nor the manufacturer is a firm covered in this or any previous reviews, the cash deposit rate will be 7.91 percent, the ''all others'' rate established in *Certain Polyester Staple Fiber from the Republic of Korea: Notice of Amended Final Determination and Amended Order Pursuant to Final Court Decision*, 68 FR 74552 (December 24, 2003). These cash deposit requirements shall remain in effect until publication of the final results of the next administrative review.

Assessment Rates

The Department will issue appropriate assessment instructions directly to U.S. Customs and Border Protection within 15 days of publication of these amended final results of review.

We are issuing and publishing this determination and notice in accordance with sections 751(a)(1) and 771(i)(1) of the Act.

Dated: November 15, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–3277 Filed 11–19–04; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–580–834, A–583–831, A–412–818]

Stainless Steel Sheet and Strip in Coils from The Republic of Korea, Taiwan and the United Kingdom; Final Results of the Expedited Five Year (''Sunset'') Reviews of Antidumping Duty Orders

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

ACTION: Notice of Final Results of the Expedited Five Year (''Sunset'') Reviews of Antidumping Duty Orders on Stainless Steel Sheet and Strip in Coils from the Republic of Korea, Taiwan, and the United Kingdom.

SUMMARY: On June 1, 2004, the Department of Commerce (''the Department'') initiated sunset reviews of the antidumping duty orders on stainless steel sheet and strip in coils (''SSSS'') from the Republic of Korea (''Korea''), Taiwan, and the United Kingdom (''UK'').[1] On the basis of the notice of intent to participate, adequate substantive comments filed on behalf of the domestic interested parties, and inadequate response from respondent interested parties, the Department conducted expedited sunset reviews of the antidumping duty orders pursuant to section 751(c)(3)(B) of the Tariff Act of 1930, as amended, (''the Act'') and section 351.218(e)(1)(ii)(B) of the Department's regulations. As a result of these sunset reviews, the Department determined that revocation of the antidumping duty orders would likely lead to continuation or recurrence of dumping at the levels listed below in the section entitled ''Final Results of Review''.

EFFECTIVE DATE: November 22, 2004.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC, 20230; telephone: 202–482–5050.

SUPPLEMENTARY INFORMATION:

Scope of Orders

For purposes of this sunset review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat–rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*i.e.*, cold–rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219.13.00.31, 7219.13.00.51, 7219.13.00.71, 7219.13.00.81, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the scope of this order are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled; (2) sheet and strip that is cut to length; (3) plate (*i.e.*, flat–rolled stainless steel products of a thickness of 4.75 mm or more); (4) flat wire (*i.e.*, cold–rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm); and (5) razor blade steel. Razor blade steel is a flat–rolled product of stainless steel, not further worked than cold–rolled (cold–reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and

[1] *See Initiation of Five-Year (''Sunset'') Reviews*, 69 FR 30874 (June 1, 2004) (''Notice of Initiation'').

certified at the time of entry to be used in the manufacture of razor blades.[2]

In response to comments by interested parties, the Department has determined that certain specialty stainless steel products are also excluded from the scope of this order. These excluded products are described below.

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulfide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves for compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus–or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. his stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of between 0.002 and 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.Permanent magnet iron–chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.''[3]

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non–magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.''[4]

Certain martensitic precipitation–hardenable stainless steel is also excluded from the scope of this order. This high–strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500–grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[5]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (*i.e.*, carpet knives).[6] This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6.''[7]

Background

On June 1, 2004, the Department initiated sunset reviews of the antidumping duty orders on SSSS from Korea, Taiwan, and the UK in accordance with section 751(c) of the Act. *See Notice of Initiation*, 69 FR 30874 (June 1, 2004).

The Department received notices of intent to participate within the applicable deadline specified in section 351.218(d)(1)(i) of the Department's regulations on behalf of Allegheny Ludlum Corporation (''Allegheny Ludlum''), North America Stainless (''NAS''), Nucor Corporation (''Nucor''), the United Steelworkers of America, AFL–CIO/CLC (''USWA''); Local 3303 United Auto Workers (''Local 3303

[2] *See* Chapter 72 of the HTSUS, ''Additional U.S. Note'' 1(d).

[3] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

[4] ''''Gilphy 36'' is a trademark of Imphy, S.A.

[5] ''Durphynox 17'' is a trademark of Imphy, S.A.

[6] This list of uses is illustrative and provided for descriptive purposes only.

[7] ''GIN4 Mo'', ''GIN5'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

UAW'')(formerly the Butler Armco Independent Union; and the Zanesville Armco Independent Organization, Inc. (''ZAIO'')(collectively ''domestic interested parties''). The domestic interested parties claimed interested–party status as U.S. producers of the subject merchandise, or certified unions whose workers are engaged in the production of the subject merchandise in the United States as defined by section 771(9)(C) and (D) of the Act.

The Department received complete substantive responses from the domestic interested parties within the 30-day deadline specified in the Department's regulations under section 351.218(d)(3)(i). However, the Department did not receive any responses from respondent interested parties to these proceedings. 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 conducted expedited sunset reviews of these antidumping duty orders.

These antidumping duty orders remain in effect for manufacturers, producers, and exporters of SSSS from Korea, Taiwan, and the UK, except for Inchon Iron & Steel Co., a Korean company for which the order was revoked in the investigation, and Tung Mung and Chang Mein, Taiwanese companies.

Analysis of Comments Received

All issues raised in this sunset review are addressed in the Issues and Decision Memorandum (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated November 15, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the antidumping duty orders were revoked. Parties can find a complete discussion of all issues raised in these sunset reviews and the corresponding recommendations in this public memo, which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at http://ia.ita.doc.gov/frn, under the heading ''November 2004.'' The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Reviews

The Department determines that revocation of the antidumping duty orders on SSSS from Korea, Taiwan, and the UK would likely lead to continuation or recurrence of dumping at the following weighted–average margins:

KOREA

Manufacturers/Producers/Exporters	Weighted–Average Margin (Percent)
POSCO	2.49
Taihan Electric Wire Co., Ltd.	58.79
Daiyang Metal Co., Ltd.	5.44
All Others	2.49

TAIWAN

Manufactureres/Producers/Exporters	Weighted–Average Margin (Percent)
Tung Mung/Ta Chen	15.40
Tung Mung	Excluded
YUSCO/Ta Chen	36.44
YUSCO	21.00
All Others	12.61

UK

Manufacturer/Producers/Exporters	Weighted–Average Margin (Percent)
Avesta Sheffield Ltd./ Avesta Sheffield NAD, Inc.	14.84
All Others	14.84

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 order is 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 the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: November 15, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–3278 Filed 11–19–04; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[A–475–824]

Stainless Steel Sheet and Strip in Coils From Italy; Final Results of the Expedited Sunset Review of the Antidumping Duty Order

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

ACTION: Notice of final results of expedited sunset review of the antidumping duty order on stainless steel sheet and strip in coils from Italy.

SUMMARY: On June 1, 2004, the Department of Commerce (''the Department'') initiated a sunset review of the antidumping duty order on stainless steel sheet and strip in coils (''SSSSC'') from Italy pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of domestic interested parties and inadequate responses from respondent interested parties, the Department conducted an expedited (120-day) sunset review. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

EFFECTIVE DATE: November 22, 2004.

FOR FURTHER INFORMATION CONTACT: Hilary E. Sadler, Esq., Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4340.

SUPPLEMENTARY INFORMATION:

Background

On June 1, 2004, the Department published the notice of initiation of the sunset review of the antidumping duty order on SSSSC from Italy.[1] On June 16, 2004, the Department received a Notice of Intent to Participate from Nucor Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steelworkers of America, AFL-CIO; the local 3303 United Auto Workers; and Zanesville Armco Independent Organization, Inc. (collectively ''domestic interested parties'') within the deadline specified in section 315.218(d)(1)(i) of the

[1] *See* Initiation of Five-Year (''Sunset'') Reviews, 69 FR 30874 (June 1, 2004)(''Initiation Notice'').

Department's regulations. The domestic interested parties claimed interested party status under section 771(9)(C) and (D) of the Act, as domestic manufacturers of SSSSC or certified unions whose workers are engaged in the production of SSSSC in the United States. On July 1, 2004, the Department received a complete substantive response collectively from the domestic interested parties within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. We did not receive responses from any respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department determined to conduct an expedited review of this order.

Scope of the Order

For purposes of this review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing. The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.1300.81[2], 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.20.8000, 7220.20.9030, 7220.20.9060, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the review of this order are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (*i.e.*, flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (*i.e.*, cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. *See* chapter 72 of the HTS, ''Additional U.S. Note'' 1(d).

Flapper valve steel is also excluded from the scope of the order. This product is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron. Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.'' [3]

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy

[2] Due to changes to the HTS numbers in 2001, 7219.13.0030, 7219.13.0050, 7219.13.0070, and 7219.13.0080 are now 7219.13.0031, 7219.13.0051, 7219.13.0071, and 7219.13.0081, respectively.

[3] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

36.''[4] Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[5]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives).[6] This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''.[7]

[4] ''Gilphy 36'' is a trademark of Imphy, S.A.

[5] ''Durphynox 17'' is a trademark of Imphy, S.A.

[6] This list of uses is illustrative and provided for descriptive purposes only.

[7] ''GIN4 Mo,'' ''GIN5,'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

Analysis of Comments Received

All issues raised in these reviews are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated November 15, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at *http://ia.ita.doc.gov/frn*, under the heading ''November 2004.'' The paper copy and electronic version of the Decision Memorandum are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty order on SSSSC from Italy would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average percentage margins:

Manufacturers/Exporters/Producers	Weighted Average Margin (percent)
ThyssenKrupp Acciai Speciali Terni, S.A.	11.23
All Others	11.23

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 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order 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 the results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: November 15, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–3280 Filed 11–19–04; 8:45 am]

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DEPARTMENT OF COMMERCE

International Trade Administration

[A–428–825]

Stainless Steel Sheet and Strip in Coils From Germany; Final Results of the Expedited Sunset Review of the Antidumping Duty Order

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

ACTION: Notice of final results of expedited sunset review of the antidumping duty order on stainless steel sheet and strip in coils from Germany.

SUMMARY: On June 1, 2004, the Department of Commerce (''the Department'') initiated a sunset review of the antidumping duty order on stainless steel sheet and strip in coils (''SSSSC'') from Germany pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). On the basis of a notice of intent to participate and an adequate substantive response filed on behalf of domestic interested parties and inadequate responses from respondent interested parties, the Department conducted an expedited (120-day) sunset review. As a result of this sunset review, the Department finds that revocation of the antidumping duty order would be likely to lead to continuation or recurrence of dumping. The dumping margins are identified in the *Final Results of Review* section of this notice.

EFFECTIVE DATE: November 22, 2004.

FOR FURTHER INFORMATION CONTACT: Hilary E. Sadler, Esq., Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–4340.

SUPPLEMENTARY INFORMATION:

Background

On June 1, 2004, the Department published the notice of initiation of the

sunset review of the antidumping duty order on SSSSC from Germany.[1] On June 16, 2004, the Department received a Notice of Intent to Participate from Nucor Corporation; Allegheny Ludlum Corporation; North American Stainless; the United Steelworkers of America, AFL–CIO; the local 3303 United Auto Workers; and Zanesville Armco Independent Organization, Inc. (collectively ''domestic interested parties'') within the deadline specified in section 315.218(d)(1)(i) of the Department's regulations. The domestic interested parties claimed interested party status under section 771(9)(C) and (D) of the Act, as domestic manufacturers of SSSSC or certified unions whose workers are engaged in the production of SSSSC in the United States. On July 1, 2004, the Department received a complete substantive response from the domestic interested parties within the deadline specified in section 351.218(d)(3)(i) of the Department's regulations. We did not receive responses from any respondent interested parties to this proceeding. As a result, pursuant to section 751(c)(3)(B) of the Act and section 351.218(e)(1)(ii)(C)(2) of the Department's regulations, the Department determined to conduct an expedited review of this order.

Scope of the Order

For purposes of this review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*e.g.*, cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing. The merchandise subject to this order is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.1300.81[2], 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.20.8000, 7220.20.9030, 7220.20.9060, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the review of this order are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (*i.e.*, flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (*i.e.*, cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. See chapter 72 of the HTS, ''Additional U.S. Note'' 1(d). Flapper valve steel is also excluded from the scope of the order. This product is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length. Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron. Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.'' [3]

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and

[1] *See* Initiation of Five-Year (''Sunset'') Reviews, 69 FR 30874 (June 1, 2004)(''Initiation Notice'').

[2] Due to changes to the HTS numbers in 2001, 7219.13.0030, 7219.13.0050, 7219.13.0070, and 7219.13.0080 are now 7219.13.0031, 7219.13.0051, 7219.13.0071, and 7219.13.0081, respectively.

[3] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.'' [4]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this order. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500-grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.'' [5]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (*e.g.*, carpet knives).[6] This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''. [7]

[4] ''Gilphy 36'' is a trademark of Imphy, S.A.

[5] ''Durphynox 17'' is a trademark of Imphy, S.A.

[6] This list of uses is illustrative and provided for descriptive purposes only.

[7] ''GIN4 Mo,'' ''GIN5,'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

Analysis of Comments Received

All issues raised in these reviews are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated November 15, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margins likely to prevail if the order were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at *http://ia.ita.doc.gov/frn*, under the heading ''November 2004.'' The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Reviews

We determine that revocation of the antidumping duty order on SSSSC from Germany would be likely to lead to continuation or recurrence of dumping at the following percentage weighted-average percentage margins:

Manufacturers/exporters/producers	Weighted average margin (percent)
TKN	13.48
All Others	13.48

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 of the Department's regulations. Timely notification of the return or destruction of APO materials or conversion to judicial protective order 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 final results and notice in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: November 15, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–3281 Filed 11–19–04; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–580–835]

Stainless Steel Sheet and Strip in Coils From Korea; Extension of Time Limit for the Final Results of Sunset Review of Countervailing Duty Order

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

ACTION: Notice of extension of time limit for the final results of sunset review of countervailing duty order: stainless steel sheet and strip in coils from Korea.

SUMMARY: The Department of Commerce (''the Department'') is extending the time limit for its final results in the first sunset review of the countervailing duty order on stainless steel sheet and strip in coils (''SSSS''). The Department intends to issue final results of this sunset review on or about December 10, 2004.

EFFECTIVE DATE: November 22, 2004.

FOR FURTHER INFORMATION CONTACT: Martha Douthit, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–5050.

Extension of Final Results of Reviews

On June 1, 2004, the Department initiated a sunset review of the countervailing duty order on SSSS from Korea. *See Initiation of Five-Year*

Notification Regarding APOs

This notice also serves as a reminder to parties subject to administrative protective orders (''APOs'') of their responsibility concerning the return or destruction of proprietary information disclosed under APO in accordance with 19 CFR 351.305, which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of the return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This notice is issued and published in accordance with section 777(i) of the Tariff Act of 1930, as amended and 19 CFR 351.213(d)(4).

Dated: December 13, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–3715 Filed 12–16–04; 8:45 am]

BILLING CODE 3510–DS–S

DEPARTMENT OF COMMERCE

International Trade Administration

[C–580–835]

Stainless Steel Sheet and Strip in Coils from the Republic of Korea: Final Results of Expedited Sunset Review of Countervailing Duty Order

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

SUMMARY: The Department of Commerce (''the Department'') initiated a sunset review of the countervailing duty (''CVD'') order on stainless steel sheet and strip in coils from the Republic of Korea (''Korea''). *See Initiation of Five–Year (''Sunset'') Reviews*, 69 FR 30874 (June 1, 2004). On the basis of a notice of intent to participate, an adequate substantive response filed on behalf of domestic interested parties, and inadequate substantive responses filed by respondent interested parties, the Department conducted an expedited sunset review. In conducting this sunset review, the Department finds that revocation of the CVD order is likely to lead to continuation or recurrence of a countervailable subsidy. The net countervailable subsidy is identified in the ''Final Results of Review'' section of this notice

EFFECTIVE DATE: December 17, 2004.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW., Washington, DC 20230; telephone: (202) 482–5050.

SUPPLEMENTARY INFORMATION:

Scope of the Order

The merchandise subject to this order is certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat–rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (*i.e.*, cold–rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The subject merchandise is currently classifiable in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219.13.00.31, 7219.13.00.51, 7219.13.00.71, 7219.13.00.81, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise is dispositive.

Excluded from the scope of this order are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled; (2) sheet and strip that is cut to length; (3) plate (*i.e.*, flat–rolled stainless steel products of a thickness of 4.75 mm or more); (4) flat wire (*i.e.*, cold–rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm); and (5) razor blade steel. Razor blade steel is a flat–rolled product of stainless steel, not further worked than cold–rolled (cold–reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades.[1]

In response to comments by interested parties, the Department has determined that certain specialty stainless steel products are also excluded from the scope of this order. These excluded products are described below.

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulfide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves for compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus–or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this order. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to

[1] *See* Chapter 72 of the HTSUS, ''Additional U.S. Note'' 1(d).

produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of between 0.002 and 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron–chromium-cobalt alloy stainless strip is also excluded from the scope of this order. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.''[2]

Certain electrical resistance alloy steel is also excluded from the scope of this order. This product is defined as a non–magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.''[3]

Certain martensitic precipitation–hardenable stainless steel is also excluded from the scope of this order. This high–strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500–grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[4]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this order. These include stainless steel strip in coils used in the production of textile cutting tools (*i.e.*, carpet knives).[5] This steel is similar to ASTM grade 440F, but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per square micron. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6.''[6]

Background

On June 1, 2004, the Department initiated a sunset review of the CVD order on SSSS from Korea pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). *See Initiation of Five–Year (''Sunset'') Reviews*, 69 FR 30874 (June 1, 2004). The Department received a ''Notice of Intent to Participate'' from the domestic interested parties Allegheny Ludlum Corporation, Nucor Corporation, United Steelworkers of America (AFL–CIO/CLC), Local 3303 United Auto Workers (formerly the Butler Armco Independent Union, and the Zanesville Armco Independent Organization, Inc., (collectively ''the domestic interested parties'') within the deadline specified in section 351.218(d)(1)(I) of the Department's regulations (''Sunset Regulations''). The domestic interested parties claimed interested party status under sections 771(9)(C) and (D) of the Act. We received a complete substantive responses from the domestic interested parties within the 30–day deadline specified in 19 CFR 351.218(d)(3)(i). In addition, we received a complete substantive response from INI Steel Company (''INI''), formerly Inchon Iron and Steel Company, Ltd., and BNG Steel Company (''BNG''), formerly Sammi Steel Co., Ltd. (''Sammi'') (collectively, ''respondent interested parties''), within the 30–day deadline specified in 19 CFR 351.218(d)(3)(i).

On July 21, 2004, the Department determined that respondent interested parties response constituted an inadequate response to the notice of initiation.[7] *See Memorandum for Ronald K. Lorentzen, Re: Stainless Steel Sheet and Strip from South Korea*, Adequacy of Respondent Interested Parties' Response to the Notice of Initiation (July 21, 2004). The Department notified the ITC of inadequate respondent responses to the notice of initiation, and conducted an expedited sunset review of this antidumping duty order. *See* Letter to ITC, Inadequate Respondent Response, July 21, 2004, pursuant to sections 751(c)(3)(B) of the Act and 19 CFR 351.218(e)(1)(ii)(c)(2).

The final results of this sunset review was originally scheduled for September 29, 2004; however, the Department extended the final results until November 15, 2004. *See Notice of Extension of Time Limit for the Final Results of Sunset Reviews of Antidumping and Countervailing Duty Orders: Stainless Steel Sheet and Strip*

[2] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

[3] ''Gilphy 36'' is a trademark of Imphy, S.A.

[4] ''Durphynox 17'' is a trademark of Imphy, S.A.

[5] This list of uses is illustrative and provided for descriptive purposes only.

[6] ''GIN4 Mo'', ''GIN5'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

[7] A complete substantive response was submitted to the Department on behalf of respondents INI Steel Company and BNG Steel Company, however, in accordance with section 351.218(d)(3)(v) of the Department's regulations, information is required to be filed by the foreign government in a CVD sunset review. In this CVD proceeding the Government of Korea did not respond to the Department's notice of initiation. Pursuant to section 351.218(e)(1)(ii)(C) of the Department's regulations, the Department conducted an expedited sunset review under section 751(c)(3)(B) of the Act.

in Coils from Germany, Italy, Japan, Korea, Taiwan and the United Kingdom.

Analysis of Comments Received

All issues raised in this case are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated December 10, 2004, which is hereby adopted by this notice. The issues discussed in the Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail if the order were to be revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in room B–099 of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at http://ia.ita.doc.gov/frn, under the heading ''December 2004.'' The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

The Department determines that revocation of the CVD order on SSSS from Korea is likely to lead to continuation or recurrence of countervailable subsidies at the following net subsidy rates:

Manufacturers/Producers/Exporters	Net Subsidy Rate (percent)
INI/BNG	0.54
Dai Yang Metal Company	0.67
Taihan	4.64
All Others	0.63

Nature of the Subsidy

Consistent with section 752(a)(6) of the Act, the Department will provide to the ITC information concerning the nature of the subsidy, and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement. Because some programs not falling within the definition of an export subsidy under Article 3.1(a) of the Subsidies Agreement could be found to be inconsistent with Article 6 if the net countervailable subsidy exceeds five percent (as measured in accordance with Annex IV of the Subsidies Agreement), we are providing the ITC with program descriptions in our Decision Memo. We note that as of January 1, 2000, Article 6.1 has ceased to apply (see Article 31 of the Subsidies Agreement).

This notice also serves as the only reminder to parties subject to administrative protective orders (''APO'') of their responsibility concerning the return of 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 jusicial protective order is hereby requested. Failure to comply with the regulations and terms of an APO is a violation which is subject to sanction.

This five–year (''sunset'') review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: December 10, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–3711 Filed 12–16–04; 8:45 am]

Billing Code 3510–DS–S

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

[Docket No. 041119324–4324–01]

Request for Technical Input—U.S.-China Workshop on Standards and Conformity Assessment

AGENCY: National Institute of Standards and Technology, Department of Commerce.

ACTION: Request for workshop recommendations.

SUMMARY: The National Institute of Standards and Technology (NIST) invites interested parties to submit recommendations for focus areas in a US-China Workshop on Standards and Conformity Assessment. Recommendations should include general policy issues and specific sectors and topics where information exchange about the U.S. and Chinese systems of standards development, conformity assessment, and metrology may facilitate trade. The prospective workshop is tentatively scheduled as a two or three day program to be held in late August or early September 2005. This notice is not an invitation for proposals to fund grants, contracts or cooperative agreements of any kind. NIST will consider recommendations based upon which workshop focus areas would be most useful to intended audiences.

DATES: Recommendations must be submitted to NIST no later than 5 p.m., EST, January 15, 2005.

ADDRESSES: All recommendations must be submitted to Dr. Ajit Jillavenkatesa via e-mail (*ajit.jilla@nist.gov*) or by mail to 100 Bureau Drive, Stop 2100, Gaithersburg, MD 20899.

FOR FURTHER INFORMATION CONTACT: Ajit Jillavenkatesa (301) 975–5089, *ajit.jilla@nist.gov.*

SUPPLEMENTARY INFORMATION: The proposed fourth US-China Workshop on Standards and Conformity Assessment expands the continuing dialog between the U.S. and China to address issues related to development of standards, their adoption and/or implementation, and conformity assessment procedures impacting trade between the two countries. The workshop is designed to provide timely information and facilitate dialog between U.S. and Chinese industry and government experts on developments both in general policy matters and issues in specific sectors, and to explore means for future collaboration.

The proposed workshop is a two or three day program offering an overview of the roles of the Government and private sector in both the United States and China, and regional and international organizations engaged in standards development and conformity assessment practices. Specific workshop objectives are to: (1) Familiarize participants with practices in the U.S. and China in the areas of metrology, standardization, and conformity assessment; (2) describe and understand the roles of the U.S. and Chinese governments and the private sector in developing and implementing standards; (3) develop professional contacts as a basis for strengthening technical ties and enhancing trade; and (4) discuss specific standards and conformity assessment-related technical barriers.

Workshop recommendations (maximum 3 pages) must address at minimum the following points, in the order noted and labeled accordingly:

1. Name and description of the recommending organization. Provide the primary mailing address and a brief description of the organization, including the name, telephone number and e-mail address of the primary point of contact.

2. Industry sector for workshop focus. Provide a description of the suggested industrial sector and focus area for break-out sessions during the workshop. Consider the goals and potential benefits. Also, identify standards and conformity assessment related issues

450 Fifth Street, NW., Washington, DC 20549–0609.

All submissions should refer to File Number SR-Phlx-2004–84. This file number should be included on the subject line if e-mail is used. To help the Commission process and review your comments more efficiently, please use only one method. The Commission will post all comments on the Commission's Internet Web site (*http://www.sec.gov/rules/sro.shtml*). Copies of the submission, all subsequent amendments, all written statements with respect to the proposed rule change that are filed with the Commission, and all written communications relating to the proposed rule change between the Commission and any person, other than those that may be withheld from the public in accordance with the provisions of 5 U.S.C. 552, will be available for inspection and copying in the Commission's Public Reference Section, 450 Fifth Street, NW., Washington, DC 20549. Copies of such filing also will be available for inspection and copying at the principal office of the Phlx. All comments received will be posted without change; the Commission does not edit personal identifying information from submissions. You should submit only information that you wish to make available publicly. All submissions should refer to File Number SR–Phlx–2004–84 and should be submitted on or before January 19, 2005.

For the Commission, by the Division of Market Regulation, pursuant to delegated authority.[11]

Margaret H. McFarland,

Deputy Secretary.

[FR Doc. E4–3876 Filed 12–28–04; 8:45 am]

BILLING CODE 8010–01–P

DEPARTMENT OF COMMERCE

International Trade Administration

[C–475–825]

Stainless Steel Sheet & Strip in Coils from Italy; Preliminary Results of the Full Sunset Review of the Countervailing Duty Order

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

SUMMARY: On June 1, 2004, the Department initiated a sunset review of the countervailing duty (''CVD'') order on stainless steel sheet & strip in coils (''SSSS'') from Italy pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). *See Initiation of Five–Year (Sunset) Reviews*, 69 FR 30874 (June 1, 2004). On the basis of substantive responses filed by domestic and respondent interested parties, the Department is conducting a full sunset review. As a result of this review, the Department preliminarily finds that revocation of the countervailing duty order would likely lead to continuation or recurrence of countervailable subsidies at the levels indicated in the *Preliminary Results of Review* section of this notice.

EFFECTIVE DATE: December 29, 2004.

FOR FURTHER INFORMATION CONTACT: Hilary Sadler, Esq., Office of Policy for Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street and Constitution Avenue, NW, Washington, D.C. 20230; telephone: (202) 482–4340.

SUPPLEMENTARY INFORMATION:

Background

On June 1, 2004, the Department initiated a sunset review of the countervailing duty (''CVD'') order on SSSS from Italy pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). *See Initiation of Five–Year (Sunset) Reviews*, 69 FR 30874 (June 1, 2004). The Department received a notice of intent to participate from Allegheny Ludlum Corp. (''Allegheny Ludlum''), North America Stainless (''NAS''), Nucor Corporation, Local 3303 United Auto Workers, Zanesville Armco Independent Organization, and the United Steelworkers of America, AFL–CIO/CLC (''USWA''), the domestic interested parties (collectively ''domestic interested parties''), within the applicable deadline (June 16, 2004) specified in section 351.218(d)(1)(i) of the *Sunset Regulations*. However, NAS does not support continuation of this countervailing duty order. *See* Notice of Intent to Participate from the Domestic Interested Parties at footnote 1 (June 16, 2004). All domestic interested parties claimed interested–party status under section 771(9)(C) and (D) of the Act, as a U.S. producer of the domestic like product or a certified union whose workers are engaged in the production of the subject merchandise in the United States.

On July 1, 2004, we received a complete substantive response from the domestic interested parties within the 30–day deadline specified in section 351.218(d)(3)(i) of the Department's Regulations. *See* Substantive Response of the Domestic Interested Parties (July 1, 2004).

The Department received a complete substantive response to the notice of initiation on behalf of three respondent interested parties: the Government of Italy (''GOI''), the Delegation of the European Commission (''EC''), and TKAST. We received substantive responses from all respondent interested parties expressing their willingness to participate in this review. *See* Responses of the GOI (unpaginated), June 30, 2004, (''GOI Response''); EC (unpaginated), June 30, 2004, (''EC Response''). TKAST, a foreign producer and exporter of the subject merchandise claimed interested party status under section 771(9)(A) of the Act. See Substantive Response of TKAST at 2 (July 1, 2004) (''TKAST Response''). All respondent interested parties note that they have participated in this proceeding.

We received rebuttal comments from the domestic interested parties on July 9, 2004; however, we did not receive rebuttal comments from the respondent interested parties.

In a sunset review, the Department normally will find that there is adequate response to conduct a full sunset review where respondent interested parties account for more than 50 percent, by volume, of total exports of subject merchandise to the United States. *See* 19 CFR 351.218(e)(1)(ii)(A). TKAST accounted for more than the 50 percent threshold that the Department normally considers to be an adequate response under 19 CFR section 351.218(e)(1)(ii)(A). On July 13, 2004, the Department determined that the responses by TKAST, the only respondent company in this review, the GOI, and the EC provided an adequate basis for a full review. *See* Memorandum for James J. Jochum, Assistant Secretary, Import Administration, from Ronald K. Lorentzen, Acting Director, Office of Policy, Re: Sunset Review of Stainless Steel Sheet & Strip in Coils from Italy; Adequacy of Respondent Interested Party Response to the Notice of Initiation, July 21, 2004. Therefore, the Department is conducting a full sunset review in accordance with 19 CFR 351.218(e)(2)(i).

Scope of Review

For purposes of this review, the product covered by this order is certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat–rolled product in coils that is greater than 9.5 mm in width and less

[11] 17 CFR 200.30–3(a)(12).

than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold–rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to these orders is classified in the Harmonized Tariff Schedule of the United States (''HTSUS'') at the following subheadings: 7219.13.00.30, 7219.13.00.50, 7219.13.00.70, 7219.13.00.80, 7219.14.00.30, 7219.14.00.65, 7219.14.00.90, 7219.32.00.05, 7219.32.00.20, 7219.32.00.25, 7219.32.00.35, 7219.32.00.36, 7219.32.00.38, 7219.32.00.42, 7219.32.00.44, 7219.33.00.05, 7219.33.00.20, 7219.33.00.25, 7219.33.00.35, 7219.33.00.36, 7219.33.00.38, 7219.33.00.42, 7219.33.00.44, 7219.34.00.05, 7219.34.00.20, 7219.34.00.25, 7219.34.00.30, 7219.34.00.35, 7219.35.00.05, 7219.35.00.15, 7219.35.00.30, 7219.35.00.35, 7219.90.00.10, 7219.90.00.20, 7219.90.00.25, 7219.90.00.60, 7219.90.00.80, 7220.12.10.00, 7220.12.50.00, 7220.20.10.10, 7220.20.10.15, 7220.20.10.60, 7220.20.10.80, 7220.20.60.05, 7220.20.60.10, 7220.20.60.15, 7220.20.60.60, 7220.20.60.80, 7220.20.70.05, 7220.20.70.10, 7220.20.70.15, 7220.20.70.60, 7220.20.70.80, 7220.20.80.00, 7220.20.90.30, 7220.20.90.60, 7220.90.00.10, 7220.90.00.15, 7220.90.00.60, and 7220.90.00.80. Although the HTSUS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise covered by these orders is dispositive.

Excluded from the scope of these orders are the following: (1) sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled; (2) sheet and strip that is cut to length; (3) plate (i.e., flat–rolled stainless steel products of a thickness of 4.75 mm or more); (4) flat wire (i.e., cold–rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm); and (5) razor blade steel. Razor blade steel is a flat–rolled product of stainless steel, not further worked than cold–rolled (cold–reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades. *See* Chapter 72 of the HTSUS, ''Additional U.S. Note'' 1(d).

In response to comments by interested parties the Department has determined that certain specialty stainless steel products are also excluded from the scope of these orders. These excluded products are described below:

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35 percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus–or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of these orders. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron–chromium-cobalt alloy stainless strip is also excluded from the scope of these orders. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.''[1]

Certain electrical resistance alloy steel is also excluded from the scope of these orders. This product is defined as a non–magnetic stainless steel manufactured to American Society of Testing and Materials (ASTM) specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high–temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names, such as ''Gilphy 36.''[2]

Certain martensitic precipitation–hardenable stainless steel is also excluded from the scope of these orders. This high–strength, ductile stainless steel product is designated under the Unified Numbering System (UNS) as S45500–grade steel, and contains, by weight, 11 to 13 percent chromium and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under

[1] ''Arnokrome III'' is a trademark of the Arnold Engineering.

[2] ''Gilphy 36'' is a trademark of Imphy, S.A.

proprietary trade names, such as ''Durphynox 17.''[3]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of these orders. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).[4] This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names, such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420–J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent, and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''. ''GIN4 Mo,'' ''GIN5'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

Analysis of Comments Received:

All issues raised in the substantive responses and rebuttals by parties to this sunset review are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Acting Director, Office of Policy, Import Administration, to James J. Jochum, Assistant Secretary for Import Administration, dated December 17, 2004, which is hereby adopted by this notice. The issues discussed in the accompanying Decision Memo include the likelihood of continuation or recurrence of countervailable subsidies, the net subsidy likely to prevail were the order revoked, and the nature of the subsidy. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum which is on file in the Central Records Unit, room B–099, of the main Commerce building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at www.ia.ita.doc.gov/frn, under the heading ''Italy.'' The paper copy and electronic version of the Decision Memo are identical in content.

Preliminary Results of Review:

The Department notes that on November 7, 2003, the U.S. Trade Representative requested the Department, pursuant to section 129(b)(4) of the Uruguay Round Agreements Act, to implement the determination in the Section 129 Memo. *See Notice of Implementation Under Section 129 of the Uruguay Round Agreements Act: Countervailing Measures Concerning Certain Steel Products From the European Communities*, 68 FR 64858, (November 17, 2003). Accordingly, the Department revised the cash deposit rates for TKAST and ''all others'' to reflect the impact that privatization had on non–recurring, allocable subsidies for the countervailing duty order on SSSS from Italy. *Id.* We have preliminarily determined to report these revised rates to the ITC.

We preliminarily determine that revocation of the countervailing duty order on SSSS from Italy would be likely to lead to continuation or recurrence of countervailable subsidies at the rates listed below:

Producers/Exporters	Net Countervailable Subsidy (percent)
TKAST	0.80
Arinox	0.34
All Others	1.61

Nature of the Subsidy

Consistent with section 752(a)(6) of the Act, the Department will provide to the ITC information concerning the nature of the subsidy, and whether the subsidy is a subsidy described in Article 3 or Article 6.1 of the Subsidies Agreement. No receipt of benefits under these countervailable programs are contingent upon exports or the substitution of domestic over imported goods; therefore, these programs do not fall within the definition of a subsidy under Article 3 of the Subsidies Agreement. Furthermore, our review of the determinations on the record does not lead us to conclude that these programs fall within the definition of a subsidy under Article 6.1. We note that as of January 1, 2000, Article 6.1 has ceased to apply (see Article 31 of the Subsidies Agreement).

Any interested party may request a hearing within 30 days of publication of this notice in accordance with 19 CFR 351.310(d)(i). Any hearing, if requested, will be held on February 16, 2004. Interested parties may submit case briefs no later than February 8, 2005, in accordance with 19 CFR 351.309(c)(1)(i). Rebuttal briefs, which must be limited to issues raised in the case briefs, may be filed not later than February 14, 2004, in accordance with 19 CFR 351.309(d)(i). The Department will issue a notice of final results of this sunset review, which will include the results of its analysis of issues raised in any such briefs, not later than April 27, 2005.

This five–year (''sunset'') review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act.

Dated: December 17, 2004.

James J. Jochum,

Assistant Secretary for Import Administration.

[FR Doc. E4–3863 Filed 12–28–04; 8:45 am]

Billing Code: 3510–DS–S

[3] ''Durphynox 17'' is a trademark of Imphy, S.A.

[4] This list of uses is illustrative and provided for descriptive purposes only.

SOCIAL SECURITY ADMINISTRATION

Work Incentives Assistance Program: Grants to State Protection and Advocacy Systems To Provide Protection and Advocacy Services to Social Security Beneficiaries With Disabilities; Awards Notification

AGENCY: Social Security Administration.

ACTION: Notice.

SUMMARY: The Social Security Administration announces the awarding of Work Incentives Assistance Program Grants to State Protection and Advocacy Systems for the period December 1, 2004 through November 30, 2005. The purpose of this program is to provide individuals with disabilities who receive Social Security Disability Insurance or Supplemental Security Income benefits, information and advice about obtaining vocational rehabilitation and employment services. The purpose is also to provide advocacy or other services that beneficiaries with a disability may need to secure, maintain, or regain gainful employment.

The following grants are being awarded for Fiscal Year 2005:

State or Territory	Award
Alabama	$107,243
Alaska	100,000

Exporter/manufacturer	Weighted-average margin percentage
Fruticola Olmue, S.A.	1.23
Santiago Comercio Exterior Exportaciones, Ltda.	0.25 (*de minimis*)
Uren Chile, S.A.	13.41

Assessment Rates

The Department shall determine, and U.S. Customs and Border Protection (''CBP'') shall assess, antidumping duties on all appropriate entries. In accordance with 19 CFR 351.212(b), we have calculated importer (or customer)-specific assessment rates for merchandise subject to this review. To determine whether the duty assessment rates were *de minimis* (*i.e.*, at or below 0.5 percent), in accordance with the requirement set forth in 19 CFR 351.106(C)(2), for each respondent we calculated importer (or customer)-specific *ad valorem* rates by aggregating the dumping margins calculated for all U.S. sales to that importer (or customer) and dividing this amount by the entered value of the sales to that importer (or customer). Where an importer (or customer)-specific *ad valorem* rate is greater than *de minimis* and the respondent has reported reliable entered values, we will apply the assessment rate to the entered value of the importer's/customer's entries during the review period. Where an importer (or customer)-specific *ad valorem* rate is greater than *de minimis* and we did not have entered values, we calculated a per-unit assessment rate by aggregating the dumping duties due for all U.S. sales to each importer (or customer) and dividing this amount by the total quantity sold to that importer (or customer).

The Department will issue appropriate assessment instructions directly to CBP within 15 days of publication of these final results of review.

Cash Deposit Requirements

The following cash deposit requirements will be effective for all shipments of the subject merchandise entered, or withdrawn from warehouse, for consumption on or after the publication date of the final results of this administrative review, as provided by section 751(a)(1) of the Act: (1) The cash deposit rates for the reviewed companies will be those established above in the ''Final Results of the Review'' section of this notice, except if the rate is less than 0.50 percent, and therefore, *de minimis* within the meaning of 19 CFR 351.106(c)(1), in which case the cash deposit rate will be zero; (2) if the exporter is not a firm covered in this review, but was covered in a previous review, or the original investigation, the cash deposit rate will continue to be the company-specific rate published for the most recent period; (3) if the exporter is not a firm covered in this review, a previous review, or the original investigation, but the manufacturer is, the cash deposit rate will be the rate established for the most recent period for the manufacturer of the merchandise; and (4) the cash deposit rate for all other manufacturers and/or exporters shall continue to be 6.33 percent, the ''all others'' rate made effective by the less-than-fair-value investigation. *See* 67 FR 45460 (July 9, 2002).

These requirements, when imposed, shall remain in effect until publication of the final results of the next administrative review.

Notification to Importers

This notice serves as a final reminder to importers of their responsibility under 19 CFR 402(f)(2) to file a certificate regarding the reimbursement of antidumping duties prior to liquidation of the relevant entries during this review period. Failure to comply with this requirement could result in the Secretary's presumption that reimbursement of antidumping duties occurred and the subsequent assessment of double antidumping duties.

Notification Regarding APOs

This notice also serves as the only reminder to parties subject to the administrative protective order (''APO'') of their responsibility concerning the disposition of proprietary information disclosed under APO in accordance with 19 CFR 351.305(a)(3), which continues to govern business proprietary information in this segment of the proceeding. Timely written notification of return/destruction of APO material or conversion to judicial protective order is hereby requested. Failure to comply with the regulation and the terms of an APO is a sanctionable violation.

This administrative review and notice are published in accordance with sections 751(a)(1) and 777(i)(1) of the Act and 19 CFR 351.221(b)(5).

Dated: February 2, 2005.

Barbara E. Tillman,

Acting Assistant Secretary for Import Administration.

List of Comments in the Issues and Decision Memorandum

General Comments

Comment 1: Calculation of Cost of Production

Comments Relating to Uren Chile, S.A.

Comment 2: Grower and Processor Affiliation
Comment 3: Application of Adverse Facts Available for Cost of Production
Comment 4: Level of Trade
Comment 5: Calculation of LOT Adjustment
Comment 6: Calculation of General and Administrative Expenses
Comment 7: Calculation of Financial Expense Ratio

Comments Relating to Fruticola Olmue, S.A.

Comment 8: Valuation of Olmue's Fresh Raspberries
Comment 9: Calculation of Financial Expense Ratio
Comment 10: Calculation of U.S. Credit Expense
Comment 11: Treatment of Unpaid Shipments
Comment 12: Start-up Adjustment
Comment 13: Treatment of Sales Made Above Normal Value

[FR Doc. E5–515 Filed 2–7–05; 8:45 am]

BILLING CODE 3510–DS–P

DEPARTMENT OF COMMERCE

International Trade Administration

[A–201–822]

Certain Stainless Steel Sheet and Strip in Coils from Mexico: Final Results of the Full Sunset Review of Antidumping Duty Order

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

SUMMARY: On November 17, 2004, the Department of Commerce (''the Department'') published a notice of preliminary results of the full sunset review of the antidumping duty order on certain stainless steel sheet and strip in coils (''SSSS'') from Mexico pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). We provided interested parties an opportunity to comment on our preliminary results. We received case and rebuttal briefs from domestic and respondent interested parties. No hearing was requested by parties. As a result of this review, the Department finds that revocation of this order would be likely to lead to continuation or recurrence of dumping.

EFFECTIVE DATE: February 8, 2005.

FOR FURTHER INFORMATION CONTACT: Martha V. Douthit, Office of Policy, Import Administration, International Trade Administration, U.S. Department of Commerce, 14th Street & Constitution Avenue, NW, Washington, DC , 20230; telephone: 202–482–5050.

SUPPLEMENTARY INFORMATION:

Scope of the Order

See Appendix 1

Background

On November 17, 2004, the Department of Commerce (the ''Department'') published in the **Federal Register** a notice of preliminary results of the full sunset review of the antidumping duty order on SSSS from Mexico, pursuant to section 751(c) of the Tariff Act of 1930, as amended (''the Act''). *See Certain Stainless Steel Sheet and Strip in Coils from Mexico; Preliminary Results of the Sunset Review of Antidumping Duty Order*, 69 FR 67309 (November 17, 2004) (''Preliminary Results''). In our preliminary results, we determined that revocation of the order would likely result in continuation or recurrence of dumping with a margin of 30.85 percent for Mexinox S.A. de C.V. and ''all others'' the margin determined in the original investigation.

On January 3, 2005, respondent, ThyssenKrupp Mexinox S.A. de C.V. and Mexinox USA, Inc. (collectively ''Mexinox''), submitted its case brief in response to the Department's preliminary results. On January 7, 2005, Allegheny Ludlum Corporation, North American Stainless, Local 3303 United Auto Workers, the United Steelworkers of America, AFL–CIO/CLC, and the Zanesville Armco Independent Organization, Inc., (collectively ''domestic interested parties'') submitted rebuttal comments. No hearing was requested by parties.

Analysis of Comments Received

All issues raised in the case and rebuttal briefs by parties to this sunset review are addressed in the ''Issues and Decision Memorandum'' (''Decision Memo'') from Ronald K. Lorentzen, Office of Policy, Import Administration, to Joseph A. Spetrini, Acting Assistant Secretary for Import Administration, dated January 27, 2005, which is hereby adopted and incorporated by reference into this notice. The issues discussed in the attached Decision Memo include the likelihood of continuation or recurrence of dumping and the magnitude of the margin likely to prevail were the order revoked. Parties can find a complete discussion of all issues raised in this review and the corresponding recommendations in this public memorandum, which is on file in the Central Records Unit, room B–099, of the main Commerce Building.

In addition, a complete version of the Decision Memo can be accessed directly on the Web at www.ita.doc.gov/import_admin/records/frn/ under the heading ''Mexico.'' The paper copy and electronic version of the Decision Memo are identical in content.

Final Results of Review

We determine that revocation of the antidumping duty order on SSSS from Mexico would be likely to lead to continuation or recurrence of dumping at the following weighted–average margins:

Manufacturer/Exporter	Margin (percent)
Mexinox	30.85
All Others	30.85

This five–year (''sunset'') review and notice are in accordance with sections 751(c), 752, and 777(i)(1) of the Act. This notice serves as the only reminder to parties subject to

administrative protective order (''APO'') of their responsibility concerning the disposition of proprietary disclosed under APO in accordance with 19 CFR 351.305 of the Department's regulations. Timely notification of return/destruction of APO materials or conversion to judicial protective order is hereby requested. Failure to comply with the regulations and the terms of an APO is a sanctionable violation.

APPENDIX 1

STAINLESS STEEL AND SHEET AND STRIP IN COILS FROM MEXICO.

SCOPE OF THE ORDER (A-201-822)

For purposes of this sunset review, the products covered are certain stainless steel sheet and strip in coils. Stainless steel is an 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. The subject sheet and strip is a flat-rolled product in coils that is greater than 9.5 mm in width and less than 4.75 mm in thickness, and that is annealed or otherwise heat treated and pickled or otherwise descaled. The subject sheet and strip may also be further processed (e.g., cold-rolled, polished, aluminized, coated, etc.) provided that it maintains the specific dimensions of sheet and strip following such processing.

The merchandise subject to this review is classified in the Harmonized Tariff Schedule of the United States (''HTS'') at subheadings: 7219.13.0031, 7219.13.0051, 7219.13.0071, 7219.1300.81, 7219.14.0030, 7219.14.0065, 7219.14.0090, 7219.32.0005, 7219.32.0020, 7219.32.0025, 7219.32.0035, 7219.32.0036, 7219.32.0038, 7219.32.0042, 7219.32.0044, 7219.33.0005, 7219.33.0020, 7219.33.0025, 7219.33.0035, 7219.33.0036, 7219.33.0038, 7219.33.0042, 7219.33.0044, 7219.34.0005, 7219.34.0020, 7219.34.0025, 7219.34.0030, 7219.34.0035, 7219.35.0005, 7219.35.0015, 7219.35.0030, 7219.35.0035, 7219.90.0010, 7219.90.0020, 7219.90.0025, 7219.90.0060, 7219.90.0080, 7220.12.1000, 7220.12.5000, 7220.20.1010, 7220.20.1015, 7220.20.1060, 7220.20.1080, 7220.20.6005, 7220.20.6010, 7220.20.6015, 7220.20.6060, 7220.20.6080, 7220.20.7005, 7220.20.7010, 7220.20.7015, 7220.20.7060, 7220.20.7080, 7220.20.8000, 7220.20.9030, 7220.20.9060, 7220.90.0010, 7220.90.0015, 7220.90.0060, and 7220.90.0080. Although the HTS subheadings are provided for convenience and customs purposes, the Department's written description of the merchandise under review is dispositive.

Excluded from the scope of this review are the following: (1) Sheet and strip that is not annealed or otherwise heat treated and pickled or otherwise descaled, (2) sheet and strip that is cut to length, (3) plate (i.e., flat-rolled stainless steel products of a thickness of 4.75 mm or more), (4) flat wire (*i.e.*, cold-rolled sections, with a prepared edge, rectangular in shape, of a width of not more than 9.5 mm), and (5) razor blade steel. Razor blade steel is a flat-rolled product of stainless steel, not further worked than cold-rolled (cold-reduced), in coils, of a width of not more than 23 mm and a thickness of 0.266 mm or less, containing, by weight, 12.5 to 14.5 percent chromium, and certified at the time of entry to be used in the manufacture of razor blades.[1]

In response to comments by interested parties, the Department has determined that certain specialty stainless steel products are also excluded from the scope of this review. These excluded products are described below.

Flapper valve steel is defined as stainless steel strip in coils containing, by weight, between 0.37 and 0.43 percent carbon, between 1.15 and 1.35

[1] See Chapter 72 of the HTS, ''Additional U.S. Note'' 1(d).

percent molybdenum, and between 0.20 and 0.80 percent manganese. This steel also contains, by weight, phosphorus of 0.025 percent or less, silicon of between 0.20 and 0.50 percent, and sulfur of 0.020 percent or less. The product is manufactured by means of vacuum arc remelting, with inclusion controls for sulphide of no more than 0.04 percent and for oxide of no more than 0.05 percent. Flapper valve steel has a tensile strength of between 210 and 300 ksi, yield strength of between 170 and 270 ksi, plus or minus 8 ksi, and a hardness (Hv) of between 460 and 590. Flapper valve steel is most commonly used to produce specialty flapper valves in compressors.

Also excluded is a product referred to as suspension foil, a specialty steel product used in the manufacture of suspension assemblies for computer disk drives. Suspension foil is described as 302/304 grade or 202 grade stainless steel of a thickness between 14 and 127 microns, with a thickness tolerance of plus-or-minus 2.01 microns, and surface glossiness of 200 to 700 percent Gs. Suspension foil must be supplied in coil widths of not more than 407 mm, and with a mass of 225 kg or less. Roll marks may only be visible on one side, with no scratches of measurable depth. The material must exhibit residual stresses of 2 mm maximum deflection, and flatness of 1.6 mm over 685 mm length.

Certain stainless steel foil for automotive catalytic converters is also excluded from the scope of this review. This stainless steel strip in coils is a specialty foil with a thickness of between 20 and 110 microns used to produce a metallic substrate with a honeycomb structure for use in automotive catalytic converters. The steel contains, by weight, carbon of no more than 0.030 percent, silicon of no more than 1.0 percent, manganese of no more than 1.0 percent, chromium of between 19 and 22 percent, aluminum of no less than 5.0 percent, phosphorus of no more than 0.045 percent, sulfur of no more than 0.03 percent, lanthanum of less than 0.002 or greater than 0.05 percent, and total rare earth elements of more than 0.06 percent, with the balance iron.

Permanent magnet iron-chromium-cobalt alloy stainless strip is also excluded from the scope of this review. This ductile stainless steel strip contains, by weight, 26 to 30 percent chromium, and 7 to 10 percent cobalt, with the remainder of iron, in widths 228.6 mm or less, and a thickness between 0.127 and 1.270 mm. It exhibits magnetic remanence between 9,000 and 12,000 gauss, and a coercivity of between 50 and 300 oersteds. This product is most commonly used in electronic sensors and is currently available under proprietary trade names such as ''Arnokrome III.''[2]

Certain electrical resistance alloy steel is also excluded from the scope of this review. This product is defined as a non-magnetic stainless steel manufactured to American Society of Testing and Materials (''ASTM'') specification B344 and containing, by weight, 36 percent nickel, 18 percent chromium, and 46 percent iron, and is most notable for its resistance to high temperature corrosion. It has a melting point of 1390 degrees Celsius and displays a creep rupture limit of 4 kilograms per square millimeter at 1000 degrees Celsius. This steel is most commonly used in the production of heating ribbons for circuit breakers and industrial furnaces, and in rheostats for railway locomotives. The product is currently available under proprietary trade names such as ''Gilphy 36.''[3]

Certain martensitic precipitation-hardenable stainless steel is also excluded from the scope of this review. This high-strength, ductile stainless steel product is designated under the Unified Numbering System (''UNS'') as S45500- grade steel, and contains, by weight, 11 to 13 percent chromium, and 7 to 10 percent nickel. Carbon, manganese, silicon and molybdenum each comprise, by weight, 0.05 percent or less, with phosphorus and sulfur each comprising, by weight, 0.03 percent or less. This steel has copper, niobium, and titanium added to achieve aging, and will exhibit yield strengths as high as 1700 Mpa and ultimate tensile strengths as high as 1750 Mpa after aging, with elongation percentages of 3 percent or less in 50 mm. It is generally provided in thicknesses between 0.635 and 0.787 mm, and in widths of 25.4 mm. This product is most commonly used in the manufacture of television tubes and is currently available under proprietary trade names such as ''Durphynox 17.''[4]

Finally, three specialty stainless steels typically used in certain industrial blades and surgical and medical instruments are also excluded from the scope of this review. These include stainless steel strip in coils used in the production of textile cutting tools (e.g., carpet knives).[5] This steel is similar to AISI grade 420 but containing, by weight, 0.5 to 0.7 percent of molybdenum. The steel also contains, by weight, carbon of between 1.0 and 1.1 percent, sulfur of 0.020 percent or less, and includes between 0.20 and 0.30 percent copper and between 0.20 and 0.50 percent cobalt. This steel is sold under proprietary names such as ''GIN4 Mo.'' The second excluded stainless steel strip in coils is similar to AISI 420-J2 and contains, by weight, carbon of between 0.62 and 0.70 percent, silicon of between 0.20 and 0.50 percent, manganese of between 0.45 and 0.80 percent, phosphorus of no more than 0.025 percent and sulfur of no more than 0.020 percent. This steel has a carbide density on average of 100 carbide particles per 100 square microns. An example of this product is ''GIN5'' steel. The third specialty steel has a chemical composition similar to AISI 420 F, with carbon of between 0.37 and 0.43 percent, molybdenum of between 1.15 and 1.35 percent, but lower manganese of between 0.20 and 0.80 percent, phosphorus of no more than 0.025 percent, silicon of between 0.20 and 0.50 percent, and sulfur of no more than 0.020 percent. This product is supplied with a hardness of more than Hv 500 guaranteed after customer processing, and is supplied as, for example, ''GIN6''.[6]

Dated: January 27, 2005.

Joseph A. Spetrini,

Acting Deputy Assistant Secretary for Import Administration.

[FR Doc. E5–514 Filed 2–7–05; 8:45 am]

BILLING CODE 3510–DS–S

[2] ''Arnokrome III'' is a trademark of the Arnold Engineering Company.

[3] ''Gilphy 36'' is a trademark of Imphy, S.A.

[4] ''Durphynox 17'' is a trademark of Imphy, S.A.

[5] This list of uses is illustrative and provided for descriptive purposes only.

[6] ''GIN4 Mo,'' ''GIN5'' and ''GIN6'' are the proprietary grades of Hitachi Metals America, Ltd.

DEPARTMENT OF COMMERCE

National Institute of Standards and Technology

[Docket No.: 041220354–5020–02]

Small Grant Programs, Precision Measurement Grants Program, Summer Undergraduate Research Fellowship (SURF) Programs; Amendment

AGENCY: National Institute of Standards and Technology, Commerce.

ACTION: Notice; amendment.

SUMMARY: The National Institute of Standards and Technology (NIST) published a document in the **Federal Register** on January 5, 2005, announcing the availability of funds for Small Grants Programs. On December 27, 2004, NIST published two documents in the **Federal Register,** one announcing the availability of funds for the Summer

EXPLANATION OF COMMISSION DETERMINATION ON ADEQUACY
in
Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom
Inv. Nos. 701-TA-381-382 and 731-TA-797-804 (Review)

On September 7, 2004, 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 from two domestic producers, Allegheny Ludlum Corp. and North American Stainless, and three unions, the United Steelworkers of America, AFL-CIO/CLC, the Local 3303 United Auto Workers, and the Zanesville Armco Independent Organization, Inc. It also received an adequate response with company-specific data from a domestic producer Nucor Corporation. Because the Commission received an adequate response from domestic producers accounting for all U.S. production of stainless steel sheet and strip, the Commission determined that the domestic interested party group response was adequate.

In the review concerning subject imports from France, the Commission received an adequate response with company-specific data from Ugine & ALZ France, an importer of subject merchandise produced in France, and from U&A France, a French producer and exporter of the subject merchandise. Because the Commission received an adequate response representing all production of subject stainless steel sheet and strip in France and all exports of subject merchandise to the United States from France, the Commission determined that the respondent interested party group response from France was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Sheet and Strip from France*.

In the review concerning subject imports from Germany, the Commission received an adequate joint response with company-specific data from ThyssenKrupp Nirosta GmbH, ThyssenKrupp Nirosta North America, Inc., ThyssenKrupp Specialty Steels NA, Inc., ThyssenKrupp VDM GmbH, and ThyssenKrupp VDM USA, Inc., German producers and U.S. importers of subject merchandise from Germany. Because the Commission received an adequate response representing all production of subject stainless steel sheet and strip in Germany and all imports of subject merchandise from Germany to the United States, the Commission determined that the respondent interested party group response from Germany was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Sheet and Strip from Germany*.

In the review concerning subject imports from Italy, the Commission received an adequate joint response with company-specific data from ThyssenKrupp Acciai Speciali Terni S.p.A., an Italian producer, and ThyssenKrupp AST USA, Inc., a U.S. importer of subject merchandise. Because the Commission received an adequate response representing all production of subject stainless steel sheet and strip in Italy and all imports of subject merchandise from Italy to the United States, the Commission determined that the respondent interested party group response from Italy was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Sheet and Strip from Italy*.

In the review concerning subject imports from Korea, the Commission received an adequate joint response with company-specific data from POSCO, INI Steel Co., BNG Steel Co., Taihan Electric Wire Co., Ltd., and Dai Yang Metal Co., Ltd., Korean producers and exporters of subject merchandise. Because the

Commission received an adequate response representing a substantial percentage of the exports of subject merchandise from Korea to the United States, the Commission determined that the respondent interested party group response from Korea was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Sheet and Strip from Korea*.

In the review concerning subject imports from Mexico, the Commission received an adequate joint response with company-specific data from ThyssenKrupp Mexinox S.A. de C.V., a Mexican producer, and Mexinox USA, Inc., a U.S. importer of subject merchandise. Because the Commission received an adequate response representing all production of subject stainless steel sheet and strip in Mexico and all imports of subject merchandise from Mexico to the United States, the Commission determined that the respondent interested party group response from Mexico was adequate. Accordingly, the Commission determined to proceed to a full review in *Stainless Steel Sheet and Strip from Mexico*.

The Commission did not receive a response from any respondent interested parties in the reviews concerning subject imports from Japan, Taiwan, or the United Kingdom. Therefore, the Commission determined that the respondent interested party group responses from those countries were inadequate. However, the Commission determined to conduct full reviews with respect to Japan, Taiwan, and the United Kingdom to promote administrative efficiency in light of its decision to conduct full reviews with respect to *Stainless Steel Sheet and Strip from France, Germany, Italy, Korea, and Mexico*. A record of the Commissioners' votes is available from the Office of the Secretary and the Commission's website (http://www.usitc.gov).

APPENDIX C

HEARING WITNESSES

CALENDAR OF PUBLIC HEARING

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

Subject:	Stainless Steel Sheet and Strip from France, Germany, Italy, Japan, Korea, Mexico, Taiwan, and the United Kingdom
Invs. Nos.:	701-TA-381-382 and 731-TA-797-804 (Review)
Date and Time:	April 26, 2005 - 9:30 a.m.

Sessions were held in connection with these reviews in the Main Hearing Room (room 101), 500 E Street, SW, Washington, D.C.

CONGRESSIONAL WITNESSES:

The Honorable Joseph Knollenberg, U.S. Congressman, 9th District, State of Michigan

The Honorable Donald A. Manzullo, U.S. Congressman, 16th District, State of Illinois

The Honorable Bob Ney, U.S. Congressman, 18th District, State of Ohio

The Honorable Mike Pence, U.S. Congressman, 6th District, State of Indiana

The Honorable Geoff Davis, U.S. Congressman, 4th District, State of Kentucky

OPENING REMARKS:

In Support of Continuation of Orders (**David A. Hartquist**,
Collier Shannon Scott, PLLC)
In Support of Revocation of Orders (**Lewis E. Leibowitz**,
Hogan & Hartson L.L.P. *and* **Donald Cameron**,
Kaye Scholer LLP)

In Support of the Continuation of the Countervailing Duty Order, Antidumping Duty Orders, and Suspension Agreement:

Collier Shannon Scott, PLLC
Washington, D.C.
on behalf of

Domestic Industry

Jack W. Shilling, Executive Vice President, Corporate Development; *and* Chief Technical Officer, Allegheny Technologies, Inc.

Terrence Hartford, Senior Vice President, Commercial, Allegheny Technologies, Inc.

Thomas O. Long, Corporate Manager, Specialty Steels, Products and Marketing, AK Steel Company

Thomas Schmitt, General Sales Manager, North American Stainless

Leo W. Gerard, International President, United Steelworkers of America, AFL-CIO/CLC

Ed Blot, President, Ed Blot and Associates

Patrick J. Magrath, Managing Director, Georgetown Economic Services

Michael T. Kerwin, Economic Consultant, Georgetown Economic Services

Gina E. Beck, Economic Consultant, Georgetown Economic Services

David A. Hartquist)
Kathleen W. Cannon)
) – OF COUNSEL
R. Alan Luberda)
Grace W. Kim)

In Support of the Continuation of the Countervailing Duty Order, Antidumping Duty Orders, and Suspension Agreement (continued):

Wiley Rein & Fielding LLP
Washington, D.C.
on behalf of

Nucor Corporation

Alan H. Price) – OF COUNSEL

In Support of the Revocation to the Countervailing Duty Order, Antidumping Duty Orders, and Suspension Agreement:

Shearman & Sterling LLP
Washington, D.C.
on behalf of

Ugine & ALZ France S.A.
Arcelor Stainless USA LLC

James Williamson, Executive Vice President; *and* Chief Operating Officer, Arcelor Stainless USA LLC

Robert Crandall, Senior Fellow, Economic Studies, Brookings Institution

Robert S. LaRussa)
) – OF COUNSEL
Christopher M. Ryan)

Hogan & Hartson L.L.P.
Washington, D.C.
on behalf of

ThyssenKrupp Nirosta GmbH; ThyssenKrupp Nirosta North America, Inc.; ThyssenKrupp VDM GmbH; ThyssenKrupp VDM USA, Inc.; ThyssenKrupp Acciai Speciali Terni S.p.A.; ThyssenKrupp AST USA, Inc.; ThyssenKrupp Mexinox S.A. de C.V.; and Mexinox USA, Inc.

Jurgen Fechter, Chief Executive Officer,
ThyssenKrupp Stainless GmbH

Jose-Ramon Salas, Vice President, Operative Planning,
ThyssenKrupp Mexinox S.A. de C.V.

Stephan Lacor, General Manager, Mexinox USA, Inc.

John Junker, Sales Manger, Mexinox USA, Inc

Lewis E. Leibowitz)
) – OF COUNSEL
Craig A. Lewis)

Kaye Scholer LLP
Washington, D.C.
on behalf of

POSCO
BNG Steel Company
INI Steel Company
Dai Yang Metal Co., Ltd.
Taihan Electric Wire Co., Ltd.

Donald B. Cameron)
) – OF COUNSEL
Julie C. Mendoza)

Arent Fox PLLC
Washington, D.C.
on behalf of

Motor & Equipment Manufacturers Association ("MEMA")

Nancy A. Noonan) – OF COUNSEL

Steptoe & Johnson LLP
Washington, D.C.
on behalf of

Outokumpu Stainless Ltd.
Outokumpu Stainless Coil Inc. ("Outokumpu")

Richard O. Cunningham)
) – OF COUNSEL
Gregory S. McCue)

McDermott Will & Emery
Washington, D.C.
on behalf of

Illinois Tools Works Inc. ("ITW")

Michael J. Lynch, Vice President, Government Affairs, ITW

Peter A. Dow, Director, Strategic Sourcing, ITW

David J. Levine)
) – OF COUNSEL
Raymond Paretzky)

Precision Metalforming Association
Independence, OH

William McKibben, Vice President, Marketing and Research, Pridgeon & Clay

REBUTTAL/CLOSING REMARKS:

In Support of Continuation of Orders (**David A. Hartquist**,
Collier Shannon Scott, PLLC)
In Support of Revocation of Orders (**Lewis E. Leibowitz**,
Hogan & Hartson L.L.P., **Donald Cameron**,
Kaye Scholer LLP, *and* **Robert S. LaRussa**,
Shearman & Sterling LLP)

APPENDIX D

SUMMARY DATA

Table D-1
Certain stainless steel sheet & strip: Summary data concerning the U.S. market, 1999-2004

(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)

	Reported data						Period changes					
Item	1999	2000	2001	2002	2003	2004	1999-2004	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
U.S. consumption quantity:												
Amount	1,986,791	1,945,290	1,595,049	1,734,565	1,704,087	1,895,410	-4.6	-2.1	-18.0	8.7	-1.8	11.2
Producers' share (1)	83.3	85.6	87.2	87.2	86.9	84.0	0.7	2.3	1.6	0.1	-0.4	-2.8
Importers' share (1):												
France	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Germany	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Italy	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Japan	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Korea	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Mexico	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Taiwan (subject)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
United Kingdom	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal (subject)	9.7	7.6	7.3	6.5	7.5	8.5	-1.2	-2.1	-0.3	-0.8	1.1	1.0
All other sources (2)	7.0	6.8	5.6	6.3	5.6	7.4	0.5	-0.1	-1.3	0.7	-0.7	1.8
Total imports	16.7	14.4	12.8	12.8	13.1	16.0	-0.7	-2.3	-1.6	-0.1	0.4	2.8
U.S. consumption value:												
Amount	3,018,882	3,567,415	2,490,197	2,729,118	2,812,312	4,197,633	39.0	18.2	-30.2	9.6	3.0	49.3
Producers' share (1)	82.1	83.8	85.8	86.6	85.4	83.3	1.2	1.7	2.0	0.8	-1.2	-2.1
Importers' share (1):												
France	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Germany	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Italy	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Japan	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Korea	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Mexico	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Taiwan (subject)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
United Kingdom	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal (subject)	10.4	8.4	8.0	6.9	7.9	8.4	-2.0	-1.9	-0.5	-1.1	1.1	0.5
All other sources (2)	7.5	7.7	6.2	6.5	6.6	8.3	0.8	0.2	-1.5	0.3	0.1	1.7
Total imports	17.9	16.2	14.2	13.4	14.6	16.7	-1.2	-1.7	-2.0	-0.8	1.2	2.1
U.S. shipments of imports from:												
France:												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Germany:												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Italy:												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Japan:												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Korea:												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Mexico:												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Taiwan (subject):												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
United Kingdom:												
Quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Unit value	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Subtotal (subject):												
Quantity	192,440	147,477	116,234	112,301	128,293	161,607	-16.0	-23.4	-21.2	-3.4	14.2	26.0
Value	312,888	301,309	198,942	187,263	223,195	353,031	12.8	-3.7	-34.0	-5.9	19.2	58.2
Unit value	$1,626	$2,043	$1,712	$1,668	$1,740	$2,185	34.4	25.7	-16.2	-2.6	4.3	25.6
Ending inventory quantity	7,253	23,130	13,813	14,047	13,793	10,589	46.0	218.9	-40.3	1.7	-1.8	-23.2

Table continued on next page.

Table D-1--Continued
Certain stainless steel sheet & strip: Summary data concerning the U.S. market, 1999-2004

(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)

	Reported data						Period changes					
Item	1999	2000	2001	2002	2003	2004	1999-2004	1999-2000	2000-2001	2001-2002	2002-2003	2003-2004
U.S. shipments of imports from:												
All other sources (2):												
Quantity	138,540	132,787	88,590	109,144	95,747	140,875	1.7	-4.2	-33.3	23.2	-12.3	47.1
Value	227,103	276,008	154,562	178,061	186,231	348,026	53.2	21.5	-44.0	15.2	4.6	86.9
Unit value	$1,639	$2,079	$1,745	$1,631	$1,945	$2,470	50.7	26.8	-16.1	-6.5	19.2	27.0
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
All sources:												
Quantity	330,979	280,264	204,824	221,446	224,040	302,482	-8.6	-15.3	-26.9	8.1	1.2	35.0
Value	539,991	577,317	353,504	365,323	409,425	701,057	29.8	6.9	-38.8	3.3	12.1	71.2
Unit value	$1,631	$2,060	$1,726	$1,650	$1,827	$2,318	42.1	26.3	-16.2	-4.4	10.8	26.8
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
U.S. producers':												
Average capacity quantity	2,025,067	2,104,373	2,132,834	2,262,623	2,233,900	2,262,807	11.7	3.9	1.4	6.1	-1.3	1.3
Production quantity	1,818,664	1,736,738	1,446,691	1,638,714	1,591,328	1,670,643	-8.1	-4.5	-16.7	13.3	-2.9	5.0
Capacity utilization (1)	89.8	82.5	67.8	72.4	71.2	73.8	-16.0	-7.3	-14.7	4.6	-1.2	2.6
U.S. shipments:												
Quantity	1,655,812	1,665,026	1,390,225	1,513,119	1,480,047	1,592,928	-3.8	0.6	-16.5	8.8	-2.2	7.6
Value	2,478,891	2,990,098	2,136,693	2,363,795	2,402,887	3,496,576	41.1	20.6	-28.5	10.6	1.7	45.5
Unit value	$1,497	$1,796	$1,537	$1,562	$1,624	$2,195	46.6	20.0	-14.4	1.6	3.9	35.2
Export shipments:												
Quantity	71,822	74,970	78,961	109,075	146,919	89,411	24.5	4.4	5.3	38.1	34.7	-39.1
Value	153,499	165,523	162,274	160,063	192,257	179,065	16.7	7.8	-2.0	-1.4	20.1	-6.9
Unit value	$2,137	$2,208	$2,055	$1,467	$1,309	$2,003	-6.3	3.3	-6.9	-28.6	-10.8	53.0
Ending inventory quantity	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Inventories/total shipments (1)	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *	* * *
Production workers	4,729	5,106	4,262	4,196	4,457	4,407	-6.8	8.0	-16.5	-1.6	6.2	-1.1
Hours worked (1,000s)	10,054	10,686	8,804	8,772	9,184	8,605	-14.4	6.3	-17.6	-0.4	4.7	-6.3
Wages paid ($1,000s)	263,090	274,445	226,852	229,932	236,150	233,925	-11.1	4.3	-17.3	1.4	2.7	-0.9
Hourly wages	$26.17	$25.68	$25.77	$26.21	$25.71	$27.19	3.9	-1.9	0.3	1.7	-1.9	5.7
Productivity (tons/1,000 hours)	182.9	164.2	166.0	189.1	175.1	196.7	7.5	-10.2	1.1	13.9	-7.4	12.4
Unit labor costs	$142.42	$155.76	$154.80	$138.35	$146.36	$137.32	-3.6	9.4	-0.6	-10.6	5.8	-6.2
Net sales:												
Quantity	1,852,672	1,740,618	1,469,627	1,622,745	1,627,982	1,680,804	-9.3	-6.0	-15.6	10.4	0.3	3.2
Value	2,814,625	3,173,050	2,310,402	2,537,555	2,608,020	3,692,443	31.2	12.7	-27.2	9.8	2.8	41.6
Unit value	$1,519	$1,823	$1,572	$1,564	$1,602	$2,197	44.6	20.0	-13.8	-0.5	2.4	37.1
Cost of goods sold (COGS)	2,441,039	2,685,379	2,232,820	2,389,911	2,841,863	3,332,922	36.5	10.0	-16.9	7.0	18.9	17.3
Gross profit or (loss)	373,586	487,671	77,582	147,644	(233,843)	359,521	-3.8	30.5	-84.1	90.3	(3)	(3)
SG&A expenses	166,573	158,606	135,003	127,600	137,978	127,398	-23.5	-4.8	-14.9	-5.5	8.1	-7.7
Operating income or (loss)	207,013	329,065	(57,421)	20,044	(371,821)	232,123	12.1	59.0	(3)	(3)	(3)	(3)
Capital expenditures	233,051	163,749	195,224	111,502	220,784	123,039	-47.2	-29.7	19.2	-42.9	98.0	-44.3
Unit COGS	$1,318	$1,543	$1,519	$1,473	$1,746	$1,983	50.5	17.1	-1.5	-3.1	18.5	13.6
Unit SG&A expenses	$90	$91	$92	$79	$85	$76	-15.7	1.3	0.8	-14.4	7.8	-10.6
Unit operating income or (loss)	$112	$189	($39)	$12	($228)	$138	23.6	69.2	(3)	(3)	(3)	(3)
COGS/sales (1)	86.7	84.6	96.6	94.2	109.0	90.3	3.5	-2.1	12.0	-2.5	14.8	-18.7
Operating income or (loss)/ sales (1)	7.4	10.4	(2.5)	0.8	(14.3)	6.3	-1.1	3.0	-12.9	3.3	-15.0	20.5

(1) "Reported data" are in percent and "period changes" are in percentage points.
(2) Includes nonsubject imports from Taiwan.
(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 E

GLOSSARY OF FIRM NAMES

Type of firm	Complete firm name	Abbreviated firm name[1]
U.S. producers	AK Steel Corp.	AK
	Allegheny Ludlum Corp.	Allegheny Ludlum
	Armco, Inc.	Armco
	Avesta Sheffield NAD, Inc.	Avesta Sheffield
	J&L Specialty Steel, Inc./Jewel Acquisition LLC	J&L
	North American Stainless LP	NAS
	Nucor Corp.	Nucor
	Somers Thin Strip, a business unit of Olin Corp.	Somers ThinStrip
	Washington Steel	Washington Steel
U.S. importers	***	***
	Arcelor Stainless USA LLC	Arcelor USA
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	Mexinox USA, Inc.	Mexinox USA
	***	***
	***	***
	***	***
	***	***
	***	***

Glossary continued on next page.

Type of firm	Complete firm name	Abbreviated firm name[1]
U.S. importers--*Continued*	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	***	***
	ThyssenKrupp Acciai Speciali Terni USA, Inc.	TKAST USA
	ThyssenKrupp Nirosta North America, Inc.	TKNNA
	ThyssenKrupp Specialty Steels NA, Inc.	TKSSNA
	ThyssenKrupp VDM USA, Inc.	TKVDM USA
	***	***
	***	***
Foreign firms for--France	Ugine & ALZ France	U&A France
	Imphy Ugine Precision	IUP
Germany	Edelstahlwerke Buderus AG	Edelstahlwerke Buderus
	Krupp Thyssen Nirosta GmbH	KTN
	ThyssenKrupp AG	TKAG/ThyssenKrupp
	ThyssenKrupp Nirosta GmbH	TKN
	ThyssenKrupp Nirosta Prazisionsband GmbH	TKNP
	ThyssenKrupp VDM GmbH	TKVDM
Italy	Acciai Speciali Ternia SpA	AST
	Arinox SrL	Arinox
	ThyssenKrupp Acciai Speciali Ternia SpA	TKAST
Japan	Hitachi Metals, Ltd.	Hitachi Metals
	Kawasaki Steel Corp.	Kawasaki Steel
	JFE Steel Corp.	JFE Steel
	Nippon Steel Corp.	Nippon Steel
	Nippon Yakin Kogyo	Nippon Yakin
	Nisshin Steel Co., Ltd.	Nisshin Steel
	Sumitomo Metal Industries, Ltd.	Sumitomo Metal
	Takasago Tekko K.K.	Takasago Tekko

Glossary continued on next page.

Type of firm	Complete firm name	Abbreviated firm name[1]
Korea	BNG Steel Co., Ltd.	BNG
	DaiYang Metal Co. Ltd.	DaiYang/DMC
	INI Steel Co.	INI
	Inchon Iron & Steel Co.	Inchon
	Pohang Iron & Steel Co., Ltd.	POSCO
	Sammi Steel Co.	Sammi
	Samwon Precision Metals Co., Ltd.	Samwon
	Taihan Electric Wire Co., Ltd.	Taihan
Mexico	ThyssenKrupp Mexinox S.A. de C.V.	Mexinox
Taiwan	Chia Far Industrial Factory Co., Ltd.	Chia Far
	Stanch Stainless Steel Co., Ltd.	Stanch
	Ta Chen Stainless Pipe Co.	Ta Chen
	Tung Mung Development Co.	Tung Mung
	Yieh Mau Corp.	Yieh Mau
	Yieh United Steel Corp.	YUSCO
United Kingdom	Avesta Sheffield Ltd./Avesta Sheffield NAD, Inc.	Avesta
	Outokumpu Stainless Ltd.	Outokumpu (Sheffield)

[1] Abbreviated firm names will be used within this report where multiple references to firms are required unless the full firm name is required for clarity.

APPENDIX F

SIGNIFICANCE OF THE EXISTING ANTIDUMPING DUTY AND COUNTERVAILING DUTY ORDERS AND THE LIKELY EFFECTS OF REVOCATION

Table F-1
Certain stainless steel sheet and strip: Reported significance by domestic producers of the existing countervailing duty and antidumping duty orders

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Table F-2
Certain stainless steel sheet and strip: Reported anticipated changes by domestic producers to firm operations if the countervailing duty and antidumping duty orders were to be revoked

* * * * * * *

Table F-3
Certain stainless steel sheet and strip: Reported significance by U.S. importers subject to the existing countervailing duty and antidumping duty orders

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Table F-4
Certain stainless steel sheet and strip: Reported anticipated changes by subject U.S. importers to firm operations if the countervailing duty and antidumping duty orders were to be revoked

* * * * * * *

Table F-5
Certain stainless steel sheet and strip: Reported significance by purchasers of the existing countervailing duty and antidumping duty orders

* * * * * * *

APPENDIX G

REPORTED DATA FOR PRODUCTS PRODUCED ON THE SAME EQUIPMENT AND MACHINERY USED IN THE PRODUCTION OF STAINLESS STEEL SHEET AND STRIP

Table G-1
Stainless steel: Products produced on the same equipment and machinery used in the production of stainless steel sheet and strip by U.S. producer AK, 1999-2004

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Table G-2
Stainless steel: Products produced on the same equipment and machinery used in the production of stainless steel sheet and strip by U.S. producer Allegheny Ludlum, 1999-2004

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Table G-3
Stainless steel: Products produced on the same equipment and machinery used in the production of stainless steel sheet and strip by U.S. producer NAS, 1999-2004

* * * * * * *

Table G-4
Stainless steel: Products produced on the same equipment and machinery used in the production of stainless steel sheet and strip by U.S. producer Nucor, 1999-2004

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Table G-5
Stainless steel: Products produced in France on the same equipment and machinery used in the production of stainless steel sheet and strip, 1999-2004

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Table G-6
Stainless steel: Products produced in Germany on the same equipment and machinery used in the production of stainless steel sheet and strip, 1999-2004

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Table G-7
Stainless steel: Products produced in Italy on the same equipment and machinery used in the production of stainless steel sheet and strip, 1999-2004

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Table G-8
Stainless steel: Products produced in Japan by Hitachi Metals on the same equipment and machinery used in the production of stainless steel sheet and strip, 1999-2004

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Table G-9a
Stainless steel: Products produced on the same equipment and machinery used in the production of stainless steel sheet and strip by Korean producer POSCO, 1999-2004

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Table G-9b
Stainless steel: Products produced in Korea by rerollers on the same equipment and machinery used in the production of stainless steel sheet and strip, 1999-2004

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Table G-10
Stainless steel: Products produced in Mexico on the same equipment and machinery used in the production of stainless steel sheet and strip, 1999-2004

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Table G-11
Stainless steel: Products produced in the United Kingdom on the same equipment and machinery used in the production of stainless steel sheet and strip, 1999-2004

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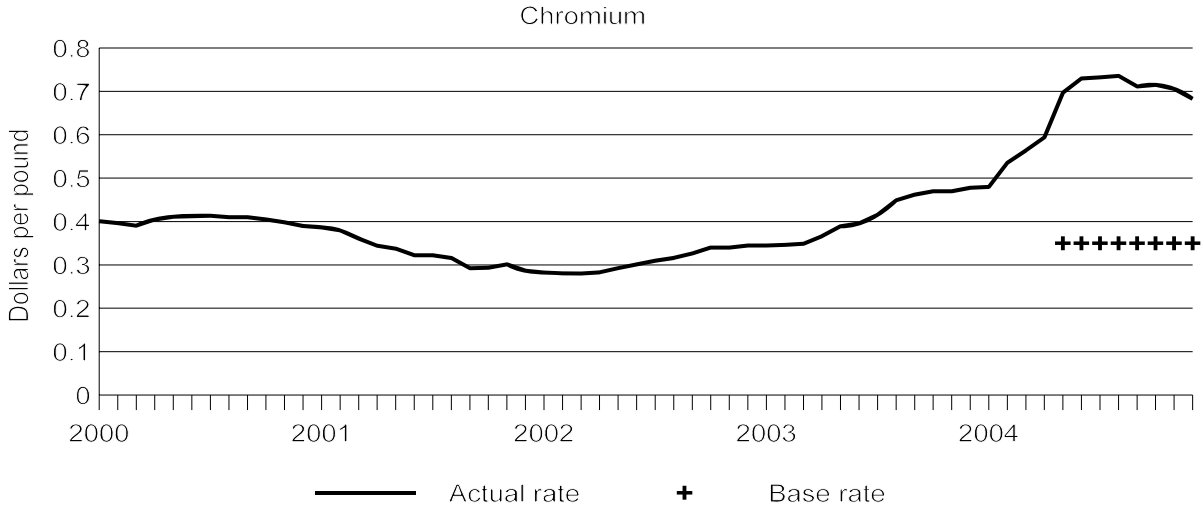
APPENDIX H

MONTHLY RAW MATERIAL COST DATA

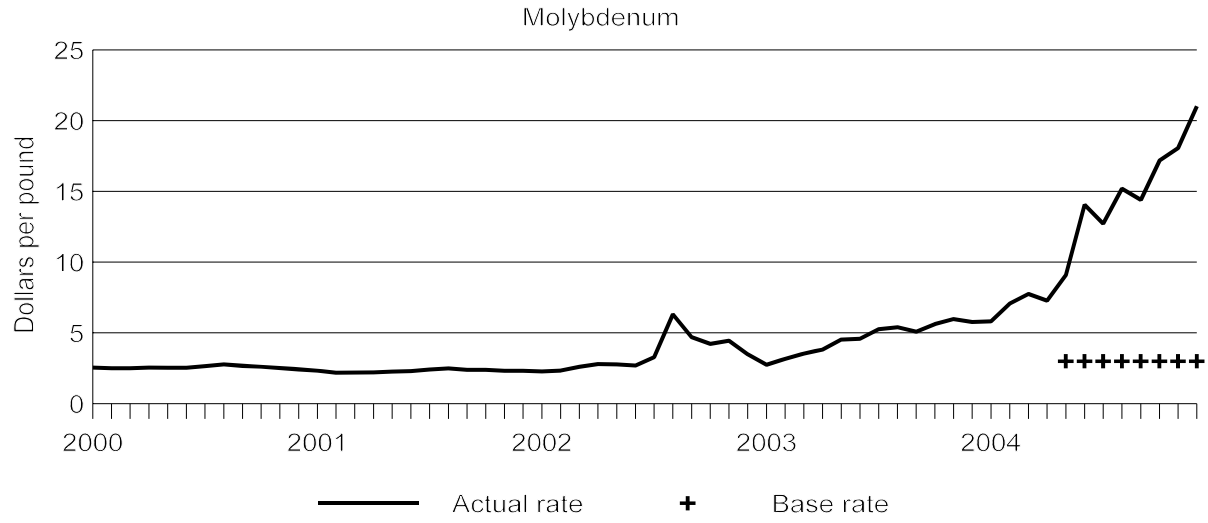
Figure H-1
Monthly prices of chromium, per pound, as reported by AK Steel, January 2000-December 2004



Note.– This surcharge is applied to all pricing products.

Source: http://www.aksteel.com/markets_products/stainless.asp.

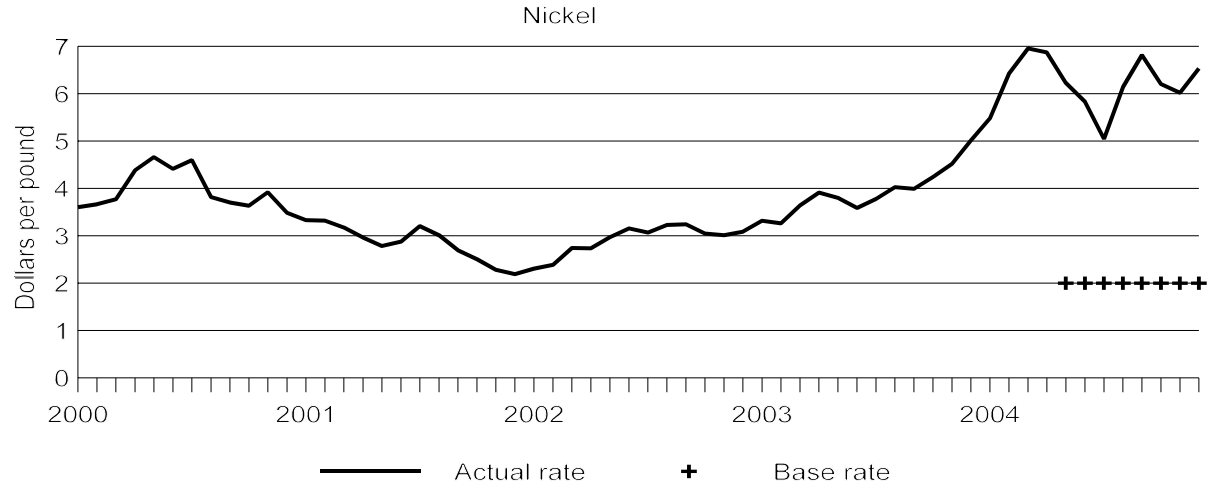
Figure H-2
Monthly prices of molybdenum, per pound, as reported by AK Steel, January 2000-December 2004



Note.– This surcharge is applied to pricing products 6 and 7.

Source: http://www.aksteel.com/markets_products/stainless.asp.

Figure H-3
Monthly prices of nickel, per pound, as reported by AK Steel, January 2000-December 2004

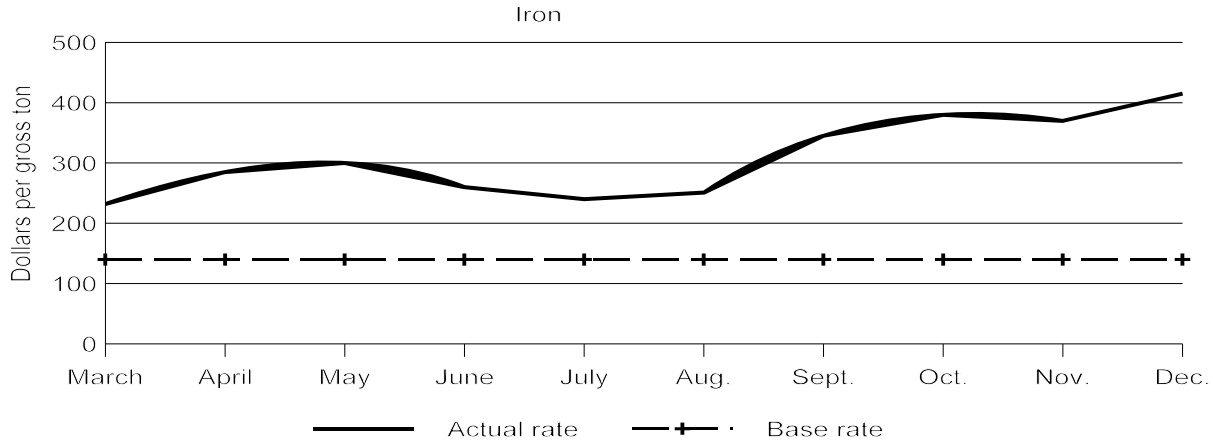


Note.– This surcharge is applied to all pricing products.

Source: http://www.aksteel.com/markets_products/stainless.asp.

In addition to surcharges for chromium, molybdenum, and nickel, AK started including surcharges for iron and manganese in 2004. Manganese surcharges were not applied to any of the pricing products in Part V, but iron surcharges were applied to all pricing products beginning in March 2004. AK also began listing "Base rates" for its surcharges starting in May 2004. These are shown in figures H-1 to H-3. Iron prices starting in March 2004 are listed in figure H-4.

Figure H-4
Monthly prices of iron, per gross ton, as reported by AK Steel, March 2004-December 2004



Note.– This surcharge is applied to all pricing products.

Source: http://www.aksteel.com/markets_products/stainless.asp.